



Annual Report and Accounts

For the year ending
6th September 2025



Society Registered No. 141R



**PURPOSE BEYOND
PROFIT 2030**



Bringing together
ideas, energy and resources
to make life better in our communities

Our pillars

**Providing and
supporting
valued
services**



**Driving volume,
driving revenue**

**Building
strength
in the
long term**



**Cost prevention,
drive profit**

**Caring for
our health
and
wellbeing**



**Delivering for
the needs of our
communities**

**Looking
after our
local
environment**



**Reducing our
impact on the
environment**

Our foundation

**Being
data-led**

**People
and culture**

**Stable
technology**

**Good
governance**

**Cyclical
refreshes**

Our roots - our membership

Contents

●	2	Directors and Executive Leadership Team
●	4	View from the board room
●	5	CEO overview
●	6	Q&A with our CEO
●	8	Key financial data
●	10	Our membership
●	12	Making life better in our communities
●	14	People and culture
●	16	Looking after our local environment
●	20	Corporate governance report
●	30	Audit and Risk Committee report
●	33	Remuneration Committee report
●	40	Search and Governance Committee report
●	44	Member Engagement Committee report
●	46	Compliance statement
●	47	Independent auditor's report
●	50	Statement of Director's responsibilities
●	51	Group financial statements

Quick look reference

CEO's report
page 5

Membership
page 10

Our
environment
page 16

Group
financial
statements
page 51

Your Board of Directors



David Cowell
(Appointed Director)

Chair of the Board
Chair of the Search and Governance Committee
Remuneration Committee Member



Jane Moate

President of the Society
Search and Governance Committee Member
Member Engagement Committee Member



Claire-Jayne Green
(Appointed Director)

Chair of the Remuneration Committee



Ian Haldenby
(Appointed Director)

Chair of the Audit & Risk Committee



Ash Wilks

Chair of Member Engagement Committee



Mark Fields

Member Engagement Committee Member



Jeremy Hodson

Audit and Risk Committee Member



Tracey Latham-Green

Search and Governance Committee Member



Jackie Munn

Remuneration Committee Member
Audit and Risk Committee Member



Claudia Nel

Member Engagement Committee Member



Lesley Robinson

Remuneration Committee Member
Audit and Risk Committee Member



Mike Wistow

Search and Governance Committee Member

Meet the Executive Leadership Team



Alison Hands
Chief Executive Officer



Robert Allen
Group Secretary
and General Counsel



Karen Bennett
Chief People Officer



Laura Dunne
Chief Purpose and
Proposition Officer



Paul Howard
Chief Financial Officer



Steve Leach
Chief Operating Officer



Andy Warman
Chief Transformation Officer

Our auditor



Forvis Mazars LLP, Chartered Accountants,
First Floor, 2 Chamberlain Square,
Birmingham, B3 3AX



View from the board room



David Cowell

The last financial year has demonstrated the importance of our colleagues in supporting the society through challenging times and delivering to local communities when they need it most. This summer, the Co-op Group was targeted by a cyber-attack. While Lincolnshire Co-op is an independent co-op, and our systems were not affected by this, it impacted the number of deliveries from the buying group into our food stores. This event reinforced the need for continued vigilance by us all, as well as showcasing the collective strength that exists within our business and the wider co-operative movement. On behalf of the Board, I would like to express thanks to colleagues for steering the Society through an incredibly difficult period, and to our members and customers for their continued support.

Despite this and difficult economic headwinds, our Society has continued to deliver for its communities. Our business strategy Purpose Beyond Profit 2030 means creating a Society that meets the evolving needs of its communities and is agile when there are changes in the external environment. One of the Board's principal duties is to ensure that decisions promote sustainability in the long-term. We have been pleased to oversee continued investments in the cyclical refresh of our existing trading locations, key infrastructure such as IT, and new areas of growth within healthcare and housing.

We have continued to actively seek feedback from our members and customers on how Lincolnshire Co-op can reshape and improve its membership offering. Some of this feedback was shared at our Half Year Members' Meeting in June this year, and further engagement activities will continue into 2026. Membership should be meaningful, and more than just a way of benefitting from reduced pricing and promotions in stores. Each and every member has a stake in the Society, and a unique opportunity to contribute directly to the care and support of the communities around us.

My Board colleagues and I recognise the importance of good governance and ensuring we can properly discharge our important responsibilities. We've taken time this year to understand the full spectrum of stakeholders that are affected by what we do, and ensure they are considered in the Board's decision making.

Changes to the Society's Rule Book approved at the Half Year Members' Meeting have been ratified by the Financial Conduct Authority. These changes introduce further improvements to our general governance and ensure that we can develop a more flexible proposition and benefit structure to our members.

At our Half Year Members' Meeting, we also said goodbye to Directors Richard Wills and Nicola Berry, who have each previously served as President of the Society too. Both have been fantastic ambassadors for the Society, and strong advocates of the important role co-operatives can play in strengthening local communities. We send our very best wishes for their future endeavours, and know they will continue to support the Society as active members. I was pleased to see the re-election of Directors Jane Moate who is acting as Society President for this year and Jackie Munn who continues to hold the important role of the Board's designated whistleblowing champion. We also welcomed Tracey Latham-Green and Jeremy Hodson as newly elected Directors. Both Tracey and Jeremy bring a wealth of experience from previous roles and sectors, ensuring that the Board continues to evolve its capabilities, and provide strong strategic oversight.

I am privileged to continue leading the Society's Board and, with my fellow Directors, support our Executive Leadership Team in the execution of a transformation programme that ensures our sustainability for many years to come.

David

David Cowell

Chair of the Board of Directors



CEO overview



Alison Hands

This year, we have continued to deliver our purpose of bringing together ideas, energy and resources to make life better in communities. A capital spend of £25.8m supported improvements to the foundational infrastructure outlined in our strategy, Purpose Beyond Profit 2030. We have strengthened our IT systems, renovated trading outlets, opened two new food stores, and developed new facilities, including a funeral home in Horncastle and a new Health Hub at the Birchwood Centre in Lincoln. These projects represent an investment in growth and long-term financial sustainability.

However, the business has faced significant increased costs through a higher than budgeted National Living Wage growth of 6.7%, and the rising cost of National Insurance contributions. This has resulted in a decline in our EBITDA (earnings before interest, tax, depreciation and amortisation) of £5.2m.

The significant supply issues experienced by our food stores following the cyber-attack on Co-op Group also made a major impact on our year. This reduced our sales by 1% to 2%, impacting our EBITDA. We are currently engaging with our insurers to mitigate the impact of this. Our food business makes a significant cash contribution, and its success is key in funding our performance and therefore future activity, so it's important that we continue to review this business to ensure it is performing, delivering value in an extremely competitive food market, and recovering well from the impact of supply issues caused by the Co-op Group cyber incident.

On a comparable 52-week basis all trading areas other than funeral have seen growth in sales performance. Our funeral, property and travel areas have also seen growth in their EBITDA value, through strong performance and cost management. The government-funded areas of post office and pharmacy continue to make an overall loss, however, we see these areas as key services for local communities. Our pharmacy proposition, combined with additional health services developed through our Birchwood Health Hub, presents an opportunity to improve profitability.

Cashback is our members' share of our profits, and we have seen reduced surplus this year. We know that our members appreciate cashback on purchases all year round. To ensure we can continue to offer this benefit, while managing costs and making the necessary investments to ensure long-term sustainability in our business, we are not giving members a cashback bonus this year. We're introducing new mechanisms to enable members to boost their cashback, which are proving popular, and we hope this will help to grow our membership too.

As we move into 2026, we continue to focus on what is important to our members and customers, including managing the challenges of increasing inflation, and access to healthcare. To remain competitive, we need to invest in price and develop an improved offer for our members, which will be funded through efficiencies, and requires further assessments of where our capital is currently invested. Our continued investment into IT is central to this work, as it protects us from increasingly widespread cyber threats, and enables us to utilise new technology to ensure our colleagues can spend more time with members, customers, and their wider communities.

To minimise future risk related to our closed defined benefit pension scheme, we have entered a buy-in contract with a pension insurance specialist, for a premium of £107.1m. This also secures scheme member benefits for the long term.

As I look back on the last year's challenges, achievements and learnings, I am proud of all that we have overcome by working together, the resilience we have shown, and I am excited for the new possibilities that the next year brings. Thank you to each member, colleague, and customer for your continued support.

Alison

Alison Hands
Chief Executive Officer



with our CEO

Alison Hands



What successes showcase the impact Lincolnshire Co-op has made locally in the last year?



By working with the community, our co-op has supported local good causes, provided valued services, promoted health and wellbeing, and more.

Our Community Champions scheme saw members, customers and colleagues come together to raise £210,818 for 262 local groups, and a further £242,752 for Macmillan cancer services in our area. In the lead up to Christmas last year, we led our Secret Santa campaign, gathering vital donations for 72 charities, including toy banks, food banks, and hygiene banks. It was incredible to see the community come together to support hundreds of vulnerable people.

We continued supporting wellbeing initiatives, and I was honoured to join our Wellbeing Walk celebration event in Boston, where I was able to speak to our inspiring walk leaders. This included those from the recently established Boston United Football Club Wellbeing Walk, which was set up using funding from the National League Trust. We were able to support by offering training to 10 walk leaders as part of our partnership with The Ramblers, a national walking association. We have 92 regular walks across our area which are supported by 332 volunteer walk leaders, and it's a programme we're proud of.

Our colleagues have continued going above and beyond for their communities, and the inspiring stories shared at our 2025 Spotlight Awards were a powerful reminder of this. We celebrated colleagues and teams from across the business, and I was honoured to be part of the judging panel and hear all the amazing nominations.

These are just a handful of highlights, as there has been so many incredible moments throughout the year.



Macmillan fundraising



How will Lincolnshire Co-op's membership offering evolve?



We want to ensure that we are understanding and meeting the needs of our members. We are working on how we can help with the cost of living, and reviewing our cashback scheme compared with other options such as member pricing. We have also been running promotions such as £1 cashback on meal deals, to encourage customers to become members and get the benefits.

Our membership offering is something we will continue to develop this year to ensure it supports our purpose of making life better. Alongside member rewards, we are also looking at signposting to community services and supporting local needs such as healthcare and housing.



Membership drive

Local produce



What challenges has Lincolnshire Co-op faced this year?



We have faced significant unbudgeted increases in Plastic Packaging Tax, Business Rates, National Insurance, and National Living Wage. This, combined with the supply issues caused by the Co-op Group cyber-attack, has presented a financial challenge, and we have been carefully managing budgets and reducing costs where possible to mitigate this.

However, these challenges were met with a remarkable resilience. Our teams quickly came together to resolve stock issues following the Co-op Group cyber-attack; the issue first emerged on a Wednesday, and by the weekend, we had begun sourcing from elsewhere. A fire at Nettleham Food Store in April meant that we had to close suddenly, but we quickly set up a pop-up shop and bus service to Welton, ensuring our customers were able to access vital services. Finally, we were pleased to be able to give all colleagues at least a 77p pay rise on their hourly rate from our pay review process this year.

While the challenges we've faced have been significant, the way we have navigated these difficult circumstances is a great testament to our collective strength.



Nettleham Pop-up Shop



How is Lincolnshire Co-op prioritising investment into valued services?



We launched our cyclical refresh programme last year, which provides a timeline of when each of our branches will be updated. This is an essential part of building strength in the long term and delivering valued services.

During the last year, over £4m has been invested into 31 outlets. This includes refreshes in 15 food stores, eight post offices, five pharmacies, two funeral homes, and one travel branch. We have launched new format branches, including Birchwood Health Hub in Lincoln, Horncastle Funeral Home and Louth Travel Branch, and opened two new food stores in Scartho, Grimsby and Coates, Peterborough.

The work on our own facilities has been supported with property development, including the completion of The Barbican in Lincoln, a creative hub that was developed through a unique partnership between Lincolnshire Co-op, the University of Lincoln, and the City of Lincoln Council.

We have also continued to work alongside our partners Wykeland to manage and invest in the Waterside Shopping Centre in Lincoln, and have secured long-term commitments from Next, the Body Shop, and H&M.



Louth Travel team



Housing has been identified as a community need. How is Lincolnshire Co-op working to address this?



Our housing strategy is in early stages, as the focus has been on foundational work such as our IT roadmap and the cyclical refresh programme.

However, we are beginning to invest in residential property and have recently purchased a group of eight rental properties in Lincoln. This is an area where lots of local partners are working and we are using our network of contacts with local authorities, charities, and interest groups to have conversations about what's needed and how we can work together.

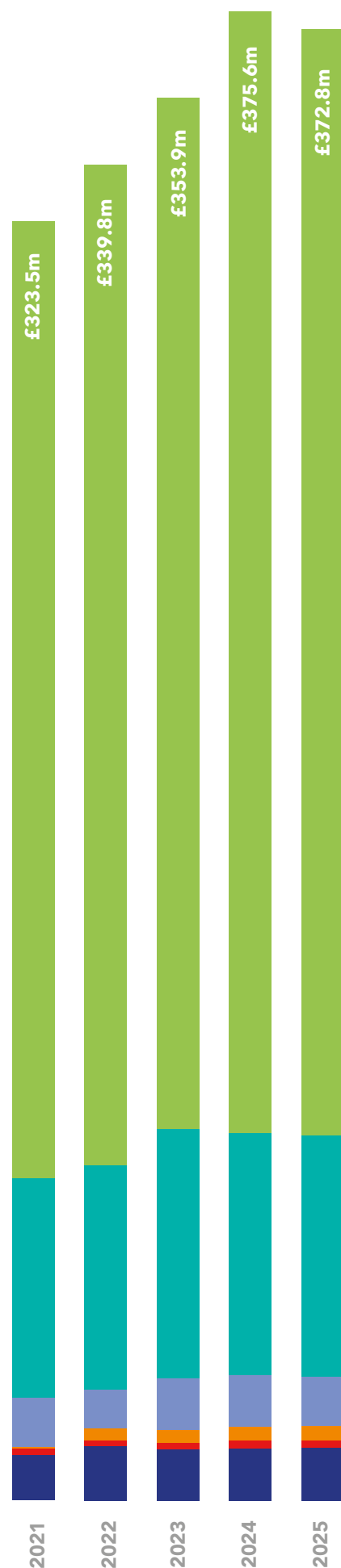
We are considering a range of options to help meet community need, including buy to rent, build to rent and build to sell. Additionally, where appropriate, we are working to re-purpose some of our existing properties into housing.



Key financial data

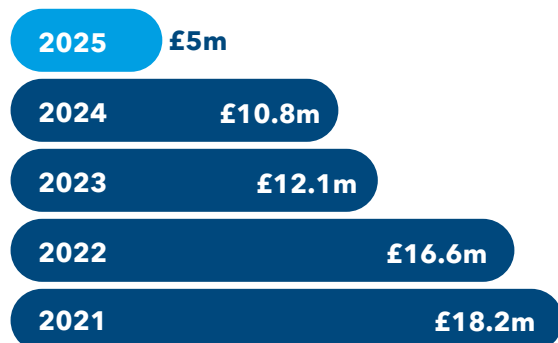
Turnover - broken down into trading area

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Food + Petrol	241.2	252.1	259.9	282.7	278.9
Pharmacy	55.6	56.7	62.8	61.0	60.8
Funeral	12.6	12.6	13.3	13.2	12.6
Travel	0.3	2.9	3.1	3.4	3.5
Post Office	1.9	1.8	1.9	2.1	2.0
Property	11.9	13.7	12.9	13.2	15.0
Total	323.5	339.8	353.9	375.6	372.8



Trading surplus

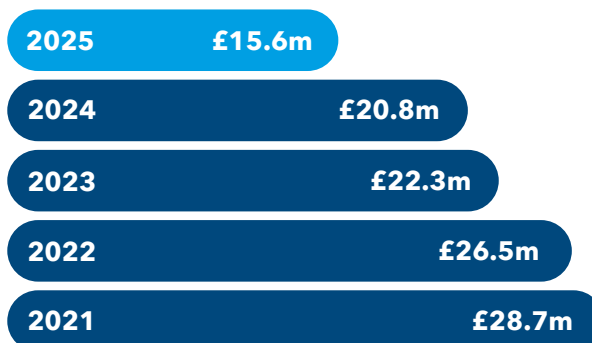
£5m



*Trading surplus – a measure of profit before tax, finance costs, joint ventures and member payments.

EBITDA

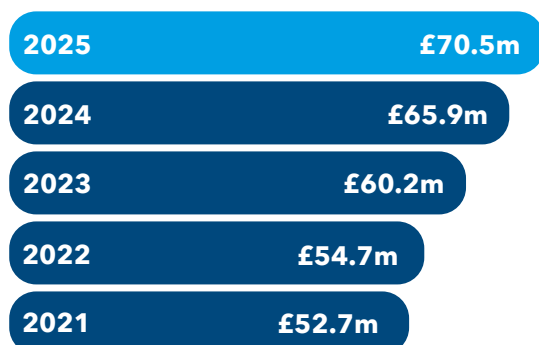
£15.6m



*EBITDA (earnings before interest, tax, depreciation and amortisation) - a measure of profit generation from operating activities.

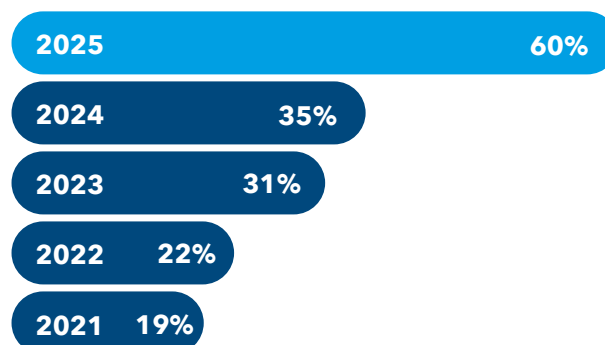
Personnel costs

£70.5m



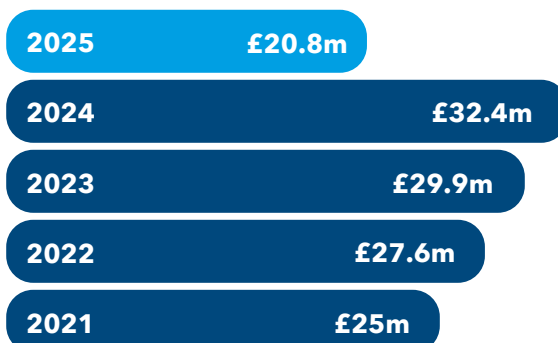
Cashback as a % of trading surplus

60%



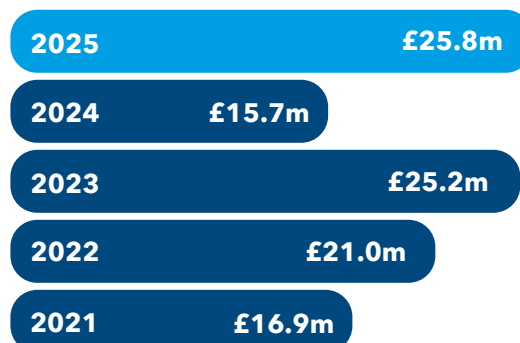
Cash balance

£20.8m



Capital spend

£25.8m





Our membership



Jane Moate

View from the President

Lincolnshire Co-op represents a different way of doing business; we're an independent co-operative and recycle our profits locally, by sharing cashback with members, investing in valuable services, or by supporting local good causes. The great work we do in our communities makes me very proud to represent our Society as your President.

Our co-operative is owned by our members, and this year has presented some fantastic opportunities for member engagement. Our 2024 Annual Members' Meeting was a great success, and over 1,170 members joined us online and in person, to hear about our achievements, ask questions and vote on motions. Prior to the meeting, members were able to browse, sample and purchase local products within our Christmas market.

In October, we opened Scartho Food Store and invited a local member to open the store as part of her 80th birthday celebrations, as well as hosting a membership drive to sign people up during opening week.

During summer, we also connected with members at our Half Yearly Members' Meeting at Center Parcs in Sherwood Forest and at the Lincolnshire Show, where our members were able to enjoy some free delicious British strawberries and cream.

I was honoured to visit our 100th food store, Coates, in July, and it was fantastic to meet the team, see the wide range of services on offer, and learn about the level of community engagement, even prior to the store's opening. Our local Community Co-ordinator organised a poster competition to teach the pupils about road safety, and winners had their posters displayed in store and were invited to a ribbon cutting.

In the next year, we are looking forward to strengthening our membership offering, and embracing opportunities to grow our membership even further. What our members think is important to us all, and I look forward to meeting and chatting with members as and when the opportunity arises. We are working to make life better in our communities, something that is only possible thanks to support from you, our members. Thank you for your continued support.

Jane **Jane Moate**
President

Aspiring artist

10-year-old Olivia Loveday from Horncastle saw her artwork used across all 100 Lincolnshire Co-op food stores to promote our free fruit scheme this summer, after winning a drawing competition open to children under 13.

Our free fruit scheme allows children that are linked to an adult member's account to pick up either a gala apple, banana, or orange for free on each day during selected school holidays.

It was used on all marketing materials for the campaign including the free fruit cards and letters sent out to registered children.



Our membership has grown by **4.9%** this year...

We now have **303,231** members.

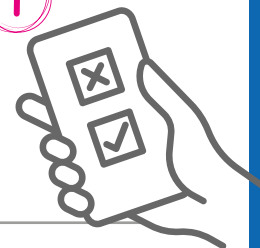
Up from **288,984** in 23/24.



45,373

members used our membership app.

Up from **36,044** in 23/24.



We welcomed **24,692** new members.



Up from **23,366** in 23/24.



78%

of members have shopped with us this year.

Up from **71%** in 23/24.



Our members redeemed **£3.6m** of cashback in the year.

Down from **£4.7m** in 23/24.



36,456

pieces of free fruit were handed out to children linked to a member's account.



Up from **24,046** in 23/24.

Members earned **£1.6m** cashback throughout the year, as we continued to pay 1% cashback on all purchases.



Our members continued to attend events, vote in elections, and engage with other member communications.

We recorded **34,367** member engagements in the last year.

2,950 members received **£5** cashback for being with us for **25** years.

They were also entered into a draw to win £250. Our four prize draw winners were from Sutton Bridge, Boston, Washingborough and Welton.





Making life better in our communities



Our Community Champions scheme combines the efforts of members, colleagues, and customers to raise money for good causes. Every time a member shops with their dividend card, a donation is made. Colleagues organise fundraising events, and customers are able to donate change within our outlets.

This year, we raised **£453,570** for **263** good causes.

Down from
£616,981 in 23/24.



Down from
471 in 23/24



In the first half of the year, we supported a mix of local groups and charities, as voted on by our members. 262 local good causes and charities shared £210,818.

Recipients ranged from Grimsby-based environmental group All Things Good and Nice CIC, to Parkinsons support group, Mind and Move, in Scawby.

We raised **£242,752** for Macmillan Cancer Support services in our local area.



Our pharmacy and community teams have worked together to deliver

705 health checks at **9** community events in the last year.

Up from 652 health checks delivered in 23/24.



We run three libraries, in Holbeach, Spilsby and Waddington.

7,226 people use this service.

Down from 7,233 in 23/24.



Our travel customers donated **£12,320** to our toy bank appeal.

This, combined with donations in branch, meant that 4,244 gifts were donated to 13 toy banks.

Up from £11,906 in 23/24.



In summer, we ran food bank drives at nine different locations, gathering vital donations for local food banks.

3,402

meals were donated.



“ Lots of families really struggle with the finances during school holidays, yet we tend to receive fewer donations at this time of year.

“ Unfortunately, lots of people feel embarrassed to ask for help, and often parents will skip meals so that they can feed their children. It's not until they are absolutely desperate that they will reach out to us.

“ To continue helping struggling families and individuals, we need support from our community. Thank you so much to everyone who's contributed, and to Lincolnshire Co-op for helping to raise awareness and encourage donations. ”

Sarah Lithgow
Food Bank Leader
Alford Storehouse

We ran **12** green space projects, and **143** people participated. These clean-up events encourage communities to care for the local environment.



Our Community Cuppas tackle social isolation and bring communities together. This year, we've introduced **13** new **cuppas** and now have 36 in total across our trading area.

Our **332** volunteer walk leaders supported **92** regular walks across **63** locations, supporting mental and physical health within our communities.

Up from 293 volunteer walk leaders and 82 regular walks in 23/24



“ We've been running our Wellbeing Walk for four years and we now have 16 members who regularly take part in our short and long walks.

“ If it wasn't for the walk none of us would have crossed paths and because of it we've developed into a large friendship group, as much as we are a walking group! ”

Derek Smith
Horncastle Walk Leader





People and culture



Following feedback from around **200** colleagues across **18** sessions, we launched our new **THRIVE** values.

Thrive stands for trustworthy, helpful, respectful, inspiring, valued, and empowered.

As part of this work, we've revamped our colleague awards scheme. We now celebrate 12 colleagues each quarter; one winner and one runner up for each of our values. Winners receive £100, and runners-up receive £50.



We have trained **155** Mental Health First Aiders.



106 colleagues have benefitted from employer-funded counselling.



Our colleagues benefitted from **21,816** hours of training, and **69** colleagues are studying for an apprenticeship.



We celebrated over **70** colleagues from all over the business during our **Spotlight Awards**.

This was our first post-covid in person colleague awards event, and it was held at The Drill in Lincoln. It saw Branches of the Year recognised within each business area, as well as Team of the Year, Overall Colleague of the Year, and Helpful, Trustworthy and Inspiring Colleagues of the Year.

All colleagues benefitted from at least a **77p** pay rise on their hourly rate.





We were proudly awarded the Investors in People Platinum accreditation.

INVESTORS IN PEOPLE™
We invest in people Platinum

New opportunities

At the beginning of June 2025, we formed a dedicated Careers Team. They co-ordinate society apprenticeships, work experience, colleague development and careers outreach activities.

The team have enabled **31** work placements, hosted **6** impartial careers guidance sessions, and delivered **5** employability workshops.



Learning with Lincolnshire Co-op

We welcomed a cohort of five Year 12 T-Level business students from Priory Witham Academy in Lincoln into our business this summer.

The students completed four weeks in our Support Centre, and finished their placement by delivering a presentation to our Executive Leadership Team.

They were each teamed up with a mentor from our Support Centre during their placement, as well as spending time with other teams, and visiting trading outlets.

This is just one of the ways we are building strength in the long-term; by creating opportunities for young people, we help to grow the local economy and shape our future workforce.





Looking after our local environment

Bringing together
ideas, energy and resources
to make life better in our communities

Sustainability in every step

Waste management

We are committed to reducing waste across our operations and minimising food waste through innovative solutions and community partnerships.

Climate impact

We are committed to minimising our climate impact by reducing green house gas emissions, optimising energy and water use, and implementing adaptive strategies to build resilience against climate change.

Responsible sourcing

We are committed to ensuring responsible sourcing that prioritises ethical practices, transparency and environmental sustainability throughout our supply chain.

Looking after our local environment is a key pillar of our purpose; it contributes to the health and wellbeing of the communities we serve today, while safeguarding resources for future generations. Action that improves efficiency, such as reducing waste or energy use, also reduces business costs and builds our resilience. The investments we make now, such as installing solar panels or upgrading equipment, build strength in the long term by reducing our impact on the environment, and by supporting the delivery of valuable services.

During the last financial year, we have worked with an external expert, Simply Sustainable, to develop a robust Environment Sustainability Strategy, which includes ambitious sustainability targets aligned with the Science Based Targets initiative (SBTi).

Our Environment Sustainability Strategy is a key enabler to delivering the Society's purpose of bringing together ideas, energy and resources to make life better in our communities. We conducted a thorough business analysis and investigation to establish best practice, before outlining our three key focuses: waste management, climate impact, and responsible sourcing.

This means finding innovative solutions, working with community partners, reducing energy and water waste, prioritising ethical practices and much more.

With our strategy and ambitious targets aligned, we've positioned ourselves to support a greener future, while protecting vital services for years to come.

Andrew

Andrew Turner

Procurement and Sustainability Manager





Earlier this year, we set ambitious environmental targets, which have now been validated by corporate climate action organisation, the Science Based Targets initiative (SBTi).

These targets commit the business to achieve net-zero greenhouse gas emissions by 2045.

The SBTi's Corporate Net-Zero Standard is the world's only framework for corporate net-zero target setting in line with climate science, and includes the guidance, criteria, and recommendations companies need to set science-based net-zero targets consistent with limiting global temperature rise to 1.5°C.

We have set emission reduction goals for years 2030, 2035 and 2045, using 2024 as the base year.

You can find us on the SBTi target dashboard, and all our validated targets are available on our website.



lincolnshire.coop/community/our-environment/sbti-approved-targets

45 sites with solar panels

In 2024, we announced that we were investing £2 million into solar energy, as part of a commitment to reduce our scope 2 emissions.

As of the end of September 2025, the combined benefit of solar has been the self-production of over 1 million KWh of energy, enough to power more than 370 average UK households for a year with electricity.

In addition to the financial benefits, this has saved over 220 tonnes of CO2 within our scope 2 emissions.

Investing £8.5million into renewable energy

On 1st April 2025, we signed a Corporate Power Purchase Agreement, partnering with four other co-operatives to purchase wind energy from the London Array wind farm situated off the Kent coast.

We committed to 10,000MWh per year, which is enough to provide 50% of our current energy needs.

Our Environment Sustainability Strategy

We're considering sustainability in every step.
Find out more on our website.



lincolnshire.coop/environmentstrategy





Looking after our local environment

UK Greenhouse gas emissions and energy use data	FY2024	FY2025	Change from baseline (%)
Energy consumption used to calculate emissions (kWh)	23,167,000	22,053,000	-5%
Natural gas	3,223,000	2,723,000	-16%
Electricity	19,944,000	19,330,000	-3%
Scope 1 (tCO₂e)	3,117	2,564	-18%
Natural gas	591	498	-16%
Company vehicles	528	509	-4%
Refrigerants	1,998	1,557	-22%
Scope 2 (tCO₂e)	4,130	2,651	-36%
Location based	4,130	3,421	-17%
Market based	4,130	2,651	-36%
Scope 1 and 2 (market based)	7,247	5,215	-28%
Scope 3 (tCO₂e)	227,230	199,769	-12%
Purchased goods and services	104,929	97,477	-7%
Capital goods	23,743	9,742	-59%
Fuel and energy related activities not included in scope 1 or scope 2	1,927	1,495	-22%
Upstream transport and distribution	626	1,138	82%
Waste generated in operations	89	126	42%
Business travel	171	161	-6%
Employee commuting	10,545	7,084	-33%
Downstream transport and distribution	22	22	0%
Use of sold products	70,189	70,111	0%
End of life treatment of sold products	7,445	5,980	-20%
Downstream leased assets	7,198	6,108	-15%
Investments	346	325	-6%
Total gross emissions (market based)	234,477	204,984	-13%
Emissions intensity per EBITDA (tCO ₂ e per £1000)	11	13	18%
Emissions intensity per revenue (tCO ₂ e per £1m)	624	550	-12%

CO₂e (carbon dioxide equivalent) is CO₂ equivalent for various greenhouse gases

Definitions

Scope 1 emissions - Direct Greenhouse Gas (GHG) emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles. (Source: GHG Protocol).

Scope 2 emissions - Accounts for GHG emissions from the generation of purchased electricity consumed by the company. Scope 2 emissions physically occur at the power station or wind turbine where electricity is generated. (Source: GHG Protocol).

Scope 3 emissions - Refers to the emissions associated with Lincolnshire Co-op's supply chain e.g. food products purchased or how packaging waste at stores is disposed. (Source: GHG Protocol).

Measuring our carbon footprint

Our previous annual sustainability reporting has covered scope 1 and 2 emissions across the business, with scope 3 only accounting for employee business travel. This year, our reporting includes full scope 3 emissions as part of our carbon footprints. This has enabled us to assess our wider environmental impact and accurately identify higher emitting areas. Furthermore, a full carbon footprint has allowed the business to set a baseline, informing strategic efforts and targets. As 2024 was the first full scope carbon footprint, this is the established baseline to be used going forward.

This provides a full carbon footprint and accounts for all emissions resulting from our operation. This reporting is prepared in accordance with UK government's Streamlined Energy and Carbon Reporting regulations and the guidance and recommendations from the Greenhouse Gas Protocol (2004:2015). Lincolnshire Co-op has defined its organisational boundary in line with financial reporting and includes all business activities based upon an operational control approach. There has been no significant change to Lincolnshire's business structure and no change to the reporting boundary from the base year.

2025 carbon footprint analysis

Emissions across scope 1, the direct emissions from the business, including those from the business's transport fleet, heating gas and refrigerant gases, have decreased year-on-year. Refrigerant gas continues to contribute a significant proportion of scope 1 emissions, consisting of 60% in 2025. The decrease in these emissions in 2025 demonstrates the impact of investment in transitioning to carbon dioxide (CO₂) refrigeration. Meanwhile, decreases in transport and heating related emissions exhibits the transition to electrification in both; fleet vehicles moving to Hybrid and Electric Vehicles, and heating systems with the removal of gas boilers to electric alternatives.

Scope 2 emissions are indirect emissions resulting from purchased electricity. They have seen a significant decrease in 2025, thanks to our Corporate Power Purchase Agreement, solar panel installations, and energy efficiency investments.

Our first full carbon footprint, which includes scope 3 emissions, was completed in November 2024 for the financial year ending September 2024. This calculated our gross carbon emissions as 234,477tCO₂e, with scope 3 emissions accounting for 97% of the overall total. These emissions have been recorded in alignment with the Greenhouse Gas Protocol and categorised as such into 15 areas, of which 12 are relevant to the current operations at Lincolnshire Co-op.

Within this initial footprint, 41% of total emissions related to 'Purchased Goods and Services (Goods For Resale)', this includes emissions from the sourcing of raw commodities, and food and pharmacy products. The highest emitters being dairy, beef and fruit. Following Goods For Resale, the second highest scope 3 category was 'Use of Sold Products', capturing the emissions from activities such as combusted fuel sold at Lincolnshire Co-op petrol stations and commercial flights sold through Lincolnshire Co-op Travel. In 2025, total scope 3 emissions have reduced by 12%, however continue to make up over 97% of the Society's carbon footprint with the same high emitting categories.





Corporate governance report

Governance highlights



Director Elections

We welcomed two new members to the Society's Board (Jeremy Hodson and Tracey Latham-Green) and saw two of our existing Directors re-elected for further terms of office (Jane Moate and Jackie Munn). This result ensured both a degree of continuity in the Board room whilst also introducing new skills and expertise that will help strengthen the oversight provided to the Society's strategic activities.

We also said goodbye to Richard Wills and Nicola Berry. Both Directors provided valued contributions over a period of significant transformation across the Society, and we wish them the very best for the future.



Rule Book

The Society's amended Rule Book was approved by Members' at the Half Year Meeting held at Center Parcs and received FCA approval in October 2025. The changes included greater flexibility in how the Society structures member benefits and return to members, building on the significant research project undertaken by the Society's Purpose and Proposition team.



Corporate Governance Framework

The governance team facilitated a Board Effectiveness Review, the outputs of which provided recommendations to enhance the Board's future working arrangements and stakeholder relationships. These recommendations continue to be implemented and reinforce the Board's commitment to best practice and collective development.



Stakeholder Engagement

The Board held an externally facilitated session to review its internal and external stakeholder groups. This exercise provided a valuable opportunity to refresh the Board's understanding of its stakeholder landscape, ensuring alignment with the Society's strategic priorities and values. The Board was able to reaffirm its commitment to transparency, responsiveness, and inclusive decision-making, while identifying opportunities to strengthen relationships and enhance stakeholder impact.



Members' meetings

In December and June, we held our annual and half year members' meetings at the Lincolnshire Showground and Center Parcs respectively. The meetings reported on the Society's activity at various points throughout the year, and showcased products and services from its own trading areas and from businesses in the community.



Co-operative Reform

We supported a sector response and submitted an individual Society response to the Law Commission's review of co-operative legislation. The Society welcomed the vast majority of the reforms proposed and will continue to work with both the Law Commission and Co-operatives UK to ensure any revised legal framework supports the Government's stated target of doubling the size of the co-operative and mutuals sector.

How is the Society governed?

The Society conducts its affairs and structures its approach to corporate governance having regard to the following key instruments:

Co-operative and Community Benefit Societies Act 2014 (CCBSA 2014): The Society is registered with the Financial Conduct Authority as a co-operative under the CCBSA 2014. The CCBSA sets out basic duties and obligations that help ensure the Society conducts its affairs in accordance with Co-operative values, and profits are applied to further its objectives.

Co-operatives Corporate Governance Code: The Society is not strictly subject to the provisions of the UK Corporate Governance Code (the UK Code). However, Co-operatives UK (which is the representative body for co-operatives in the UK) has issued a code for Co-operatives (the Co-operatives Code). The Code ensures high standards of corporate governance are applied across:

- Member voice, participation and engagement.
- Co-operative leadership and purpose.
- Roles and responsibilities.
- Board composition, succession and evaluation.
- Risk, financial management and internal controls.
- Remuneration of the board and executive leadership.

The Society aims to comply with the letter and spirit of the Co-operatives Code in conducting its affairs and will explain in this report where any deviations have occurred.

Companies Act 2006 (CA 2006): The Society is subject to the core provisions of the CA 2006 which set out the obligations and requirements relating to corporate administration, accounting, reporting, decision making and the general duties of its Board of Directors.

Our Annual Report sets out the steps we have taken to ensure compliance with these important legal requirements, and to achieve corporate governance best practice.

Director duties

Put simply, our Board provides informed oversight of the Society's activities and ensures the executive team execute the agreed strategy in accordance with co-operative values, and in the best interests of the Society's members.

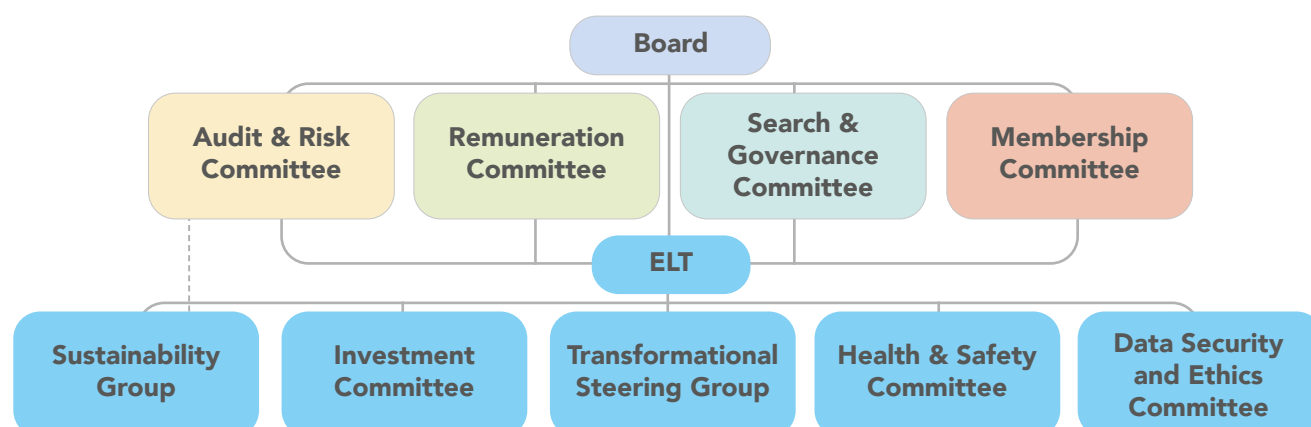
Our Directors must have regard to Section 172 (1) of the Companies Act 2006. Consequently, directors must act in a way that they consider, in good faith, would be most likely to promote the success of the Society for the benefit of its Members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term.
- The interests of the Society's employees.
- The need to foster the Society's business relationships with suppliers, customers and others.
- The impact of the Society's operations on the community and environment.
- The desirability of the Society maintaining a reputation for high standards of business conduct.
- The need to act fairly between members of the Society.

Corporate Governance Framework

The Society's Governance Framework sets out the structures, responsibilities and guiding principles that underpin how we operate. It supports effective decision-making, risk management and oversight, and reflects our commitment to integrity, transparency and co-operative values.

The Framework brings together the Society's key governance policies, committee structures, and decision-making protocols into a single, accessible reference point and furthermore supports clarity of roles and responsibilities across the Board and Executive Leadership Team.



Board and committee membership and attendance

The Directors attend Board and Committee meetings throughout the year and have the opportunity to attend meetings in person or virtually. Two full day meetings involving the Main Board and the executive team are also held to review the Society's strategy. The table below sets out attendance for all meetings taking place during the 12-month period ending 6th September 2025.

	Main Board	Audit and Risk Committee	Remuneration Committee	Search and Governance Committee	Member Engagement Committee
Nicola Berry ²	6/8	-	-	-	3/3
David Cowell	9/9	-	4/4	4/4	-
Mark Fields	8/9	-	-	-	4/4
Claire-Jayne Green	8/9	-	4/4	-	-
Ian Haldenby	8/9	4/4	-	-	-
Jeremy Hodson ¹	1/1	0/0	-	-	-
Tracey Latham-Green ¹	1/1	-	-	0/0	-
Jane Moate	9/9		4/4	4/4	0/1
Jackie Munn	8/9	3/4	4/4	-	-
Claudia Nel	9/9	3/4	-	-	1/1
Lesley Robinson	9/9	4/4	0/0	-	-
Richard Wills ²	8/8	-	-	3/3	3/3
Ash Wilks	8/9	-	-	-	4/4
Mike Wistow	9/9	-	-	4/4	-

¹ Elected June 2025

² Retired from position

List of external directorships and other relevant appointments

One of the important elements which is taken into account when assessing a potential new Director is whether that individual is able to commit sufficient time to the role with the Society. Prior to appointment members standing for election are asked to provide information about their other significant commitments with an indication of the time involved. The Society's Group Secretary & General Counsel maintains a register of director's interests to ensure that they do not participate in any decisions where they may have an interest. The rules of the Society provide that members are debarred from becoming directors in circumstances where specific interests in other organisations are held.

Director	Appointment(s)
David Cowell	Director PCA Partnership Ltd NED and Trustee Bishops Council of Diocesan Trustees - (CofE Lincolnshire) Trustee Worshipful Company of Marketors Charitable Trust
Ian Haldenby	Group Internal Audit Director of PIB Group Member of Lincolnshire County Council Audit and Risk Committee Director of Haldo616 Limited
Claire-Jayne Green	Founder and CEO Bravegoose Ltd Chair of Notcutts Owners Council
Mark Fields	Owner and Director of Medefix Ltd
Jeremy Hodson	Trustee of R-Evolution Director and Trustee of Grimsby, Cleethorpes and Humber Region YMCA
Tracey Latham-Green	Chief Officer of Community Pharmacy Lincolnshire
Jane Moate	-
Jackie Munn	Director of Burton Waters Management Limited
Claudia Nel	Member of the Trust William Alvey Church of England School, Sleaford
Lesley Robinson	Director of Grow Incredible C.I.C
Ash Wilks	Director of Wallbreaker Ltd Director of Stagesoft Ltd Trustee and Director of Age UK Lindsey
Mike Wistow	Director of Aegir Consulting Limited

The time commitment of the Society's serving Directors is monitored carefully by the Society's Group Secretary & General Counsel. Any additional external roles that a Director wishes to take are subject to prior approval of the Board.

Risk management

The Board has delegated authority to the Audit and Risk Committee, which holds overall accountability for the Society's risk management, while day-to-day oversight rests with the Executive Leadership Team (ELT), supported by the risk team. Both the Board and the ELT remain committed to embedding a strong risk culture that reflects the Society's principles and values, recognising that an effective risk culture is essential in helping management and colleagues prevent potential organisational challenges. They aim to lead by example, setting the right tone from the top and ensuring that risk management is an intrinsic element of the governance structure.

Risk Management Framework

Risk management remains a vital element of our operations, enabling the early identification of potential challenges the Society may encounter and supporting the proactive avoidance or mitigation of risks that could affect the achievement of our strategic and operational objectives.

Effective risk management

Our risk framework is structured to identify and address risk to enable our teams to act with confidence and accountability and support informed decision-making. It is also designed to uphold regulatory compliance, enhance operational performance, and strengthen stakeholder trust. The Executive Leadership Team (ELT) are responsible for the day-to-day implementation of the framework and promoting a positive risk culture across the Society. Each functional team maintains its own risk register and provides open reporting to the Society's risk team. This collaborative approach ensures comprehensive, bottom-up visibility of potential risks across all areas of the Society.

Risk assessment

The risk owner determines the appropriate controls for each identified risk and assesses its potential impact using both financial and non-financial measures, together with the likelihood of occurrence, applying consistent evaluation criteria. These assessments consider the effectiveness of existing controls, leading to a determination of the residual level of risk. Each identified risk is mapped to one of the Society's Principal Risks, enabling the risk team to evaluate its significance, interrelationships, and the possible consequences should a principal risk materialise.



Emerging risks

Certain risks, categorised as emerging, are more difficult to quantify due to limited available information, which hampers a clear understanding of potential consequences. These risks are closely monitored until more data becomes available to facilitate a better assessment.

Principal risks

The Society's Principal Risks are set out on the next page. They are subject to regular review in light of the Society's operating environment and any changes to the legal, economic, social and other relevant factors.

Key



Caring for our health and wellbeing



Building strength in the long term



Providing and supporting valued services



Looking after our local environment

CEO: Chief Executive Officer, **CFO:** Chief Financial Officer, **CPO:** Chief People Officer,
CPPO: Chief Purpose and Proposition Officer, **CTO:** Chief Transformation Officer,
GS&GC: Group Secretary and General Counsel,

1. Business strategy			Executive risk owner: CEO
Link to our strategy: 	What is the risk? The current strategy becomes outdated and does not support the Society's purpose.	What is the impact? - Misallocation of resources as we invest financial and people resources into the wrong initiatives. - The outcomes are not aligned to the Society's purpose. - Erosion of member trust and confidence in the Society's strategic direction.	How do we manage it? - Regular strategic reviews to ensure alignment with the Society's purpose and evolving external environment with the ability to pivot plans where appropriate. - Ongoing Board oversight including an annual review of strategic objectives and priorities. - Ongoing horizon scanning and market analysis to identify emerging trends and challenges.
2. Change management			Executive risk owner: CEO
Link to our strategy: 	What is the risk? We fail to deliver the forecast outcomes and anticipated benefits that support our purpose driven strategic objectives.	What is the impact? - We do not achieve the forecast revenue and profit growth which would be used to invest in our purpose within the communities we serve. - Diminished ability to invest in future initiatives supporting sustainable value creation.	How do we manage it? - Detailed strategic planning and governance frameworks to align initiatives with agreed objectives and measurable outcomes. - Regular tracking and reporting against key milestones, KPIs, and benefit realisation plans. - Defined accountability structures ensuring ownership and oversight of key programmes and initiatives. - Continuous improvement and lessons-learned reviews to enhance delivery capability and future performance.
3. Customer trends			Executive risk owner: CPPO
Link to our strategy: 	What is the risk? We fail to understand or react in a timely manner to customer demands and needs.	What is the impact? - Competitors who adapt to changing trends can capture customers, resulting in a decline in the Society's market share. - Failure to adapt our offer can lead to lower sales volumes impacting overall financial performance.	How do we manage it? - Ongoing strategic projects use customer and market data to align products and services with customer expectations. - Regular market and competitor reviews to benchmark performance and identify evolving trends. - Clear escalation and decision-making to act promptly to customer issues or changing expectations.

4. Talent attraction and retention			Executive risk owner: CPO
Link to our strategy: 	What is the risk? Failure to attract, develop, motivate and retain colleagues.	What is the impact? • Reduced organisational capacity to deliver strategic objectives and growth plans. • Increased recruitment and training costs due to higher staff turnover. • Decline in employee engagement, productivity, and overall morale. • Loss of critical expertise impacting decision-making and operations.	How do we manage it? • Competitive remuneration and benefits framework benchmarked regularly against market data to ensure fairness and retention. • Structured learning and development programmes supporting professional growth and leadership capability across all levels. • Regular employee engagement surveys with targeted action plans to enhance motivation and workplace satisfaction.
5. Competition			Executive risk owner: COO
Link to our strategy: 	What is the risk? Increased activity from both new and existing competitors, driven by factors such as pricing strategies, service offerings, or emerging market trends.	What is the impact? • Reduced market share as customers switch to competitors. • Pricing pressures result in reduced margins and subsequent profitability. • Potential delays in achieving strategic growth targets amid heightened market competition.	How do we manage it? • Ongoing market monitoring to identify and assess competitor activity, pricing developments, and emerging sector trends. • Continued investment designed to offer a unique proposition for our members which benefits the communities in which we serve. • Regular review and adjustment of pricing strategies to maintain competitiveness and value for customers.
6. Legal and regulatory compliance			Executive risk owner: GS&GC
Link to our strategy: 	What is the risk? Failure to identify new or changes to existing laws and regulations.	What is the impact? • Financial penalties, including fines or sanctions from regulatory authorities. • Impact on reputation, eroding customer, member and stakeholder trust. • Non-compliance may result in restrictions on market access i.e. the ability to supply pharmaceuticals through our pharmacies.	How do we manage it? • Regular engagement with external legal advisers and industry bodies to anticipate regulatory change. • Ongoing horizon-scanning to identify emerging legal and regulatory requirements. • Ongoing staff training aligned to the code of conduct to ensure awareness of regulatory obligations and responsibilities.

7. Health and safety			Executive risk owner: GS&GC
Link to our strategy: 	What is the risk? Failure to comply with H&S legislation which may result in death or injury to customers, colleagues or third parties whilst working on behalf of the Society.	What is the impact? • Non-compliance can lead to fines, legal action, and possible criminal charges for the organisation or responsible individuals. • Repeated or serious violations can harm the organization's reputation, reducing customer trust and employee morale. • Operational disruption due to investigations or enforcement actions.	How do we manage it? • Comprehensive health and safety policies and procedures reviewed regularly to ensure ongoing regulatory compliance. • Mandatory health and safety training for all colleagues and contractors, with refresher programmes in place. • Routine site inspections and audits to identify, assess, and mitigate potential hazards. • Oversight by a dedicated Health and Safety Committee.
8. Information security			Executive risk owner: CTO
Link to our strategy: 	What is the risk? Risk of data loss due to an external cyber attack or an internal security breach.	What is the impact? • A cyberattack or breach can cause system downtime, halting business operations and disrupting services and impact our services to customers. • Non-compliance with data protection laws (e.g., GDPR) can result in substantial fines and sanctions. • Damage to reputation, leading to a loss of customer trust, potential loss of business, and negative media coverage.	How do we manage it? • Maintain updates of software, operating systems, and applications with the latest security patches to mitigate vulnerabilities. • Regular penetration testing and system monitoring to detect and respond to potential threats promptly. • Mandatory employee training and awareness programmes on data protection and information security. • Perform regular backups of critical data to ensure the Society is able to restore operations in the event of data loss or ransomware attacks.
9. Macro-economic Environment			Executive risk owner: CFO
Link to our strategy: 	What is the risk? Prolonged or unforeseen impacts from local, national, and global events.	What is the impact? • Economic downturns, inflation, or reduced consumer spending negatively affecting sales and revenue. • Change in customer buying habits towards more affordable options. Reduced demand for premium products. • Wider international events can disrupt supply chains, leading to delays, higher costs, or shortages of key products.	How do we manage it? • Active monitoring of economic indicators and geopolitical developments to that could signal emerging risks and react accordingly. • Prudent approach to financial management and liquidity planning to maintain resilience under varying economic conditions. • Regularly review and streamline operations when necessary to reduce costs and the impact of rising expenses. • Diversified business reduces exposure to specific markets.

10. Business continuity			Executive risk owner: COO
Link to our strategy: 	What is the risk? Inability to maintain one or more services to our customers due to unplanned disruption.	What is the impact? • Inability to deliver services or products to customers • Impact on sales and potential longer term financial performance • Damage to reputation, erosion of customer trust and potential move to competitors.	How do we manage it? • Disaster Recovery plan in place specifically for IT-related disruptions. • Documented Crisis Management plan covering significant events with periodic testing in place • Development of functional business continuity plans to provide greater resilience in the critical operations
11. Pandemic			Executive risk owner: GS&GC
Link to our strategy: 	What is the risk? Unknown impact on the Society caused by a future pandemic	What is the impact? • Employees may become ill, require quarantine, or be unable to work leading to reduced workforce availability. • Declines in revenue due to reduced demand or inability to operate. • Mandated lockdowns or quarantine measures can force us to shut offices and retail locations. • Disruption to supply chain impacting the availability of food and pharmaceuticals	How do we manage it? • Health and safety protocols to protect colleagues and customers in all service environments • Strong supplier and partner engagement to safeguard critical supply chains and service delivery. • Established crisis management team responsible for decision-making and coordination during a pandemic. • Established remote working infrastructure to maintain essential services and staff wellbeing in adverse conditions.

The Head of Risk & Assurance to the Society, who reports to both the Group Secretary & General Counsel and the Chair of the Audit & Risk Committee, assumes the day-to-day responsibility for ensuring the Society's management of risk is in full accordance with the approved appetite and tolerances.



Health, Safety & Security

Lincolnshire Co-op remains committed to championing the health, safety, and security of our members, colleagues, customers, and wider communities. In late 2024, we demonstrated this commitment by announcing an investment of £200k into body-worn cameras for colleagues at all food stores and pharmacies. As well as providing colleagues with increased security, the cameras have been able to provide local police with enhanced video and audio evidence, and this evidence has helped secure convictions against offenders. A police sergeant stated that communities would be in a worse position without the excellent support received by Lincolnshire Co-op. This is something we are extremely proud of and are continuing to uphold in our outlets.

Such things require a positive health, safety, and security culture within an organisation, and culture starts at the top. That is why, this year, Lincolnshire Co-op's leadership team stepped away from their operational duties for an executive health, safety, and security awareness training day. As well as refreshing technical and legal knowledge, the day reaffirmed the moral reasons for being safe employers and service providers within our communities, something that is deep rooted in Lincolnshire Co-op's ethics, values, and Purpose Beyond Profit 2030 strategy. As we move into the next reporting period, health, safety, and security will remain at the forefront of our minds.



Data security and ethics

The Society has continued to make meaningful progress in strengthening our data privacy framework across the Society. Our focus for this year has been embedding privacy resilience across our operations, reflecting our commitment to building sustainable and proactive data protection practices.

Key achievements include the refinement of internal governance structures, enhanced collaboration across business areas, and the integration of privacy considerations into strategic initiatives and projects. We have seen measurable improvements in how privacy by design and by default principles are applied, particularly in digital transformation projects and third-party engagements.

To support a privacy-aware culture, we expanded our training programme to new learning modules on emerging topics such as artificial intelligence. Regular communications and practical guidance have helped embed privacy into day-to-day operations.

Looking ahead, our priorities will include enhancing our data protection and privacy practices, deepening our oversight of third-party data handling, and preparing for upcoming regulatory changes. We remain committed to fostering a culture of accountability and continuous improvement in data protection.



Whistleblowing

How we behave matters. The Board of Directors recognises that 'doing the right thing' requires a strong speaking-up culture, and will support colleagues who raise genuine concerns, even if they turn out to be mistaken. The Board's Whistleblowing Champion liaises closely with the Group Secretary & General Counsel to assess any matters notified via the Society's many whistleblowing channels, and to ensure any actions and learnings are properly followed up by the executive team. The Society maintains a documented Whistleblowing policy which is communicated to all employees. Safecall UK continue to provide a third-party independent reporting line to enable individuals wishing to report a concern at work to do so in a safe and confidential way.



Anti-bribery

At Lincolnshire Co-op, we conduct all our business in an honest and ethical manner in line with our values of being helpful, inspiring, and trustworthy. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery and corruption. We have a zero tolerance towards bribery and will never permit or authorise the offering, making, or receiving of a bribe. No reported instances of bribery were recorded during the year ending 6 September 2025. Recommendations arising from the Society's internal audit review will be implemented through an updated Gifts & Hospitality policy, enhanced declaration and approval processes, and colleague training.



Money laundering, fraud and other financial crime

Money laundering is the process whereby criminals attempt to conceal the true origins and ownership of the proceeds of criminal activity. Their objective is to make the proceeds of crime appear legitimate by integrating them into the financial system. We take seriously our responsibility for ensuring that the Society is not used as a conduit for the proceeds of financial crime.

The Society also updated its anti-fraud policy and procedures during the course of the year to comply with the requirements of the Economic Crime and Corporate Transparency Act 2023, which (amongst other matters) introduced a new corporate offence of failing to prevent fraud.

Chair report: Audit & Risk Committee

Committee membership (as at 6 September 2025):

Ian Haldenby (Chair), **Jackie Munn**,
Claudia Nel (until July 2025), **Lesley Robinson**
Jeremy Hodson (with effect from July 2025)

Committee purpose:

"Monitor and review the financial reporting process, internal control and risk management systems, and the effectiveness of the assurance framework. Ensure that there is proper consideration and assessment of future risks ensuring that management develop appropriate strategies to mitigate the risks that the Society is exposed to."



A full copy of the Committee's Terms of Reference can be found at:
lincolnshire.coop/about-us/board-of-directors

Chair's summary

"As the Society continues to embed its Purpose Beyond Profit 2030 strategy, the Audit & Risk Committee remains focused on ensuring that our risk management, assurance, and internal control frameworks are robust and responsive to the evolving external environment. This year, we have seen continued progress in our internal audit programme, with targeted reviews across key operational areas and strengthened oversight of risk registers and mitigation strategies. The Committee has carefully considered the going concern assessment, reviewed critical accounting judgements, and evaluated the effectiveness of both internal and external audit processes. We are satisfied that the Annual Report and Accounts are fair, balanced and understandable, and that they provide members with a clear and accurate reflection of the Society's performance and governance."



Ian Haldenby

Going concern assessment

During the year, the Committee received reports from the Chief Financial Officer outlining the basis on which it is reasonable for the Society to continue to prepare its financial statements on a 'going concern' basis. In simple terms, going concern means that the Society will continue to trade and meets its liabilities as they fall due.

As part of its assessment, the Committee has taken into consideration changes affecting the macro-economic environment including the change in government, the cost of living challenges, and supply chain pressures owing to material shortages and the conflict in Ukraine.

Forvis Mazars, as the Society's external auditor, have reported on year-end financial statements and the Committee considered the external auditors report prior to recommending approval of the financial statements to the Board. Forvis Mazars has reported to the Committee on the work carried out in relation to the most significant areas of audit risk and where accounting assumptions and estimates have been applied by management. Management confirmed to the Committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. Forvis Mazars calculated its materiality levels, which were presented to and approved by the Committee at the planning stage.

The external auditor provided the Committee with a summary of any misstatements which exceeded that threshold which had been identified during the course of the testing and no material amounts remain unadjusted. The Committee is also responsible for considering the annual external auditor's management letter and monitoring progress being made by management to address any such findings.

After reviewing reports by management and after consulting with the external auditor, the Committee was satisfied that the financial statements appropriately address the critical judgements and estimates. The Committee also satisfied itself that the significant assumptions used for determining the value of the Society's assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

Annual Report

The Audit & Risk Committee is responsible for considering on behalf of the Board whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to members to assess the group's performance, business model and strategy. In justifying this statement, the Committee has considered the robust process which operates in creating the Annual Report and Accounts, which includes the following:

- Changes to regulatory requirements, including the Co-operative Code, are considered on an ongoing basis.
- Key accounting judgements are presented to the Audit Committee for approval.
- Whether the description of the Society's business model is accurate; whether the narrative reports explain the financial statements; whether the principal risks and uncertainties faced by the Society are clearly described, together with mitigating actions and whether the Society's liquidity positions over the next year is adequate to support the going concern assessment.
- Whether there are any significant control weaknesses, or failings which should be brought to the attention of the Society's Members.
- A thorough process of review and evaluation of the inputs into the accounts to verify accuracy and consistency, including review by senior management.
- A meeting of the Audit & Risk Committee to review and consider the draft Annual Report and Accounts in advance of the final sign-off.

The Chair of the Audit & Risk Committee reports its conclusions for final sign-off by the Board of Directors. As part of the Committee's assessment of the Annual Report and Accounts, prior to reporting to the Board on this topic, the Committee draws on reports prepared by and discussions with the Chief Financial Officer. The Committee is satisfied that senior members of the Finance team are fully familiar with the fair, balanced and understandable requirement. The Committee receives assurance from members of the Executive Leadership Team that they consider the content for which they are responsible is fair, balanced and understandable.

Auditor independence

The Audit and Risk Committee is responsible for assessing the effectiveness of the annual audit process, monitoring the independence and objectivity of the external auditor and making recommendations to the Board in relation to the appointment, reappointment, remuneration and removal of the external auditor.

As part of its annual assessment of the effectiveness of the external audit process, the Committee conducts a formal review whereby members of the Committee consider the performance, qualifications, expertise, resources, independence and objectivity of the external auditor. The results of the review are discussed by the Committee without the external auditor being present and any actions or suggestions about the external process are subsequently discussed with the external auditor.

The Committee has reviewed and approved the external auditor's overall work plan which further ensures that the process is effective. In order to safeguard auditor objectivity and independence, the Committee maintains a formal policy which governs the engagement of the external auditor for non-audit services. The policy is designed to ensure that the provision of such services does not have an impact on the external auditor's independence and objectivity. This policy identifies services which can only be undertaken with appropriate authority from the Committee where non-audit fees will exceed pre-set thresholds. The external auditor may only provide such services if the associated advice does not conflict with their statutory responsibilities and ethical guidance. The Committee receives regular information on the fees paid for non-audit work to the audit firm, an annual report on the non-audit services being provided and the cumulative total of non-audit fees. Details of the audit fee can be found on page 60.

The Society's Control Framework and Internal Audit Programme

Internal audit is a vital source of assurance for the Audit & Risk Committee and, ultimately, the Board that the delivery of the Society's purpose and trading activities is undertaken in line with settled risk appetite and tolerances, and within a robust internal control framework. The Society performs independent reviews of regulatory, operational and financial control procedures across the business and reports its findings to the Audit & Risk Committee.

Throughout this financial year, the Committee has received Internal Audit reports covering the following risk areas:

- Cyber Resilience
- Facilities Management
- Pharmacy Operations
- Property Developments
- Residential Property Management
- Funeral Bond Financial Conduct Authority (FCA) Compliance
- HR Recruitment and Retention
- Pharmacy Warehouse (Maltby's)

The reviews identified internal control improvements designed to strengthen the Society's control environment and, where applicable, address process inefficiencies.

The Internal Audit team monitors progress on management action plans to ensure that process improvements identified in Internal Audit Reports are implemented. This progress is reported to the Audit & Risk Committee at each meeting.

Risk management

The Committee has continued to receive detailed reports from the Executive and Head of Risk & Assurance on key risk areas. The Committee receive specific updates on the progress, risks and mitigation activities surrounding our Transformation and Sustainability strategic programmes. The Society has a centralised risk management system that records and monitors the Society's Principal risks, and the controls and actions needed to mitigate them. The Group Secretary & General Counsel with support from the Head of Risk & Assurance monitors the compliance and effectiveness of all measures noted against each of the Society's documented risk registers.

Approval

This report is approved by the Audit & Risk Committee and signed on its behalf by:

Ian

Ian Haldenby

Chair of the Audit & Risk Committee

Chair Report: Remuneration Committee

Committee membership (as at 6 September 2025):

Claire-Jayne Green (Chair), **David Cowell**,
Jane Moate (until July 2025), **Jackie Munn**,
Lesley Robinson (with effect from July 2025)

Committee purpose:

"Ensure that Remuneration policies, principles and practices are appropriate to enable the business to attract, retain and reward people with the right skills, experience, knowledge and behaviours to support achievement of the Society's purpose, goals and objectives."



A full copy of the Committee's Terms of Reference can be found at:
lincolnshire.coop/about-us/board-of-directors

Chair's summary

"This year has seen a strong focus on people and culture across our Society. The Committee has been pleased to oversee the launch of the new 'THRIVE' values, which have seen consistently positive levels of colleague engagement across all areas. A strong colleague culture is essential for the Society to deliver both its strategic objectives and purpose within the communities it serves.

The engagement with the Society's recognised trade union has remained positive throughout the year, including in the shaping of a new pay and grading framework across all colleagues. We also welcomed the development of a new bonus structure, which sees colleague profit share reserved for colleagues who otherwise would not be eligible for a discretionary management bonus. These measures ensure that the Society's remuneration principles remain fair, equitable and transparent. "



Claire-Jayne Green

Directors Remuneration

The Board must ensure that the Society's approach to remuneration is fair, transparent and aligned with Co-operative values and principles. The Co-operative Corporate Governance Code recommends that Director remuneration should be regularly reviewed and at least every three (3) years (and the last review was completed at the end of 2023, with updated fees approved by the members in general meeting on 8 June 2024). Remuneration policies and practices should recognise the commitment expected of Directors, and be aligned to the purpose and values of the Society and successful delivery of its strategy. Appropriate remuneration is important in not only driving selection and appointment, but also retaining skills and experience in key positions. It is a core corporate governance principle that Directors must not fix their own remuneration.

The current fee structure is shown in the table below.

Role	Fees effective 1st July 2024
Base Director Fee	£9,500 p.a.
Board Chair	£25,000 p.a.
President	£11,400 p.a.
Chair of A&R Committee	£2,500 p.a.
Chair of Remuneration Committee	£1,500 p.a.
Chair of Search & Governance Committee	Covered by additional Board Chair fee.
Chair of Member Engagement Committee	N/A
Committee Membership Fee	£750 p.a. for each committee.

As a result, individual Directors' total gross remuneration (including expenses etc.) were as follows:

	Year ended 6th September 2025	Year ended 7th September 2024
Nicola Berry ¹	£8,947	£11,562
David Cowell	£27,179	£33,158
Mark Fields	£10,250	£9,510
Claire-Jayne Green	£10,250	£2,196
Ian Haldenby	£12,819	£15,744
Jeremy Hodson ²	£1,915	-
Tracey Latham-Green ²	£1,870	-
Jane Moate	£11,542	£10,092
Claudia Nel	£10,575	£9,929
Jackie Munn	£11,000	£10,264
Lesley Robinson	£10,152	£1,853
Ash Wilks	£9,704	£1,853
Richard Willis ¹	£10,419	£10,302
Mike Wistow	£10,033	£1,853
Stephen Hughes ³	-	£8,432
Julia Romney ³	-	£7,492
James Scott ³	-	£7,842

¹ Term ended with effect from June 2025. ² Elected with effect from June 2025. ³ Ceased to be a Director June 2024.

No enhancements or additional remuneration was paid to any Director outside of the published fee structure above.

Directors also receive mileage allowances for using their own cars, reimbursement of public transport fares and reasonable actual expenditure for parking, meals and hotels in line with the Society's documented Expenses Policy.

The Society's Executive Leadership Team (ELT)

The Committee has overseen the final appointments during this year financial year that have completed the transition to a permanent ELT.

Heather Lee, a long serving member of the ELT, left the Society at the end of 2024. The Board of Directors wish Heather every success for the future and thank her for her contribution to the Society, over many years with us. The Society appointed an interim Chief People Officer, Jerome Lopez, who provided continuity at a crucial time pending Karen Bennett's permanent appointment as Chief People Officer.

We look forward to seeing the continued development of the ELT, and remain confident that their direction and leadership will promote strong engagement throughout our wider colleague teams.

Colleague pay

2025 has once again seen increased cost of living challenges affecting all of our colleagues, and particularly those at the front line. The Society has similarly faced challenges as a result of the October 2024 budget and supply issues resulting from the cyber-attack targeted at the Co-op Group during the course of the financial year, which has also influenced the affordability of remuneration and other financial decisions.

Notwithstanding these factors, the Committee was pleased to see those colleagues covered by the Retail and Specialist Retail Agreements receive an average pay increase of 5.8% in April, with all colleagues now receiving a minimum rate of £12.36 per hour. These increases ensure the Society continues to be an employer of choice, and retains the right talent and skills for the future.

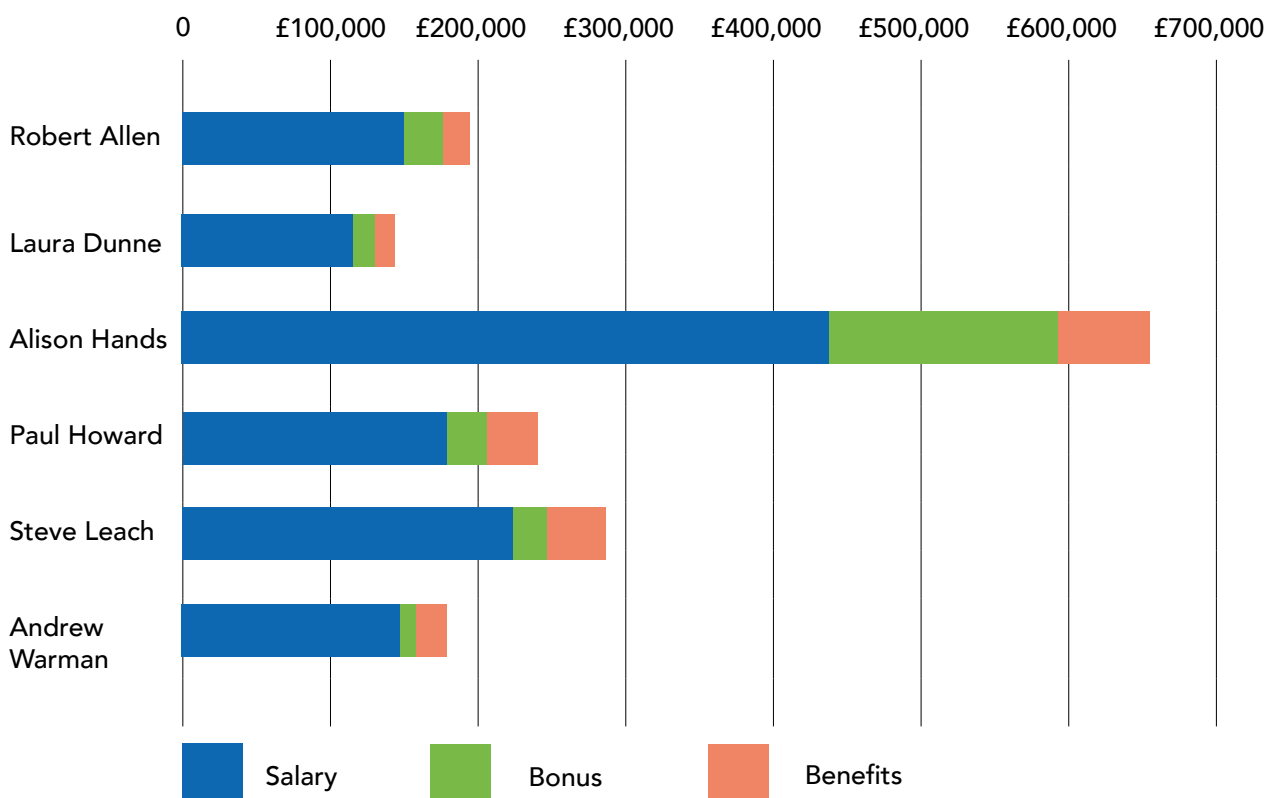
The Society does not pay the lower levels of the National Minimum Living Wage to colleagues under the age of 23. All colleagues, regardless of age, receive the adult rate for the job.

The remuneration packages of the Chief Executive Officer and the Group Secretary & General Counsel are determined by the Board on the recommendation of the Remuneration Committee in accordance with remuneration principles and policy agreed by the Board. The Chief Executive Officer and the Group Secretary & General Counsel under the arrangements outlined in this report, do not play any part in the consideration or determination of their own remuneration package.

Determination of the remuneration packages of other members of the ELT is delegated to the Chief Executive Officer who discusses her approach and conclusions with the Committee. The emoluments for ELT members in position at the year-end, including salary, performance related pay, bonus, pension contributions, and taxable benefits are outlined below:

ELT emoluments

Graph and table show those in ELT position on 6th September 2025



Summary	Salary	Bonus	Benefits	Total
Robert Allen	£153,645	£27,062	£18,437	£199,144
Laura Dunne	£115,014	£15,106	£13,016	£143,136
Alison Hands	£434,867	£153,737	£61,847	£650,451
Paul Howard	£175,016	£26,996	£33,700	£235,712
Steve Leach	£220,018	£22,938	£38,722	£281,678
Andrew Warman	£143,015	£9,897	£19,981	£172,893

The total ELT emoluments for year ended 6th September 2025 were £1,990,082
The total ELT emoluments for year ended 7th September 2024 were £1,943,000

Pay and Grading Framework

The Committee has overseen the development of a new Society-wide pay and grading framework. A standardised pay and grading framework organises jobs within an organisation into different levels, based on factors like skill requirements, responsibilities, and complexity. Each level or grade typically has a corresponding pay band, which is the range of salary that colleagues in that level or grade can expect. A job grading structure helps with compensation decisions, career progression and ensures fairness in pay practices. The Committee would like to express its gratitude to its recognised trade union, USDAW, for the supportive role it has played in reviewing and implementing this new framework. A key activity into the new financial year will be development of a new employee value proposition, covering the benefits that colleagues can expect to receive at each grade within the new framework. These measures demonstrate the value that the Society places in its people, and the vital role they play in delivering for our communities.

External advisors

The Committee appointed Co-operatives UK to provide external support to the Committee's activities on a retainer basis until the end of 2024. No further or long term retainer has been renewed or put in place for the remainder of the financial year given both the experience and qualifications of the Chair, and the absence of any ongoing topics that would require permanent attendance by an external advisor. The Committee keeps its external advisory arrangements under review and will ensure any future engagements reflect the particular needs of the Society, having regard to business changes and the relevant legal and economic landscape.

CEO pay ratio

The CEO pay ratio provides a snapshot of the overall pay gap that exists between the CEO (typically the highest paid person within the organisation) and the average employee in the same organisation and is calculated using the single total figure of remuneration which includes total salary, variable pay, pension and taxable benefits.

This year's calculation shows that the CEO pay ratio has reduced year on year, and is 22 times that of the median colleague pay (this means that when all colleagues' pay is listed from highest to lowest, the median is the middle value in that list):

Year	Method	25th percentile ratio	50th percentile ratio (Median)	75th percentile ratio
2025	Option B	23.6	22.0	21.1
2024	Option B	23.4	31.8	25.5

Option B allows the relevant employer organisation to select three employees from their latest gender pay gap information to determine each of the quarterly percentile brackets shown in the table.

Our fair pay agenda outlines our commitment to ensuring that reward (including base pay, variable pay and benefits) is transparent, fair, free from discrimination and aligned to the external market. Members of the Remuneration Committee are content that the CEO pay ratio is consistent with the Society's wider policies on pay, reward and progression, and comparable to other CEO pay ratios that exist within co-operative and retail organisations.

Colleague bonus and profit share arrangements

Management bonuses are a key element of the Society's reward package. They help us recruit, reward, retain and motivate the Society's managers, who are instrumental in shaping and delivering the strategy, innovating, creating the right culture, and inspiring those they lead. The Society also operates a colleague profit share scheme.

This year has seen a significant review of these arrangements, resulting in managers (who benefit from being within the Society's discretionary bonus scheme) no longer being eligible for colleague profit share. This change introduces greater fairness in the variable remuneration available at all grades across the Society, and ensures colleagues at the front line receive a more equitable share of the Society's profits when the necessary performance targets settled with the Board have been achieved.

Gender Pay Gap reporting

All UK organisations with more than 250 employees are required by law to report on their mean and median gender pay and bonus pay gap each year. Our full Gender Pay Report for the period to April 2025 can be found on the Society's website: lincolnshire.coop/financialreports. Nationally, more females work in part-time roles than males, which impacts gender pay results and our data reflects this.

The gender pay gap is often confused with equal pay, however the two are not the same. Equal pay is the right for males and females to be paid the same rate when carrying out the same jobs or similar jobs or work of equal value. The majority of our roles attract a fixed rate of pay, regardless of the gender or age of the colleague performing that role. Gender pay is a measure of the difference between male and female average earnings across an organisation. Having a gender pay gap does not mean that there is an equal pay issue within an organisation. There can be a number of reasons for this, including a gender imbalance in different levels of roles, or if a particular type of role is dominated by one sex. Lincolnshire Co-op is an equal pay employer and adheres to equal pay legislation. The Society's pay gaps are summarised below (with a comparison to 2024's figures) together with explanatory notes covering key principles and terms:

Gender Pay Gap

We have seen an increase in women in all quartiles, however the most significant increases have been in the lower quartiles for women and the upper quartiles for men. This has reduced the impact on the mean pay gap but increased the median hourly rate gap as more men receive a higher rate of pay.

- Our mean hourly rate gap has remained at 21% from 2024 to 2025.
- Our median hourly rate gap has increased from 8% in 2024 to 14% in 2025.

Bonus pay gap

Bonuses overall have decreased again since the previous report due to economic and financial pressures. The difference between the mean and median amounts for men and women has been impacted differently due to the change in quartile percentages. There has been a smaller percentage decrease in the mean bonus for women compared to men, resulting in a reduction of the mean gap. However, as the percentage of men in the upper quartiles has significantly risen this is reflected in the median bonus pay gap increase.

- Our mean bonus pay gap has decreased from 57% in 2024 to 43% in 2025.
- Our median bonus pay gap has increased from 22% in 2024 to 35% in 2025.

Mean and median gaps explained

To understand what the gender gap is we have looked at the Median, or typical, and Mean, or average, pay of both men and women. This allows us to see whether overall there is a gender difference between both the typical and average pay.

The median pay gap. The median is the middle of a dataset. If all our colleagues lined up in order of hourly pay, from the lowest to the highest then the hourly pay of the person in the exact middle of the line is the median hourly pay, or a typical hourly pay for the group.

The mean pay gap. If we added everyone's hourly pay rate together and divided it by the number of colleagues, this would give us the mean pay, or the average hourly pay for the Society.

As the mean pay can be influenced by a small number of people earning significantly more or less than others, understanding what the median pay is allows us to get a better understanding of what a typical hourly pay is within the organisation. When there is a vast difference between what people are earning in an organisation the median value can help balance the picture.

Pay quartiles

Rates of pay for colleagues are listed in order of value and then divided into four equal sections, or quartiles. Colleagues are then equally spread into each quartile. The quartiles are a helpful proxy for dividing more senior roles (upper quartiles) from junior roles (lower quartiles) and help us understand how men and women are represented across the organisation.

Future action

We will continue to address the pay gaps with appropriate measures across our policies and procedures covering colleague recruitment, retention and progression.

Approval

This report is approved by the Remuneration Committee and signed on its behalf by:

Claire-Jayne

Claire-Jayne Green

Chair of the Remuneration Committee

Chair Report: Search & Governance Committee

Committee membership (as at 6 September 2025):

David Cowell (Chair), **Tracey Latham-Green** (with effect from July 2025), **Jane Moate**
Richard Wills (until June 2025), **Mike Wistow**

Committee purpose:

"To ensure that the Board is of an appropriate size and balance of knowledge, skills and experience to lead the Society. Oversee orderly succession to both Board and senior management positions ensuring that there is a diverse pipeline for succession. Lastly, overseeing the Society's compliance with, and approach to all applicable regulation and guidance related to corporate governance matters."



A full copy of the Committee's Terms of Reference can be found at:
lincolnshire.coop/about-us/board-of-directors

Chair's summary

"Good Governance is key to the delivery of our Society's strategy. This year, the Search & Governance Committee has continued to oversee enhancements to our governance framework, including the implementation of recommendations from the Board Effectiveness Review. We've also supported improvements to the Society's Rule Book and election processes, ensuring they remain transparent, inclusive, and aligned with our co-operative values. These developments help maintain a Board that is diverse, skilled, and well-equipped to lead the Society into the future, with integrity and accountability at its core."



David Cowell

Society elections

This year saw a contested election for four positions on the Board. The Society saw very high expressions of interest from eligible members and was the highest in recent history for the Society. We were pleased to welcome two new Directors and see the re-election of two existing Directors, introducing new skills and experience within the Board whilst also maintaining a degree of continuity.

Each vote resulted in £1 donated to the Society's Community Champions causes, resulting in a grand total of £13,437 by the end of the election period.

The Committee has been pleased to oversee positive improvements to the Society's election process. The improvements made have led to an enhanced member experience with more transparency provided on the process and role.

Members wishing to stand for election to the Society's Board should initially contact the Society's Group Secretary & General Counsel. Details about standing for election to the Society's Board can also be found on the Society's website at: lincolnshire.coop/boardofdirectors.

Society Rule Book

The Rule Book is the foundation of all Lincolnshire Co-op's governance practices. It sets out (amongst other matters) the responsibilities of the Board and Executive Leadership Team, the rights of members, how Board and member meetings are convened, how decisions are taken, requirements for the election and appointment of Directors, and how the Society's profits are applied.

It is a fundamental principle of good corporate governance that the Society keeps its core governance documents and arrangements under review, both to ensure compliance with the law and best practice, but also alignment to the Society's wider strategic activities.

In addition to detailed review by the Committee, support on key provisions had also been provided in conjunction with Co-operatives UK (the sector association which provides specialist advice to co-operative businesses) and external lawyers.

These changes were designed to introduce improvements in general governance, provide flexibility in the delivery of member benefits and return, and ensure our Society remains sustainable in the long-term.

A selection of the key changes to the Rule Book include:

- Minimum service requirement to be eligible for the role of President.
- The articulation of profit distribution and structure of member benefits.
- The maximum term of office affecting the role of Chair of the Board.
- The spend requirement to be eligible to stand for Society Director.
- Practical constraints and considerations relevant to the conduct of member meetings.

Board Effectiveness Review

The Board monitors and improves performance by reflecting on the continuing effectiveness of its activities, the quality of its decisions and by considering the individual and collective contribution made by each Board member. This is assessed annually through the Society's Board Effectiveness Review.

During the last financial year, the review was facilitated internally via an anonymised online questionnaire, supplemented by individual Director review sessions conducted by the Chair and Group Secretary & General Counsel. The evaluation covered a broad range of topics including Board composition, strategic oversight, governance culture, and the quality of engagement between the Board and Executive Leadership Team.

The review highlighted several areas of strength, notably the effectiveness of support provided by the Group Secretary & General Counsel, the Board's oversight of risk and strategic matters, and the quality of Boardroom dynamics.

However, the analysis also identified key areas for potential improvement. An action plan has been developed to address key themes highlighted for further enhancement and these recommendations will be implemented over the course of 2025/26 and monitored through regular updates being provided to this Committee to ensure continued progress.

Law Commission Reform of Co-operative Legislation

The Committee ensured active participation by the Society in the Law Commission's long awaited review of Co-operative legislation. A consultation was published by the Law Commission at the end of 2024, structured into four main areas of relevance for the Society:

- Creating a revised statutory definition of a Co-operative;
- Supplementing and clarifying the existing capital raising and maintenance provisions;
- Aligning the duties of officers to those of Directors under the Companies Act 2006;
- A suite of general governance proposals designed to reduce complexity and enhance the standards applicable to Co-operative business models.

The review is seen as significant from a policy perspective in light of the Government's stated objective to double the size of the Co-operative sector.

The Society submitted an individual response to the consultation, and provided feedback to a wider sector response submitted by Co-operatives UK. The Society is broadly supportive of the proposals, provided that any new provisions concerning capital raising respect the spirit of co-operative democratic ownership, and do not create investment activity that is driven by other motivations.

Approval

This report is approved by the Search and Governance Committee and signed on its behalf by:

David

David Cowell

Chair of the Search and Governance Committee

Chair Report: Member Engagement Committee

Committee membership (as at 6 September 2025):

Ash Wilks (Chair), **Nicola Berry** (until June 2025), **Jane Moate** (with effect from July 2025),
Claudia Nel (with effect from July 2025), **Mark Fields**, **Richard Wills** (until June 2025)

Committee purpose:

"The role of the Member Engagement Committee is to oversee and promote active engagement with the Society's members."



A full copy of the Committee's Terms of Reference can be found at:
lincolnshire.coop/about-us/board-of-directors

Chair's summary

"It's a real privilege to take on the role of Chair of the Member Engagement Committee. As someone passionate about community and connection, I'm excited to help shape how our members experience and influence the Society. This year, we've begun important work exploring the 'Membership of the Future'—a project that's all about understanding what belonging means today and how we can better support our members at every life stage. From vibrant member meetings to local initiatives, our engagement continues to grow. I look forward to building on this momentum and ensuring our members feel heard, valued, and inspired to be part of something bigger."



Ash Wilks

Membership of the Future

As part of its strategic commitment to evolving member value, the Committee convened a dedicated session to explore the future of membership in Lincolnshire and beyond. The session focused on understanding the real-life needs of people across different life stages.

Initial insights from the Committee have formed the foundation for a broader programme of community engagement. The Membership and Marketing Teams will now test these assumptions through focus groups, gathering lived experiences and ideas directly from members.

This work marks the beginning of a renewed approach to membership one centred on belonging, access, and impact. It will inform how the Society can better support its communities, whether through direct services, strategic partnerships, or by amplifying existing local initiatives.

Planning for the Half Year and Annual Members Meetings

Regular and active engagement with the Society's members is a key objective of the Committee. As a Co-operative, the Society's Board is answerable and accountable to its members. The Board is committed to and proud of the Society's co-operative heritage and works proactively to balance member interests with those of other stakeholder groups.

The Committee has overseen the planning for the Society's two key member events throughout the year: the Half Year Members' Meeting (HYMM) and the Annual Members' Meeting (AMM). The AMM was held at the Lincolnshire Showground and the HYMM took place at Center Parcs (Sherwood Forest). Both events celebrated the Society's commitment to, and engagement with local communities. Further information about this activity can be found on pages 12-13 of this report.

The Society seeks to encourage eligible members to participate in the HYMM and AMM, either by attending in person where possible or on-line. The AMM and HYMM provides Members with the opportunity to hold the Board to account through raising questions and voting either for or against any of the resolutions on the agenda at that meeting. The voting process is overseen by the Society's Group Secretary & General Counsel. The results of the vote are published on the Society's website. In accordance with the Society's rules, Notice of the HYMM and AMM is published at least 14 days prior to the Meeting. All Directors attend the meeting unless their absence cannot be avoided.

The Committee has reviewed feedback received from both the HYMM and AMM, and will ensure all suggestions to the format and logistics are considered and, where appropriate, taken forward into the meetings scheduled for the next financial year.

The Committee received regular updates from the Marketing & Membership team regarding the programme of community and engagement activity planned and implemented throughout the year.

Approval

This report is approved by the Member Engagement Committee and signed on its behalf by:

Ash

Ash Wilks

Chair of the Member Engagement Committee

Compliance Statement

The Society complies with the Co-operative Governance Code except as set out below

Member Voice, Participation and Engagement (Code Principle 1 Provisions 1&2): The Code requires the board to draft a statement explaining the democratic structure of the Co-operative and to develop communications that clearly define the role of members in the structure. The board informs Members about the structure and democratic nature of the Society in a number of different ways including through the Annual Report and Accounts, member meetings and via social media.

Member value (Code Principle 2 Co-operative Leadership and Purpose Provision 2): The Code requires the Board to draft a statement providing details of the value generated for membership. No specific statement to this effect is included in the Annual Report and Accounts as the Board tells Members about the value it generates in a number of different ways including through member meetings, email, via the Society's website and social media.



Robert Allen

Robert Allen
Group Secretary &
General Counsel



David Cowell

David Cowell
Chair of the Board
of Directors



Alison Hands

Alison Hands
Chief Executive Officer

Independent auditor's report to the members of Lincolnshire Co-operative Limited

Opinion

We have audited the financial statements of Lincolnshire Co-operative Limited ("the Group") for the year ended 6 September 2025 which comprise of the Group Revenue Account, Group Statement of Comprehensive Income, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Changes in Funds Employed and Notes to the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 6 September 2025 and of the Group's surplus 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 Group 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 Board of Director's 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 Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Directors with respect to going concern are described in the relevant sections of this report.

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 of 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 our 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 this 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

In light of the knowledge and understanding of the Group environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report.

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 Group has not kept proper accounting records; or
- the Group financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 50, the Board of Directors 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 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 Board of Directors are responsible for assessing the Group'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 of Directors either intend to liquidate the Group 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and its industries, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, food safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, and the Co-operative and Community Benefit Societies Act 2014.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the Society in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society 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 for our audit work, for this report, or for the opinions we have formed.

Other required reporting

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Jennifer Birch

Jennifer Birch CA (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
First Floor
2 Chamberlain Square
Birmingham
B3 3AX

Statement of directors' responsibilities in respect of the financial statements

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

Co-operative and Community Benefit Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Board Certification

The financial statements on page 51 to 71 which comprise of the Group Revenue Account, Group Statement of Comprehensive Income, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Changes in Funds Employed and Notes to the Financial Statements, including a summary of significant accounting policies are signed on behalf of the Board of Directors pursuant to the Co-operative and Community Benefit Societies Act 2014.

David Cowell

David Cowell Chair of the Board of Directors

Ian Haldenby

Ian Haldenby Director

Robert Allen

Robert Allen Group Secretary & General Counsel

General information

Lincolnshire Co-operative Limited (the 'Society') is a registered society under the Co-operative and Community Benefit Societies Act 2014 incorporated in the UK. The address of the Society's registered office is Stanley Bett House, 15-23 Tentercroft Street, Lincoln, LN5 7DB.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The financial statements are prepared on the historic cost basis except that property is stated at fair value.

At 6th September 2025, the net assets of the Society were £303,763,000 and net current assets were £18,234,000. The Group has cash at bank at the year end of £20,803,000. Trading surplus remains robust and the Society has adequate resources to continue in operational existence for the foreseeable future.

The directors have prepared detailed cashflow forecasts for an 18 month period from the year end date, which take into account the Society's liquidity and its available banking facilities, including the financial covenants attached to those facilities. In preparing this assessment, the directors have considered reasonably plausible downside scenarios which reflect any ongoing impacts from the current economic challenges and potential impacts on sales revenue due to customer spending habits changing. The plausible downside forecasts indicate that the Group has sufficient liquidity, and the ability to operate within its financial covenants throughout the going concern period, such that it is able to continue to meet its liabilities as they fall due.

Accordingly, the directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the going concern period, and the directors therefore continue to adopt the going concern basis in preparing these financial statements.

Basis of consolidation

The Group Financial Statements consolidate Lincolnshire Co-operative Ltd and its subsidiaries.

A subsidiary is an entity that is controlled by the Society. The results of subsidiary undertakings are included in the Group Revenue Account from the date that control commences until the date that control ceases. Control is established when the Society has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits of jointly controlled entities is included in the Group Revenue Account and its interest in their net assets is recorded on the Group Balance Sheet using the equity method.

Turnover

Turnover is measured at fair value of the consideration received or receivable, net of value added tax, discounts, and incentives.

For the sale of goods, turnover is recognised at the point of sale.

For the provision of services, turnover is recognised when the service is performed.

For travel commissions, turnover is recognised on an agency basis at the point of a holiday booking with a reduction to allow for future cancellations.

For property rental income, turnover is recognised over the lease term on a straight-line basis net of any lease incentive.

Government grants

Government grants are generally included within accruals and deferred income in the Group Balance Sheet and credited to the Group Revenue Account in the period in which the related costs are incurred.

Government grants relating to capital fixed assets are accounted for under the performance model and credited to the Group Revenue Account when received or receivable, or when the performance-related conditions are met.

Assets leased to the group

Operating lease rentals are charged to the Group Revenue Account on a straight-line basis over the period of the lease.

Taxation

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

Current tax is charged or credited to the Group Revenue Account and is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Group Balance Sheet date.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is charged or credited to the Group Revenue Account, except when it relates to items charged to the Group Statement of Comprehensive Income, in which case the deferred tax is also dealt with in the Group Statement of Comprehensive Income respectively.

Intangible assets and impairments

Purchased goodwill and pharmacy licences are capitalised and amortised over their estimated useful life which is deemed to be a maximum of 20 years.

When there is an indication of impairment, the carrying amount of goodwill and other intangibles are compared to the recoverable amount, with any difference being charged to the Group Revenue Account.

Tangible fixed assets and depreciation

Trading properties are included at current fair values after being subject to depreciation at the appropriate rate and to impairment charges where appropriate.

Surpluses on Trading property revaluations are recognised in the Group Statement of Comprehensive Income and are accumulated in the Revaluation reserve, except to the extent that they reverse a previously charged impairment of the same asset, in which case the reversal is recorded in the Group Revenue Account.

Deficits on Trading property revaluations are recognised in the Group Statement of Comprehensive Income to the extent of any previously recognised revaluation increases accumulated in the Revaluation reserve. If a revaluation deficit exceeds the accumulated revaluation surpluses accumulated in the Revaluation reserve of the same asset, the excess is recorded in the Group Revenue Account.

Tangible fixed assets and depreciation (continued)

Other fixed assets are stated at their acquisition cost less impairment and are depreciated over their expected useful lives to their estimated residual values by equal instalments based on the following minimum rates:

Freehold land	Nil
Freehold and long leasehold buildings	2% p.a.
Fixtures, fittings and plant	5 - 33% p.a.
Transport	14 - 33% p.a.

Investment properties

Investment properties are measured at current fair value with any change in value recognised in the Group Revenue Account and are not subject to depreciation.

Surpluses on Investment property revaluations are transferred from the Revenue reserve to the Revaluation reserve.

The fair value valuations for both Investment properties and Trading properties are carried out in accordance with the Royal Institution of Chartered Surveyors ("RICS") valuation standards by external valuers.

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value.

Stocks

Stocks are valued in line with the lower of cost and net realisable value, with food store stock calculated using retail price less margin and value added tax.

Cost is based on the first in first out principle and includes expenditure incurred in acquiring the stocks, production costs and other costs in bringing them to their existing location and conditions where appropriate.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs to sell. Provision is made where necessary for slow moving and defective stocks.

Debtors

Debtors, as basic financial assets, are initially measured at transaction value. Such assets are subsequently measured at amortised costs less any impairment.

Cash

Cash, for the purpose of the Group Cash Flow Statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Creditors

Creditors, as basic financial liabilities, are initially measured at transaction value and thereafter measured at amortised costs using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at value.

Financial liabilities are recognised on the trade date. Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires.

Dividend

A charge is made to the Group Revenue Account to reflect the amount recognised as a dividend during the year. In the previous financial year, the terminology used when communicating dividend to members was changed to "Cashback" to better engage both existing and new members. Cashback to members will be referred to as dividend for the rest of the financial statements.

The provision for unredeemed dividend in the Group Balance Sheet is based on the full redemption value of the dividend and has been shown as a current liability.

Provisions

Provisions are recognised when there is a present legal or constructive obligation arising as a result of a past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Reserves

The Revenue reserve represents cumulative surpluses or deficits or losses, net of dividends paid and other adjustments.

The Revaluation reserve represents unrecognised gains on properties. This reserve is not distributable to members until the gain is realised upon the sale of the property it relates to.

Pension costs

Defined Benefit Scheme

The Society operates a defined benefit scheme. The assets of this scheme are held separately from those of the Society. The scheme closed to new entrants in December 2012 and to future accrual in December 2020.

Pension scheme assets are measured using fair values. For quoted securities the current bid price is taken as fair value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency of the liability. The pension scheme surplus is recognised in full. The movement in this scheme surplus is split between operating charges, finance items and in the Group Statement of Comprehensive Income, the actuarial gains and losses.

Defined Contribution Scheme

Following the closure of the defined benefit scheme to new entrants, the Society also operates a defined contribution scheme.

The amount charged to the Group Revenue Account represents the contributions payable to the scheme in respect of the accounting period. The assets of this scheme are held separately from those of the Group in an independently administered fund.

Accounting estimates and judgements

Key sources of estimation uncertainty:

Pension assumptions

The defined benefit pension scheme assets are measured at current market value, while the liabilities are estimated on assumptions as detailed in note 19.

Critical accounting judgements:

Property valuation

Land and buildings are revalued each year by an external Chartered Surveyor. Valuations require the use of estimates including such matters as rental tone, market yields, disposal values and void periods. The valuations are detailed in notes 9 and 10.

Goodwill impairment

The carrying value of goodwill and other intangible assets is assessed each year against the current value of future cashflows expected, or fair values, less costs to sell as detailed in note 8.

Year Ended 6th September 2025

	Note	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Turnover	1	372,770	375,559
Less: cost of sales		(254,297)	(254,685)
Gross profit	1	118,473	120,874
Less: expenses – ordinary trading	2	(112,254)	(108,775)
		6,219	12,099
Less: expenses – member benefits and grants	6	(1,225)	(1,264)
Trading surplus	1	4,994	10,835
Surplus on sale of fixed assets		283	1,763
(Deficit)/surplus on revaluation of property		(2,803)	4,257
Operating surplus		2,474	16,855
Group share of surplus in joint ventures	11	95	242
Net finance income	5	1,671	2,625
Exceptional items	3	(254)	(1,002)
Surplus for the year before payments to and on behalf of members		3,986	18,720
Less: payments to and on behalf of members	6	(3,001)	(3,805)
Surplus for the year before taxation		985	14,915
Taxation	7	(920)	(1,923)
Surplus for the year		65	12,992
Attributable to:			
Non-controlling interests		(95)	115
Transferred to reserves		160	12,877
		65	12,992

The accounting policies on pages 51 to 54 and the notes on pages 60 to 71 form part of these accounts.

Year Ended 6th September 2025

	Note	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Retained surplus for the year		65	12,992
Unrealised surplus on revaluation of trading properties		434	2,379
Share interest		(7)	(8)
Current tax on share interest		1	1
Actuarial loss on pension scheme		(2,409)	(1,820)
Deferred tax on actuarial loss - scheme valuation movement		603	362
Deferred tax on actuarial loss - change in tax rate		-	2,303
Total comprehensive (deficit)/surplus for the year		(1,313)	16,209
Attributable to:			
Non-controlling interests	16	(95)	115
Transferred to reserves		(1,218)	16,094
		(1,313)	16,209

The accounting policies on pages 51 to 54 and the notes on pages 60 to 71 form part of these accounts.

As at 6th September 2025

	Note	2025 £'000	2024 £'000
Fixed assets			
Intangible assets	8	5,365	6,489
Tangible assets	9	121,149	113,290
Investment properties	10	145,876	141,577
Investments	11	290	290
Share of joint venture	11	493	398
		273,173	262,044
Current assets			
Stocks – goods for resale		15,582	14,660
Debtors			
- amounts falling due within one year	12	40,405	35,777
- amounts falling due after more than one year	12	435	422
Cash at bank and in hand		20,803	32,392
		77,225	83,251
Creditors: amounts due within one year			
Creditors	13	54,529	49,187
Dividend	13	4,462	4,535
		58,991	53,722
Net current assets		18,234	29,529
Total assets less current liabilities		291,407	291,573
Creditors: amounts falling due after more than one year	13	(1,270)	(1,320)
Provision for liabilities	14	(9,143)	(7,904)
Net assets excluding pension surplus		280,994	282,349
Pension surplus	19	22,769	23,032
Net assets		303,763	305,381
Financed by:			
Share capital	15	3,575	3,880
Revaluation reserve		54,740	52,453
Revenue reserve		246,455	249,960
Members' funds		304,770	306,293
Non-controlling interests	16	(1,007)	(912)
Total funds employed		303,763	305,381

The financial statements were approved by the Board of Directors on 17 November 2025.

David Cowell

David Cowell
Chair of the Board of Directors

Ian Haldenby

Ian Haldenby
Director

Robert Allen

Robert Allen
Group Secretary & General Counsel

The accounting policies on pages 51 to 54 and the notes on pages 60 to 71 form part of these accounts.

Year Ended 6th September 2025

	Note	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Net cash flow from operating activities	17	10,288	12,275
Cash flow from investing activities			
Sale of tangible fixed assets		3,071	2,474
Sale of intangible fixed assets		623	2,533
Interest received		1,119	1,453
Interest paid		(594)	(80)
Purchase of tangible fixed assets		(25,791)	(15,116)
Purchase of intangible fixed assets		-	(600)
		(21,572)	(9,336)
Cash flow from financing activities			
Issue of shares	15	248	217
Redemption of shares	15	(553)	(679)
		(305)	(462)
Net (decrease)/increase in cash	18	(11,589)	2,477
Cash at start of year		32,392	29,915
Cash at end of year		20,803	32,392

The accounting policies on pages 51 to 54 and the notes on pages 60 to 71 form part of these accounts.

	Share Capital	Revaluation Reserve	Revenue Reserve	Members' Funds	Non- controlling Interests	Total Funds
	£'000	£'000	£'000	£'000	£'000	£'000
At September 2023	4,342	47,839	238,480	290,661	(1,027)	289,634
Surplus	-	-	12,877	12,877	115	12,992
Other comprehensive gains	-	2,379	838	3,217	-	3,217
Transfer on disposal of properties	-	59	(59)	-	-	-
Transfer between reserves	-	2,176	(2,176)	-	-	-
Total comprehensive gains	-	4,614	11,480	16,094	115	16,209
Share capital contributions	209	-	-	209	-	209
Share capital withdrawals	(679)	-	-	(679)	-	(679)
Share interest	8	-	-	8	-	8
Transactions with members	(462)	-	-	(462)	-	(462)
At September 2024	3,880	52,453	249,960	306,293	(912)	305,381
Surplus/(deficit)	-	-	160	160	(95)	65
Other comprehensive gains/(losses)	-	434	(1,812)	(1,378)	-	(1,378)
Transfer on disposal of properties	-	1,412	(1,412)	-	-	-
Transfer between reserves	-	441	(441)	-	-	-
Total comprehensive gains/(losses)	-	2,287	(3,505)	(1,218)	(95)	(1,313)
Share capital contributions	241	-	-	241	-	241
Share capital withdrawals	(553)	-	-	(553)	-	(553)
Share interest	7	-	-	7	-	7
Transactions with members	(305)	-	-	(305)	-	(305)
At September 2025	3,575	54,740	246,455	304,770	(1,007)	303,763

1. Segmental analysis

The Group has two principal segments, which are retail and investment property. The results of the two segments are:

	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Turnover		
Retail	357,743	362,329
Investment property	15,027	13,230
Total	372,770	375,559
Gross profit		
Retail	103,446	107,644
Investment property	15,027	13,230
	118,473	120,874
Operating expenses	(113,479)	(110,039)
Trading surplus	4,994	10,835

2. Expenses – ordinary trading

	2025 (52 Weeks) £'000	2024 (53 Weeks) £'000
Personnel costs	70,456	65,947
Property rents	635	617
Other occupancy costs	14,412	15,628
Hire of plant – operating leases	70	48
Depreciation	8,526	7,820
Amortisation of intangible fixed assets	837	916
Auditors' remuneration:		
- Audit of these financial statements - current year	117	113
Amounts receivable by auditors and their associates in respect of:		
- Audit of financial statements of subsidiaries pursuant to legislation	92	90
- Other services	20	5
Directors' fees – director duties	144	119
Directors' fees – other duties	-	30
Other expenses	16,945	17,442
Total expenses – ordinary trading	112,254	108,775

3. Exceptional items

	2025 (52 Weeks) £'000	2024 (53 Weeks) £'000
	254	1,002

During the year exceptional costs were incurred of £254,000 (2024: £1,002,000) in relation to restructuring costs.

4. Employees

The average number employed by the Group in the year ended 6th September 2025.

	2025 Number	2024 Number
Part-time	1,849	1,735
Full-time	1,037	1,191
	2,886	2,926

The costs incurred in respect of these employees were:

	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Wages and salaries	61,842	58,788
Social security costs	5,540	4,264
Other pension costs	3,074	2,895
Total personnel costs	70,456	65,947

Executive leadership emoluments

The emoluments of the executive leadership team paid during the year including salary, performance related pay, bonus, pension contributions and taxable benefits can be found in the remuneration report on pages 33 to 39 of these financial statements.

5. Net finance income

	2025 (52 weeks) £'000	2024 (53 weeks) £'000
a) Interest receivable		
Interest from joint venture	281	333
Unlisted investments	12	12
Expected return on pension scheme assets	6,309	6,710
Bank and other interest	826	1,108
	7,428	8,163
b) Interest payable		
Bank loans	540	27
Interest cost on pension scheme obligations	5,163	5,457
Loan from non-controlling interest	54	54
	5,757	5,538
Net finance income	1,671	2,625

6. Membership expenses and payments

a) Expenses – member benefits and grants

	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Donations to charity and community groups	471	372
Forfeits on shares	(256)	(232)
Member and community activities	1,010	1,124
Total	1,225	1,264

6. b) Payments to and on behalf of members

	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Dividend	2,063	2,341
Further dividend paid in year	938	1,464
Total	3,001	3,805

Dividend of £2,063,000 (2024: £2,341,000) has been accounted for during the year. Member purchases qualifying for such distribution are determined by the Board of Directors, as is the rate of distribution. After the balance sheet date the Board of Directors have not recommended the payment of any further dividend (2024: £960,000).

7. Taxation

	2025 (52 weeks) £'000	2024 (53 weeks) £'000
a) Analysis of tax charge in year		
Current tax		
UK corporation tax at 25% (2024: 25%) on surplus for the year	-	975
Adjustments in respect of prior years	(910)	(165)
Current tax (credit)/charge for the year	(910)	810
Deferred tax		
Taxation on pension adjustments	537	688
Excess of capital allowances over depreciation	1,316	1,089
Other timing differences	(23)	(664)
Deferred charges for the year	1,830	1,113
Taxation provided in the Group Revenue Account	920	1,923
Other comprehensive income items		
Tax on share interest	(1)	(1)
Deferred tax on pension scheme – movement in surplus	(603)	(362)
Deferred tax on pension scheme – change in tax rate	-	(2,303)
	(604)	(2,666)
b) Factors affecting tax charge for the year		
	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Surplus before taxation	985	14,915
Surplus multiplied by standard rate of corporation tax in the UK of 25% (2024: 25%)	246	3,729
Effects of:		
Revaluation of property	701	(1,065)
Other permanent differences between items affecting tax and accounting surplus	(1,784)	(1,689)
Deferred tax and change in tax rate	1,830	1,113
Overprovision in prior years	(73)	(165)
Taxation provided in the Group Revenue Account	920	1,923

The standard rate of corporation tax in the UK is 25%. The deferred tax balances at 6th September 2025 have been calculated at this rate, reflecting the expected timing of the reversal of the related timing differences.

8. Intangible fixed assets

	Goodwill £'000	Licences £'000	Total £'000
Cost			
At September 2024	8,172	17,203	25,375
Additions	-	-	-
Disposals	-	(1,500)	(1,500)
At September 2025	8,172	15,703	23,875
Amortisation			
At September 2024	6,310	12,576	18,886
Charged in the year	169	668	837
Disposals	-	(1,213)	(1,213)
At September 2025	6,479	12,031	18,510
Net book value			
At September 2025	1,693	3,672	5,365
At September 2024	1,862	4,627	6,489

9. Tangible fixed assets – trading

	Land & Buildings £'000	Fixtures Fittings & Plant £'000	Transport £'000	Total £'000
Fair value/original cost				
At September 2024	92,175	72,910	7,184	172,269
Transfers	1,485	-	-	1,485
Additions	2,924	11,209	-	14,133
Disposals	(208)	(637)	(253)	(1,098)
Revaluation	(81)	-	-	(81)
At September 2025	96,295	83,482	6,931	186,708
Depreciation				
At September 2024	-	54,520	4,459	58,979
Charged in the year	1,207	6,401	859	8,467
Disposals	-	(484)	(196)	(680)
Revaluation	(1,207)	-	-	(1,207)
At September 2025	-	60,437	5,122	65,559
Net book value				
At September 2025	96,295	23,045	1,809	121,149
At September 2024	92,175	18,390	2,725	113,290

The value of land and buildings includes £1,640,000 (2024: £1,640,000) of leaseholds, the remainder being freehold.

The value of buildings depreciated was £59,824,000 (2024: £56,270,000). A valuation of trading properties was carried out by Eddisons Incorporating Banks Long & Co., Chartered Surveyors, of 26 Westgate, Lincoln as at 6th September 2025 which valued all of the Group's trading land and buildings at current fair value in accordance with the RICS Red Book valuation standards at £96,295,000 (2024: £92,175,000). This valuation has been incorporated within the Group Balance Sheet.

10. Fixed assets – investment properties

	Land & Buildings		Landlords Fixtures £'000	Total £'000
	Freehold £'000	Leasehold £'000		
Fair value/original cost				
At September 2024	139,979	1,440	807	142,226
Transfers	(1,485)	-	-	(1,485)
Additions	11,453	472	3	11,928
Disposals	(2,597)	(42)	-	(2,639)
Revaluation	(2,996)	(450)	-	(3,446)
At September 2025	144,354	1,420	810	146,584
Depreciation				
At September 2024	-	-	649	649
Charged in the year	-	-	59	59
Disposals	-	-	-	-
At September 2025	-	-	708	708
Net book value				
At September 2025	144,354	1,420	102	145,876
At September 2024	139,979	1,440	158	141,577

A valuation of investment properties was carried out by Eddisons Incorporating Banks Long & Co., Chartered Surveyors, 26 Westgate, Lincoln as at 6th September 2025. The valuation was carried out in accordance with the RICS Red Book valuation standards on a fair value basis. The total historic cost of land and buildings included in notes 9 and 10 is £187,329,000 (2024: £181,141,000).

11. a) Investments

	Fixed Assets	
	2025 £'000	2024 £'000
Other investments	290	290
Total investments	290	290
	Other Investments £'000	Total £'000
Cost or valuation		
At September 2024	290	290
At September 2025	290	290

11. b) Subsidiaries

The principal business activities of the Society's active subsidiaries are:-

- (i) Lincoln Corn Exchange and Markets (1991) Ltd. – Property Investment (100%)
- (ii) Lincoln Co-operative Chemists Ltd. – Retail Chemist Shops (100%)
- (iii) LCS Property Ltd. – Property Holding Company (100%)
- (iv) LCS Retail Ltd. – Post Office Services (100%)
- (v) Gadsby's of Southwell Ltd. – Bakery (100%)
- (vi) Lincoln Science and Innovation Park Ltd. – Science Park Development (75%)
- (vii) South Lincolnshire Crematorium Ltd. – Crematorium (100%)

Subsidiary audit exemptions

Lincolnshire Co-operative Limited has issued guarantees over the liabilities of the following companies at the year end under Section 479 of Companies Act 2006 ("the Act") and these entities are exempt from the requirements of the Act relating to the audit of Individual Financial Statements by virtue of Section 479A of the Act.

Company name	Company number
LCS Retail Ltd.	03171397
South Lincolnshire Crematorium Ltd.	08091277
LC Funeral Plans Ltd.	14170261

c) Interest in joint ventures

	2025 £'000	2024 £'000
Balance brought forward	398	156
Share of trading profit	127	325
Share of tax on trading profit	(32)	(83)
Total balance sheet value	493	398

(i) LC Community Projects Ltd. is a property development company and a joint venture of Lincolnshire Co-operative Limited and Lindum Group Limited. At the year end £327,000 (2024: £327,000) was owed to Lincolnshire Co-operative Limited and £Nil (2024: £Nil) was owed to Lindum Group Limited, both as interest free loans.

(ii) Lincoln Waterside Centre Ltd. is a property investment company and a joint venture of Lincolnshire Co-operative Limited and Wykeland Lincoln Holdings Limited. At the year end £5,910,000 (2024: £5,585,000) was owed to Lincolnshire Co-operative Limited and £5,910,000 (2024: £5,585,000) was owed to Wykeland Lincoln Holdings Limited. Interest of 5% is being charged on the loans.

12. Debtors

	Falling due within one year		Falling due after one year	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade debtors	21,631	21,151	-	-
VAT	1,956	265	-	-
Deferred tax (note 14)	-	-	435	422
Other debtors and prepayments	9,744	8,038	-	-
Owed by joint ventures	6,237	5,912	-	-
Corporation tax	837	411	-	-
Total debtors	40,405	35,777	435	422

13. a) Creditors

	Falling due within one year		Falling due after one year	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade creditors	36,627	31,481	-	-
Accrued charges and deferred income	16,528	16,606	190	254
Other taxation and social security	1,332	1,058	-	-
Member benefits and grants	42	42	-	-
Owed to non-controlling interests	-	-	1,080	1,066
	54,529	49,187	1,270	1,320

b) Dividend

	Falling due within one year		Falling due after one year	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Dividend	4,462	4,535	-	-
	4,462	4,535	-	-
Total Creditors	58,991	53,722	1,270	1,320

Included within creditors is an amount of £51,000 (2024: £96,000) held on behalf of Birchwood Big Local as Lincolnshire Co-operative is its Local Trusted Organisation.

The amounts owed to non-controlling interests are due for repayment in November 2027 and attract interest at 5% per annum.

A Revolving Credit Facility of £90,000,000 has been approved and is available. No amounts are drawn down at 6th September 2025.

14. Provision for liabilities**Deferred tax**

An analysis of the amounts provided is set out below:

	Assets 2025 £'000	Liabilities 2025 £'000	Assets 2024 £'000	Liabilities 2024 £'000
Pension scheme surplus	-	5,693	-	5,758
Accelerated capital allowances	(249)	3,407	(261)	2,103
Other timing differences	(186)	43	(161)	43
Deferred tax (assets)/liabilities	(435)	9,143	(422)	7,904

The deferred tax asset relating to capital losses on property revaluations has not been provided in the accounts as it cannot be recovered against future trading surpluses. Included in 'other timing differences' are amounts relating to differing treatment of member benefits and provisions between the accounts and the current tax provision.

15. Share capital

	2025 £'000	2024 £'000
At September 2024	3,880	4,342
Contributions	241	209
Interest	7	8
	4,128	4,559
Withdrawals	(553)	(679)
At September 2025	3,575	3,880

i) The whole of the share capital comprises £3,575,090 non-equity shares of £1 attracting interest at the rate of 0.25% on balances of £20 or more.

ii) Shares are withdrawable on periods of notice from demand to two weeks depending on the amount.

iii) Every member who has been a member of the Society for not less than six months and holds a minimum of one share is entitled to one vote.

iv) In the event of a winding up, any balance remaining, after meeting all liabilities will be distributed subject to the Society's rules.

v) Dividends to members are paid by way of issue of dividend onto cards and by payments of dividend into members' share accounts.

16. Non-controlling interests

Lincoln Science and Innovation Park Limited is a 75% subsidiary. The remaining 25% is owned by The University of Lincoln.

	2025 £'000	2024 £'000
At September 2024	(912)	(1,027)
Share of (loss)/profit	(95)	115
At September 2025	(1,007)	(912)

17. Reconciliation of operating surplus to cash inflow from operating activities

	2025 (52 Weeks) £'000	2024 (53 Weeks) £'000
Operating surplus	2,474	16,855
Deficit/(surplus) on revaluations of property	2,803	(4,257)
Additional pension contribution	(1,000)	(1,500)
Depreciation charges	8,526	7,820
Surplus on sale of fixed assets	(283)	(1,763)
Exceptional items	(254)	(1,002)
Amortisation of goodwill	837	916
(Increase)/decrease in stocks	(922)	178
Increase in debtors	(4,155)	(4,828)
Increase in creditors	4,852	4,160
Payments to and on behalf of members	(3,074)	(3,934)
Tax received/(paid)	484	(370)
Cash inflow from operating activities	10,288	12,275

18. Analysis of movements in net funds

	2025 £'000	Cashflow £'000	2024 £'000
Cash at bank and in hand	20,803	(11,589)	32,392
Net funds	20,803	(11,589)	32,392

19. Defined benefit pension scheme

The Society operates a pension scheme providing benefits based on pensionable pay. The latest full actuarial valuation was carried out at 30th September 2021 and was updated to 6th September 2025 by a qualified independent actuary. The scheme was closed to new entrants in December 2012 and to future accrual from 31st December 2020.

Amounts recognised in the Group Balance Sheet

	2025 £'000	2024 £'000
Present value of funded obligations	(91,949)	(108,183)
Fair value of plan assets	114,718	131,215
Surplus	22,769	23,032

Amounts recognised in the Group Revenue Account

	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Interest on obligation	5,163	5,457
Expected return on plan assets	(6,309)	(6,710)
Net credit	(1,146)	(1,253)

The net credit is recognised in the following line items in the Group Revenue Account

	2025 (52 weeks) £'000	2024 (53 weeks) £'000
Net finance income	(1,146)	(1,253)
Net credit	(1,146)	(1,253)

Amounts recognised in the Group Statement of Comprehensive Income

	2025 £'000	2024 £'000
Cumulative amount at beginning of year	27,566	25,746
Recognised during the year	2,409	1,820
Cumulative amount at end of year	29,975	27,566

19. Defined benefit pension scheme (continued)**Changes in the present value of scheme obligations**

	2025 £'000	2024 £'000
Opening obligation	108,183	102,028
Interest cost	5,163	5,457
Actuarial (gains)/losses	(15,337)	6,006
Benefits paid	(6,060)	(5,308)
Closing obligation	91,949	108,183

Changes in the fair value of plan assets

	2025 £'000	2024 £'000
Opening fair value of scheme assets	131,215	124,127
Expected return	6,309	6,710
Actuarial (losses)/gains	(17,746)	4,186
Contributions by employer	1,000	1,500
Benefits paid	(6,060)	(5,308)
Closing fair value of scheme assets	114,718	131,215

Actual return on scheme assets

(11,437)	10,896
-----------------	--------

Assets in the plan as a percentage of total plan assets

	2025	2024
Bonds	100%	100%
Equities	0%	0%

The overall expected rate of return of the scheme assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class.

The scheme holds quoted securities and these have been valued at current bid-price.

Principal actuarial assumptions at the balance sheet date

	2025	2024
Discount rate	6.0%	4.9%
Rate of increase in salaries	n/a	n/a
Rate of increase in payment of pre 1997 pensions	2.5%	2.5%
Rate of increase in payment of post 1997 pensions	2.7%	2.8%
Rate of revaluation of deferred pensions	2.9%	3.0%
Inflation assumption - RPI	2.9%	3.0%
Inflation assumption - CPI	2.6%	2.6%

No future contributions by the employer have been agreed with the scheme trustees.

19. Defined benefit pension scheme (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date were based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

Current pensioner aged 65:	20.4 years (male)
	23.1 years (female)
Future retiree upon reaching 65:	21.7 years (male)
	24.5 years (female)

Post balance sheet event

After the balance sheet date, on the 7th November 2025 the scheme entered into a 'buy-in' contract with a pension insurance specialist for a premium of £107,110,000. The transaction has been made to support the Trustee's objective of de-risking the pension scheme. The agreement secures the defined pension liabilities of the scheme members in full with an insurer via a bulk annuity policy. Following the 'buy in' the schemes residual assets will be reinvested.

A reliable estimate of the final gain/loss on this transaction is not possible as the final valuation has not yet been determined.

20. Defined contribution pension scheme

Following the closure of the defined benefit pension scheme to new entrants in December 2012, the Society also operates a defined contribution scheme. The assets of this scheme are held separately from those of the Group in an independently administered fund. During the year contributions of £3,074,000 (2024: £2,937,000) were paid by the Group.

21. Capital commitments

Outstanding contracts for capital expenditure not provided for in the accounts amounted to £1,175,000 (2024: £5,186,000) and capital expenditure and acquisitions authorised by the Directors for which no contracts have been placed totalled £42,687,000 (2024: £7,045,000).

22. Commitments under operating leases

At 6th September 2025 the Group had commitments payable under non-cancellable operating leases on land and buildings and vehicles as follows:

	2025 £'000	2024 £'000
Within one year	585	546
In two to five years	1,707	1,586
Over five years	2,451	2,369
Total commitments	4,743	4,501

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

The Group also had monies receivable under non-cancellable operating lease commitments as follows:

	2025 £'000	2024 £'000
Within one year	9,419	9,100
In two to five years	16,615	17,555
Over five years	9,915	11,032
Total commitments	35,949	37,687

23. Financial instruments

The Group's financial instruments are as follows:

	2025 £'000	2024 £'000
Financial assets		
Measured at amortised cost	<u>48,671</u>	<u>59,455</u>
Financial liabilities		
Measured at amortised cost	<u>37,707</u>	<u>32,547</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, and amounts owed by joint ventures.

Financial liabilities measured at amortised cost comprise trade creditors, and loans from non-controlling interests.

On 15th August 2024 the Group secured access to a Revolving Credit Facility ("RCF") up to an amount of £90,000,000. The facility is committed through to 15th August 2028 with an option to extend by a further year.

As at 6th September 2025 no amounts had been drawn down from the facility.

The loan facility contains financial covenants which are tested on a quarterly basis. The Group did not breach any covenants in the period.

	2021	2022	2023	2024	2025
	52 Weeks	52 Weeks	52 Weeks	53 Weeks	52 Weeks
Membership	296,264	296,077	292,108	288,984	303,231
Revenue Account	£'000	£'000	£'000	£'000	£'000
Turnover	323,494	339,797	353,942	375,559	372,770
Gross profit	103,667	107,040	113,790	120,874	118,473
Gross profit %	32%	32%	32%	32%	32%
Members' benefits and grants	1,150	1,506	2,137	1,264	1,225
Trading surplus	18,225	16,562	12,101	10,835	4,994
Trading surplus %	6%	5%	3%	3%	1%
Revaluation of property movement through revenue profit/(loss)	(1,038)	(628)	(20,526)	4,257	(2,803)
Dividend paid in the year	3,527	3,585	3,780	3,805	3,001
Dividend paid in the year as % of trading surplus	19%	22%	31%	35%	60%
Transfer to reserve	10,506	11,767	(12,239)	12,992	65
Balance Sheet	£'000	£'000	£'000	£'000	£'000
Total property	247,030	246,494	222,459	233,594	242,069
Total tangible assets	263,206	263,710	242,919	254,867	267,025
Net current assets	28,942	22,062	27,485	29,529	18,234
Pension (liability)/surplus	(17,697)	29,612	22,099	23,032	22,769
Net assets	269,254	310,531	289,634	305,381	303,763
Capital Expenditure/ Receipts	£'000	£'000	£'000	£'000	£'000
Total fixed assets cashflow (capital spend)	(16,888)	(20,954)	(25,242)	(15,716)	(25,791)
Total fixed assets cashflow capital receipts	3,353	18,371	16,294	5,007	3,694

Dividend paid in the year includes amounts approved or proposed for approval and members funeral benefit.

