

Directors' Report and Financial Statements



For the year to

4th September 2021

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Directors, Senior Leadership Team and Auditors



Jane Moate
President



David Cowell
Chair



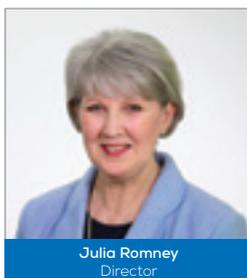
Claudia Nel
Vice President



Margaret Tranter
Director



Steve Hughes
Director



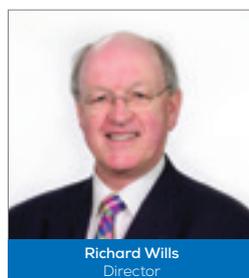
Julia Romney
Director



Stuart Parker
Director



Nicola Berry
Director



Richard Wills
Director



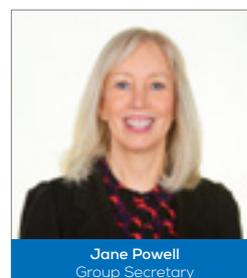
Ian Haldenby
Director



Rev Barbara Hutchinson
Director



Ursula Lidbetter
CEO



Jane Powell
Group Secretary

Board of Directors

RA	David Cowell <i>BSc Hons, MBA, FCIM, FIOD</i> Chair
G	Jane Moate President
G	Claudia Nel <i>LLB Hons</i> Vice President
PRS	Margaret Tranter
RGA	Stephen Hughes <i>BPharm(hons), CDir, FIoD</i> Chair of Governance Committee
S	Julia Romney
APRS	Stuart Parker <i>BSc (Eng)</i> Chair of Remuneration Committee
GS	Nicola Berry <i>FCMI</i>
GAP	Richard Wills <i>BSc, CEng, FICE, MIoD, FRSA</i>
A	Ian Haldenby <i>FCA</i> Chair of Audit Committee
SR	Reverend Barbara Hutchinson Chair of Search Committee
A	Audit Committee
P	Board Nominated Trustee of the Pension Scheme
R	Remuneration Committee
G	Governance Committee
S	Search Committee

Senior Leadership Team

Ursula Lidbetter <i>OBE, BSc Hons, FCG DL</i> Chief Executive Officer
Jane Powell <i>LLB Hons, MBA, FCG</i> Group Secretary
Marc Brooks <i>BSc Hons, MRPharmS</i> Head of Pharmacy
David Dernley <i>Dip.F.D. MBIE.</i> Head of Funeral Services
Laura Dunne <i>BA Hons</i> Head of Marketing and Membership
Mark Finn <i>LLB Hons MBA</i> Chief Retail Officer
Stephen Galjaard <i>BA Hons, FCA</i> Chief Financial Officer
Heather Lee <i>BA Hons, FCIPD, MBA</i> Head of People and Performance
Andrew Turner Head of Group Services

Auditors

KPMG LLP, St Nicholas House, 31 Park Row,
Nottingham, NG1 6FQ

Registered Office

Stanley Bett House, 15/23 Tentercroft St, Lincoln
LN5 7DB No. 141R



Our purpose

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

Together we are...



...providing and
supporting
valued services



...helping to
grow the
local economy



...caring for
our health and
wellbeing



...looking after
our local
environment

Our approach

...keeping it **local**

...developing **people**

...working in our **communities**

...growing a community of **members**

...building strength for the **long term**

...helpful ...inspiring ...trustworthy

A welcome from our Chair



My message is one of deep and profound thanks to our colleagues

I was honoured and privileged to have been elected by the board into the new role of Chair earlier this year and I should wish to extend my thanks to my fellow directors for electing me and you our members for agreeing to the rule changes in June, that made the appointment possible.

I can now continue in post for a period of up to six years, subject to annual re-election by the board. Previously the President who was responsible for chairing meetings and leading the board changed each year. I see this as a fundamental and necessary change to the governance of the Society. The chair plays a pivotal role in the success of an organisation and creates the conditions for overall board and individual director effectiveness. This needs time in post to develop and improve overall board performance.

My role as chair is to lead the board and ensure that directors are in effective control of the Society and alert to its obligations to its members. This is key to our future success.

I'd like to make a special mention of Stuart Parker who was our President until June and who will be leaving the Board this December after 26 years of service. There is a further and more detailed message of thanks to Stuart later in this report. I should also wish to mention Revd. Barbara Hutchinson who is standing down in December after 13 years of service. On a personal note I'd like to thank them both for their kind and conscientious leadership and advocacy of our co-op values over many years.

As a board we took the difficult decision to cancel our elections in 2020 and to postpone them until November in 2021. We were mindful that our process of completing ballot papers in stores could encourage members to take unnecessary journeys or increase risk of contamination from use of paper. Following lengthy discussion and consideration (as you can see by the additional number of committee meetings held this year) we made the decision to write to every one of our members for whom we have an address with their own personal ballot paper. We really want to engage with our members at all levels via our services, online, in person and through our democracy and I would encourage you all to get in touch.

The pandemic has been a seismic challenge to our business and all our lives during the past year. My message is one of deep and profound thanks to our colleagues who've supported the bereaved, kept food in our larders, fuel in our vehicles, medicines in our cupboards and our vital post offices running. They are all heroes to me and well deserve our thanks and gratitude.

It's been heart-warming to see the positive work that has been accomplished during the year in these very difficult circumstances. The resilience of our colleagues has been admirable despite the challenges that we have all faced. I am confident that we can build on these experiences and plan towards a more positive future as we continue to shape a strong and sustainable Society. I speak on behalf of the full board when I thank our colleagues for their continued efforts.

The Board's ambition for the Society is for it to continue to grow, so we can use our resources to truly make life better in our communities and provide an even better service to you our members and customers in times of need and in times of plenty.

Our trading surplus this year was £18.2 million which is an increase on last year's surplus of £15.5 million. Our net assets also grew during the year from £238 million to £269 million.

I want to personally extend my thanks to my fellow Board members and to our Chief Executive Ursula Lidbetter, Group Secretary Jane Powell and the Senior Leadership Team for embracing new ways of working.

I hope you enjoy reading more about how we provide and support valued services on page 6, help grow the local economy on page 7 care for health and wellbeing on page 8 and look after the local environment on page 9.

As ever, we are grateful and thankful to our members and hope to see as many of you as possible either in person or virtually at our forthcoming Annual Members' Meetings.

David Cowell - Chair



CEO's Overview

Ursula Lidbetter

There's a theme that stands out in everything we've achieved this year – collaboration.

We're in a unique position to help bring about positive change locally because we're so connected to our communities.

The pandemic has continued to influence every part of our business over the past year. But, by working together – that's our colleagues, members, community groups and charities, suppliers, and our partners in the private and public sector – we've been able to respond, from helping to deliver the national NHS Covid Vaccination programme to providing employment opportunities and supporting groups tackling food poverty.

Our trading year

We've had a positive trading year, with our business mix mitigating some of the pandemic's impact.

In pharmacy, our market share remained constant. Over 95% of customers' prescriptions were dispensed from our 48 pharmacy branches, with our dispensing hub in Lincoln assisting with home delivery of medicines. People appreciate the expert advice of our colleagues in branch, and the range of extra services we provide. As well as our Covid and flu vaccination clinics, we've been issuing lateral flow test kits, running a pilot for urinary tract infection treatment and taking pressure off GP surgeries through the GP Community Pharmacy Consultation Service.

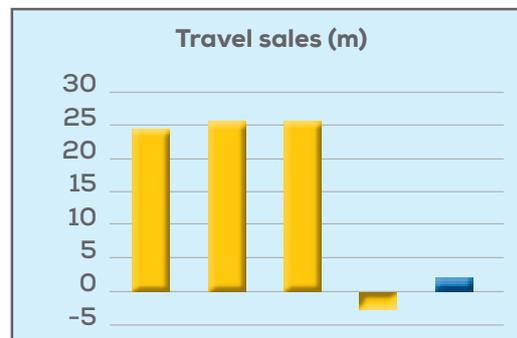
Our funeral teams supported families through the challenges of Covid restrictions on funeral services. We helped clients with 2,950 funeral arrangements, slightly fewer than last year as the death rate declined. 79% of clients chose a traditional funeral although we also arranged slightly more simple funerals and direct cremations as full service provision was constrained by the Covid regulations. Funeral plan sales were up by 7.9% and we now hold 11,589 plans unredeemed, up 225 on last year.

Our crematorium in Surfleet managed the restrictions on services sensitively and coped well with the added provision needed when the Boston crematorium was out of commission. Our team provided 1,261 cremations, up 8.2%.

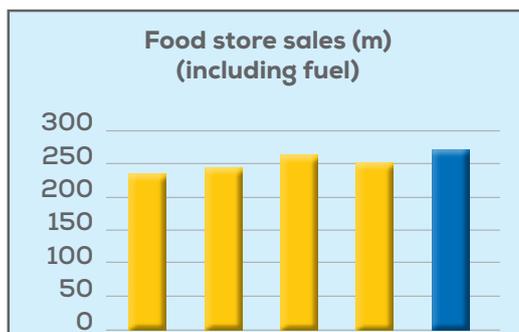
In our post offices, income was stable and footfall began to return to pre-pandemic levels. We transferred our Lincoln city centre post office to a new operator, which helped retain the service for the city. In Sleaford, we supported one of our tenants to bringing the town's main post office service to our Riverside Shopping Centre.



Overall sales were up by 5.8% to £355m. Offsetting the lack of sales in our travel agencies, food store sales grew by 4.8%. Petrol volume increased by over 12% this year to 22.3 million litres as people went out and about more.



Our network of travel branches bore the brunt of the pandemic's effect on our business but, after a hugely busy period of cancellations and rearrangements, we're beginning to see customer booking numbers increase. Once travel confidence grows, we believe more people will seek the expertise, support and security of using a travel agent. Many providers have sadly closed down during the pandemic so our branches will be needed all the more as travel destinations continue to open up.



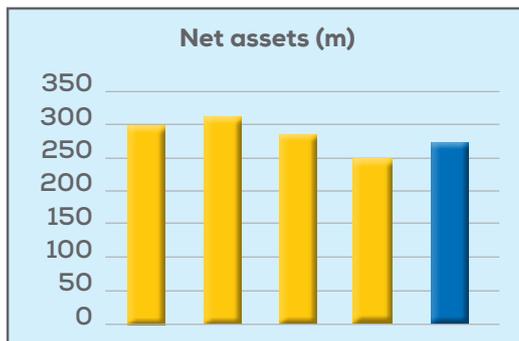
Government assistance has helped us to keep our travel agencies operating during Covid without sales income and also to support our local tenants who were badly affected by the enforced Covid closures of business premises in November/ December 2020 and January to May 2021. This close working with our commercial tenants has built stronger relationships and we are now offering to promote their products and services where relevant through our own media channels.

Providing an environment where businesses can start up, grow and flourish is an important part we can play. The Cornhill Quarter in Lincoln came to life in summer 2021, with the new cinema, restaurants, shops and cafes blending with much loved local shops and outlets to create a vibrant and attractive area of the city for all to enjoy.

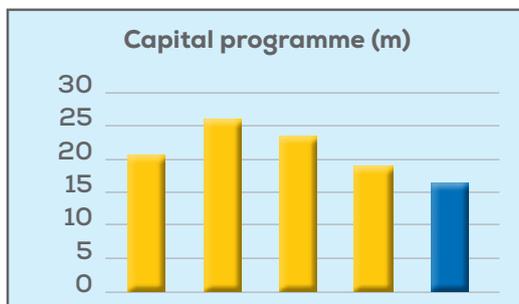


Our trading surplus recovered this year to £18.2 million as our operations stabilised following the intense activity of the initial phases of the pandemic the previous year. From this we paid dividends to members of £3.5 million and funded our increased community support programmes.

After tax we had a surplus transferred to reserves of £10.9 million.



Following a reduction last year to £238 million, due to the closure of the final salary pension scheme and lower property valuations, our net assets made a recovery this year to £269 million as, in addition to our trading surplus, pension assets have grown and property valuations have stabilised.



We carried out a busy capital programme of £16.4 million this year. We constructed and opened two new food stores, in Keelby and at Whittlesey and refitted 8 others. At Whittlesey we also built three houses on the site, which are now sold. We bought a new site for our funeral home in Horncastle and purchased the freehold of the South Lincolnshire Crematorium, which we have managed since it was built in 2013.

In Lincoln we invested a further £2.3 million into the Lincoln Science and Innovation Park, our joint venture with the University of Lincoln which is now home to a science and technology community of new and growing companies.

We renovated a small run of historic Victorian shops on St Mary's Street and built a Costa coffee drive thru on Wragby Road.

We sold a small number of properties which no longer fit our purpose so we can recycle the cash into our future capital programme. We also took out a bank loan of £11 million at the beginning of the financial year to secure our capital programme against any disruption to our normal cashflows due to Covid.

Projects planned for 2022 include a very busy year for new food stores in Retford, Barnetby le Wold, Barrowby, Warsop, Skellingthorpe Road Lincoln, Carlton, Bilsthorpe and Laceby. We have also submitted planning applications for stores in Scartho Grimsby and Corringham Road Gainsborough.

Other projects for 2022 include the construction of a new Aldi supermarket and Starbucks drive thru at Moorland Centre Lincoln and phase two of our rapidly growing Lincoln Science and Innovation Park.

Forward view

Following the dramatic shock of the pandemic in 2020, in 2021 the longer-term implications are beginning to be seen; the cost of Covid to the economy, the issues of mental and physical health and the implications for public services. Recruitment challenges are being felt throughout many sectors of the economy and materials shortages are causing significant inflationary pressures not seen for very many years. Domestic budgets will come under pressure from higher energy costs.

These are the times when our co-op must step up. These problems will require even more from the Society as we work with our members to combine our ideas, energy and resources to make life better in our communities. As a co-op we are good at solving problems, coming together to run libraries, tackle loneliness, redistribute surplus food, organise health walks and provide useful services with care and compassion. Working with the NHS we'll be refurbishing and extending the Abbey doctors surgery in Lincoln and creating an aseptic facility for the NHS to manufacture the specialist drugs needed to treat cancer patients in our hospitals across Lincolnshire.

It's our 160th year and it's a good time to reconnect with our roots with the support of our 296,264 members and the hard work of my 2,870 helpful, inspiring and trustworthy colleagues. **Thank you to every one of you.**

Strategic report



Valued services

New food stores opened in Keelby and Whittlesey – our first in Cambridgeshire. Our Boston travel team also relocated to new premises inside the nearby Downtown Home Superstore.

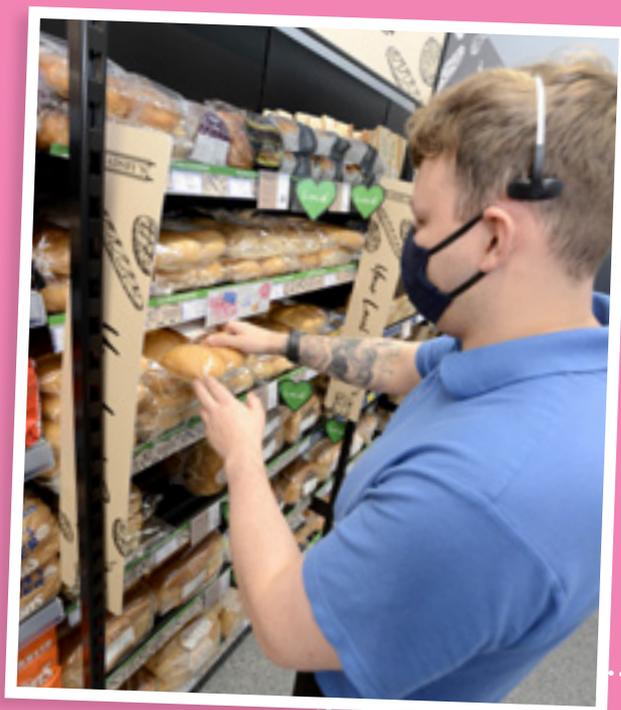
To keep investment in our area and **boost the economy**, we work with local contractors and suppliers on these projects, and on property development schemes, such as the Cornhill Quarter in Lincoln city centre.

We're also **building strength for the long-term** and are working on projects to open new food stores in Lincoln, Barnetby, Barrowby and Retford.

Two lockdowns and regularly changing restrictions meant our team continued to face new challenges this year.

In April, we held a week-long celebration of our colleagues, sharing stories of how people from across the business have gone above and beyond. It culminated every one of our staff being given **Colleague of the Year award** and £50 to treat themselves.

These awards were just one part of an ongoing programme of support to say thank you, including over a week and a half's extra wages in bonuses, as well as free tea and coffee, and regular deliveries of morale-boosting gifts like cakes and water bottles.





Local economy

We're an Investors in People Platinum employer and we want to give people the chance to develop their skills and careers with us.

This year we took part in the Government's Kickstart scheme, employing 26 people in food stores and our pharmacy warehouse.

Our successful **Get Into Retail scheme** (below) aims to improve the employability prospects of participants and involves training, on-the-job experience and personal development. It's run in partnership with the Prince's Trust, and 31 people took part this year with 15 finding work with us.



Part of our approach is developing our people. We were delighted to congratulate the first five graduates from the Chartered Management Degree Apprenticeship (CMDA) we devised with the University of Lincoln.

Our Love Local range provides our customers an easy way of supporting local businesses like Fenspirits (*below*). We now stock **145 products from 45 suppliers** in our food stores, and sales were worth **£3.3m to the local economy** this year.



Gadsby's, our own bakery based in Southwell, supplied our stores with their popular range of baked goods despite facing recruitment challenges. The team also contributed to our Community Champions fundraising by creating cupcakes with a donation for every one sold.



Health and wellbeing

Mental health issues affect many of us – particularly in the wake of the pandemic. We offer our colleagues free counselling, with 144 of them taking up this service this year.

We also have **106 Mental Health First Aiders** across the business who can help fellow team members and support customers.

Our sponsorship boards at local sports grounds – like Lincoln City FC’s Sincil Bank – are now being used to promote helplines and support for those facing domestic violence, suffering from addiction issues or living with caring responsibilities.

As part of the national **NHS Covid Vaccination programme**, we set up two vaccination centres in our pharmacies in Lincoln and Boston. **During the year, we administered 11,361 vaccines.**



Pharmacists also provided their expertise at mobile clinics and helped prepare doses of the vaccine at the Lincolnshire Showground hub. And, our community team co-ordinated volunteers to support at centres across the area with tasks like marshalling. We were proud to play our part in this historic effort.



Last winter, we expanded our flu vaccination scheme with sessions at community venues to make the service more accessible. It was a success and helped us **vaccinate 11,485 people**. We’ve expanded the scheme further this year with more community venues alongside our pharmacies.



Local environment

Two major schemes have been introduced in our food stores aiming to reduce our environmental impact.

The legislation on single use plastic bags changed this spring, meaning we had to charge 10p per single use bag. We took this opportunity to introduce new 100% compostable carrier bags.

At the same time, we removed the 10p plastic bag for life from our stores. Research shows that many of the bags were only being bought and used once instead of repeatedly, encouraging waste.

During the summer, we introduced **soft plastic recycling** bins in 70 of our food stores and the scheme has proved so popular, we've now expanded it to 87 stores.

Customers can recycle 'scrunchy' plastic like crisp packets, chocolate bar wrappers or plastic film. It gets turned into plastic granules which are then used to make items like bin liners, rigid plastic products such as buckets and materials for the construction industry.

The pandemic meant some of our other eco-initiatives were put on hold or slowed. But as restrictions have eased, we've been able to move forward.



We're again rewarding our members with 25p in dividend when they use a reusable cup for their takeout Costa Coffee – **11,921 cups were saved this year.**

We've also installed another electric car charging point at our Sturton by Stow Food Store, bringing the total we offer to 10.



Building a community of members

296,264

We now have **296,264** members across our trading area – **with 17,598** joining us this year alone.

17,598

16,739 of our members are **under 16 years** of age and benefit from our junior membership scheme.

We gave away **19,048 pieces of free fruit** to our junior members during the summer holidays, helping youngsters make a healthy choice.



40,311 members logged onto our website over the past year to check their dividend balance, claim dividend and download exclusive offers from local businesses.



Restrictions meant we couldn't hold some of the in-person events we would normally organise for our members. Instead, we held online events – including an annual members' meeting with **387 members**, and a half-yearly meeting with **185 members**.



Members shop with us on average **52 times** a year – up from 51 last year.

49% of sales in food stores are with members.

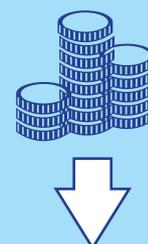
The number of members shopping with us fell this year from 197,470 (68%) to 189,436 (64%) this year. The reduced bookings with our travel agents has played its part in this.



We paid **£3.55m in dividend** to our members this year.



95,952 members redeemed **£3.8m** of dividend, down 5% on the previous year.



Working in our communities

We serve **114 communities** from **223 different outlets**. One of our focuses in recent years has been to put in place structures that help us engage even further with local people, community groups and other organisations.

We now have a team of **nine Community Co-ordinators**. Their role is about finding out what's going on and what the community needs, seeing how we can help or, using our contacts and connections to put different groups and individuals in touch to find a solution. It's about collaboration at a very local level.

Supporting this scheme are our **Community Ambassadors** in workplaces and outlets, helping with fundraising and events.

The growing demand for **food banks and community larders** – both before and during the pandemic – has been an issue we've identified. Our Community Co-ordinators have worked closely with organisations in their areas, with everything from facilitating donations, providing racking for warehouses and packing up food parcels.

Feedback from the food banks identified a shortfall in the period after Christmas, when many people need help, but donations are running low. So, working with the groups, we launched our **Food Bank Advent Calendar** campaign in December.

We reversed the traditional advent calendar format and instead, suggested one item each day that shoppers could drop in collection bins in their local outlets from tinned goods to

toiletries and cleaning products.

In total, **over 40 food banks and larders** benefitted from donations of **£18,875** in dividend and **6,912kg of products** – the equivalent of around **16,458 meals**.

We have also partnered in the creation of Lincolnshire's first **food redistribution hub**, a pioneering pilot project which will divert surplus food to organisations fighting food poverty.

Unsold food – such as fruit and veg, bread and baked goods and chilled food – is collected from suppliers and retailers, including 21 of our food stores.

It's then taken to the hub in Lincoln and shared between organisations that can use it to support people in need in the Lincoln, East Lindsey and North East Lincolnshire areas. These include food banks, community larders, school holiday clubs and community cafes.

The hub is run by charity FareShare Midlands, and our support, as well as that of the Lincolnshire Community Foundation and the Lincolnshire Food Partnership, has been vital in getting the scheme up and running.

In the first two months, food equivalent to over **26,000 meals** was redistributed.



Community Champions



Together, we raised **£648,684** for **586 local charities and community groups** through our Community Champions scheme.

There are four fundraising periods each year. Two of these quarters support local groups and organisations that apply for our help, such as village halls, scout groups, schools, support groups, sports clubs and many more.

We also look to tackle social and health-related issues which are impacting our area.

This year, we raised £93,076 for community defibrillators and £57,305 for local emergency responder groups.

The money means 20 new defibrillators are being installed in communities across our area. Funds raised will also contribute to the ongoing maintenance of around 40 existing defibrillators.

A record-breaking total of £221,275 was raised for 190 school breakfast clubs.

The total guarantees funding for all participating clubs for the next three years, helping schools address the issue of food poverty.

Every time you shop with your dividend card, buy a carrier bag, or contribute to our colleagues' fundraising efforts, you're supporting a Community Champion near you – thank you!

Colleagues and Pensioners

The following colleagues have received awards for:-

25 years' service

Jean Bowden, Service Desk Supervisor
Central Services, Lincoln

Samantha Bradley, Team Leader
Gainsborough Food Store

Diane Edgoose, Customer Services Assistant
Gosberton Food Store

Nicola Favill, Dispensary Team Leader
Vanessa Drive Gainsborough Pharmacy

Mandy Fenton, Dispensing Assistant
Westcliffe Pharmacy

Beth Geraghty, Pharmacist Manager
Hunstanton Pharmacy

Valerie Greenfield, Customer Services Assistant
Old Leake Food Store

Karen Hewitt, Health Champion Grimsby
Wybers Wood Pharmacy

Tracy Holland, Team Leader Spalding
Wygate Food Store

Angela Joy, Pharmacy Supervisor
Aberdeen Walk Pharmacy, Scarborough

Joanne Mackie, Health Champion Grimsby
Wybers Wood Pharmacy

Angela May, Team Leader
Holton Le Clay Food Store, Grimsby

Christine Mitton, Customer Services Assistant
Bowbridge Road, Food Store, Newark

Richard Moore, Funeral Arranger
Spalding Funeral Service

Vera Murray, Customer Services Assistant
Old Leake Food Store

Nadine Porter, Dispensing Technician
Waddington Pharmacy

Bridget Skinner, Post Office Counter Clerk
Old Leake Post Office

Angela Stainsby, Customer Services Assistant
Burgh Le Marsh Food Store, nr Skegness

Janet Stephenson, Customer Services Assistant
Kirton Lindsey Food Store, Gainsborough

Jacqueline Tyler, Team Leader
Sutton Bridge Food Store

40 years' service

Susan Higton, Team Leader
Metheringham Food Store

Pauline Woolley, Customer Services Assistant
Birchwood Food Store, Lincoln

Obituaries

We are sad to report the death of our colleagues

Sophie Sutton, aged 41 Misterton Post Office

Michelle Allen, aged 57 Bransholme Pharmacy

Barry Southgate, aged 80 Spalding Funerals

Adam Simms, aged 18, Messingham Food Store

Louise Kavanagh, aged 51, Kirton in Lindsey Food Store

We also pay tribute to pensioners who have passed away

Sandra Auckland, aged 69, Waltham Grocery

Anthony Halgarth, aged 84, Dairy employee

Christopher Watts, aged 63, Regional Food Manager

Stanley Corby, aged 89, Butchery Manager

Christine Fields, aged 74, Brant Road Grocery

Douglas Lee, aged 87, Furnishing Department Manager

Acknowledgement

The directors extend their thanks and appreciation to all colleagues. This year many colleagues have supported communities as key workers and others have performed vital roles and the board are grateful to them all. Thanks are also extended to the many members who have supported our communities, colleagues and businesses through these unusual times.

For and on behalf of the Board,

David Cowell, Chair

Ursula Lidbetter, Chief Executive Officer

Jane Powell, Group Secretary

Supplier Payment Policy

It is Society policy to agree the terms of payment as part of the commercial arrangements negotiated with suppliers and then pay according to those terms based on the receipt of an accurate invoice. Trade creditor days for the year to 4 September 2021 were 18 days, the same as last year.

Modern Slavery Statement 2021

Our purpose

Lincolnshire Co-operative has always been proud of its ethical and responsible approach to business, operating in a helpful, inspiring and trustworthy way in the communities we serve. We take a zero-tolerance approach to Modern Slavery, in any form, as a business.

Our Modern Slavery Statement for 2021 is made pursuant to s.54 of the Modern Slavery Act 2015 and sets out the steps that we have taken to ensure that modern slavery is not taking place within our business or supply chain. This, our fifth statement, shows how we have consolidated our stance on Modern Slavery and outlines the progress we have made in the last year.

Our Business

We are an independent co-operative based in Lincoln with over 290,000 members and 223 outlets offering a wide range of services including Food stores, Pharmacies, Travel, Funeral Homes, Post Offices & a Florist outlet. We trade predominantly through Lincolnshire, with sites in Norfolk, Nottinghamshire, Yorkshire and Cambridgeshire.

Our Suppliers

At Lincolnshire Co-operative approximately 95% of products sold within our Food premises are supplied by the Co-operative Group under the terms of a buying services agreement managed by Federal Retail & Trading Services Ltd (FRTS), which purchases on behalf of our Food area of the business.

FRTS has its own Modern Slavery statement & Sound Sourcing Code of Conduct (SSC) which can be viewed at www.co-operative.coop/ethics. FRTS is a member of the Ethical Trading Initiative, whose vision is a world where all workers are free from discrimination and exploitation.

As a result, we are confident that the Co-operative Group has taken and continues to take reasonable measures to minimise the risk of modern slavery within its operations and supply chain.

As a business we seek to support our local suppliers by selling their products in our stores, and as we source their products directly from them, we work with them to ensure that their operations are free from any aspects

of modern slavery. We carry out due-diligence checks in relation to Modern Slavery for each potential new supplier or contractor prior to engaging with them as a business to ensure compliance with the Society's standards around Modern Slavery.

All prospective local suppliers to our Food premises have an audit carried out by our procurement and buying Team which covers Modern Slavery to ensure compliance with our standards around this subject. Once accepted, the supplier is asked to complete our bespoke I-learn module on Modern Slavery to increase their knowledge and awareness in this area.

We maintain an approved contractor list for construction works and services and only companies held on this list are used. We ask these companies to also complete our bespoke I-Learn module on Modern Slavery, to ensure our standards as a business are maintained and to raise awareness within the contractor's own operations. It is also a requirement of our standard terms and conditions that they confirm compliance with the Modern Slavery Act 2015.

We have seen more completions of our Modern Slavery I-Learn by our local suppliers since our last report, even through what has been a difficult and disruptive year for them.

Our Policies & Procedures

At Lincolnshire Co-operative, we maintain policies and procedures to mitigate the risk of any person being exploited within our business. These include:

- A robust recruitment policy, including eligibility to work in the UK checks for all potential colleagues, to safeguard against Human Trafficking or persons being forced to work against their will.
- A Whistle-blowing Policy to allow concerns to be raised in complete anonymity by anyone without fear of any reprisal.
- A new Modern Slavery Policy to underpin this statement.

As well as our Whistle-blower facility, our colleagues can also report any suspicions or concerns they may have internally to our Security Team via the Society's intranet, to allow for any further investigation if appropriate at a business-level.

Training & Raising Awareness

2051 of our colleagues have undertaken Modern Slavery training, and this year the module has been updated and tailored to provide information which is more relevant to us as a business and the areas we trade in. The revised I-Learn training programme is scheduled for re-launch in October 2021 for our colleagues.

Colleagues with specific responsibilities in relation to Modern Slavery prevention also undertake additional enhanced training from external providers as appropriate.

“Lincolnshire Co-operative asked us to provide a bespoke briefing session around modern slavery risks and were very pleased to see that they had already done a lot of training for staff in house on identifying potential victims of modern slavery.”

Cristina Talens, Director of Risk Assessment Services, Wilberforce Institute, University of Hull.

Our intended I-Learn for our commercial tenants was delayed due to the Coronavirus pandemic, as many of the tenants’ businesses were forced to close due to government restrictions. We have taken the opportunity to review and refresh the content of this module and intend to offer this to our commercial tenants before the end of 2021.

This year we have worked with the Safer Lincolnshire Partnership in supporting their plans to recognise Modern Slavery day in October 2021. We responded to a request from them to help promote MS Day by adding a message inside our Pharmacy prescription bags, providing details of how customers could seek help if they needed to or how they could report any concerns. We will be placing 5000 leaflets in our prescription bags and distributing them through our Pharmacy outlets during the week of Modern Slavery Day 2021.

We have maintained our relationship with Lincolnshire Police during 2021, engaging with their Modern Slavery Officers regularly to keep updated on instances of Modern Slavery in our area. We recently shared our new Tenant I-Learn with them, which they were pleased to endorse, as they previously have our Local Supplier & Contractor I-Learns. **Lincolnshire Police said:**

“We have been working alongside Lincolnshire Co-op in its partnership approach to raising awareness and tackling Modern Slavery.

Lincolnshire Co-op’s approach in training its staff has been exceptional with investment in bespoke training packs from external providers. Their approach and understanding around Modern Slavery has been further delivered through other campaigns - one very prevalent being the use of their Pharmacy locations to spread Modern Slavery awareness messaging through till receipts and leaflets.



From a Lincolnshire Police perspective, the Co-op has been a leader in the fight against Modern Slavery through its work thus far and we look forward to further engagement around this in the future”

We recognise Modern Slavery Day in October each year internally to our business by sharing information on Modern Slavery with our colleagues through our Colleague app and raise awareness of how this is relevant to us as a business.

Monitoring & Effectiveness

We know the steps we are taking in relation to Modern Slavery are effective by:

- the number of incidents or reports received from our colleagues, public or law enforcement agencies.
- The increased number of our colleagues who have completed our Modern Slavery I-Learn
- The increased number of our suppliers & contractors who have completed our Modern Slavery I-Learn
- The increased awareness demonstrated by our colleagues & suppliers who have completed our Modern Slavery I-Learn
- The maintenance of regular contact with law enforcement agencies by those Colleagues with specific responsibilities for the prevention of Modern Slavery.

Approval for this statement

This statement was approved by the Board of Directors on 25 October 2021

Signed

David Cowell, Chair

As a Registered Society under the Co-operative and Community Benefit Societies Act 2014, Lincolnshire Co-operative Ltd is not subject to the provisions of the UK Corporate Governance Code 2018*. However, Co-operatives UK (which is the representative body for co-operatives in the UK) has issued a code for co-operatives – The Co-operative Corporate Governance Code ('the Code'). This code is based on the principles contained in the UK Corporate Governance Code 2018 and is tailored to registered societies. A copy of the Code is available from the Group Secretary or can be found on the Co-operatives UK website <https://www.uk.coop/resources/co-operative-corporate-governance-code>.

The Board has responsibility to outline how the Society has complied with the principles of the Code and to explain any instances of non-compliance. This report covers the period between September 2020 and August 2021.

Society structure

Co-operatives are member led and democratically controlled organisations. The Board is committed to improving member participation and the principles of member democratic control.

The Society's rules prescribe certain duties and responsibilities which are the sole preserve of the board. These include for example, the power to establish member committees and determination of capital expenditure delegated authority levels.

There are currently eleven directors. Nine are elected by and from the members of the Society and two have been appointed by the elected directors. Any such appointments are ratified by the members at the Society's annual meetings.

The maximum term a director can serve without standing for re-election is three years. In addition a maximum of three directors may be appointed by the elected directors. All directors are subject to a maximum term of office of nine years, although there are transitional provisions which apply to directors who were in place before the changes came into effect.

Due to the impact of the coronavirus on the proposed elections for 2020, it was agreed that in light of the effect on colleagues and the community of holding elections in stores, it was in the best interests of the Society to cancel the board of director elections planned for 2020. We are pleased that we are now able to hold elections which will take place in November 2021 by post and online. We are sending postal ballot papers to all members we hold addresses. We are encouraging all members to use their vote either by returning the ballot paper in the post or by voting online. We will announce the results of the elections at the 2021 AGMs.

* The UK Corporate Governance Code published in July 2018 by the Financial Reporting Council.

The Board: Roles and responsibilities

At the half yearly meeting held in June 2021 you agreed to a rule change introducing the new position of Chair of the board and changing the role of the President.

The board is serious about improving its effectiveness and following that rule change agreed to appoint David Cowell as its Chair. Under the Code, the Chair is responsible for the leadership of the Board and should ensure that the Board is in effective control of the co-operative's affairs and alert to its obligations to its members.

Jane Moate was elected as President of the Society by the board and Claudia Nel as Vice President.

The Board's responsibilities are wide-ranging. It is responsible for setting the Society's objectives and strategy, monitoring delivery of that strategy by management, and identifying and managing risk. In addition, given the distinctive nature of co-operative societies, the Board must ensure the Society remains true to its purpose and adheres to the co-operative values and principles set out by the ICA.

The Board meets on a regular basis throughout the year. At its meetings, it receives reports from management on trading, reviews the financial performance of the Society and considers papers presented for decision. Decisions made are actioned as appropriate by management.

The Group Secretary can only be appointed or removed by the board and is a member of the Senior Leadership Team independent of the management structure. All directors have access to her advice and services at all times. In addition, external professional advice may be taken if requested by at least four directors.

President's report

I was proud to have been elected by the board as Society President in June this year.

I'd like to make a special mention of Stuart Parker who was our President until June, the last in a long series of directors who undertook the role as it had been for many years previously. Diligently chairing our board meetings and liaising with the CEO and Group Secretary.

He will be leaving the Board this December after 26 years of service.

We are also sorry to say goodbye to Reverend Barbara Hutchinson who is retiring from the board after the Annual General Meetings in November. Barbara was a director for 13 years and President twice, in 2014/15 and 2019/20.

As President, now I have a particular remit to connect with our membership and to understand your views and experiences. I look forward to meeting as many of you as possible during my tenure and I encourage you to speak to me about what issues really matter to you. One

of the reasons I am proud to be your President is that as a society we do take notice and we do believe in action. We recognise that our relationship with you is key to our success.

I'd like to thank you all for attending and participating in our virtual events, including the half yearly meeting in June and our virtual store openings.

I want to personally extend my thanks to my fellow Board members and to our Chief Executive Ursula Lidbetter, Group Secretary Jane Powell and the Senior Leadership Team for embracing new ways of working including adapting how we work as a Board.

As ever, we are grateful to and thankful to our members and hope to see as many of you as possible either in person or virtually at our forthcoming AGMs .

Leadership Structure

The Board

The Board - The responsibilities of the Board as set out in the Society's Rules are as follows:

- To ensure that the Society's affairs are conducted in accordance with its Rules, the best interests of the Society and its Members and in accordance with the Co-operative Values and Principles;
- To determine the strategy and policy of the Society in consultation with the Chief Executive and the Senior Leadership Team;
- To determine the risk strategy of the Society and ensure that risk management is addressed;
- To oversee the work of the Chief Executive and Senior Leadership Team in the day-to-day management of the business of the Society.

Chief Executive

Leads the Senior Leadership Team and is responsible for conducting the day-to-day business affairs and executive management of the Society in accordance with the Society's Rules.

Audit committee

Responsible for overseeing the adequacy of the Society's system of internal controls relating to risk management, disclosure, financial reporting and for ensuring the effectiveness of the internal audit function.

Remuneration committee

Responsible for determining the remuneration policy for the Board, CEO and Group Secretary overseeing its implementation and setting appropriate and supportable levels of reward aligned to the Society's strategy.

Search committee

Responsible for keeping the effectiveness of the Board under review by ensuring the composition of the Board provides an appropriate balance of skills, experience and

diversity to provide effective leadership and oversight of a society of the size and complexity of the Society.

Search committee Chair's report

Reverend Barbara Hutchinson - Chair

Julia Romney

Margaret Tranter

Nicola Berry

Stuart Parker

The search committee is responsible for the systems and processes in place to ensure that candidates for election meet the board's competency requirements and for recommending candidates for election and appointment to the board.

The search committee met 7 times during the year. There was an unusually high number of meetings due to the impact of the pandemic, in particular on the board elections and the need to consider the role of directors and the interim arrangements.

Main activities during the year

- Review recommendations in relation to and leading on the Society elections for the board elections
- Review of and consideration of the proposals for the board evaluation.
- Approval of the timetable for the 2021 elections having regard to the input of management
- Consideration of succession planning for the board of directors including a review and update of the policy and consideration of the time required of directors to undertake their role
- Review of the directors register of interests
- Review of board fees.
- Reviewing and updating board roles and responsibilities.

Governance committee Chair's report

Steve Hughes - Chair

Richard Wills

Nicola Berry

Jane Moate

Claudia Nel

Key responsibilities

The Board has established a governance committee to focus on continuing improvement of the Society's governance processes.

Main activities during the year

The governance committee met five times during the year. In recognition of additional work needed because of the introduction of the new Chair role, board fees and an ongoing focus on effectiveness.

- The board competency framework and the board diversity policy were reviewed and updated.
- The committee reviewed its terms of reference and the board approved an update.
- The board's approach to member engagement and the role of the Group Secretary was reviewed and

recommendations for improvement were made to the board.

- The committee engaged an independent consultant to undertake the board evaluation.
- The committee reviewed the board policy approval process and recommended improvements to the board
- The committee recommended an update to the schedule of matters reserved to the board and considered Data protection, cyber security and training.

Board composition and effectiveness

During the year, the Board was subject to an externally facilitated evaluation which focused on:

- Composition (namely, the skills and competencies) of the current Board
- Potential gaps of skill, experience and knowledge in light of the forthcoming elections
- Individual Director skills and experience
- Division of responsibilities of the Board
- Horizon planning with the Chair.

The review was undertaken with reference to Code and following a familiarisation process of the corporate framework of the Society. The Review was made up of a combination of virtual interviews and a competency and skills questionnaire.

A number of recommendations for improvements to the strength and composition of the Board were made and the Board is currently undertaking a programme of implementation for those recommendations.

Board activity

A programme of continuing development and training is in place for the Board and sub-committees. Training took place in the summer 2021 on the overall retail environment. Directors have also undertaken individual development programmes and activities. Board balance and independence.

The following table lists the Directors occupations and other key positions of authority:

Directors	Occupation	External appointments
Rev Barbara Hutchinson	Hospital Chaplain	Director of the Lincolnshire Centre for Grief and Loss
Margaret Tranter	Retired	Director of Lincolnshire CDA Ltd Director of Beewise Credit Union
Julia Romney	Security Investigator	Director of Lincolnshire CDA Ltd.
Steve Hughes	Retired Pharmacist	Member of the Co-operative Group Members' Council Director of Lincolnshire CDA Ltd
Stuart Parker	Engineer	Area secretary for the Ramblers' Association Lincolnshire Area and Chair, Lincolnshire Wolds AONB Joint Advisory Committee
Jane Moate	Retired Banker	
Claudia Nel	Solicitor and Data Protection Officer	Director of the Lincolnshire Centre for Grief and Loss Director of The William Alvey School Trust Member of Kesteven and Sleaford High School Governing Body.
Nicola Berry	Dental Receptionist	
Richard Wills	Company Director and Trustee	Non-executive director of Transport Connect Ltd (Chair) and Methodist International Centre Ltd. Trustee of JR Halkes. Trustee of Methodist Church (Conference, Lincolnshire District, Lincoln Circuit and Reepham).
Ian Haldenby	Group Financial Controller	Member of the Audit Committee for Lincolnshire Police and Crime Commissioner and Lincolnshire County Council
David Cowell	Director	Non-executive director of Lincoln Diocesan Board of Finance Ltd Trustee, Bishop's Council of Trustees

The Secretary maintains a register of directors' interests to ensure 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.

Board and committee attendance

Names of Directors	Board	Audit Committee	Remuneration Committee	Search Committee	Governance Committee
Steve Hughes	14 (14)	4 (4)	8 (8)		5 (5)
Reverend Barbara Hutchinson	14 (14)		7 (8)	7 (7)	
Stuart Parker	13 (14)	4 (4)	8 (8)	6 (7)	
Julia Romney	14 (14)			7 (7)	
Ian Haldenby	12 (14)	4 (4)			
Margaret Tranter	5 (14)		1 (8)	0 (7)	
Jane Moate	14 (14)				5 (5)
Claudia Nel	13 (14)				5 (5)
David Cowell	14 (14)	3 (4)	6 (8)		
Richard Wills	14 (14)	4 (4)			4 (5)
Nicola Berry	13 (14)			5 (7)	4 (5)

Margaret Tranter became ill during the year and after her diagnosis was unable to attend any meetings. The board of directors considered this and agreed that it would not be appropriate in the circumstances, acknowledging her long standing and dedicated service to the board and the society, to ask her to stand down as a director. Margaret's term of office comes to an end in 2022 and the Board have agreed to review the position at that time.

() possible attendance

Senior leadership team

The Board has delegated the management of the Society's activities to the Chief Executive and her Leadership Team. The members of the Senior Leadership Team are identified at the start of this report. To comply with the Code we are required to report any outside directorships held by them.

The Chief Executive Officer, **Ursula Lidbetter** is a director of Investors in Lincoln Ltd, Federal Retail and Trading Services Ltd. She is also a member of the Council of the University of Hull and chairs Lincoln City Centre Partnership t/a Lincoln Business Improvement Group.

The Group Secretary **Jane Powell** is Chair of the John Robert Halkes Settlement a trustee of the Lincoln Diocesan Trust and Board of Finance Limited and a director of Co-operatives UK Ltd.

Andrew Turner is a trustee of Horncastle Education Trust and a LCC Firefighter (RDS)

Stephen Galjaard is a director of East Midlands Community-led Housing CIC, and Investors In Lincoln Ltd

Heather Lee is a director of Beewise Credit Union, Co-operative Employers' Association Ltd and Blue Symmetry Ltd and Governor of Boston College

David Dernley is a director of the Lincolnshire Centre for Grief and Loss.

Laura Dunne is a director of Visit Lincoln CIC and Rhubarb Theatre Company and a member of the Co-operative Group Members' Council.

Marc Brooks is the Vice Chairman of Community Pharmacy Lincolnshire

Audit Committee report

Ian Haldenby - Chair

Steve Hughes

Stuart Parker

David Cowell

Richard Wills

Audit committee attendance can be found on page [17].

Key responsibilities

The Audit Committee currently comprises five directors (who are not employees of the Society). The chair of the committee is Ian Haldenby. The committee is scheduled to meet at least four times a year. Its written terms of reference are regularly reviewed by the board of directors and include:-

1. Consideration of the appointment reappointment and removal of the external auditor, subject to confirmation by the members, and consideration of the scope of the audit;
2. Review of the financial statements and the auditor's report;
3. Review of and agreement to the internal audit programme and all internal audit reports;
4. Review of the Society's statement on internal control systems; and

5. Limits on the level of non-audit work which the Society's external auditor can do without prior approval of the committee.

The committee always takes the opportunity to meet the external auditors and the internal auditors without the presence of management during the year.

The Chair of the Audit Committee reports the outcome of all Audit Committee meetings to the board at the first board meeting after the Audit Committee and the board receives the minutes of the Audit Committee meetings.

The Audit committee has reviewed the systems of internal control and does not consider that any weaknesses have come to light that have resulted in material losses or contingencies which require disclosure.

Main activities during the year

The audit committee met four times during the year via Microsoft Teams and received a separate presentation on IT architecture and the associated risks and future transformation.

Some internal audit activities were significantly impacted as a consequence of Covid-19, especially those requiring on-site validation.

The committee considered internal audit reports focussing on specific issues relating to the pandemic including new suppliers (substantial assurance). Travel refunds (substantial assurance), use of the furlough scheme (reasonable assurance) and electronic information transfer (substantial assurance).

The committee also noted a paper outlining ways that security department activities could be automated, approved an updated anti-money laundering policy, reviewed fraud and whistleblowing procedures and the approach to data protection compliance.

It reviewed the external audit report for the 2019/20 financial year and considered the plan for the 2020/21 year. The committee suggested areas where improvement could be achieved as part of the audit process and reviewed and updated the committee terms of reference.

The committee noted that a new risk management tool had been introduced by management during the year, to improve reporting of and identification of risk.

Risk management

The Board and executive management have the primary responsibility for identifying the key business risks facing the Society and the development of appropriate policies to manage these risks.

Managing risk in the right way means we continue to create value for our members and communities. Our risk management framework gives colleagues a consistent and robust way of identifying and managing risks while keeping us within our risk appetite.

Internal audit and internal control framework report including summary of key risks and any action taken and audit committee report

Principle risks and uncertainties

We face a range of critical risks and uncertainties, not all of which can be controlled. Some arise from changing external factors, such as legislation, macro-economic conditions, consumer trends and competition which are more difficult to mitigate. New risks emerge and existing risks change as we carry out our plans and as the commercial environment changes. The pandemic has seen new risks created especially in relation to business operations, health and wellbeing and ways of working. The day to day risks have been overseen by a coronavirus response team including members from different business areas.

The committee is mindful of ongoing business risk and has reviewed its key corporate risks.

Key Corporate Risks

Risk	Reason for risk	What we do
High contributions needed to the defined benefit pension scheme	Funding shortfall unable to pay pensions and benefits	Trustees and the Society work together to optimise pension scheme performance and minimise the risk of a shortfall.
GDPR	Increased use of technology and higher fines.	A plan is in place to manage these risks, colleagues training is in place and updated and cyber security analyst in place.
Significant fraud	This is an area of risk for any large business.	Policies and procedures area in place to manage and reduce the impact of fraud. A whistleblowing policy and confidential reporting phone line are in use and promoted to colleagues.

Emerging risks

The Board, Executive and Senior Leadership team regularly consider emerging risks as part of risk monitoring and strategic planning sessions.

Emerging risks are identified from various sources, which include horizon scanning, review of macro-economic and industry trends, bottom up strategic planning and risk forums / meetings and include but are not limited to:

- Leadership succession planning
- Pandemic
- Cyber security
- Business Continuity
- Supply chain challenges
- Property usage in the light of new working practices

Control activities

Procedure manuals cover the key control systems and all business areas are required to comply with them. The intranet is used for dissemination and updating policy documents and instruction manuals, key information and reporting forms.

Whistleblowing

A documented whistleblowing policy is in place and communicated to employees. To complement this, an anti-fraud policy is in place and a dedicated confidential reporting phone line and email address established. These policies are reviewed by the Audit Committee.

Monitoring

Internal audit services are outsourced to Streets Internal Audit and this ensures that resources are concentrated in the areas where they are most required. The use of an external service provider for this role gives flexibility and an independent view. An annual report of the activities of the internal audit service has been produced for the year 2020/2021

Compliance statement

The Society complies with the Code except as set out below:-

Member Voice, Participation and Engagement

(Code Principle 1 Provisions 1 and 2)

The Code requires the board to draft a statement explaining the democratic structure of the Co-op and to develop communications that clearly define the role of members in that structure. The board tells members about the structure and democratic nature of the Society in a number of different ways including in its annual report and accounts, member magazines, in the Our Year publication and via social media.

Member Value (Code Principle 2 Co-operative Leadership and Purpose Provision2)

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 as the board tells members about the value it generates in a number of different ways including through member magazines, email, the website and social media.

Remuneration of the Board and Executive Leadership

Details of the individual remuneration packages of the Chief Executive Officer and Senior Leadership Team are not disclosed, or put to members for an advisory vote, but an explanation of this is contained within the Remuneration Report and further information is contained within the financial statements

The corporate governance compliance statement set out above is signed on behalf of the Board of Directors.

David Cowell, Chair

Ursula Lidbetter, Chief Executive Officer

Jane Powell, Group Secretary

Introduction

The Remuneration Committee is pleased to present its report to members for the year ended 4 September 2021.

The Committee's primary role is to provide strong independent governance for executive remuneration to ensure that pay for the Chief Executive and Secretary supports the Society's purpose and approach and is consistent with our remuneration principles and policy.

In April 2021 the Society published its gender pay gap report for the year. This can be found on the Society's website.

www.lincolnshire-coop/Gender-Pay-Gap

Directors

The members approve the directors' fees. Members last considered directors fees at the Society's half yearly meeting on 3rd June 2021, when the current level and basis for determining directors' fees was agreed. Annual increases in fees would be applied on 1 December each year in line with the Co-operative Retail Employees National Agreement or its successor.

The present flat rate fees are:-

Director fee - £8,500 per annum

Chair fee - £14,000 per annum

President - 20% above the director fee per annum

Vice President - 10% above the director fee per annum

All members of the remuneration and audit committees receive an additional sum of £380 per committee and the chairs of each of these committees also receive a further increment of £109 for each committee.

Directors also receive mileage allowances for using their own cars, reimbursement of public transport fares and reasonable actual expenditure for meals and hotels.

For the year ended 4 September 2021 individual directors' total gross remuneration (including expenses and delegation fees and excluding the special project payments mentioned below) was:-

Stephen Hughes	£8,094
Rev Barbara Hutchinson	£7,717
Stuart Parker	£10,000
Margaret Tranter	£7,716
Jane Moate	£8,262
Julia Romney	£7,339
Claudia Nel	£7,529
Nicola Berry	£7,339
Richard Wills	£7,717
David Cowell	£8,994
Ian Haldenby	£7,824

The board also found itself dealing with some specialist and onerous issues of a commercially complex and confidential nature during the year. Following discussion and receipt of legal advice the additional remuneration received by the

directors concerned during the year was :-

David Cowell	£59,400
Claudia Nel	£49,500
Jane Moate	£48,125

Stuart Parker (Chair)
Margaret Tranter
Rev Barbara Hutchinson

Stephen Hughes
David Cowell

Executives

The remuneration packages of the Chief Executive and the Group Secretary are determined by the board on the recommendation of the Remuneration Committee in accordance with remuneration principles and policy agreed by the board and set out in this report. Their remuneration is not set out in this report, but note 4 of the financial statements sets out more information.

The Chief Executive and the Group Secretary under the arrangements outlined in this report, do not play any part in the consideration or determination of their own remuneration package.

The Remuneration Committee is made up of five non-employee directors and is chaired by Stuart Parker. Remuneration Committee meetings held during the year comprised the following members:-

The Group Secretary is Secretary to the Remuneration Committee but is excluded from any part of any meeting where her own remuneration is under consideration.

The Remuneration Committee obtains advice from external professional advisers. Co-operatives UK have advised us this year, using industry data worldwide through their partnership with Hay Group.

Determination of the remuneration packages of other members of the senior leadership team is delegated to the Chief Executive who discusses her approach and her conclusions with the Remuneration Committee.

The Board has reviewed the terms of reference of the committee during the year and a copy is available from the Group Secretary and on the Society's website here www.lincolnshire.coop/about-us/board-of-directors

Our remuneration principles

What are the Society's executive remuneration principles?

Working in our community

- To align remuneration with the long-term interests of the Society.
- To ensure remuneration reflects performance and rewards behaviours which are aligned with the Society's purpose whilst avoiding paying more than is necessary.
- To set remuneration at a level sufficient to attract and retain talented individuals with the necessary experience for key leadership roles, but without paying more than is necessary.

Growing a community of members

- To ensure our remuneration policy is easily understood by key stakeholders.
- To consider member views when developing policy.

Helpful, inspiring and trustworthy

- To operate simple and clear remuneration structures across the organisation.
- The executive remuneration policy will be published on the Society's website and in its annual directors' report.

Developing people

- To ensure that remuneration practices are consistent with and encourage the principles of equality, inclusion and diversity.
- To consider wider employee pay when determining that of our Executives.
- To ensure colleagues share in the success of the Society.

Building strength for the long-term

- To provide a balanced package which aligns with the Society's strategic goals.
- To ensure remuneration levels are set with regard to the size and complexity of the business.
- To set performance criteria which support the long-term success of the Society.

Executives' remuneration policy

What are the key elements of Executives' remuneration?

Element	Purpose and link to strategy	Operation	Maximum
Base salary	To pay a fair base salary which reflects the individual's role, responsibilities and experience. Sufficient level to recruit and retain individuals of the necessary calibre, taking into account the required skills, experience, and complexity of the role.	Salaries are normally reviewed annually, with any changes effective on 1st December. Salaries are set taking account of market benchmarks based on other retailers of a similar size, other Co-operatives and appropriate general industry benchmarks. Salary reviews also take into consideration an individual's performance, responsibility levels and internal relativities.	Annual increases will generally take account of the collectively bargained (USDAW) levels of increase. Increases may be higher in exceptional circumstances, such as a change in role and/or responsibility, or where, for example, an individual has been appointed below benchmark, with a view to increases as they develop in role.
Benefits	To provide benefits taking account of market practice, and to support the wellbeing of employees..	The main benefits currently provided are company car, life insurance, health assessment, private medical insurance and colleague discount. Relocation assistance may be required, where necessary.	Benefit values are not fixed, but are generally set taking account of affordability constraints, and represent a small percentage of total remuneration costs.
Pension	To provide pension allowances on similar terms to other colleagues. Provides a discrete element of the package to contribute to retirement income.	Executives participate in the Society's pension arrangements on the same terms as all colleagues. Cash allowances of appropriate value may be provided in lieu of pension where an individual is subject to HMRC limits on pension tax relief.	The Society operates a defined contribution scheme, and a defined benefit scheme, which is closed to new joiners. The maximum employer contribution to the defined contribution scheme is currently 12% of base salary.
Annual bonus	Recognises good and outstanding performance, linked to the Society's strategy.	Incentive awards are considered annually with performance measured over one year. Any bonus awarded is non-pensionable. Performance criteria comprise a combination of financial and non-financial criteria which support the Society's strategy purpose, and values. Awards are subject to clawback provisions. Executives are also entitled to participate in the all colleague bonus.	The maximum opportunity is defined by the Remuneration Committee each year following advice.

Additional Detail

What provisions does the committee have to manage risk?

Recoupment provisions (clawback) apply to the annual bonus which allow the Society to reclaim amounts that have been paid in the event of a material misstatement of the Society's accounts, an error in the calculation of performance conditions, or serious misconduct by the individual.

What is the policy for the appointment and recruitment of executives?

On appointment the Committee would set the remuneration package in line with the Policy. Base salary and total remuneration will be set with reference to the individual's role, responsibilities and experience while having due regard to market benchmarks.

For a new appointment base salary may be set below the market benchmark range with a view to increases as the individual develops in the role and once expertise and performance has been proved and sustained. In such situations the Committee retains the discretion to award above market increases (ie above Usdaw and/or inflation) over a period of time.

Benefits are provided in line with those offered to other members of the executive taking into account local market practice. Relocation expenses may be provided if necessary. Annual bonus opportunity will normally be no higher than that offered under current policy for existing members of the Executive.

When recruiting executives externally the Committee may replace deferred remuneration awards forfeited on leaving their previous employer. However in doing so it will endeavour to ensure that the terms of any such award are on a similar basis in value of any replacement awards the time period over which they are earned and where applicable any performance conditions.

Stuart Parker, Chair

Opinion

We have audited the financial statements of Lincolnshire Co-operative Limited for the year ended 4 September 2021 which comprise the Group Revenue Account, Group Statement of Comprehensive Income, Group Balance Sheet, Group Cash Flow Statements, Group Statement of Changes in Funds Employed and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the Group's affairs as at 4 September 2021 and of the income and expenditure of the Group for the year then ended; and
- comply 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the [Group and the] Society in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or to cease its operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee meeting minutes.
- Considering remuneration incentive schemes and performance targets.

- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited incentives, rationalisations and opportunities to fraudulently adjust revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operatives legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, employment law, and regulatory requirements, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page [x] the Society's directors are responsible for: the preparation of financial statements which give a true and fair view; 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; 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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 it 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.

Gareth Woods (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

31 Park Row

Nottingham

NG1 6FQ

Dated:

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, and
- 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 proper books of account that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They 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 pages 25 to 44 are signed on behalf of the Board of Directors pursuant to the Co-operative and Community Benefit Societies Act 2014.

David Cowell	Chair
Ian Haldenby	Director
Jane Powell	Group Secretary

Internal Auditors' Overall Assurance Statement

In March 2020 internal audit work was paused due to the Coronavirus pandemic and has not fully resumed, as such there is not the range or depth of work undertaken on which to base an assurance opinion. We are consequently only able to report on the outcomes of that work completed.

Overall assurance

For the year 2020/21, six reviews were completed, five with a substantial opinion and one with reasonable. We are unable to provide an overall level of assurance due to the significantly reduced audit activity and lack of any core business system work.

Work completed has identified some deficiencies in control, however, we are satisfied that, in the main, they are being resolved in an appropriate manner. This is based on managements' responses to our findings and our recommendation tracking procedures and follow up work which have confirmed that actions have been taken or are proposed to be taken in accordance

Streets Internal Audit

Statement of Accounting Policies

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 and funeral plans are stated at their fair value.

At 4 September 2021, the net assets of the Society were £269,254,000 and net current assets were £28,942,000. The Group has bank facilities of £30,000,000 with £11,000,000 of loan drawn down and included in the cash at bank at the year end of £36,026,000. Trading surplus before revaluation of property and pension charges 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 the period ended March 2023, 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 of COVID-19 on the business, including ongoing reductions in revenue from the travel business. 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 active subsidiaries as follows:

Wholly Owned:-

LCS Retail Ltd.
Lincoln Shop Equipment Ltd.
LCS Property Ltd.
Lincoln Corn Exchange & Markets (1991) Ltd.
Greetwell Developments Ltd.
Gadsby's of Southwell Ltd.
South Lincolnshire Crematorium Ltd.
52 weeks to 4th September 2021

Basis of consolidation (continued)

Lincoln Co-operative Chemists Ltd.
12 months to 31st August 2021

Majority Owned:-

Lincoln Science and Innovation Park Ltd.
12 months to 31st August 2021

Joint Venture:-

LC Community Projects Ltd.
12 months to 31st August 2021

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.

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.

Gross sales

Gross sales includes cash sales, NHS income, post office income and property rental income, inclusive of value added tax. Sales are recognised at the point the goods or services are provided. Rental income, net of any lease incentive, is recognised over the lease term.

Gross sales also includes amounts recognised in respect of sales made on an agency basis, principally relating to travel sales, with a reduction to the value of commission receivable shown separately in arriving at turnover. Travel sales are recognised at the point of a holiday booking with a reduction to allow for future cancellations.

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. Other fixed assets are stated at their acquisition cost 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 - 25% p.a.
Transport	14 - 33% p.a.

Investment properties are stated at current fair value and are not subject to depreciation.

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/(deficit) for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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

Stocks

Stocks are valued at the lower of cost and net realisable value. 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

Repairs

Repair expenditure is charged to the Group Revenue Account in the year that the cost was incurred.

Dividend and dividend bonus

A charge is made to the Group Revenue Account which represents the amount accounted for as dividend in the year together with the additional amount approved by the membership at the previous Annual Members Meeting.

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.

Cash and liquid resources

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

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts

of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash).

Investments

Fixed asset investments, other than funeral plans 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.

Debtors

Debtors are measured at amortised cost less any impairment.

Creditors

Creditors, other than funeral plans, are measured at amortised cost.

Funeral plans

Amounts received in advance for funeral plans are recorded at fair value as assets and liabilities. Changes in fair value are included in the Group Revenue Account.

Funeral benefits

Funeral benefits are treated as a distribution in the financial statements, reflecting the underlying substance of the benefit.

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 deficit is recognised in full. The movement in this scheme deficit is split between operating charges, finance items and in the 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.

Government Grants

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

Group Revenue Account

Year Ended 4th September 2021

	Notes	2021 (52 weeks) £'000	2020 (52 weeks) £'000
Gross sales (including vat)		355,165	335,599
Less: value added tax		<u>(30,651)</u>	<u>(28,850)</u>
Turnover (including agency turnover)	1	324,514	306,749
Less: agency share of turnover (net of cancellation provisions)		<u>(1,020)</u>	<u>2,501</u>
Turnover		323,494	309,250
Less: cost of sales		<u>(219,827)</u>	<u>(210,009)</u>
Gross profit	1	103,667	99,241
Less: expenses – ordinary trading	2	<u>(84,581)</u>	<u>(83,710)</u>
Other operating income	3	<u>289</u>	<u>1,096</u>
		19,375	16,627
Less: expenses – member benefits and grants	6	<u>(1,150)</u>	<u>(1,117)</u>
Trading surplus	1	18,225	15,510
Surplus/(deficit) on sale of fixed assets		316	(377)
Deficit on revaluation of property		<u>(1,038)</u>	<u>(35,602)</u>
Operating surplus/(deficit)		17,503	(20,469)
Group share of surplus in joint ventures	11	51	104
Losses on curtailments of pension benefits	20	-	(14,066)
Net finance charges	5	<u>(874)</u>	<u>(733)</u>
Surplus/(deficit) for the year before payments to and on behalf of members		16,680	(35,164)
Less: payments to and on behalf of members	6	<u>(3,527)</u>	<u>(3,813)</u>
Surplus/(deficit) for the year before taxation		13,153	(38,977)
Taxation	7	<u>(2,647)</u>	<u>335</u>
Surplus/(deficit) for the year		<u>10,506</u>	<u>(38,642)</u>
Attributed to:			
Non-controlling interests		(415)	(838)
Transferred to/(from) reserves		<u>10,921</u>	<u>(37,804)</u>
		10,506	(38,642)
<i>Additional Non Statutory Disclosure</i>			
<i>Revaluation of property</i>		1,038	35,602
<i>Losses on curtailment of pension benefits (net of tax)</i>		-	11,393
<i>Surplus for the year before revaluation of property and pension charges</i>		<u>11,544</u>	<u>8,353</u>

The accounting policies on pages 25 to 26 and the notes on pages 32 to 44 form part of these accounts

Group Statement of Comprehensive Income

Year Ended 4th September 2021

	2021 (52 Weeks) £'000	2020 (52 Weeks) £'000
Retained surplus/(deficit) for the year	10,506	(38,642)
Unrealised deficit on revaluation of trading properties	(205)	(5,112)
Share Interest	(10)	(11)
Current tax on share interest	1	2
Actuarial gain/(loss) on pension scheme	25,269	(3,100)
Deferred tax on actuarial gain/(loss)	(4,800)	1,154
Deferred tax gain on corporation tax rate change	1,062	-
Total comprehensive surplus/(deficit) for the year	31,823	(45,709)
Attributable to:		
Non-controlling interests	(415)	(838)
Transferred, to/(from) reserves	32,238	(44,871)
	31,823	(45,709)

The accounting policies on pages 25 to 26 and the notes on pages 32 to 44 form part of these accounts

Group Balance Sheet

As at 4th September 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	8	8,821	8,369
Tangible assets	9	100,072	98,457
Investment properties	10	163,134	160,730
Investments	11	44,652	43,157
Share of joint venture	11	149	97
		<u>316,828</u>	<u>310,810</u>
Current assets			
Stocks - goods for resale		11,342	11,607
Debtors			
- amounts falling due within one year	12	25,740	23,945
- amounts falling due after more than one year	12	5,557	9,227
Investments	11	3,000	3,000
Cash at bank and in hand		36,026	19,514
		<u>81,665</u>	<u>67,293</u>
Creditors: amounts due within one year			
Creditors	13	47,715	44,957
Dividend	13	5,008	4,860
		<u>52,723</u>	<u>49,817</u>
Net current assets		28,942	17,476
Total assets less current liabilities		345,770	328,286
Creditors: amounts falling due after more than one year	13	(57,595)	(44,904)
Provision for liabilities	14	(1,224)	(1,037)
Net assets excluding pension liability		286,951	282,345
Pension liability	20	(17,697)	(44,681)
Net assets		269,254	237,664
Financed by:			
Share capital	15	4,889	5,592
Revaluation reserve		57,945	55,154
Revenue reserve		206,827	177,380
Members' funds		269,661	238,126
Non-controlling interests	16	(407)	(462)
Total funds employed		269,254	237,664

The accounting policies on pages 25 to 26 and the notes on pages 32 to 44 form part of these accounts

Group Cash Flow Statement

Year ended 4th September 2021

	Notes	2021 (52 weeks) £'000	2020 (52 weeks) £'000
Net cash flow from operating activities	17	19,981	16,412
Cash flow from investing activities			
Sale of tangible fixed assets		2,887	5,273
Sale of fixed asset investments		466	-
Interest received		28	66
Interest paid		(166)	(54)
Purchase of tangible fixed assets		(13,813)	(21,886)
Purchase of fixed asset investments		-	(390)
Acquisition of a business		(3,075)	(41)
		(13,673)	(17,032)
Cash flow from financing activities			
Issue of shares	15	231	370
Redemption of shares	15	(934)	(1,013)
Issue of shares to non-controlling Interests		470	306
New bank loans		11,000	-
Repayment of loan with acquisition		(563)	-
		10,204	(337)
Net increase/(decrease) in cash		16,512	(957)
Cash at start of the year		19,514	20,471
Cash at end of the year		36,026	19,514

The accounting policies on pages 25 to 26 and the notes on pages 32 to 44 form part of these accounts

Group Statement of Changes in Funds Employed

	Share Capital	Revaluation Reserve	Revenue Reserve	Members' Funds	Non- controlling Interests	Total Funds
	£'000	£'000	£'000	£'000	£'000	£'000
At September 2019	6,235	46,302	231,103	283,640	70	283,710
Deficit	-	-	(37,804)	(37,804)	(838)	(38,642)
Other comprehensive losses	-	(5,112)	(1,955)	(7,067)	-	(7,067)
Transfer on disposal of properties	-	(612)	612	-	-	-
Transfer between reserves	-	14,576	(14,576)	-	-	-
Total comprehensive income	-	8,852	(53,723)	(44,871)	(838)	(45,709)
Share capital contributions	359	-	-	359	306	665
Share capital withdrawals	(1,013)	-	-	(1,013)	-	(1,013)
Share interest	11	-	-	11	-	11
Transactions with members	(643)	-	-	(643)	306	(337)
At September 2020	5,592	55,154	177,380	238,126	(462)	237,664
Surplus/(deficit)	-	-	10,921	10,921	(415)	10,506
Other comprehensive income/(losses)	-	(205)	21,522	21,317	-	21,317
Transfer on disposal of properties	-	185	(185)	-	-	-
Transfer between reserves	-	2,811	(2,811)	-	-	-
Total comprehensive income	-	2,791	29,447	32,238	(415)	31,823
Share capital contributions	221	-	-	221	470	691
Share capital withdrawals	(934)	-	-	(934)	-	(934)
Share interest	10	-	-	10	-	10
Transactions with members	(703)	-	-	(703)	470	(233)
At September 2021	4,889	57,945	206,827	269,661	(407)	269,254

Notes to the Financial Statements

1. Segmental analysis

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

	2021 (52 Weeks) £'000	2020 (52 Weeks) £'000
Turnover (including agency turnover)		
Retail	312,652	294,841
Investment property	11,862	11,908
Total	<u>324,514</u>	<u>306,749</u>
Gross profit		
Retail	91,805	87,333
Investment property	11,862	11,908
	<u>103,667</u>	<u>99,241</u>
Common costs	<u>(85,442)</u>	<u>(83,731)</u>
Trading surplus	<u>18,225</u>	<u>15,510</u>
Net assets		
Retail	103,535	73,884
Investment property	165,719	163,780
Total	<u>269,254</u>	<u>237,664</u>

2. Expenses – ordinary trading

	2021 (52 Weeks) £'000	2020 (52 Weeks) £'000
Personnel costs	53,526	52,390
Property rents	576	792
Other occupancy costs	8,592	8,735
Hire of plant – operating leases	27	39
Depreciation	7,025	6,920
(Surplus)/deficit on sale of fixed assets	(213)	28
(Surplus)/deficit on fixed asset investments	-	10
Amortisation of intangible fixed assets	1,169	1,069
Auditors' remuneration:		
- Audit of these financial statements - current year	52	42
- Audit of these financial statements - prior year	-	7
Amounts receivable by auditors and their associates in respect of:		
- Audit of financial statements of subsidiaries pursuant to legislation	68	55
- Other services including taxation advice	3	2
Directors' fees – director duties	89	80
Directors' fees – other duties	184	-
Other expenses	13,483	13,541
Total expenses – ordinary trading	<u>84,581</u>	<u>83,710</u>

Notes to the Financial Statements

3. Other operating Income	2021 (52 Weeks) £'000	2020 (52 Weeks) £'000
Government grants	<u>289</u>	<u>1,096</u>

4. Employees

The average number employed by the Group in the year ended 4th September 2021.

	2021 Number	2020 Number
Part-time	1,785	1,746
Full-time	<u>1,124</u>	<u>1,125</u>
	<u>2,909</u>	<u>2,871</u>

The costs incurred in respect of these employees were:

	2021 (52 Weeks) £'000	2020 (52 Weeks) £'000
Wages and salaries	47,466	45,652
Social security costs	3,269	2,941
Other pension costs	<u>2,791</u>	<u>3,797</u>
Total personnel costs	<u>53,526</u>	<u>52,390</u>

Senior leadership emoluments

The emoluments of the senior leadership team paid during the year including salary, performance related pay, bonus, pension contributions and taxable benefits fell into each £10,000 bracket as below.

When there have been changes in the senior leadership team, as in 2020, the emoluments represent the time whilst in position.

	2021 Number	2020 Number
£70,000-£80,000	-	1
£90,000-£100,000	-	1
£100,000-£110,000	-	1
£110,000-£120,000	1	1
£120,000-£130,000	1	-
£130,000-£140,000	1	-
£140,000-£150,000	1	2
£150,000-£160,000	1	-
£230,000-£240,000	1	1
£240,000-£250,000	1	-
£250,000-£260,000	-	1
£280,000-£290,000	-	1
£290,000-£300,000	1	-
£660,000-£670,000	-	1
£710,000-£720,000	1	-

5. Net finance charges

	2021 (52 Weeks) £'000	2020 (52 Weeks) £'000
a) Interest receivable		
Funeral plans	1,861	3,059
Unlisted investments	12	13
Expected return on pension scheme assets	2,453	2,600
Other interest	16	53
	<u>4,342</u>	<u>5,725</u>
b) Interest payable		
Bank Loans	108	-
Funeral plans	1,861	3,059
Interest cost on pension scheme obligations	3,189	3,345
Loan from non-controlling interest	54	54
Other interest	4	-
	<u>5,216</u>	<u>6,458</u>
Net finance charges	<u>874</u>	<u>733</u>

6. a) Expenses – member benefits and grants

	2021 (52 Weeks) £'000	2020 (52 Weeks) £'000
Donations to charity and community groups	375	353
Forfeits on shares	(342)	(432)
Member and community activities	1,117	1,196
	<u>1,150</u>	<u>1,117</u>
b) Payments to and on behalf of members		
Dividend	1,921	2,074
Release of prior year provisions	(200)	(200)
Further dividend approved by members	1,763	1,902
	<u>3,484</u>	<u>3,776</u>
Funeral benefit	43	37
Total	<u>3,527</u>	<u>3,813</u>

Dividend of £1,921,000 (2020: £2,074,000) has been accounted for during the year. Member purchases qualifying for such distribution are determined by the Board of Directors, from time to time, as is the rate of distribution. A recommendation to allocate a further £1,633,000 (2020: £1,763,000) was made after the balance sheet date making a total of £3,554,000 (2020: £3,837,000). This is equivalent to a dividend bonus of 85p (2020: 85p) for every £1 of qualifying dividend distributed and if approved will be paid to members in proportion to the dividend already distributed in the year under review.

Notes to the Financial Statements

7. Taxation

	2021 (52 weeks) £'000	2020 (52 Weeks) £'000
a) Analysis of tax charge in year		
Current tax		
UK corporation tax at 19% (2020: 19%) on surplus/(deficit) for the year	2,749	2,260
Overprovision in prior years	(17)	(47)
Current tax charge for the year	<u>2,732</u>	<u>2,213</u>
Deferred tax		
Taxation on pension adjustments	326	(2,543)
Excess of capital allowances over depreciation	(132)	(5)
Change in tax rate	(279)	-
Deferred charges for the year	<u>(85)</u>	<u>(2,548)</u>
Taxation provided in the Group Revenue Account	<u>2,647</u>	<u>(335)</u>
Other comprehensive income items		
Tax on share interest	(1)	(2)
Deferred tax on pension scheme	3,738	(1,154)
	<u>3,737</u>	<u>(1,156)</u>

b) Factors affecting tax charge for the year

	2021 (52 weeks) £'000	2020 (52 weeks) £'000
Surplus/(deficit) before taxation	<u>13,153</u>	<u>(38,977)</u>
Deficit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	2,499	(7,406)
Effects of:		
Revaluation of property	197	6,764
Other permanent differences between items affecting tax and accounting surplus	247	354
Overprovision in prior years	(17)	(47)
Change in tax rate on deferred tax balances	(279)	-
Taxation provided in the Group Revenue Account	<u>2,647</u>	<u>(335)</u>

The standard rate of corporation tax in the UK is 19% and is to increase to 25% in April 2023. The increase was substantially enacted on 24 May 2021. This will increase the Group's future current tax charge accordingly. The deferred tax balances at 4 September 2021 have been calculated based on this rate, reflecting the expected timing of the reversal of the related timing differences

Notes to the Financial Statements

8. Intangible fixed assets

	Goodwill £'000	Licences £'000	Total £'000
Cost			
At September 2020	6,982	18,786	25,768
Additions	1,621	-	1,621
At September 2021	8,603	18,786	27,389
Amortisation			
At September 2020	5,910	11,489	17,399
Charged in the year	266	903	1,169
At September 2021	6,176	12,392	18,568
Net book value			
At September 2021	2,427	6,394	8,821
At September 2020	1,072	7,297	8,369

9. Tangible fixed assets – trading

	Land & Buildings £'000	Fixtures Fittings & Plant £'000	Transport £'000	Total £'000
Fair value/original cost				
At September 2020	81,045	53,487	5,619	140,151
Transfer from investment properties	265	-	-	265
Acquisitions	1,985	337	-	2,322
Additions	2,612	3,739	622	6,973
Disposals	-	(1,269)	(312)	(1,581)
Revaluation	(1,811)	-	-	(1,811)
At September 2021	84,096	56,294	5,929	146,319
Depreciation				
At September 2020	-	38,230	3,464	41,694
Charged in the year	1,006	5,083	873	6,962
Disposals	-	(1,128)	(275)	(1,403)
Revaluation	(1,006)	-	-	(1,006)
At September 2021	-	42,185	4,062	46,247
Net Book Value				
At September 2021	84,096	14,109	1,867	100,072
At September 2020	81,045	15,257	2,155	98,457

The value of land and buildings includes £1,831,000 (2020: £1,811,000) of leaseholds, the remainder being freehold.

The value of Buildings depreciated was £50,300,000 (2020: £51,950,000). A valuation of trading properties was carried out by Banks, Long & Co., Chartered Surveyors, of 26 Westgate, Lincoln as at 4th September 2021 which valued all of the Group's trading land and buildings at current fair value, in accordance with RICS valuation standards, at £84,096,000 (2020: £81,045,000). This valuation has been incorporated within the Group Balance Sheet.

Notes to the Financial Statements

10. Fixed assets – investment properties

	Land and Buildings		Landlords	Total £'000
	Freehold £'000	Leasehold £'000	Fixtures £'000	
Fair value/original cost				
At September 2020	159,109	1,365	902	161,376
Transfers	(265)	-	-	(265)
Additions	5,443	-	7	5,450
Disposals	(2,280)	-	-	(2,280)
Revaluation	(393)	(45)	-	(438)
At September 2021	161,614	1,320	909	163,843
Depreciation				
At September 2020	-	-	646	646
Charged in the year	-	-	63	63
At September 2021	-	-	709	709
Net Book Value				
At September 2021	161,614	1,320	200	163,134
At September 2020	159,109	1,365	256	160,730

A valuation of investment properties was carried out by Banks, Long & Co., Chartered Surveyors, 26 Westgate, Lincoln as at 4th September 2021. The valuation was carried out in accordance with RICS valuation standards on a fair value basis. The historic cost of land and buildings included in notes 9 and 10 is £189,085,000 (2020: £186,365,000).

11. a) Investments

	Fixed Assets		Current Assets	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Other investments	293	293	-	-
Funeral plans	44,359	42,864	3,000	3,000
Totals investments	44,652	43,157	3,000	3,000
		Funeral Plans £'000	Other Investments £'000	Total £'000
Cost or valuation				
At September 2020		45,864	293	46,157
Additions		3,092	-	3,092
Plans redeemed		(3,458)	-	(3,458)
Change in fair value		1,861	-	1,861
At September 2021		47,359	293	47,652

Funeral plans

Monies have been invested as individual life policies with Royal London (CIS) Limited and are recognised at fair value.

Notes to the Financial Statements

11. b) Subsidiaries

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

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

c) Joint Venture

LC Community Projects Ltd (50%) - Property Development

	2021 £'000	2020 £'000
Balance brought forward	97	13
Share of trading profit	51	104
Share of tax on trading profit	1	(20)
Total balance sheet value	<u>149</u>	<u>97</u>

12. Debtors

	Falling due within one year		Falling due after one year	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	17,274	14,844	-	-
VAT	567	1,668	-	-
Deferred tax	770	568	5,557	9,227
Other debtors and prepayments	6,815	6,233	-	-
Owed by joint venture	314	632	-	-
Total debtors	<u>25,740</u>	<u>23,945</u>	<u>5,557</u>	<u>9,227</u>

13. a) Creditors

	Falling due within one year		Falling due after one year	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loan	-	-	11,000	-
Trade creditors	17,147	17,273	-	-
Accrued charges and deferred income	25,212	22,819	626	704
Other taxation and social security	832	747	-	-
Member benefits and grants	192	171	100	100
Corporation tax	1,332	947	-	-
Funeral plans	3,000	3,000	44,803	43,037
Owed to non-controlling interests	-	-	1,066	1,063
	<u>47,715</u>	<u>44,957</u>	<u>57,595</u>	<u>44,904</u>

Notes to the Financial Statements

13. b) Dividend

	Falling due within one year		Falling due after one year	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Dividend approved not yet distributed	121	319	-	-
Dividend balances on dividend cards	4,887	4,541	-	-
	<u>5,008</u>	<u>4,860</u>	<u>-</u>	<u>-</u>
Total Creditors	<u>52,723</u>	<u>49,817</u>	<u>57,595</u>	<u>44,904</u>

Included within creditors is an amount of £82,000 (2020: £98,000) 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.

The bank loan of £11,000,000 is due for repayment in October 2023. Interest is payable at 1.02% plus bank base rate until October 2021, then at 1.52% plus bank base rate. A revolving credit facility of £9,000,000 and an overdraft of £10,000,000 are approved and available, should they be required, no amounts are drawn down at 4 September 2021

14. Deferred tax

	Assets	Liabilities	Assets	Liabilities
	2021 £'000	2021 £'000	2020 £'000	2020 £'000
An analysis of the amounts provided is set out below:				
Pension scheme deficit	(4,424)	-	(8,490)	-
Accelerated capital allowances	(1,540)	-	(909)	-
Other timing differences	(363)	1,224	(396)	1,037
Deferred tax (assets)/liabilities	<u>(6,327)</u>	<u>1,224</u>	<u>(9,795)</u>	<u>1,037</u>

The deferred tax asset relating to capital losses on property revaluations has not been provided in the accounts as it can't 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

	2021 £'000	2020 £'000
Balance to begin the year	5,592	6,235
Contributions	221	359
Interest	10	11
	<u>5,823</u>	<u>6,605</u>
Withdrawals	(934)	(1,013)
Balance to end the year	<u>4,889</u>	<u>5,592</u>

- i) The whole of the share capital comprises £4,889,112 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.

Notes to the Financial Statements

16. Non-controlling interests

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

	2021 £'000	2020 £'000
Balance to begin the year	(462)	70
Share of loss	(415)	(838)
Issue of share capital	470	306
Balance to end the year	(407)	(462)

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

	2021 (52 weeks) £'000	2020 (52 weeks) £'000
Operating surplus/(deficit)	17,503	(20,469)
Deficit on revaluations of property	1,038	35,602
Non-cash pension costs	540	1,479
Additional pension contribution	(2,991)	(2,904)
Depreciation charges	7,025	6,920
(Surplus)/deficit on sale of fixed assets	(429)	405
(Surplus)/deficit on sale of fixed asset investments	(100)	10
Amortisation of goodwill	1,169	1,069
Decrease/(Increase) in stocks	265	(926)
Increase in debtors	(109)	(4,483)
Increase in creditors	1,866	6,280
Payments to and on behalf of members	(3,389)	(3,591)
Tax paid	(2,407)	(2,980)
Cash inflow from operating activities	19,981	16,412

18. Analysis of movements in net funds

	2021 £'000	Cashflow £'000	2020 £'000
Cash at bank and in hand	36,026	16,512	19,514
Debt due after one year	(11,000)	(11,000)	-
Net funds	25,026	5,512	19,514

19. Acquisitions

In November 2020 the Group acquired the share capital of South Lincolnshire Estates, the landlord company of South Lincolnshire Crematorium, operated by the Society. The property has been transferred within the Group and the company has not traded since acquisition. The acquisition had the following effect on the Society's assets and liabilities.

	Recognised values on acquisition £'000
Land and buildings	1,985
Plant and machinery	337
Cash at bank	32
Bank loans	(563)
Other debtors	27
Other creditors	(332)
	1,486
Considerations (including directly attributable costs)	3,107
Goodwill on acquisition	1,621

The land and buildings was recognised at its valuation of £1,985,000 which included a £739,000 fair value adjustment. The goodwill is to be amortised over 20 years reflecting the long-term value of this acquisition.

Notes to the Financial Statements

20. 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 2018 and was updated to 4th September 2021 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	2021 £'000	2020 £'000
Present value of funded obligations	(197,095)	(189,684)
Fair value of plan assets	179,398	145,003
Deficit	<u>(17,697)</u>	<u>(44,681)</u>

Amounts recognised in the Group Revenue Account	2021 (52 weeks) £'000	2020 (52 weeks) £'000
Current service cost	935	2,637
Interest on obligation	3,189	3,345
Expected return on plan assets	(2,453)	(2,600)
Loss on curtailments	-	14,066
Total	<u>1,671</u>	<u>17,448</u>

The expense is recognised in the following line items in the Group Revenue Account

	2021 (52 weeks) £'000	2020 (52 weeks) £'000
Expenses – Ordinary Trading	935	2,637
Other finance expense	736	745
Loss on curtailments	-	14,066
Total	<u>1,671</u>	<u>17,448</u>

Amounts recognised in the Group Statement of Comprehensive Income

	2021 £'000	2020 £'000
Cumulative amount at beginning of year	(54,751)	(51,651)
Recognised during the year	25,269	(3,100)
Cumulative amount at end of year	<u>(29,482)</u>	<u>(54,751)</u>

Changes in the present value of scheme obligations	2021 £'000	2020 £'000
Opening obligation	189,684	172,478
Service cost	935	2,637
Interest cost	3,189	3,345
Employees' contributions	268	783
Actuarial losses	7,328	104
Benefits paid	(4,309)	(3,729)
Losses on curtailments	-	14,066
Closing obligation	<u>197,095</u>	<u>189,684</u>

20. Defined benefit pension scheme (continued)

Changes in the fair value of plan assets

	2021	2020
	£'000	£'000
Opening fair value of scheme assets	145,003	144,283
Expected return	2,453	2,600
Actuarial gains/(losses)	32,597	(2,996)
Contributions by employer	3,386	4,062
Contributions by employees	268	783
Benefits paid	<u>(4,309)</u>	<u>(3,729)</u>
	179,398	145,003
Actual return on scheme assets	35,050	(396)

Assets in the plan as a percentage of total plan assets

	2021	2020
Bonds	25%	24%
Equities	75%	73%
Other	-	3%

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	2021	2020
Discount rate	1.7%	1.7%
Rate of increase in salaries	n/a	2.5%
Rate of increase in payment of pre 1997 pension	0.0%	0.0%
Rate of increase in payment of post 1997 Pensions	3.1%	2.8%
Rate of revaluation of deferred pensions	3.2%	2.9%
Inflation assumption - RPI	3.2%	2.9%

The employer is to contribute £3,082,000 increasing by 3% per annum to the scheme towards the deficit.

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. No adjustment has been made for any potential effects of Covid-19 and the Society will monitor any impacts and follow actuarial advice. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

Current pensioner aged 65:	21.3 years (male)
	23.3 years (female)
Future retiree upon reaching 65:	22.7 years (male)
	24.8 years (female)

21. 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 £1,856,000 (2020: £1,158,000) were paid by the Group.

22. Capital commitments

Outstanding contracts for capital expenditure not provided for in the accounts amounted to £14,677,000 (2020: £3,675,000) and capital expenditure and acquisitions authorised by the Directors for which no contracts have been placed totalled £25,005,000 (2020: £37,540,000).

23. Commitments under operating leases

At 4th September 2021 the Group had commitments payable under non-cancellable operating leases on land and buildings as follows:

	2021	2020
	£'000	£'000
Within one year	455	553
In two to five years	1,046	1,634
Over five years	2,299	2,795
Total commitments	<u>3,800</u>	<u>4,982</u>

These leases are subject to rent reviews.

The Group also had monies receivable under non-cancellable lease commitments of £10,400,000 per annum with an average lease length of three years.

24. 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 20.

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.

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.

Notes to the Financial Statements

25. Financial instruments

The Group's financial instruments are as follows:

	2021 £'000	2020 £'000
Financial assets		
Measured at fair value	47,359	45,864
Measured at amortised cost	53,614	34,990
	<hr/>	<hr/>
Financial liabilities		
Measured at fair value	47,803	46,037
Measured at amortised cost	29,213	18,336
	<hr/>	<hr/>

Financial assets measured at fair value relate to funeral plan investments.

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

Financial liabilities measured at fair value relate to funeral plan obligations.

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

Historical Comparative Statement

	2017	2018	2019	2020	2021
	52 Weeks	52 Weeks	53 Weeks	52 Weeks	52 Weeks
Membership	286,661	285,813	289,238	289,298	296,264
Revenue Account	£'000	£'000	£'000	£'000	£'000
Gross Sales	311,655	328,585	347,010	335,599	355,165
Depreciation	5,874	6,214	6,917	6,920	7,025
Trading Surplus	16,030	17,662	15,475	15,510	18,225
Members' Benefits	1,515	1,463	2,042	1,117	1,150
Dividend	4,128	4,166	4,177	3,874	3,597
Transfer to reserve	18,229	(2,352)	(12,107)	(38,642)	10,506
Balance Sheet					
Intangible Assets	12,061	10,555	9,397	8,369	8,821
Total Tangible Assets	296,955	302,926	293,443	259,187	263,206
Total Fixed Investments	32,924	38,146	39,730	43,254	44,801
Net Current Assets	20,899	14,518	12,224	17,476	28,942
Long Term Creditors	(34,026)	(40,279)	(42,889)	(45,941)	(58,819)
Net Assets Before Pension	328,813	325,866	311,905	282,345	286,951
Pension Liability	(27,689)	(16,389)	(28,195)	(44,681)	(17,697)
Net Assets	301,124	309,477	283,710	237,664	269,254
Share Capital	7,072	7,004	6,235	5,592	4,889
Reserves	294,027	302,447	277,405	232,534	264,772
Minority Interest	25	26	70	(462)	(407)

Dividend includes amounts proposed for approval at members funeral benefit.

Agenda of the Annual Members' Meeting

1. To confirm the minutes of the Annual Members' Meeting held in June 2021.
2. To receive the Directors' Report, Auditor's Report and Financial Statements.
3. To consider the recommendations of the Board of Directors:-
 - (a) that £3,554,000 is allocated to dividend from which dividends of £1,921,000 have already been paid and
 - (b) for a dividend bonus of 85p for every £1 of dividend points distributed in the year to 4th September 2021.
4. To agree that the basic rate of issue of dividend continue at the rate of 1%, as recommended by the board, and to authorise it to determine the rate of any additional dividend paid.
5. To ratify the appointment of Ian Haldenby as a director appointed under Rule 62(b).
6. To ratify the appointment of David Cowell as a director appointed under Rule 62(b).
7. To consider the appointment of the external auditors of the Society. The remuneration is to be fixed by the directors.

Any member who has joined within the last 6 months will not be entitled to vote.

Questions on the Directors' Report, Auditor's Report or the Financial Statements must be submitted in writing to the Secretary at least 48 hours before the meeting. Questions will be permitted during the meeting although advance notice will help us to provide more detailed answers.

For more information on submitting a question, please contact the Membership team on **01522 781 135** or email **membership@lincolnshire.coop**

For and on behalf of the Board of Directors: J Powell, Secretary.

Meetings will be held at...

Grimsby

Grimsby Town Hall, DN31 1HX
Monday 29th November

Spalding*

Springfields Event & Conference Centre,
PE12 6ET
Tuesday 30th November

Gainsborough

The Weston Rooms, DN21 2DZ
Wednesday 1st December

Sleaford

New Life Conference Centre, NG34 7JP
Thursday 2nd December

Newark

Newark Showground, NG24 2NY
Tuesday 7th December

Horncastle

Stanhope Hall, LN9 6NF
Wednesday 8th December

Lincoln*

Lincolnshire Showground,
LN2 2NA
Thursday 9th December

Join us from **6:15pm**.
All meetings will take place
7pm-8:30pm.
Booking is essential

*Join us in person or online

Standing orders

1. The order of business at every members' meeting of the Society shall be in accordance with the printed agenda of business issued with the notice of the meeting.
 2. Except in the case of a special members' meeting called on the requisition of members, the agenda of every meeting shall be made out in the form and order approved by the directors and shall include only such business as is decided on by the directors.
 3. All notices of motion for consideration at any members' meeting must first be submitted to the Secretary in writing, signed by the member giving the notice, not later than twenty-one days prior to the date of the meeting if earlier, the first meeting when there is more than one meeting. Any amendments to any proposal on the agenda at the members' meeting must be received by the Secretary at least seven clear days prior to the first meeting.
 4. No member shall be allowed to speak more than once on any motion except the mover of resolutions, motions and amendments, who shall be allowed a reply and no member shall speak after the reply, immediately after which the question shall be put from the chair.
 5. No member shall be allowed to speak for more than five minutes, except the mover, who may speak for ten minutes and take five minutes in reply.
 6. The same agenda shall be put before the members at all the district and annual members' meetings. Where the agenda contains a motion and an amendment(s), voting shall take place as if both the motion and amendment(s) were substantive motions and on consolidation of the votes at all the meetings if both motion and an amendment or amendments are carried, the motion or amendment which has the greater number of votes recorded in its favour shall be declared carried. If the votes in favour are equal, the motion or amendment with the largest majority shall be declared carried.
 7. Any member who has not spoken to the question before the meeting may at any time during the course of the debate move 'That the question now be put'. Such motion must be made without any accompanying speech and must be put without amendment or debate, and should such motion be adopted the chair shall, subject to the right of reply of the mover of the question under discussion, at once put the question.
 8. Any member choosing to speak on any question must stand and address the chair. When two or more members stand at the same time, the chair shall indicate the member who is to speak first.
 9. Whenever the chair rises to speak no member shall continue standing, nor shall any member rise until the chair resumes his seat.
 10. A member shall speak strictly on the motion under discussion, or the amendment or to a question of order.
 11. The chair may call attention to continued irrelevance, tedious repetition, or any breach of order on the part of a member and may direct such member to stop speaking.
 12. Any one or more of these standing orders may be suspended at any meeting by the vote of a two-thirds majority of members present at the meeting. The decision of the chair on any point of order shall be final.
- RULE 43** Members wishing to ask a question at any members' meeting of the Society must submit the question in writing to the Secretary at least 48 hours before the relevant meeting.
- RULES 52, 54 and 47** How Votes Shall be Taken—the minimum number of members required to demand a ballot vote at meetings is 40 or at least 50 percent of members present and entitled to vote if less than 80 members are in attendance.



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