

# Let's celebrate our achievements together

## Annual Report 2022



Channel Islands  
**COOP**

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# Welcome



**Covid-19 continued to make its presence known throughout 2021 and Channel Islanders have found themselves having to adapt to ever-changing situations.**

This has been no different for our colleagues, whose hard work and dedication have been unwavering throughout the year. As President of the Board, I wish to thank all our colleagues for the amazing work they've done, not only in our food stores, but also our pharmacy and funeral colleagues who have provided so much support to those who have needed it through difficult times.

We made sure local charities and organisations were helped through £312,000 in donations and community service expenditure including almost £50,000 through the launch of our new Community Fund. This supported a total of 34 projects across Jersey and Guernsey, money which now more than ever, is so desperately needed.

We showed our thanks to Members and customers who helped us to support the local economy and community during an incredibly difficult time, by introducing the Big Festive Giveaway, where shoppers could win one of 30,000 prizes ranging from a Christmas treat to a grand prize of a 50" TV.

We continued to support our local suppliers, who are key to our island economies, by continuing to ensure payment terms were favourable so they didn't suffer financially during this period of uncertainty. We promoted their stories through local media and online to encourage our shoppers to buy local.

Our online grocery service has grown in both its breadth and depth of range, including in early 2022 the ability to be able to choose a delivery slot that suits. It's proved hugely successful and has been a lifeline to many islanders who have been unable to get to a store, or simply prefer the convenience of online shopping.

These are exceptional and unprecedented times, but we promise that we will continue to be there for you as your local co-operative society, just as we have been for the last 100 years.

As we move through 2022, there now seems to be light at the end of the tunnel in terms of getting to a sense of normality, or new-normal, and as we look beyond the pandemic, there are some exciting changes ahead for your Society as we work on playing our part of 'building back better'.

Michael McNally  
**Society President**

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# Our Board



Michael McNally  
Society President

**Michael was elected to the Board in June 2020. He has been directly involved with international cross border e-commerce since 2002 and has a vast knowledge of the global cross border logistics and supply chain industries.**

Michael has practical experience of warehousing, fulfilment and distribution including consolidation, and achieving efficiency by working closely with the whole supply chain.

Michael's focus is to ensure the business is ever evolving whilst being true to the co-operative values and maximising shareholder and stakeholder value in all areas of business operation.



Jennifer Carnegie  
Non-executive Director and  
Chair of the Recruitment &  
Remuneration Committee

**Jennifer was appointed to the Board in March 2018. She is Director and co-founder of Amicus Limited, a leadership consultancy which helps businesses get the best from their people.**

Prior to that Jennifer was the Chief People Officer for Digicel, the global telecommunications and entertainment provider. She has managed manufacturing facilities with large numbers of people, is an accomplished industrial engineer and was instrumental in creating and running a successful global corporate university for Mars Incorporated. Jennifer is President of the Jersey Chamber of Commerce.

Jennifer's focus is on improving capability and developing talent within the Society to deliver the strategy, growth and value for Members, colleagues, customers and local suppliers.



Jon Bond  
Non-executive Director and Chair  
of the Audit Committee

**Jon was elected to the Board in 2021. He has a background in finance and is founder of an accounting firm based in Guernsey.**

Through his work with local businesses, he has considerable experience across a range of sectors and also volunteers for a number of charities and non-profits based in Guernsey. He also serves as a parish Douzener.

Jon is focused on strategic development and brings a strong appreciation of board governance and effectiveness. He is focused on the future development of the Co-op's portfolio of business and property, whilst maintaining the grass root offering.



Jill Clark  
Non-executive Director  
and member of the Recruitment  
& Remuneration Committee

**Jill was elected to the Board in May 2019. Jill has over 25 years experience in retail, with positions ranging from shop floor to Director of customer services.**

Jill now runs her own customer experience consultancy as well as lecturing on customer experience, business studies and leadership management. She has an MBA, a Certificate in Education, a Diploma in Company Direction and is a member of the Guernsey Institute of Directors' committee. Jill is also Chairman of two charities supporting and campaigning for equality for those with facial differences and disfigurements.

Jill's focus is to make sure Members and colleagues are at the forefront of all governance decisions made by the Society so that our Members receive the best experience possible.



John Refault  
**Non-executive Director,  
 Chair of the Pension Trustees  
 and member of the Audit  
 & Risk Committee**

**John was elected to the Board in May 2019. Prior to joining the Board, John gained significant experience in a number of disciplines including senior civil service management, property development and chairing several community focused groups and charities. He was elected as Constable of the parish of St Peter.**

John's vision for our future is to strengthen the Board's effectiveness, develop new opportunities and support options that produce benefits for our Society. He has embraced the opportunity to take on additional responsibilities supporting Members and colleagues.



Graeme Smith  
**Non-executive Director and Chair of  
 the Risk Committee**

**Graeme was elected to the Board in June 2021. He is a Director and CEO of Jersey Business, the local enterprise agency providing support to local business to deliver sustainable growth.**

Prior to that Graeme led the Jersey and Gibraltar business and institutional division of NatWest/ RBS International, providing banking and financial services to the local economy with dedicated sector teams such as retail, construction, trust, funds and real estate. Graeme is also a main board director for a local media group and private equity business.

Graeme's focus is on effective risk management which supports sustainable growth as well as building on the broader community role that the Society plays across the Channel Islands for Members, colleagues, customers and local suppliers.



Mark Cox  
**Chief Executive Officer  
 and Director**

**Mark was appointed as Chief Executive Officer and Director in July 2020 having successfully led all trading operations across food, non-food, travel and care as Chief Operating Officer at the Society for 10 years.**

With over thirty years of extensive knowledge in the retail industry and a thorough understanding of the challenges which can face pan-island businesses, Mark's expertise makes him an invaluable asset.

Mark continues to drive the Society's future strategy and growth to maximise value for its Members, customers and local partners, as well as investing in the development of colleagues, all of which will help the Society to fulfil its mission to develop and protect long-term Member value.



Simon Todd  
**Non-executive Director**

**Simon was appointed to the Board in 2021. He has over 35 years experience in senior management and real estate, developed in the property, banking and financial service sectors.**

A Chartered Surveyor, Simon is a Director and Group Head of Real Estate at Crestbridge. His focus is bringing supportive challenge to the Executive Leadership Team, with an emphasis on the performance and quality of the Society's real estate, operational and investment assets. He is a strong supporter for the adoption of ESG principles, and aims to bring this experience to support all elements of supply and performance at the Society.

# Our Executive Leadership Team



Mark Cox  
Chief Executive Officer

**Mark was appointed as Chief Executive Officer and Director in July 2020 having successfully led all trading operations across food, non-food, travel and care as Chief Operating Officer at the Society for 10 years.**

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Dave Chalk  
Chief Transformation Officer

**Dave joined the Society in 2017 having been the Managing Director of the food wholesaler Cimandis for four years beforehand.**

Dave is a Chartered Management Accountant and Non-executive Director of the Jersey Opera House. Prior to this he was also a Director and Treasurer of the Jersey Hospitality Association.

In 2022, Dave was appointed Chief Transformation Officer for the Society covering digital, procurement and IT.

Dave represents the Society on the Co-operative's UK Consumer Council.



Mark Crean  
Chief Retail Officer

**Mark has a wealth of experience in the co-operative movement, spending over 20 years with the Co-operative Group in Manchester prior to joining the Society in 2015.**

Mark's background is in finance and he is a Chartered Management Accountant.

He joined the Society as Financial Controller in 2015, a position he held for 18 months before moving to lead the trading team.

Mark joined the Executive Leadership Team in 2019 as Chief Retail Officer and is responsible for leading the Society's food business.



Louise Read  
Chief Financial Officer

**Louise joined the Society in 2019 and was appointed as Chief Financial Officer in June 2020.**

Prior to joining the Society Louise spent nine years with the Channel Islands Competition and Regulatory Authorities including seven years on the board. She has worked for Jersey Post, as Group Financial Controller, and has served as a Commissioner for the Jersey Appointments Commission.

She is Chair of Governors at Jersey College for Girls and is a Fellow of the Institute of Chartered Accountants of England and Wales, having trained as a Chartered Accountant with PricewaterhouseCoopers and is a Chartered Director.

# Your Society in numbers

Being locally owned, we can focus on providing the products and services needed by islanders. We actively look to stock our shelves with local products and are proud to have local producers as partners.

Together we fund local community projects, charities, environmental initiatives and a whole range of life-affirming work. We are committed to supporting inclusion and diversity.

## Gender split of Members



Members - **MALE**

**36%**

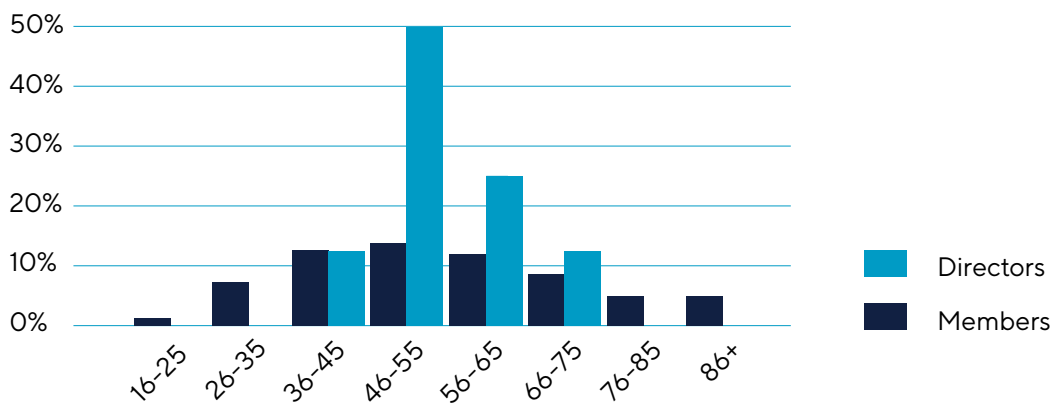
Members - **FEMALE**

**61%**

Members - **OTHER**

**3%**

## Age profile of Members



## Total years service on Board





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# Chief Executive's overview

Much of our focus in the past year has, perhaps not surprisingly, been on business continuity given the continued impact of Covid-19.

At the heart of our Society is our mission to make a real difference to the communities we serve, and as the Channel Island's largest locally owned grocery retailer, this has never been more pertinent. From the first days of the pandemic, early in 2020 and throughout 2021 we recognised the responsibility we had to keep islanders fed through our food stores and online, to provide essential medication through our pharmacies and to support the bereaved through especially difficult times.

I am immensely proud and grateful to colleagues across the Channel Islands for the way they have continued to rise to the challenges that Covid-19 has presented to us.



**At the heart of our Society is our mission to make a real difference to the communities we serve.**



## Our financial performance

Our financial results for the 52 weeks ending 9 January 2022, include the overall impact of a wide range of different pandemic factors as well as underlying trading. In this report, I've sought to draw out key figures from our results for the year in the context of underlying trends and our expectations for the year ahead.

### Turnover

## £181.6m

Our Society achieved turnover of £181.6m in a year where the business faced some significant challenges.

Turnover from the food business, which represents 86% of the Society's total turnover fell by 1.9% to £156.2m, largely as a result of availability challenges during the second half of the year. Driver shortages in the UK and significant ongoing Covid-19 absences throughout our UK supply chain combined to leave shelves looking empty at times.

Sales of road fuels continued to be significantly impacted by working from home guidance. Indications are that agile working, a mixture of working from home and in the office, has become the norm for many in the islands, and it is unlikely that fuel volumes will return to pre-pandemic levels in the short term.

The Society's chain of seven pharmacies performed well with sales of £10.3m.

Our funeral businesses, De Gruchy's in Jersey and Argents in Guernsey, performed well, providing 398 services in the year with a turnover of £1.8m consistent with 2021. During 2021 our pharmacies dispensed 528,647 items and continued to provide additional services such as flu vaccines, diabetes checks, Help2Quit for smokers as well as trusted advice and guidance on request.

During 2021, we took the decision to stop providing Bureau de Change services through our member services counters in Jersey. Bureau de Change in Guernsey will stop in April 2022. These services were originally offered to customers and Members alongside the Society's travel agency which closed in 2020. The increasing use of digital alternatives to cash combined with the cost associated with continuing this service were key factors that influenced our decision.

### Food and fuel sales

## £169.7m

We have and will continue to seek new products and suppliers where these offer customers and Members additional choice and introduce greater resilience into the supply chain.

During 2021 Dunkin' Donuts was brought to the Channel Islands and we said 'Bonjour' to Carrefour as we introduced the popular French food range into selected Jersey stores. Costa Coffee machines were introduced into Jersey stores with a significant 'food to go' offering. These will be rolled out to Guernsey stores during 2022.

Development of our online shopping platform will also continue, delivery slots were introduced early in 2022, and further enhancements are planned.

## Investment property income

Our Society has a large investment property portfolio, including units such as the Premier Inn and Dunelm sites in Jersey, and numerous commercial and residential units, generally as part of Co-op food stores, across the Channel Islands. Rental income from the Society's investment property portfolio was £2.1m for 2021 an increase of 4.7%.

### Trading profit

## £6.0m

Trading profit is down 16.7% year on year which represents a disappointing but not unsurprising performance when considered against the headwinds of significant availability challenges in the second half of the year and increased costs from our main UK supplier.

Together we estimate that the cost of availability shortages and increased costs from our main UK supplier cost £4.4m in lost sales and additional costs. We sought to limit cost increases to customers and Members whenever possible.

### Profitability

The Society's results were impacted by two significant one-off items during the year including

- Availability shortages and increased costs from our main UK supplier £4.4m.
- The write down of the value of Leale's Yard ahead of development starting on the site

The impact of the above one-off items is that the Society generated a loss for the year of £6.7m.

### Leale's Yard

During 2021, the Society worked tirelessly to progress development on the Leale's Yard site in Guernsey. As a result an outline planning application was submitted on 7 April 2022 for over £50m of capital investment providing 320 homes, a retail store, car park, green and civic space to be available within five years. This is an exciting development for the Society Members and the wider Guernsey community.

### Society assets

Your Society continues to have a strong balance sheet with Member's funds of £177.6m. Society membership grew with 1,048 new Members welcomed this year bringing the total number of Members to 129,249. Our cash balance is £45.2m with members continuing to invest in the Society's 90 day notice account (the 'B' share account), the closure of the Society's loan accounts and transfer to 'B' share accounts and net cash from operating activities of £3.3m.

# Chief Executive's overview cont.

## Members' funds

£177.6m

### Members' funds increased by 7.3%

Member's funds have been boosted by a 14.2% rise in share capital, increasing to £127.3m with additional investment by members in B Class shares and the transfer of loan accounts.

Member funds also reflect the movement in the Society's investment property portfolio which decreased in value by £3.0m to £51.3m. The new En Route Trinity store opened in August 2021 with the property transferred from an investment to one used 'in trade' and the write down of the value of the Leale's Yard site ahead of development being the main contributors.

Finally, Member funds reflects the Society's performance for the year end -£6,643k, the cost of the acquisition of the non controlling interest in the Society's pharmacy business -£1,000k, and the remeasurement gain in the pension scheme £4,288k. The Society's closed defined benefit pension scheme was valued for reporting purposes with £6.9m surplus at the year end compared to a £5.3m deficit last year. Given the volatility in pension scheme valuation the Society adopts a prudent approach, recognising losses but not gains in the financial statements. The Society continues to make £1.1m of additional contributions annually into this closed defined benefit scheme.

## Cash

£45.2m

The Society is able to fund its cash requirements both for working capital and capital expenditure, such as the ongoing development at Five Oaks in Jersey, from cash balances held. The only debt funding being a £2.6m loan with 1.5 years remaining on its St Helier Grand Marché store.

## Covid-19

From day one, the Society's priority in dealing with the challenges posed by Covid-19 has been ensuring the safety of colleagues, Members and customers with a particular focus on the most vulnerable members of our communities.

The Society continued to adapt in response to changing government guidance including implementing measures to enable social distancing, provision of sanitising stations and ensuring appropriate PPE was available to all colleagues and available to purchase in all stores.

During the pandemic Society colleagues across all areas of the business have been nothing short of amazing. It has been a heroic effort to continue to provide essential services for our Members, customers and communities and I would like to take the opportunity to place on record my thanks to each and every one of them.

## Looking ahead

Our Society remains committed to improving the lives of Members, colleagues, customers and local communities that it serves. Our Society is committed to play its part in 'building back better' as we look beyond the pandemic.

Our Society will continue to invest in the business to ensure a vibrant future. Within the next twelve months you will see:

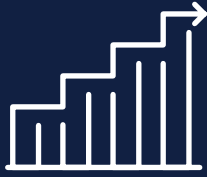
- More opportunities for Members to engage through focus groups
- The opening of a new store at Five Oaks, Jersey
- The start of development at Leale's Yard, Guernsey
- New branding and new uniforms beginning to roll out to all stores
- A new loyalty proposition to reward Members for spending with our Society
- Further investment in technology, including new generation electronic shelf edge labelling, new tills in stores, and additional functionality on our Society's online shop.

Elsewhere across our Society we will continue to expand the range of services offered through our pharmacies so that we can further enhance the depth and breadth of advice and treatment that can be offered 'over the counter'.

Our funeral business will continue to provide personal care and excellent service when it's most needed.

As always, we are hugely appreciative of your support as Members from across the Channel Islands. We hope you will continue to support and join us on our journey to 'build back better' as we grow from strength to strength together.

Mark Cox  
Chief Executive



## Finance:

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Turnover	<b>£181.6m</b>
Trading profit	<b>£6.0m</b>
Net loss	<b>(£6.7m)</b>
Cash	<b>£45.2m</b>
Member funds	<b>£177.6m</b>
Investment property income	<b>£2.1m</b>



## Membership:

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Total Members	<b>129,249</b>
Active Members	<b>100,582</b>
Funds paid to Members	<b>£7.6m</b>



## Society:

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Charity and community expenditure	<b>£0.3m</b>
No. of charities supported	<b>189</b>
Spent with local suppliers	<b>£9.9m</b>
Food and fuel sales	<b>£169.5m</b>
Pharmacy	<b>£10.3m</b>
Funeral	<b>£1.8m</b>



## HR:

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No. of colleagues	<b>1,118</b>
No. of years experience	<b>7,615</b>
Colleague engagement	<b>87%</b>

# Our colleagues

## Belonging is everything

To us, belonging is everything and means a number of important things to our people. It connects us with each other, our Members, our customers and suppliers and embeds us deeper into our local communities. Investing in our colleagues and supporting them in their roles is very important to us.



### A heartfelt - thank you!

As this annual report went to print, we continue to live with the unprecedented challenge of the Covid-19 pandemic for a second year. We would like to take a moment to say a huge "THANK YOU" to our colleagues across the Society who continue to do a fantastic job under very difficult circumstances. Without our store colleagues we would not have been able to provide the best possible service to our customers, Members, and communities. So, thank you!

### Society stats

We welcomed **412** new colleagues in 2021. This figure includes all of our temporary seasonal workers which we rely on each festive season. We also welcomed 32 work experience students across the islands!



# 412

**NEW COLLEAGUES**

## A big welcome to you all!



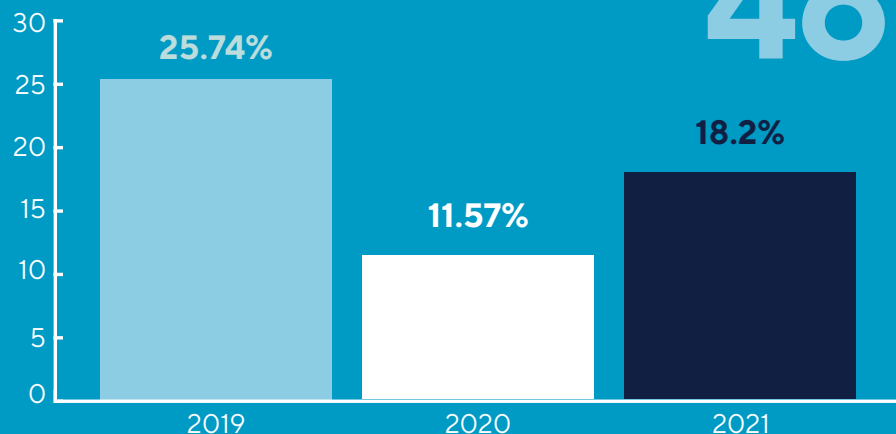
### Gender split of colleagues

**MALE**

# 46%

**FEMALE**

# 54%



### PERCENTAGE OF COLLEAGUE TURNOVER AS A MOVING ANNUAL TOTAL:

It has been a challenging year for recruitment. With Brexit and the ongoing pandemic we are proud that we have recruited so many excellent new colleagues.



## Society stalwart retires after more than 45 years working in the co-operative movement

**Chief Developments Officer for the Channel Islands Co-operative Society, Jim Plumley retired after nearly 24 years working for the Society.**

Jim had previously worked in the UK for the co-operative movement for more than 20 years before moving to Jersey to join the Channel Islands branch of the organisation. It brings his overall time of employment with the co-operative movement to an incredible 45 years of service.

Reflecting on his career with the Co-op, Mr Plumley said: 'Working for a co-operative is very different as we have a clear set of values and principles. The profits we make are shared with our Members through dividend, shared with our communities or retained for future investment within the Society. Unlike many other businesses we are driven by values, not-for-profit and that is what makes us unique.'

During his time with the Channel Islands Co-operative Society, Jim has witnessed many changes, from building the local Co-op marketing and brand during the 1990's, through to guiding the commercial element of the local business. More recently, he has overseen the developments, sustainability and evolution of the Society's properties.

For Jim, one of the outstanding memories that he will take with him into a well-deserved retirement is the colleagues he has worked alongside. He said: 'I have had the pleasure of working with many people over the years and am proud to have been a part of such an exceptional business.'

“

**I would like to thank everybody I have had the pleasure of working with for their support over the years.**

'The Society has been operating for over 100 years and is a very successful business. Part of that success is our loyal and valued Members and colleagues, who have a vital role to play in the way the Society operates.'

In recognition of his long and dedicated service, a plaque has been placed during the official opening of the Society's newest store, En Route Trinity, to which Jim also had the privilege of opening.

Speaking of his appreciation of Jim, Chief Executive Officer, Mark Cox said: 'The Society has grown in the 24 years he has been with us, and Jim has played a huge part in how the business is today. We owe Jim a huge debt of gratitude for his amazing years of service and wish him a happy and healthy retirement.'

Jim added: 'I would like to thank everybody I have had the pleasure of working with for their support over the years. I believe that we have one of the best Society's in the co-operative movement and that is something to be proud of.'

## Colleague achievements



### Retail Level 3 Outstanding Achievement and Growth Award

Simina Lup (Supervisor, Grand Marché St Peter) completed her Retail Level 3 qualification. She was then awarded with the Outstanding Achievement and Growth Award for finishing top of her class. This is a fantastic achievement and we're very proud to have such hard-working colleagues in the Society. Well done Simina.

## Service recognition awards

Our annual service recognition awards could again not take place in 2021 due to the ongoing pandemic, but we would like to publicly celebrate each colleague's milestone anniversary!



**Congratulations** and **thank you** for your continued dedication and service.

## Co-operative chat

### Colleague forum

The Co-operative chat colleague forum ensures that we listen and hear what colleagues' needs are. It obtains views, feedback, suggestions, concerns, or ideas from all levels of colleagues within the Society and demonstrates that opinions matter.

## What changes have happened?

### Colleagues asked? We listened!

#### Focus Area: Payslips

**Why:** It was suggested that the payslips needed to be clearer and sent via email for ease of access.

**Update:** Payslips are now paperless!

#### Focus Area: Agile working

**Why:** As we graduate our return to the office and flex into 'new normal' ways of working, this Agile Working Policy is designed to give line managers and colleagues a common framework within which to work going forward.

**Update:** Agile Working Policy was launched and very well received by support colleagues.

#### Focus Area: Updated bonus scheme

**Why:** The previous scheme was store performance based. We are delighted to move to Society and individual performance-based objectives.

**Update:** Updated discretionary bonus for ALL colleagues.

#### Focus Area: Updated colleague handbook

**Why:** To keep our colleagues up to date on an ever-transforming Society.

**Update:** Colleague handbook has been updated.

#### Focus Area: Boxing Day 2021 as colleague holiday

**Why:** All of our colleagues have worked incredibly hard in another incredibly tough year.

**Update:** Boxing Day 2021 off for ALL colleagues

## Co-operative voice

This year our overall engagement score through Co-op Voice was **87%**, up from **79%** in 2020.

#### The feedback showed that:

**96%** of colleagues felt they were able to continue to work effectively in their role in light of restrictions that were placed upon them

**95%** said that they felt that the Society has supported them through the Covid-19 pandemic

**94%** are clear on their objectives and what they need to achieve

**94%** are overall happy to work for the Society

## Training is back after lockdowns



Danielle Noble-Devenney conducting supervisor training in Guernsey

Both Guernsey and Jersey saw strict Covid-19 restrictions in early 2021, meaning most classroom-based courses were postponed, had to go virtual, or couldn't take place at all. Thankfully these restrictions gradually eased over the year, and at the end of 2021 we have plenty to shout about in terms of how much training our dedicated colleagues have undertaken. Thank you to all who have attended training courses this year – you help to make the Society a more empowering, caring, and safer place to work.

In total, **498 colleagues** have attended **130 training events**, resulting in a total of **2,814 learning hours** over 2021.

**Leading with Purpose** – LWP is designed for people managers to attend once they join the business, so that they are aware of the Society's expectations when it comes to our ways of working, and how to effectively lead and support their teams. 11 colleagues attended this training in 2021, providing them with the tools to instill accountability and responsibility frameworks and get the most out of their colleagues. We hope to run these sessions quarterly in 2022.

**Supervisor workshops** – throughout 2021, a total of 33 colleagues enrolled onto the Supervisor Development Programme. This programme looks to enhance soft skills such as time management, communication, and goal setting, giving our Supervisors the confidence to be the best they can be. Run over three phases in a classroom environment, our 2021 supervisors have rated the training highly, and we can't wait for this training to evolve and reach more Supervisors in 2022.

**Customer service workshops** – also known as 'The Welcome', this is the first of many training workshops that colleagues attend when they embark on a career with the Society. This helps new colleagues to develop their customer service skills, through discussion and practical activities taking place over one half-day session. Colleagues have said that these sessions are "inclusive; everyone contributes and it reminds us of how important customer interactions are."

**Inductions** – on your first day at a new job, you want to feel welcomed and brought up to speed with the 'need to knows' of the business. From frontline colleagues in our retail stores, to support staff at our office headquarters, our team have delivered inductions to over 400 colleagues this year. Everyone deserves a consistent, meaningful, informative approach to their first day at the Society, and attending a formal induction is the best way to ensure that.

## External training

**First aid** – this year we put 90 colleagues through first aid courses, including five colleagues who completed paediatric first aid training for our Tot Stop sites.

**Fire marshal** – 46 colleagues trained to be fire marshals this year.

**Mental health first aid** – we've added another mental health first aider to our team, bringing the total number of mental health first aiders across the Society to 21.

## E-learning



We've seen more enthusiasm towards e-learning this year as we've motivated departments by sending them their monthly stats. However, one department really stands out, and that's De Gruchy's Funeral Care who have maintained an average 99% completion rate across their Upskills courses. Well done to Gary Tye and his team for leading the way on this.

## GEM awards

The GEM (Going the Extra Mile) awards were launched in September 2021, to replace the previous MAD (Make A Difference) awards. The GEM's aim to celebrate colleagues who go above and beyond in their work and display our values of Co-operation, Openness, Empowerment, Passion, and Recognition. A total of 41 colleagues were nominated in 2021, and we encourage everyone to nominate their hard-working colleagues at any time.





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**During the pandemic  
Society colleagues across  
all areas of the business  
have been nothing short  
of amazing.**



# Long service awards

## 30 years of service

Sharon Pryce	Locale Pontac
Chris Pugsley	Co-operative House

## 25 years of service

Hayley Grantham	Guernsey Support Office
Nicole Renouf	Grand Marché St Sampson
Marilyn Le Marquand	Grand Marché St Helier
Gina Rodrigues	Post Office
Peter Elson	Grand Marché St Peter
Odette Jorge	Locale Charing Cross
Maria Jones	Co-operative House
Bridget O'Donoghue	Locale Pontac
Jane Mellor	Locale Val Plaisant
Andrea Falla	Grand Marché St Sampson
Tracey Batiste	En Route St Andrew

## 20 years of service

Carl Winn	Co-operative House
Robert Hurley	Locale Grouville
Lurdes Goncalves	Grand Marché St Helier
Cristina Gaspar	Grand Marché St Peter
Caroline Coutts	Locale Charing Cross
Becky Hay	Co-operative House
Christine Nelson	Co-operative House
Cidalia Pinto	Grand Marché St Helier
Carla Abreu	Grand Marché St Helier
Deirdre Flynn	Grand Marché St Helier
Maria Robertson	Grand Marché St Helier
Debbie Robinson	Grand Marché St Helier
Miguel Ribeiro	Locale Charing Cross
Aileen Maguire	Co-operative House
Julie O'Shea	Co-operative House
Tanya Boyes	Grand Marché St Helier
Miguel Martins	Grand Marché St Helier
Angela Rann	Co-operative House
Izzie Alves	Locale Georgetown
Rubina Gomes	Locale St Brelade
Paul Gontier	Grand Marché St Martin
Gillian Jehan	En Route Forest

## 15 years of service

Bruno Santos	En Route St Peter
Jose De Castro	Grand Marché St Helier
Maria Canada	Grand Marché St Helier
Karla Jesus	Grand Marché St Helier
Marika Gravleja	Grand Marché St Sampson

## 15 years of service (cont.)

Kerry Connaghan	Co-operative House
Lucilia Mendes	Locale Charing Cross
Maja Duzkiewicz	Co-operative House
Sonia Faria Fernandes	Locale Don Street
Lynne Marquis	Locale Longstore

## 10 years of service

Lidia De Freitas	Grand Marché St Helier
Daraporn Longnonnec	Grand Marché St Martin
Rachelle Hopley	Co-operative House
Custodia Goncalves	Grand Marché St Peter
Fabio Abreu Rodrigues	Locale Beaumont
Joao De Jesus	Locale Charing Cross
Carlos Jose Marques	Locale Charing Cross
Glenn Daly	Grand Marché St Helier
Duarte Ribeiro	Grand Marché St Peter
Lauren Le Gallic	Locale Longstore
Monica Camacho Figueira	Grand Marché St Helier
Filipe Perestrelo	En Route Trinity
Mark Rennie	Grand Marché St Helier
Ana Franca	Locale Don Street
Paula De Jesus	Post Office
Graciela Travanca	Locale Colomberie
Ana De Barros	Locale Don Street
Rui De Sousa	Grand Marché St Helier
Emil Grzes	Locale Val Plaisant
Susana Guilherme	Locale Beaumont
Sofia Loureiro	Locale Val Plaisant
Anne Brown	Locale Don Street
Jayne Harradine	En Route St Andrew
Leigh Thebault	Co-operative House
Idalina Le Page	Locale Royal Terrace
Ross Godel	Locale Val Plaisant

## 5 years of service

Maxine Bourgaize	Pharmacy Locale Commercial Arcade
Amanda Davey	Co-operative House
Valda Felkere	Grand Marché St Sampson
Daniel Vaudin	Argent Funeral Care
Rosie Quinn	Grand Marché St Helier
Angkhara Cassidy	Grand Marché St Peter
Ana Lopes	Locale Colomberie
Stephane Heliou	Grand Marché St Peter
Carla Correia	Locale Colomberie
Ina Markova Dos Santos	Locale Beaumont
Sara Kynicos	Co-operative House
Zena Moullin	En Route St Andrew

# Community updates

In a year which continued to see the effects of a global pandemic around the world, the Society kept its focus throughout 2021 on our vision and what we aspire to do every day: **Make a real difference in our communities.**



Despite the ongoing restrictions and guidelines, our colleagues remained passionate about giving something back to the community they serve and continued to build upon their community connections.

For us, we found that the pandemic uncovered 'hidden truths' in our islands. We felt as a community retailer that it was important that we brought light to current issues, such as support for the elderly, provision of school meals, the need for food banks and nurture of our environment among others. It is why we continued to support the Kirch Welfare voucher for elderly shoppers. It is why we donated hundreds of hand sanitisers and digital thermometers to care homes in our community to help keep them safe. It is why we funded a breakfast club to ensure children are not hungry when they go to school. It is why we are continuously donating to our islands' food banks, recognising the need for this resource is greater than ever. It is why we brought colleagues together to protect our environment by nurturing tree whips and hedgerows in Grouville and nature preservation near St Saviour's Reservoir.

We see these commitments continuing in the coming year as we do not believe these issues will disappear without the recognition that we all have a part to play in making a change.

2021 was the year we reinvigorated our corporate funding grants. We wanted an inclusive, accessible, and impactful charitable fund which reflected our Society's beliefs and values. This is why in spring 2021 we were proud to launch our new Co-op Community Fund. Open throughout the year across both islands, to local community or environmental projects, our community team worked hard to bring a new and straightforward financial grant to our local charities and organisations. It has been a very promising first year for the fund. We were proud to have donated almost £50,000 to local charities and causes across Jersey and Guernsey.

It means that some 57 projects benefitting our islands received a financial boost to continue their work in our community, thanks to the support of our Society and its Members.

Charity isn't all about the large donations and grand gestures. For us, it is all about the donations that may not be extravagant, but still make an impact. Just like the £5,000 total gifted in small donations to local charity fundraisers helping some 141 local organisations, or the profits we donated to Macmillan Jersey and Teenage Cancer Trust Guernsey Appeal from the sale of our Charlie the Caterpillar cake in May.

Community is at the heart of what we do. It is what drives our vision to make a real difference every day in our islands and will continue to do so for as long as we serve our islands.

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# Sustainability update

Since our first store opened in 1919, as a co-operative, we've always had sustainability at our core, whether that be about treating people fairly or making sustainable choices in our supply chain.

We've always made sustainable choices for our people, our buildings, and our retail operations. Over recent years we have taken steps to reduce our impact on the environment, whether that be supporting local producers and suppliers, or providing the latest refrigeration technology in our new stores.

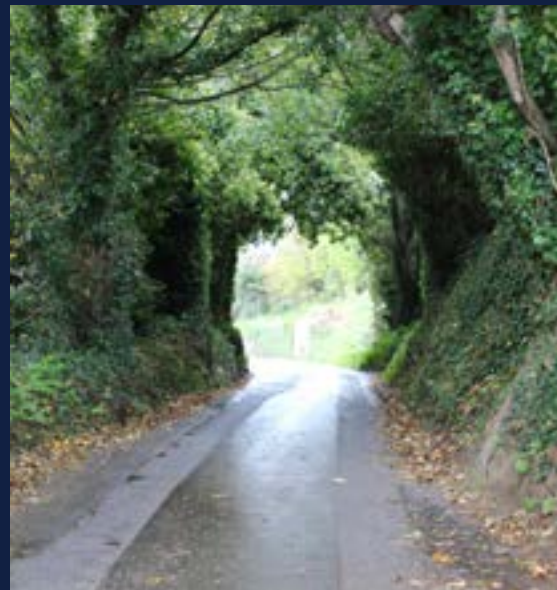
We know there is more we can do, and that's why in 2021 we created a new Community and Sustainability team to bring even more focus onto this area.

The year was spent taking stock of where we are now in terms of sustainability, looking at everything from our environmental impact, our community support, our supply chains and our people.

Our 2021 sustainability survey asked Members and colleagues to tell us which topics mattered most to them. Over 800 Members and colleagues responded, providing us with a good understanding of their views.

We're mapping these findings against how we as a business can influence and impact each area, to produce a clear set of priorities for the next few years.

In 2022 we will be publishing our first formal sustainability strategy which will lay out our blueprint for a sustainable future. This will lay the groundwork for us to measure, report and set targets in each area over the coming decades.



**We've always made sustainable choices for our people, our buildings, and our retail operations.**

# Making a real difference in our communities

Together, we turn profits into donations, funding local community projects, charities, environmental initiatives, and a range of life-affirming causes.

We help those who help others to transform local lives. It aligns with our vision to make a real difference to the communities we serve. In 2021 with help from our Members, we donated almost £50,000 from our new Community Fund to local projects, just like these.

**“Paddle sessions help us in maintaining a community that reduces isolation, by enabling vulnerable individuals to make new friends and build upon social skills.**

**Max Wiltshire and Dominic Booth, Healing Waves**

Jersey-based charity, Healing Waves believe that the therapeutic benefits of the ocean should be accessible to all islanders of all abilities. They help islanders to participate in water sport activities such as surfing or paddle boarding in a safe and inclusive way.

Healing Waves applied for a grant from the Co-op Community Fund. They were successful in their application and were granted £1,000 which they used to purchase new inflatable Stand-up paddle boards for their members.

‘With our own equipment we can ensure we run smooth and regular sessions for all our Athletes.’



**“Aureole Choir have been a real boost to the home during COVID. They even performed outside of the home to give live entertainment to the residents which was huge for morale.**

**Nicki Bowley, Aureole Music**

Uniting the community through song, Jersey's Aureole Choir was created back in March 2020 at a time when the pandemic heightened the issue of loneliness and isolation in the island.

What began as a virtual choir soon brought singers together to perform at residential homes

and events all in aid of local charities including Age Concern, Jersey and NSPCC.

After being successful in the Co-op Community Fund, they used their grant of over £500 to print songbooks for their audiences, giving a real interactive experience at their performances!

‘Audience members are now able to peruse the index and request their favourite songs’



**“We hope the podcast raises support for survivors in the community and helps the community to understand.”**

Zoe Collins-Fisher, JAAR

Recent national cases of sexual assault and violence against women have rightly brought the issue into the spotlight. Jersey Action Against Rape (JAAR) believe that the way to prevent rape and sexual assault in the island is by raising awareness and dispelling the myths. One of the best ways to do this is through educating and discussing the issues with young people.

In 2021, with help from the Co-op Community Fund, JAAR launched its ‘Let’s Talk Consent’ podcast. It used the streaming platform to break through the taboo and bring open, honest discussions to a different audience. To date, they have had over 80 podcast downloads.

‘The islands’ secondary educational settings are sharing it within their parent and student networks’

**“Pupils have been linking some aspects of science with the area and using it as a potential space for growing and nurturing.”**

Chloe Macdonald, Les Voies School

It is now more important than ever to teach and educate our future generations on the importance of nature and our environment. Les Voies School have seen for themselves the positive effect that outdoor learning has on their pupil and wanted to enhance their outdoor Nurture Zone to help children understand the world around them.

Thanks to the Co-op Community Fund, Les Voies School was able to invest in the outdoor classroom. Their plans are ongoing as they create a comfortable and inclusive space for all children to truly get involved in their learning.



**“We continue to see our Crew members build their confidence, skill sets and future potential whilst they attend Grow.”**

Jess, Grow Guernsey

Despite the restrictions of 2021, Grow has continued to flourish and grow - much like its range of plants and produce for sale.

Grow’s mission is to help support islanders with learning difficulties or disabilities to train and develop new hands-on skills. The Co-op Community Fund gave Grow a grant of almost £700. With this, they were able to purchase gardening equipment which helped them to continue to provide training programmes for members on gardening and soft landscaping.

**“It’s simple, fun activities that are raising awareness and breaking down barriers and stigma around disability.”**

Paul Wheatley, Guernsey Mobility, Let’s Go

A partner of the Guernsey Disability Alliance, Guernsey Mobility, Let’s Go provides sport activities for adults with a range of physical disabilities. Their aim is to create opportunities for islanders of all abilities to regularly take part in an activity without worry of cost. A grant of £1,000 from the Co-op Community Fund helped hire sports facilities to allow the group to continue welcoming islanders to meet, have fun and keep healthy.

Coach, Paul Wheatley said: “Thanks to the Co-op Community Fund grant, we can hire the hall at Beau Sejour and invite pupils from St Martin’s School to come together with our group to play sports such as softball, tennis, bowling or boccia. It’s simple, fun activities that are raising awareness and breaking down barriers and stigma around disability.”

# Membership matters



As a co-operative we're owned by a membership of nearly **130,000 local people** and last year over **1,000 new Members joined us**, sharing in our vision to make a real difference to the communities we serve.



**173 charities benefitted** from being Members by having their share numbers quoted on over **£1.2m worth of shopping**, earning them nearly **£50,000 in dividend**.

“ Since its launch at the end of 2020, we’ve worked tirelessly to improve the online grocery experience

### Online grocery

Our online grocery service continues to develop with over 7,000 products available ranging from fresh to frozen, laundry and household to homeware.

With both islands being affected by lockdowns and working from home recommendations, the service not only provided a lifeline for those isolating, but meant islanders could get what they needed, when they needed it.

Since its launch at the end of 2020, we’ve worked tirelessly to improve the online experience; by improving our search and navigation, adding promotions, and most recently, offering the ability to order up to seven days in advance for delivery seven days a week between 9am and 9pm, within 3-hour timeslots.



### Going viral

Covid-19 continued to cause disruption in the islands throughout 2021, but for us, giving our Members the opportunity to share their feedback, to engage with us and of course, to approve the dividend payout was paramount.

Our first ever virtual event in 2020 was a huge success, and with uncertainty surrounding if restrictions would be in place the only sensible approach was to hold our 2021 AMM virtually again.

Over 200 Members attended the event, nearly half of which had never attended an AMM before, and nearly 90% of Members requested that the option be made available to attend either a physical or virtual event again in the future.

We’re therefore proud to announce that the 2022 AMM will be our first ever ‘hybrid’ meeting! Members will now have the choice to attend either in person (Covid-19 permitting!) or online on Tuesday 17 May in Guernsey and Wednesday 18 May in Jersey.

“ Our second virtual event in 2021 was a huge success



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**As a community retailer we aim to make a real difference to our local communities and that means supporting as many local producers as we can.**





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# Strategic report

## Advisers

### Auditor

#### Grant Thornton Limited

Kensington Chambers, 46/50 Kensington Place,  
St Helier, Jersey, JE1 1ET

### Actuary

#### BWCI Group

Kingsgate House, 55 Esplanade, St Helier, Jersey, JE2 3QB

### Bankers

#### Royal Bank of Scotland International Limited

Royal Bank House, 71 Bath Street, St Helier, Jersey, JE2 8PJ

### Property Advisers

#### Maillard & Co Limited

31-33 New Street, St Helier, Jersey, JE2 3RA

### Legal Advisors

#### BCR Law (Advocates & Solicitors)

12 Hill Street, St Helier, Jersey, JE2 4UA

### Advocates and Solicitors

#### Mourant Ozannes

22 Grenville Street, St Helier, Jersey, JE4 8PX

### Advocates

#### Randell & Loveridge

1-6 Court Row, St Peter Port, Guernsey, GY1 2PD

## Corporate information

### Formation

The Channel Islands Co-operative Society Limited registration number 14672R (the "Society") is registered under the Industrial and Provident Societies Act 1965-1978 (Industrial and Provident Societies (Channel Islands) Order 1965-1978, and has its registered office at Co-operative House, 57 Don Street, St Helier, Jersey JE2 4TR. The Mutuals Section of the UK Financial Conduct Authority acts as registrar for Industrial and Provident Societies (Co-operatives).

### Regulatory

#### The Society operates:

- a Class 'T' Money Services Business in Jersey, which is registered with and regulated by the Jersey Financial Services Commission; and
- a non-regulated financial services business in Guernsey, which is registered with the Guernsey Financial Services Commission.
- The Society is also supervised for money laundering and countering the financing of terrorism by both the Jersey Financial Services Commission and Guernsey Financial Services Commission.

## Subsidiaries

#### The Society has five wholly owned subsidiaries:

- Offshore Leisure Limited, a Jersey registered company (number 77830) incorporated on 28 July 2000 and has its registered office in Jersey;
- F. Mallett and Son Limited, a Guernsey registered company (number 619) incorporated on 26 June 1962 and has its registered office in Guernsey;
- JFTU (Property) Limited, a Jersey registered company (number 101370) incorporated on 22 July 2008 and has its registered office in Jersey;
- Bridge Regeneration Company Limited, a Guernsey registered company (number 67088) incorporated on 25 November 2019 and has its registered office in Guernsey;
- Jersey Pharmacy Services Limited (JPSL), a Jersey registered company (number 89296) and has its registered office in Jersey. JPSL has two subsidiaries:
  - Edgar Holdings Limited, a Jersey registered company (number 48212) incorporated on 29 August 1990, is a wholly owned subsidiary of JPSL; and
  - Lloyds (Chemists) Limited, a Guernsey registered company (number 1125) incorporated on 3 October 1967, is 95% owned by JPSL and 5% by the Society.

## Membership

As at 9 January 2022, the Society had a membership of 129,249.

#### The changes in membership during the period were as follows:

10 January 2021	128,996
New Members	1,048
Accounts closed	(795)
<b>At 9 January 2022</b>	<b>129,249</b>
Of which:	
Guernsey Members	45,773
Jersey Members	83,476
<b>At 9 January 2022</b>	<b>129,249</b>

## Key risks

Risk is an integral and unavoidable aspect of our business and can arise in many forms. Dealing with risk in the right way allows us to create long term value for our Members and the communities we serve.

This section sets out our approach to risk management. It explains the risk management framework we have put in place to identify, evaluate, mitigate and monitor risks which is consistent with the voluntary guidelines contained in the Co-operative Corporate Governance Code. It also provides information on our most significant risks.

### Our Risk Control and Governance structure



**Board of Directors**  
The Board sets the Society’s risk appetite, that is the type and degree of risk the Society is willing to take and ensures that risk is appropriately managed across the Society. The Board’s Risk Committee oversees the risk appetite and risk management framework and reports to the Board which retains overall responsibility.  
  
The Board reviews its risk appetite at least annually and the Society’s key strategic risks at each Board meeting.

**Risk Committee**  
The Risk Committee is responsible for overseeing and advising the Board on its risk appetite and risk management framework.  
  
The Committee meets at least three times a year and otherwise as required.

**Executive Leadership Team**  
The Executive Leadership Team takes day to day responsibility for risk management in line with the Board’s risk appetite. It is accountable for the identification and assessment of key risks and the adequacy of mitigation activity including escalation to the Risk Committee and to the Board.  
  
The Executive Leadership Team formally meets 13 times a year and considers risk at each meeting.

## Our risk management framework

### Policies and procedures

We have policies and procedures in place across the Society to guide colleagues and to ensure consistent standards for managing risk that are tailored to each business area.

### Roles and responsibilities

We use the well-recognised ‘three lines of defence’ methodology to manage risk:

- First line – all colleagues across the Society, regardless of role or level of seniority, manage risk as part of their day-to-day activities, guided by policies, procedures and training as required.
- Second line – teams, mainly within the support functions, provide guidance, oversight and compliance activities to assist.
- Third line – audit, often by external advisors with specialist skills and experience, provide independent assurance and challenge.

## Risk management process



- 1. Identify risk**
  - We identify risks that could impact our business by using our experience and judgement
  - We regularly update as risks change
- 2. Assess risk**
  - We assess the likelihood and impact of the risks we identify
  - We consider the potential financial and reputational consequences
- 3. Mitigate and manage risk**
  - We manage the risks by ensuring the appropriate mitigation and resources are in place
  - We regularly adapt as risks evolve
- 4. Monitor and report risk**
  - We regularly monitor and update our risks and mitigation
  - We regularly report our risks for review and challenge

# Strategic report cont.

## How we managed risk in 2021/22



The trading businesses and support functions regularly review and update their risk registers as part of ongoing management procedures.


We regularly meet, at all levels across the Society to discuss risk, including our risk identification, monitoring and reporting mechanisms to ensure risk is appropriately managed. Risks are rated using a probability and impact matrix.


Recognising the importance of managing risk, during 2021/22 the Board took the decision to split its Audit and Risk Committee into two separate committees focusing on audit and risk respectively.

## Key risks

The Board has assessed the principal risks facing the Society and consider these as the most significant risks.

Competition and substitution				
Responsible Executive: <b>Chief Retail Officer</b>	Risk category: <b>Strategic</b>	Risk trend: <b>Increased</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>Ensure our customer and member offer remains attractive, viable and innovative given the competitive landscape</li> </ul>	<ul style="list-style-type: none"> <li>Reliance on a key supplier, the Co-op Group</li> <li>Pricing pressures</li> <li>Cost price of goods for resale</li> <li>Increasing operating costs</li> <li>Constraints on economies of scale</li> <li>New entrants and market competition – particularly online</li> <li>Innovation and market dynamics</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of products, sales and margins</li> <li>Regular market share and competitor analysis</li> <li>Responsive promotions and marketing</li> <li>Quarterly forecasting</li> <li>Strategic plans include competitor activity mitigations</li> <li>The Society is a member of Federal Retail and Trading Services Limited</li> </ul>	<ul style="list-style-type: none"> <li>Continue new store openings (Trinity En Route)</li> <li>Store refits (Beaumont Locale)</li> <li>Continued price monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Continue new store openings (Five Oaks)</li> <li>Begin store rebranding</li> <li>Progress Leale's Yard development</li> <li>Expand programme of store refits and relays</li> <li>Launch new loyalty proposition</li> </ul>
Covid – 19 Impact				
Responsible Executive: <b>Chief Retail Officer</b>	Risk category: <b>Financial and operational</b>	Risk trend: <b>Stable</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>Significant business interruption due to Covid-19 resulting in reduced profitability</li> </ul>	<ul style="list-style-type: none"> <li>Uncertainty</li> <li>Availability of resources, particularly colleagues to manage disruption</li> <li>Pressure on supply chain</li> <li>Risk of 'knock on' consequences</li> <li>Costs of mitigation</li> </ul>	<ul style="list-style-type: none"> <li>Internal incident response team continues to meet to coordinate our response</li> <li>Adapting the food division's business model to reduce fixed cost base through use of zero hours contracts</li> <li>Monitoring supply chains, sourcing alternatives locally where possible and off-island where not</li> <li>Adapting care divisions (pharmacy and funerals) in line with changing government guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Food business performance impacted by availability challenges</li> <li>Alternative supply chains at a higher cost impacting margin</li> </ul>	<ul style="list-style-type: none"> <li>Additional capacity in existing supply chain</li> <li>Continue to explore opportunities with new suppliers</li> </ul>

Failure to deliver business plans:				
Responsible Executive: <b>Chief Executive Officer</b>	Risk category: <b>Financial</b>	Risk trend: <b>Stable</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>• Risk of failure to deliver business plans including sales growth and profitability targets</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced profitability or loss-making operations impact liquidity covenants and ability to pay dividend</li> <li>• Reduced cash flow impacts on ability to invest in delivering long term value to Members</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic reviews give visibility of financial performance</li> <li>• Quarterly strategic reviews and forecasting gives visibility of overall business plan delivery</li> <li>• Weekly cashflow monitoring</li> <li>• Robust capital expenditure allocation process</li> <li>• Regular monitoring of the competitive landscape and market research to determine Members' and customers' needs and preferences, shaping the Society's offering accordingly</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened periodic and quarterly reporting process</li> <li>• Reviewed and refined Board reporting of progress against key strategic priorities and forecasting</li> </ul>	<ul style="list-style-type: none"> <li>• Further refine budgeting, forecasting and reporting process to become more 'bottom up'</li> <li>• Introduce regular decision management performance reporting</li> </ul>


Cyber security				
Responsible Executive: <b>Chief Financial Officer</b>	Risk category: <b>Information governance</b>	Risk trend: <b>Stable</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>• Unauthorised access, modification or loss of data due to a successful cyber attack</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of IT systems and services not being recovered on a timely basis</li> <li>• Risk of permanent data loss</li> <li>• Theft risk of valuable and / or private data</li> <li>• Risk of ransomware and business interruption</li> </ul>	<ul style="list-style-type: none"> <li>• Following industry recognised Cybersecurity Capability Maturity Model ("C2M2")</li> <li>• Employing colleagues who specialise in this area</li> </ul>	<ul style="list-style-type: none"> <li>• Improved C2M2 compliance ratings</li> <li>• Introduction of Centre for Internet Security (CIS) control framework</li> <li>• Reduction in technology vulnerability score</li> </ul>	<ul style="list-style-type: none"> <li>• Further embed C2M2 and CIS as control frameworks</li> <li>• Review technology security model and technology strategy</li> <li>• Continue to replace and upgrade aging IT systems</li> </ul>

Commercial contracts				
Responsible Executive: <b>Society Secretary</b>	Risk category: <b>Regulation and compliance</b>	Risk trend: <b>Stable</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>• Inadequate / inappropriate contractual protection leads to risk of financial loss or reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• Management of contract process could lead to inadequate contractual protections for the Society and/or unqualified contractors being employed to carry out works</li> </ul>	<ul style="list-style-type: none"> <li>• Legal review of contracts</li> <li>• Contract sign off process</li> </ul>	<ul style="list-style-type: none"> <li>• Revised contract templates prepared for roll out in 2022</li> </ul>	<ul style="list-style-type: none"> <li>• An audit of contractual arrangements and processes throughout the Society to be undertaken</li> </ul>


# Strategic report cont.

## Key risks cont.


The Directors have assessed the principal risks facing the Society and consider these as the most significant risks.


Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)				
Responsible Executive: <b>Chief Financial Officer</b>	Risk category: <b>Regulation and Compliance</b>	Risk trend: <b>Stable</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>Failure to comply with AML/CFT regulations</li> </ul>	<ul style="list-style-type: none"> <li>Risk that inadequate AML/CFT system and controls leads to reputational damage, regulatory sanctions and significant costs, including fines from Jersey's and Guernsey's Financial Services Commissions</li> </ul>	<ul style="list-style-type: none"> <li>Detailed AML/CFT framework, policies and procedures in place supported by independent experts</li> <li>Regular specialist AML/CFT role specific training provided to Directors, Officers and Key Persons as well as financial service colleagues</li> <li>The risk and compliance team comprises colleagues with significant AML/CFT regulatory experience</li> </ul>	<ul style="list-style-type: none"> <li>Increased compliance resource in-house</li> <li>Onboarded local regulatory compliance specialists to provide additional support</li> <li>Commence detailed review of the Society's approach to AML/CFT compliance</li> </ul>	<ul style="list-style-type: none"> <li>Cease those activities where the compliance risk and regulatory burden is outside the Society's risk appetite or costs outweigh benefits of continuing</li> <li>Revise and embed new AML/CFT policies and procedures particularly in relation to share accounts</li> </ul>


Reputational Risk				
Responsible Executive: <b>Chief Executive Officer</b>	Risk category: <b>Regulation and compliance</b>	Risk trend: <b>Stable</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>Severe operational issue causes risk of financial loss and reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Serious health and safety incident</li> <li>Other major operational issue e.g. personal or special category data is lost, damaged, misused or stolen</li> <li>Significant non-compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Executive Leadership Team oversee a broad suite of policies and procedures designed to protect the Society and ensure compliance with legal and regulatory requirements</li> <li>Legal and regulatory compliance reviewed quarterly by the Board</li> </ul>	<ul style="list-style-type: none"> <li>Continue to make a real difference to the communities we serve through support of local initiatives</li> <li>Impact of dealing with Covid-19 and Brexit covered elsewhere</li> </ul>	<ul style="list-style-type: none"> <li>A full review of the Society's governance framework will be undertaken</li> <li>Continue to develop and embed the Society's enterprise risk management framework</li> </ul>


Data Protection				
Responsible Executive: <b>Chief Financial Officer</b>	Risk category: <b>Information governance</b>	Risk trend: <b>Stable</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>Failure to comply with local data protection legislation</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate governance of data could lead to reputational damage and significant costs, including fines from Jersey's Office of the Information Commissioner or Guernsey's Data Protection Authority</li> </ul>	<ul style="list-style-type: none"> <li>The Society has a data protection policy and data protection framework in place</li> </ul>	<ul style="list-style-type: none"> <li>During 2021/22 we outsourced the role of Data Protection Officer to ensure the Society continues to be legally compliant</li> </ul>	<ul style="list-style-type: none"> <li>Actions to further improve data governance</li> </ul>

IT Capability				
Responsible Executive: <b>Chief Transformation Officer</b>	Risk category: <b>Operational</b>	Risk trend: <b>Stable</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>Failure to maintain IT infrastructure and stability</li> <li>Future data management strategy inconsistent with current systems</li> </ul>	<ul style="list-style-type: none"> <li>Inability to continue trading with existing partners leading to financial losses and customer / Member detriment</li> <li>Risk that inadequate IT impacts commercial capability to deliver an online platform leading to customer / Member loss</li> </ul>	<ul style="list-style-type: none"> <li>Robust IT resilience at all sites</li> <li>Advanced system monitoring protocols in place</li> <li>Manual processes as backup in case of failure</li> </ul>	<ul style="list-style-type: none"> <li>Technology strategy approved by Board</li> </ul>	<ul style="list-style-type: none"> <li>Continue to implement the technology strategy</li> <li>Implement a new EPOS system across the Society</li> </ul>

Health and Safety				
Responsible Executive: <b>Chief Financial Officer</b>	Risk category: <b>Regulation and compliance</b>	Risk trend: <b>Stable</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>Health and Safety breach leading to major incident, injury or fatalities</li> </ul>	<ul style="list-style-type: none"> <li>Keeping colleagues, Members, customers and all visitors to our sites safe</li> <li>Channel Islands health and safety legislation</li> <li>Complexity of businesses and business operations</li> </ul>	<ul style="list-style-type: none"> <li>Health and Safety Framework including policies and procedures in place</li> <li>Monitoring compliance through regular programme of first, second and third line assurance</li> </ul>	<ul style="list-style-type: none"> <li>Impact of Covid-19 with changing protocols and differing approaches between Jersey and Guernsey</li> <li>Further embedding the Society's health and safety management system</li> </ul>	<ul style="list-style-type: none"> <li>Continue to embed and refine the Society's health and safety management system</li> <li>Health and safety focus on slips, trips and falls, manual handling and contractor competence</li> </ul>

Wider economic environment – Brexit				
Responsible Executive: <b>Chief Retail Officer</b>	Risk category: <b>Financial and operational</b>	Risk trend: <b>Decreased</b> 		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2021/22	What we plan to do in 2022/23
<ul style="list-style-type: none"> <li>Significant ongoing resourcing, administrative and financial implications following Brexit</li> </ul>	<ul style="list-style-type: none"> <li>Uncertainty</li> <li>Availability of resources to manage implications</li> <li>Risk of 'knock-on' consequences</li> <li>Costs of mitigation</li> </ul>	<ul style="list-style-type: none"> <li>Regular communication and co-ordination with FRTS</li> <li>Sourcing alternative UK based suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Onboard alternative supply chains including Carrefour</li> </ul>	<ul style="list-style-type: none"> <li>Maintain close review of logistics, product availability and pricing levels particularly for products sourced from the EU</li> <li>Further develop local and UK supply base</li> </ul>

# Governance report

The Board is pleased to present its governance report to Members for the period under review. Best co-operative governance practice underpins the operation of the Society which is run democratically with focus on the needs of its Members and the communities it serves.

## Governance Code

The Society follows the Co-operative Corporate Governance Code 2019 (the "Code") issued by Co-operatives UK, the co-operative federation for co-operative enterprises in the UK, which provides guidance on the good governance of co-operatives on a voluntary basis. The Code is based on the principles contained in the UK Corporate Governance Code and the Wates Corporate Governance Principles that apply to most organisations whilst acknowledging the governance characteristics of co-operatives. In addition, the Board is committed to the International Co-operative Alliance (the "ICA") Values and Principles and reaffirms its commitment to them annually.

We disclose here where we have not complied with the Code's provisions and provide an explanation:

**Board performance evaluation** – during the year, the Board agreed to review and revise its approach to its annual evaluation and the new approach will be introduced in 2022.

**Culture** – whilst Society culture is assessed and monitored periodically through interaction with its Members, colleagues and Board members and to ensure that practices and behaviours are aligned to our purpose, strategy and values, the Society has been working on its sustainability strategy which will be published shortly and will implement initiatives to improve and align the Society's culture.

**Audit Committee Membership** – following the split of the Audit and Risk Committee into: a) the Audit Committee; and b) the Risk Committee, it was agreed that the minimum membership of three directors could be reduced to two in consideration of the reduced remit of the Audit Committee.

**Executive Leadership Team remuneration** – the Executive Leadership Team compensation information in the bandings set out on page 48 provides appropriate disclosure of Executive Leadership Team remuneration for the Society although not in the format recommended.

The Code is organised into six sections setting out the principles that all Co-operatives can reflect on. The ways in which the Society has applied the Code, so far as is practical and appropriate to do so, that are not covered elsewhere in this annual report, are detailed below:

## 1. Member voice, participation and engagement

The Society is a democratic organisation governed by Rules that enshrine the equal voting rights of Members and define those matters that are the exclusive preserve of the Members. The Society's Members are encouraged to attend the Annual Meeting of Members' ("AMM") and exercise their democratic rights. The Society actively promotes attendance at its AMM in a variety of media, greatly exceeding the notice requirements set out in the Society's Rules. In addition, the Society provides Members the opportunity to vote online in its Directors' elections.

The Society holds member focus groups, invites feedback from Members through its Members' Portal and its website, as well as maintaining active engagement with its Members through social media.

The Society is committed to respecting the rights and diversity of its Members, colleagues and people dealing with the Society by treating them fairly and not discriminating on any grounds. These values and principles have been enshrined in the Society's Rules and Colleague Employment Guidebook.

## 2. Co-operative leadership and purpose

The Board seeks to ensure that the ICA Values and Principles define everything that the Society does. Every year the Board reviews the ICA Values and Principles and re-affirms its commitment to them.

Social responsibility and 'making a real difference to the communities we serve whilst maintaining our position as the Island's leading responsible retailer' is the vision of the Society and an integral part of being a co-operative. The Society undertakes many initiatives to ensure it supports both local and global communities and the environment. Supporting local causes is core to the Society's social responsibility strategy, enabling Members, colleagues and community partners to connect, influence and co-operate in activities and solutions locally.

The Board adopted five core values to help the Society foster a values based culture:

<b>Co-operation:</b>	Embracing the ICA Values and Principles in everything we do
<b>Openness:</b>	Honesty and trustworthiness in what we say and how we behave – being prepared to listen
<b>Passion:</b>	Pride in our business, determination to succeed, radiating positive energy
<b>Empowerment:</b>	Providing opportunity, encouraging contribution and involvement, believing in our people
<b>Recognition:</b>	Ensuring our colleagues are appreciated, valued and rewarded for their achievements



The Board approved the Society's Corporate Strategic Priorities 2022 (the "Strategy") which stated that the Society's mission is to protect and develop long-term member value by:

1. Optimising and growing the core food business
2. Building Member connections, making a bigger difference
3. Developing a new roadmap for our property portfolio
4. Staying financially strong
5. Getting smarter about governance risk and compliance
6. Developing a future ready team

The Board considered regular assessments of the effect of the Covid-19 pandemic on the Strategy in order to protect the Society's performance. It ensured that the Board was able to oversee an ethical response to the need to serve our Members and the community through our core retail operations, whilst protecting the well-being of our front line colleagues and all who visited our trading locations during these challenging times.

The Board has taken a range of steps create sustainable business model for the long-term success of the Society. It continues with a goal of returning a stable 4% dividend on qualifying purchases each year and reinvesting profits in the business to deliver a 2% net surplus. It has also set rigorous standards for appraising investment decisions to ensure that appropriate returns are achieved on the Society's assets.

The Board has a Code of Conduct setting out the expectations for the way Directors interact with one another and with others with whom they have business. The Board also has an established whistleblowing procedure overseen by the Risk Committee, allowing colleagues to raise any concerns in confidence. Every matter raised is investigated and follow up action is taken where required.

### 3. Roles and responsibilities

In promoting the success of the company for the benefit of its Members as a whole, our Directors' have regard (amongst other matters) to:

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

With the exception of the Chief Executive Officer, the Board is comprised of non-executive directors who have delegated the executive management of the business to a professional management team. It has established a clearly defined range of matters which are reserved only to the Board and it monitors the system of internal control through its Risk Committee.

The Board is chaired by the President who is an elected Director elected by the Board each year after the AMM. The role of President is a crucial one as the President works closely with the Chief Executive Officer to set the Society's strategy and achieve its objectives. They are also responsible for setting the tone and culture for the Society which flows from the Board.

The Directors' occupations and interests are as follows:

	Organisation	Position
<b>Jon Bond</b>	Evans Bond Limited	Director
	Melius Consulting Limited	Director
	Guernsey Choral Festival	Director
	Guernsey Business Brokers Limited	Director
	Bailiwick of Guernsey Scout Association	Treasurer
	Parish of The Vale	Douzenier
	Guernsey Salvation Army	Local Officer
<b>Jennifer Carnegie</b>	Amicus Limited	Director and Chief Operations Officer
	Jersey Business Limited	Chair
	Ivory Limited	Executive Director
	Jersey Chamber of Commerce	President
<b>Mark Cox</b>	Co-operative Federal Retail Trading Services	Director
	Community Savings Limited	Director
	States of Jersey Disability & Inclusion (D&I) Advisory Group	Member
	IoD Industry Sub-Committee	Member
<b>Jill Clark</b>	Self-employed	Lecturer and Consultant
	Changing Faces Channel Islands	Chair
	Face Equality International	Chair
	Child, Youth and Community Tribunal Guernsey	Member
	Island FM	Non-executive Director
<b>Michael McNally</b>	Self-employed	Self Employed Business Consultant
	RNLI - Jersey	Volunteer - Duty Launching Authority
	The Jersey Cancer Trust	Director

# Governance report cont.

John Refault	Headway, Jersey	Chair
	Abbeyfield, Jersey	Chair, Board of Trustees
	States of Jersey Fiscal Stimulus Group	Independent Member
	Rates Appeal Board	Member
Graeme Smith	Jersey Business Limited	Chief Executive Officer
	Triton Private Equity	Non-executive Director
	Channel 103	Non-executive Director
Simon Todd	Crestbridge Limited	Director and Group Head of Real Estate
	RNLI - Jersey	Volunteer member

The Board has at least seven scheduled meetings in the year where it receives reports from the Executive Leadership Team on trading and other matters, reviews the Society's financial performance for both the period and cumulatively for the year, and considers papers presented for decision or information. The Board also meets in private session without the presence of any member of the Executive Leadership Team when required.

The Board has delegated specific parts of its remit to committees. During the period under review, the Board had three committees having taken the decision to establish separate Audit and Risk Committees to enhance its management of risk: i) the Audit Committee; ii) the Risk Committee; and iii) the Recruitment and Remuneration Committee. Each committee has clear terms of reference which define their roles and the limits of their authority and are wholly accountable to the board in line with the Directors' collective responsibility for the discharge of their duties. The table below lists the attendance record of Directors at Board and committee meetings for the period under review. The figures show the number of meetings each Director attended against the number of meetings they were eligible to attend (in brackets).

	Board	Audit and Risk Committee	Audit Committee	Risk Committee	Recruitment and Remuneration Committee
Jon Bond <sup>1</sup>	4 (4)	2 (2)	1 (1)	1 (1)	-
Jennifer Carnegie	7 (7)	-	-	-	4 (4)
Carol Champion <sup>2</sup>	4 (4)	-	-	-	3 (3)
Jill Clark	7 (7)	-	-	-	4 (4)
Mark Cox	7 (7)	-	-	-	-
Michael McNally	7 (7)	2 (2)	-	-	-
John Refault	7 (7)	4 (4)	0 (1)	0 (1)	1 (1)
Sue Ryde <sup>3</sup>	4 (4)	2 (2)	-	-	3 (3)
Peter Shirreffs <sup>4</sup>	4 (4)	2 (2)	-	-	-
Graeme Smith <sup>5</sup>	4 (4)	2 (2)	1 (1)	1 (1)	-
Simon Todd <sup>6</sup>	1 (1)	-	-	-	-
Paula Williams <sup>7</sup>	3 (3)	-	-	-	-

<sup>1</sup> Elected 8 June 2021, <sup>2</sup> Retired 8 June 2021, <sup>3</sup> Resigned 26 April 2021, <sup>4</sup> Retired 16 May 2021, <sup>5</sup> Elected 8 June 2021,

<sup>6</sup> Appointed 19 October 2021 to fill casual vacancy arising from resignation of Paula Williams. <sup>7</sup> Resigned on 25 March 2021.

## 4. Board composition, succession and evaluation

The Board currently comprises of eight Directors. The Board believes in upholding Member control and the democratic process. As required by the Society Rules, Board elections are held annually through democratic elections conducted with the support of UK Engage, an organisation that administers local and national government elections in the UK, and the Society Secretary presides over these elections as the Returning Officer. There were two uncontested elections last year for each of the islands' Directors. The Board has reviewed the election process to ensure it is accessible and clear to enhance Member participation.

The Society's Rules currently provide that elected Directors may serve for terms of up to three years at a time, for a maximum of 12 years, if re-elected. The board has concluded that a 12 year maximum term is no longer in the Society's best interests as it is not consistent with the Code and will propose a reduction in the maximum term directors may serve to nine years when it reviews its Rules.

New Directors are provided with a full induction pack and the process involves meetings with Society Secretary, the Executive Leadership Team and heads of business. Site visits are encouraged to apprise the Directors of the scope of the Society's operations within the co-operative context. Should Directors wish to update their skills, training may be accessed at the Society's expense. In the last year, the Board attended annual regulatory (including financial crime) refresher training and also more focussed regulatory training following evaluation of its performance.

The Chief Executive Officer and the Society Secretary keep the Board advised of matters affecting the Society at each Board meeting and more frequently if required. Presentations from each of the Society's trading businesses and departments are made by management on a regular basis covering strategic issues and risk, future areas for discussion and decision. To ensure that Board meetings run efficiently and Directors are equipped with full information to aid decision making, board papers are circulated in two mailings prior to each Board meeting.

The Directors have access to the advice of the Society Secretary who is responsible for governance matters. The Directors may obtain professional advice on matters within the scope of their remit at the expense of the Society.

## 5. Risk, financial management and internal controls

The Board has an agreed risk management appetite and routinely reviews the Society's enterprise risk register. In addition, it has been monitoring and reviewing the risk management and internal control framework to identify and mitigate risk necessary to the attainment of the Society's objectives.

The Board is responsible for the Society's internal control framework and for reviewing its effectiveness, reporting formally on this review annually to Members. The Code states that the review is expected to cover all material controls, including financial, operational and compliance controls and risk management. The Board is of the view that the controls and processes within the Society are appropriate for an organisation of its size and complexity.

The Risk Committee reviewed the operation and effectiveness of the Society's internal control system during the period under review. The Audit Committee considers that the auditor is sufficiently independent of the Society, in accordance with the ethical requirements relevant to the audit of financial statements in the UK including the Financial Reporting Council's Ethical Standard. Further that the auditor has adequately fulfilled its responsibilities in accordance with these requirements. The Committee believes the audit evidence provided to the auditor was sufficient and appropriate to allow the auditor to form an adequate opinion on the true and fair view of the state of the Society's affairs.

The Society outsources its internal audit function to professional third parties. The Committee agrees the scope of all such third-party audit work and receives the third parties' reports.

The Society's Class A and B share accounts are withdrawable share capital, as defined by Section 2.2.2 of the Community Shares Handbook. The Board is satisfied that the Society's withdrawable share capital is operated in accordance with the Code and the Community Shares Handbook. The Society's Class A and B share accounts are operated in accordance with the Society's Rules and published guidelines for their use. Appropriate notice is given in the event of any change in the rate of interest payable on balances held in the Society's share accounts and under Rule 7.18 (e) the Members' right to withdraw funds from the Class A and/or Class B share accounts may be suspended either wholly or partly and either definitely or indefinitely by the Board.

## 6. Remuneration of the Board and Executive Leadership Team

The Board has a Recruitment and Remuneration Committee to oversee the Society's remuneration strategy. The Committee's primary role is to monitor and review the Society's arrangements regarding resourcing and talent management including: i) recruitment, retention, succession planning; ii) remuneration motivation, recognition and reward; and iii) organisational design and all expense policies and taking external advice where necessary. A full report on the activities of the committee is set out in the Recruitment and Remuneration Report on page 36.

With consideration of the size, complexity and risk profile of the Society, the Board has chosen not to set up a separate search committee.

The following table lists the fees paid to the Directors of the Society who served during the year under review.

	Fees 2021/22 £	Fees 2020/21 £
<b>Jon Bond</b> <sup>1</sup> Chair - Audit Committee	9,807	Nil
<b>Jennifer Carnegie</b> Chair - Recruitment and Remuneration Committee	16,301	15,886
<b>Carol Champion</b> <sup>2</sup>	5,274	12,886
<b>Jill Clark</b>	13,080	12,886
<b>Mark Cox</b>	Nil	Nil
<b>Michael McNally</b> - President	16,573	7,930
<b>John Refault</b>	13,031	12,886
<b>Sue Ryde</b> <sup>3</sup>	7,929	12,886
<b>Peter Shirreffs</b> <sup>4</sup>	8,554	10,998
<b>Graeme Smith</b> <sup>5</sup> Chair - Risk Committee	10,421	Nil
<b>Simon Todd</b> <sup>6</sup>	3,036	Nil
<b>Paula Williams</b> <sup>7</sup>	5,946	19,327

<sup>1</sup> Elected 8 June 2021, <sup>2</sup> Retired 8 June 2021, <sup>3</sup> Resigned 26 April 2021,

<sup>4</sup> Retired 16 May 2021, <sup>5</sup> Elected 8 June 2021, <sup>6</sup> Appointed by the Board on 19 October 2021, <sup>7</sup> Resigned 25 March 2021.

# Governance report cont.

## Audit Committee's Report

Jon Bond,  
Chair of the Audit Committee

I am pleased to present the Committee Report for the year ending 9 January 2022. I was appointed to the Board on 8 June 2021 and appointed as the Committee's Chair on 7 September 2021.

Following the separation of the Audit and Risk Committee into two Board Committees, the Audit Committee is responsible for overseeing for the Board: financial reporting, internal financial controls, anti-fraud measures and external audit functions.

The Committee consists of two Directors and it met once as the Audit Committee and four times as the Audit and Risk Committee during the reporting period. The President is not a member of the Audit Committee. The Chair of the Audit Committee reports the outcome of its meetings to the Board and the Board receives the minutes of the Audit Committee meetings.

The Committee's main activities during the reporting period are set out below:

### Establishment of the Committee

It was agreed by the Board to split the Audit & Risk Committee into separate Committees: Audit Committee and Risk Committee to provide greater focus in each area. On review of the balance of skills and composition of the Committee and the reduced scope of responsibility, it was agreed that two Director members would be sufficient and was proportionate to the size, complexity, and risk profile of the Society. The committee reviewed its terms of reference and amended them accordingly.

### Financial control, including financial and narrative reporting

The Committee considered whether the appropriate accounting policies were applied and reviewed the key accounting judgements and estimates recommended by the Executive Leadership Team. This included reviewing the Executive Leadership Team's suggested approach to the:

- (i) valuation of investment and leasehold properties;
- (i) impairment of assets, ensuring that the recommended approach was prudent; and
- (ii) assumptions applied in order to establish the necessary disclosures to be made by the Society under FRS 102 in relation to the Society's defined benefit superannuation scheme.

### External audit

I met with the audit partner of Grant Thornton Limited during the planning phase of the audit without management present. In addition, at the close of the audit the committee met with the auditor who presented their findings and provided feedback without management present.

### Property valuations

Maillard and Co Ltd, formerly Buckley and Company Ltd continued as valuers for the Society and acted on behalf of the Society for both the financial statements and insurance valuations. In addition, the auditors have obtained independent verification of valuations as part of their audit. The Committee has reviewed the valuation process and satisfied itself with the approach taken in arriving at appropriate valuations in line with FRS 102, particularly in respect to the valuation of Leale's Yard.

## Recruitment and Remuneration Committee's Report

Jennifer Carnegie,  
Chair of the Recruitment and Remuneration Committee

I am delighted to present the Committee's Report for the year ended 9 January 2022.

The Committee's purpose, as set out in its terms of reference is to monitor and review the Society's arrangements relating to: (a) recruitment, including retention and succession planning; (b) remuneration, including motivation, recognition and reward; and (c) organisational design and all relevant policies.

The Committee consists of three directors, none of whom are employees or superannuated employees, are paid to deliver services to the Society, or the President of the Society. The size of the Committee is proportionate to the size, complexity and risk profile of the Society.

The Committee advises the Board on matters within its span of control, providing oversight and judgement. Its purpose is to ensure that the levels of remuneration and contractual terms of Directors and the Executive Leadership Team is appropriate and considers the responsibilities held and the size, complexity and risk profile of the Society.

Details of the remuneration of Directors can be found on page 49 and key management compensation including the Executive Leadership Team can be found on page 48 in Note 2.2 to the financial statements.

The Committee's areas of focus this year have been:

- (i) Strategic talent management and succession planning, given the importance of ensuring the Society's resilience by establishing a pool of executive talent capable of managing the business in the future;
- (ii) Training and development;
- (iii) Promoting diversity and equality;
- (iv) Establishing a Health and Wellbeing Framework.

The Committee established an ad-hoc Governance Committee which has reviewed and amended the following documents for adoption by the Board:

- (i) Director's Toolkit;
- (ii) Code of Conduct;
- (iii) Role descriptions for the President and Chairs of the Committees;
- (iv) Skills Matrix for Future Requirements of the Board; and
- (v) Board Objectives.

Large businesses now publish their wage ratios, which show the highest paid person's income as a multiple of the lowest paid person's income in an effort to promote transparency and a balanced distribution of earnings in society. The Society's wage ratio is currently 12.1 times.

## Risk Committee Report

Graeme Smith,  
Chair of the Risk Committee

I am pleased to present the Committee's annual report to Members for the year ending 9 January 2022 since being appointed to the Board on 8 June 2021 and as Chair of the Risk Committee on 7 September 2021.

The Committee is responsible for overseeing for the Board the Society's risk appetite, risk management framework and internal audit. The Committee consists of three Directors and it met once as the Risk Committee and four times as the Audit and Risk Committee in 2021/22. Annually, after the Annual Meeting of Members, the Board appoints its members to the Committee and the Chair reports the outcome of its meetings to the Board and also copies the minutes of the meetings.

The Committee's activities during the reporting period are set out below:

### Establishment of the Risk Committee

In the latter part of the year, the Board agreed the Audit and Risk Committee would be more effective as separate committees: a) the Audit Committee; and b) the Risk Committee. The Committee reviewed its terms of reference to widen its scope in the areas of risk management and internal controls.

### Risk management

The Board and the Executive Leadership Team have primary responsibility for identifying and controlling the key risks facing the Society. The Society operates a risk management process that aims to identify the key risks in each business group and support function which are reviewed by both the Executive Leadership Team and the Committee. Any identified weaknesses in controls will result in action plans to improve control mechanisms. Matters are reported to the Board as appropriate.

During the reporting period, the Committee reviewed the:

- (a) Statement of principal risks and uncertainties;
- (b) Risk appetite statement;
- (c) Enterprise risk management policy framework;
- (d) Financial and economic crime suite of policies;
- (e) Maturity of the cybersecurity framework; and
- (f) Health and safety management system

### Internal controls

The Committee has reviewed the operation and effectiveness of the Society's internal control system during the reporting period.

### Internal audit

The Society outsources the provision of its third line of defence and the Committee agrees a schedule of inspections by third party specialists in: AML/CFT compliance, health and safety, food safety and data security. The Committee agreed the annual schedule of third line audit and assurance activity and monitored the results of that work. It is also responsible for monitoring and reviewing the independence, objectivity and effectiveness of the functions provided.

### Regulatory visit

In August, the Jersey Financial Services Commission carried out an examination of the Society following which, a robust remediation plan has been put in place. To ensure adequate resource and oversight of the remediation plan, the Board established a Remediation Plan Committee to monitor the management of the remedial actions on behalf of the Board.



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**The Society's trading position remains strong and it is pleasing to report that we have once again been able to deliver a dividend of 4%.**



# Financial results

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# Financial statements

<b>Consolidated income statement</b>	Notes	<b>52 weeks to 9 January 2022 £'000</b>	<b>52 weeks to 10 January 2021 £'000</b>
Turnover	1.1	181,595	185,038
Cost of sales		(130,188)	(130,109)
<b>Gross profit</b>		<b>51,407</b>	<b>54,929</b>
Other operating income	1.2	2,427	2,486
Administrative expenses	2.1	(47,811)	(50,184)
<b>Trading profit</b>		<b>6,023</b>	<b>7,231</b>
Other interest receivable and similar income	2.4	71	116
Interest payable and similar charges	2.4	(1,096)	(1,303)
Loss on disposal of fixed assets		(2,289)	(173)
Revaluation of investment	4.3	(3,811)	1,305
Onerous lease expense	5.2	507	722
Net gain on financial liabilities at fair value		154	135
<b>(Loss) / profit before dividends</b>		<b>(441)</b>	<b>8,033</b>
Dividends	2.5	(5,599)	(4,978)
<b>(Loss) / profit before tax</b>		<b>(6,040)</b>	<b>3,055</b>
Taxation	3.1	(603)	(825)
<b>(Loss) / profit on ordinary activities</b>		<b>(6,643)</b>	<b>2,230</b>
Non controlling interest		(33)	128
<b>(Loss) / profit for the period</b>		<b>(6,676)</b>	<b>2,358</b>
<b>Consolidated statement of comprehensive income</b>			
	Notes	<b>52 weeks to 9 January 2022 £'000</b>	<b>52 weeks to 10 January 2021 £'000</b>
<b>(Loss) / profit for the period</b>		<b>(6,676)</b>	<b>2,358</b>
Revaluation of tangible fixed assets	4.2	(397)	1,593
Remeasurement gain / (loss) of the net defined benefit pension scheme	5.5	4,288	(2,758)
<b>Total other comprehensive income / (loss)</b>		<b>3,891</b>	<b>(1,165)</b>
<b>Total comprehensive (loss) / income for the period</b>		<b>(2,785)</b>	<b>1,193</b>
<b>Total comprehensive (loss) / income for the period is attributable to:</b>			
<b>Non controlling interests</b>		(33)	128
<b>Owners of the parent company</b>		(2,752)	1,065
<b>Total comprehensive (loss) / income for the period</b>		<b>(2,785)</b>	<b>1,193</b>

The Society will be recommending a distribution of £5,452,603 (2021: £5,603,585) to its Members for the 52 week period to 9 January 2022. The results reported during the period and the prior period relate solely to continuing activities. The accounting policies and notes on pages 45 to 66 inclusive form an integral part of these financial statements.



Consolidated statement of financial position	Notes	As at 9 January 2022 £'000	As at 10 January 2021 £'000
<b>Non current assets</b>			
Intangible assets	4.1	4,392	6,833
Tangible assets	4.2	86,526	86,584
Investment property	4.3	51,313	54,272
Investments	4.4	15	15
		<b>142,246</b>	<b>147,704</b>
<b>Current assets</b>			
Stocks	4.5	6,031	6,181
Trade and other debtors	4.6	14,813	13,481
Short term deposits	4.7	40,177	30,111
Cash at bank and in hand	4.7	4,987	15,554
		<b>66,008</b>	<b>65,327</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	5.1	(23,228)	(32,538)
Onerous lease provision	5.2	(633)	(722)
		<b>42,147</b>	<b>32,067</b>
<b>Net current assets</b>		<b>184,393</b>	<b>179,771</b>
<b>Total assets less current liabilities</b>		<b>184,393</b>	<b>179,771</b>
<b>Non current liabilities</b>			
Onerous lease provision	5.2	(5,373)	(5,790)
Property loans	5.3	(1,286)	(2,917)
Fair value derivatives	5.3	(94)	(248)
Pension liability	5.5	-	(5,321)
		<b>177,640</b>	<b>165,495</b>
<b>Net assets</b>		<b>177,640</b>	<b>165,495</b>
<b>Share capital</b>			
Share capital	6.1	127,267	111,372
Property revaluation reserve	6.2	4,009	4,406
Revenue reserve		46,364	50,083
		<b>177,640</b>	<b>165,861</b>
<b>Total shareholders' funds</b>		<b>177,640</b>	<b>165,861</b>
Non controlling interest		-	(366)
		<b>177,640</b>	<b>165,495</b>

The accounting policies and notes on pages 45 to 66 inclusive form an integral part of these financial statements.

# Financial statements cont.

Consolidated statement of changes in equity	Notes	Share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Total shareholders equity £'000	Non controlling interests £'000	Total equity £'000
Balance at 9 January 2020		100,805	2,813	50,483	154,101	(238)	153,863
Profit for the period		-	-	2,358	2,358	(128)	2,230
Other comprehensive loss		-	-	(2,758)	(2,758)	-	(2,758)
Trading property revaluation		-	1,593	-	1,593	-	1,593
Increase in share capital		10,567	-	-	10,567	-	10,567
<b>Balance at 10 January 2021</b>		<b>111,372</b>	<b>4,406</b>	<b>50,083</b>	<b>165,861</b>	<b>(366)</b>	<b>165,495</b>
Balance at 10 January 2021		111,372	4,406	50,083	165,861	(366)	165,495
Loss for the period		-	-	(6,676)	(6,676)	33	(6,643)
Other comprehensive income		-	-	4,290	4,290	-	4,290
Trading property revaluation	4.2	-	(397)	-	(397)	-	(397)
Increase in share capital	6.1	15,895	-	-	15,895	-	15,895
Acquisition of non controlling interest in JPSL		-	-	(1,333)	(1,333)	333	(1,000)
<b>Balance at 9 January 2022</b>		<b>127,267</b>	<b>4,009</b>	<b>46,364</b>	<b>177,640</b>	<b>-</b>	<b>177,640</b>

<b>Consolidated cash flow statement</b>	Notes	<b>52 weeks to 9 January 2022 £'000</b>	<b>52 weeks to 10 January 2021 £'000</b>
(Loss) / profit for the period		(6,676)	2,358
<b>Adjustments to reconcile (loss) / profit for the period to net cash flow from operating activities</b>			
Amortisation of intangible assets	4.1	1,601	1,422
Depreciation of tangible fixed assets	4.2	3,368	3,472
Loss / (gain) on revaluation of property	4.3	3,811	(1,305)
Interest receivable		(71)	(116)
Interest payable		1,096	1,303
Loss on disposal of fixed assets		2,289	173
Net gain on financial liabilities at fair value		(154)	(135)
Non controlling interest		33	(128)
Taxation charge		603	825
Tax paid		(833)	(1,053)
(Increase) / decrease in trade and other debtors		(1,332)	1,083
Decrease / (increase) in stock		150	(121)
Increase in trade and other creditors		502	297
Contribution to defined benefit pension scheme		(1,100)	(1,100)
		<b>9,963</b>	<b>4,617</b>
<b>Net cash inflow from operating activities</b>		<b>3,287</b>	<b>6,975</b>
<b>Investing activities</b>			
Interest receivable		71	116
Payment to acquire non controlling interest in JP SL		(820)	-
Payments to acquire tangible fixed assets		(3,167)	(1,443)
Payments to acquire intangible assets		(420)	(342)
Payments to acquire investment properties		(2,606)	(975)
Payments for discontinued operations and asset disposals		-	(81)
Receipts from sales of investment properties		-	2,900
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(6,942)</b>	<b>175</b>
<b>Financing activities</b>			
Increase in share capital		8,655	10,567
Repayment of property loans		(2,100)	(1,651)
Members' loans		(1,550)	(1,919)
Interest paid		(1,851)	(1,437)
<b>Net cash inflow from financing activities</b>		<b>3,154</b>	<b>5,560</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(501)</b>	<b>12,710</b>
<b>Cash and cash equivalents at start of the period</b>		<b>45,665</b>	<b>32,955</b>
<b>Cash and cash equivalents at end of the period</b>		<b>45,164</b>	<b>45,665</b>

**Major non cash transactions:** There were no major non cash transactions made during the period (2021 :£nil)  
The accounting policies and notes on pages 45 to 66 inclusive form an integral part of these financial statements.



“

**THE SOCIETY HAS A  
HEALTHY BALANCE  
SHEET, SIGNIFICANT  
CASH BALANCES  
AND FORECAST  
CASH INFLOWS.**

# Accounting policies

## A) General information

The Society and its subsidiaries operate supermarkets, convenience stores, fuel forecourts, pharmacies and funeral services across the Channel Islands. In addition, the Society holds a large portfolio of commercial and residential property across the Channel Islands.

## B) Basis of accounting

The following accounting policies have been applied consistently.

The Society's financial statements are prepared in compliance United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

## C) Accounting date

The Society's financial statements are made up to the second Sunday in January of each year. The financial year represents the 52 weeks ended 9 January 2022 (2021: 52 weeks ended 10 January 2021).

## D) Basis of consolidation

The Society's financial statements include the results of the Channel Islands Co-operative Society Limited and all its subsidiaries.

Subsidiaries are those entities controlled by the Society. Control exists when the Society has the power, directly or indirectly, to govern the financial and operating policies for an entity so as to obtain benefits from its subsidiaries. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Accounting policies are consistent across all of the Society's subsidiaries.

## E) Going concern

As at 9 January 2022, the Society had net assets of £177.6m (2021: £165.5m) and net current assets of £42.1m (2021: £32.1m), cash at bank, in hand and on short term deposit £45.2m (2021: £45.7m) and an investment property portfolio valued at £51.3m, (2021: £54.3m). Other than the remaining balance of £2.6m on the loan on the St Helier Grand Marché site, which includes an element of investment property, the investment property portfolio is not financed through loans or used as security for borrowing.

The Society's financial forecasts, taking into consideration the current environment, show that the Society is expected to make a surplus and maintain neutral cashflows, giving the Society the ability to operate for the foreseeable future.

On the basis of the fact that the Society has a healthy balance sheet, significant cash balances and forecast cash inflows, the Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## F) Significant accounting policies

Accounting policies relating to specific areas of the financial statements can be found in their relative sections.

## G) Use of estimates and judgements

In preparing the financial statements, the Society makes estimates, judgements and assumptions concerning the future. Actual outcomes may differ from the estimates made.

Estimates, judgements, and assumptions are reviewed on an ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Information about areas of estimation, judgement and assumptions used, that have the most significant effect on the amounts recognised in the financial statements, is set out in the following notes:

Useful life of goodwill:	Note 4.1
Recoverability of intangible assets:	Note 4.1
Valuation of trading properties:	Note 4.2
Useful life of tangible assets:	Note 4.2
Valuation of investment properties:	Note 4.3
Stock loss provision:	Note 4.5
Onerous contract liabilities:	Note 5.2
Pension scheme liabilities:	Note 5.5
Funeral plan liabilities:	Note 7.4

# Notes to the financial statements

## Keeping it simple

The 'keeping it simple' boxes are included as additional disclosure to help readers' understanding and interpretation.

## Section 1 - Turnover and other operating income

### In this section

This section provides information used to establish the turnover of the Society.

### 1.1 Turnover

#### Keeping it simple - turnover

Turnover represents the amount of money Members and customers pay or are liable to pay at the point of sale and delivery less goods and services tax (applicable to Jersey only) and discounts. For travel, in instances where the Society acts as agent only, turnover represents commission received. As the travel business had been closed as at end of prior year, the turnover in the current year represents refunds of commission relating to holidays purchased prior to closure which were either cancelled as a result of Covid-19 or were transferred to an alternative agent.

#### Accounting policy

Turnover includes cash sales, goods and services sold on credit, and commissions and arises wholly in the Channel Islands. Turnover is measured at the fair value of the consideration received or receivable net of goods and services tax (applicable to Jersey only) net of discounts including colleague discounts, bonus dividend, and Member loyalty bonus.

Turnover is recognised in the consolidated income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

#### The following criteria must be met before revenue is recognised:

- 1) Sale of goods and rendering of services – point of sale and provision of services.
- 2) Rental income – straight- line basis over the period of the lease, even if payments are not made on this basis.

<b>Turnover</b>	<b>2022</b> £'000	<b>2021</b> £'000
Turnover from ordinary activities	180,212	186,446
Less gross agency turnover from subsidiary travel activities	1,383	(1,408)
	<b>181,595</b>	<b>185,038</b>
<b>Analysed by Business Area</b>		
Food	156,209	159,174
Fuel	13,467	12,617
Travel	(155)	560
Funeral	1,796	1,689
Medical	-	738
Pharmacy	10,278	10,260
<b>Total</b>	<b>181,595</b>	<b>185,038</b>

## 1.2 Other operating income

### Keeping it simple - other operating income

Other operating income represents rental income received by the Society from its investment property portfolio and sundry income comprises mainly concessions sales and investment property service charges.

<b>Other operating income</b>	<b>2022</b> £'000	<b>2021</b> £'000
Rental income	2,068	1,976
Sundry income	359	510
	<b>2,427</b>	<b>2,486</b>

## Section 2 - Expenses

### In this section

This section contains details of costs incurred by the Society, amounts paid to the Society's Directors and Executive Leadership Team, finance costs, payments to and on behalf of Members and income tax calculations.

## 2.1 Cost of sales and administrative expenses

### Keeping it simple - cost of sales

Cost of sales are the amounts we pay our suppliers to for the goods and services we provide to our customers.

### Keeping it simple - administrative expenses

Administrative expenses are the costs we incur in providing the goods and services to our customers. This includes the amounts we pay our colleagues, and the costs of running our retail outlets. Expenses are recognised on an accruals basis.

<b>Administrative expenses</b>	Notes	<b>2022</b> £'000	<b>2021</b> £'000
Colleague costs		26,420	27,922
Defined contribution pension scheme	5.5	1,283	1,346
Directors' fees	2.3	124	112
Occupancy costs		7,263	6,963
Amortisation	4.1	1,601	1,422
Depreciation	4.2	3,368	3,472
Audit fee		200	259
Other expenses		7,552	8,688
		<b>47,811</b>	<b>50,184</b>
<b>Colleague numbers and costs</b>		<b>2022</b>	<b>2021</b>
The average number of persons employed by the Society (including Directors) during the period was as follows:			
Full time		533	501
Part time		585	648
		<b>1,118</b>	<b>1,149</b>
The aggregate payroll costs of these persons was as follows:		£'000	£'000
Wages and salaries		26,420	27,922
		<b>26,420</b>	<b>27,922</b>

# Notes to the financial statements cont.

## 2.2 Key management compensation

### Keeping it simple - key management compensation

This is the amount the Society pays to its Directors and the Executive Leadership Team, who are in office as at the financial period end including benefits.

	2022 £'000	2021 £'000
<b>Key management compensation</b>		
Salary	759	1,062
Taxable benefits	177	369
Pension contributions	68	91
	<b>1,004</b>	<b>1,522</b>
<b>Chief Executive Officer compensation</b>		
Salary	247	224
Taxable benefits	72	64
Non-recurring taxable benefits	-	58
Pension contributions	25	22
	<b>344</b>	<b>368</b>
<b>Executive Leadership Team compensation</b>		
The annual basic salary of the members of the Executive Leadership Team (including the CEO) in service at the financial period end fell into the following ranges:		
130-140	1	1
140-150	1	4
150-155	1	1
230-240	1	1
	<b>4</b>	<b>7</b>



## 2.3 Directors' fees

### Keeping it simple - Directors' fees

Directors' fees represent any payments made to Directors for their role in the Society.

Directors' fees	2022	2021
The Directors' fees paid to members of the Board in service at the financial period end for service during 2021.		
Between £0 and £10,000	3	2
Between £10,000 and £20,000	5	7
	<u>8</u>	<u>9</u>

## 2.4 Finance costs / income

### Keeping it simple - finance costs / income

This is the amount of money we have paid out or received from our investments. We include interest received on bank accounts and interest paid to Members for money held with the Society in either share or loan accounts, bank loans and the net interest cost of defined benefit pension scheme liabilities.

#### Accounting policy

Accounting policy for finance income and expense is recognised on an accruals basis.

Other interest receivable and similar income	2022 £'000	2021 £'000
Interest receivable	71	116
	<u>71</u>	<u>116</u>
Interest payable and similar charges	2022 £'000	2021 £'000
Members' loan interest expense	19	88
Bank loan interest expense	209	204
Share interest	795	941
Net cost on pension scheme liabilities	67	58
Stamp club interest	6	12
	<u>1,096</u>	<u>1,303</u>

## 2.5 Payments to and on behalf of Members

### Keeping it simple - payments to and on behalf of Members

We return some of the profits earned each year to our Members by way of dividends and loyalty bonuses and we pay interest on money Members hold with the Society in share and loan accounts. We also support a range of community-based projects, and local organisations through grants and donations.

Payments to and on behalf of Members	2022 £'000	2021 £'000
Dividends	5,599	4,978
Loyalty bonuses	1,208	1,589
Interest	814	1,029
Donations and community services expenditure	312	157
	<u>7,933</u>	<u>7,753</u>

# Notes to the financial statements cont.

## Section 3 – Tax

### In this section

This section shows the tax that we have to pay.

### 3.1 Tax

#### Keeping it simple – tax

This section shows adjustments which are made to the Society's profits and losses to calculate how much tax we have to pay.

#### Accounting policy

Tax expense comprises income tax recognised in the period and is the expected tax payable in respect of the taxable profit for the period. Tax is calculated on the basis of Jersey and Guernsey income tax law. Tax is recognised in the consolidated income statement.

#### Tax rate

The maximum rate of tax applied to the Society's taxable profits is 20%.

#### Expenses not deductible for tax purposes

Some expenses incurred by the Society may be entirely appropriate charges for the inclusion in the financial statements but are not allowed as a deduction against taxable income when calculating the Society's tax liability. The most significant example of this is depreciation or losses incurred on assets that do not qualify for capital allowances (generally land and buildings).

#### Expenses not deductible relating to property revaluations

The Society's property portfolio was revalued in the year. Revaluations gains and losses are not realised gains or losses and so do not give rise to a current tax credit.

#### Expenses not deductible relating to pension scheme

During the year, the Society recognised other finance expenses of £67k (2021: £58k) and operating expenses of £nil (2021: £nil) relating to movements in the defined benefit pension scheme. Although these expenses have reduced accounting profits, they are not recognised for tax purposes.

#### Capital allowances

The accounting treatment of expenditure on fixed assets differs from the taxation treatment. For accounting purposes, an annual rate of depreciation is applied by the Society. For taxation purposes, the Society is able to claim capital allowances, a tax relief provided in law.

<b>Taxation</b>	<b>2022</b> £'000	<b>2021</b> £'000
Current tax on income for the period	603	825
	<b>603</b>	<b>825</b>
<b>Reconciliation of (loss) / profit before taxation to tax expense in the period</b>		
Taxable rental income net of allowances	342	517
Provision for tax on non-mutual trading profit	261	308
<b>Tax expense for the period</b>	<b>603</b>	<b>825</b>

## Section 4 – Assets

### In this section

This section shows the assets used to generate the Society's trading performance.

### Keeping it simple – assets

An asset is something which is used by the Society to generate a financial benefit. For example, stock is an asset because we will sell it to generate income. Similarly, we use our properties to enable our retail outlets to trade and generate income.

## 4.1 Intangible assets

### Keeping it simple – fixed assets – intangible assets

Intangible fixed assets are assets that cannot be physically touched, for example computer software or licences.

## Accounting policy

### Goodwill

On acquisition, goodwill is allocated to cash-generating units (CGU's) expected to benefit from the purchase.

Goodwill is measured at cost less accumulated impairment losses and is amortised on a straight-line basis over its expected useful life. Where the Society is unable to make a reliable estimate of useful economic life, goodwill is amortised over a period not exceeding 10 years.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is recognised in the consolidated income statement.

### Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method, to allocate the depreciable amount of the assets over their useful economic life at the following rates:

- Lease premium – over the life of the lease
- IT software – between 5 and 10 years

Other intangible assets comprise a lease premium on a pharmacy at Queen's Road, Guernsey and IT software.

### Impairment of non-financial assets

Assets other than those measured at fair value, are assessed for indicators of impairment at each financial reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the consolidated income statement for the period.

The recoverable amount of the asset (or asset's CGU) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the assets (or asset's CGU) continued use.

If the recoverable amount of the asset (or asset's CGU) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the consolidated income statement.

An impairment loss is reversed in a subsequent period if the reasons for the impairment loss have ceased to apply.

Intangible assets are derecognised on disposal or when no future economic benefit is expected. On disposal, the difference between the net disposal proceeds and the carrying amounts is recognised as a gain or loss in the consolidated income statement.

# Notes to the financial statements cont.

<b>Intangible assets</b>	<b>Lease premium £'000</b>	<b>Goodwill £'000</b>	<b>IT software £'000</b>	<b>Total £'000</b>
Cost at 10 January 2021	1,000	6,130	4,698	11,828
Additions	-	-	420	420
Disposals	-	-	(10)	(10)
Impairment	-	-	(2,106)	(2,106)
Transfers	-	-	208	208
<b>Cost at 9 January 2022</b>	<b>1,000</b>	<b>6,130</b>	<b>3,210</b>	<b>10,340</b>
Accumulated amortisation and impairment at 10 January 2021	729	2,870	1,396	4,995
Amortisation charge	138	517	946	1,601
Disposals	-	-	(3)	(3)
Impairment	-	-	(760)	(760)
Transfers	-	-	115	115
<b>Accumulated amortisation and impairment at 9 January 2022</b>	<b>867</b>	<b>3,387</b>	<b>1,694</b>	<b>5,948</b>
<b>Net book value at 9 January 2022</b>	<b>133</b>	<b>2,743</b>	<b>1,516</b>	<b>4,392</b>
<b>Net book value at 10 January 2021</b>	<b>271</b>	<b>3,260</b>	<b>3,302</b>	<b>6,833</b>

## 4.2 Tangible assets

### Keeping it simple – fixed assets – tangible assets

Tangible fixed assets are assets that can be physically touched. For the Society, this comprises the sites that the Society trades from and the plant and machinery (including fixtures and fittings) within these sites. Also included are the vehicles used to support the Society's activities, and the Society's investment property portfolio.

### Accounting policy

Tangible fixed assets are stated at cost (being the original purchase price together with costs directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation.

Depreciation is calculated using the straight-line method to allocate the cost less estimated residual value over the expected useful economic life of each asset at the following principal rates:

- Property used in trade – over the shorter of useful life and 50 years
- Plant and machinery – between 3 and 20 years
- Freehold land – not depreciated

Assets in the course of construction are stated at cost, and remaining life of the asset is reassessed at re-valuation of the property. These assets are not depreciated until they are available for use.

Tangible assets, including investment properties are derecognised on disposal or when no future economic benefit are expected. On disposal, the difference between the net disposal proceeds and the carrying amounts is recognised as gain or loss in the consolidated income statement.

### Revaluation of properties used in trade

The Society typically revalues its land and buildings used in trade every three years. More frequent valuations are carried out where there are indications that a significant change in fair value may have occurred, for example due to a refurbishment, a redevelopment or a change in the market environment.

The Society's valuers, Maillard & Co Ltd undertook at full valuation of the Society's properties used in trade as at 9 January 2022. The valuation is undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual on an existing use basis at fair market value. The valuation assumed a range of yields from 4% to 10% selected for each property taking into consideration its construction, age, use and location.

Revaluation gains and losses on properties used in trade are recognised in the consolidated statement of comprehensive income to the extent that fair value exceed costs and in the consolidated income statement where fair value is below cost.

<b>Tangible assets</b>	<b>Land and buildings £'000</b>	<b>Plant and machinery £'000</b>	<b>Total £'000</b>
Cost and valuation at 10 January 2021	81,111	18,988	100,099
Additions	908	2,259	3,167
Disposals	-	(1,268)	(1,268)
Impairment	-	(213)	(213)
Transfers	1,409	137	1,546
Revaluation	(3,507)	-	(3,507)
<b>Cost and valuation at 9 January 2022</b>	<b>79,921</b>	<b>19,903</b>	<b>99,824</b>
<b>Accumulated depreciation and revaluation at 10 January 2021</b>	<b>3,635</b>	<b>9,880</b>	<b>13,515</b>
Depreciation charge	1,493	1,875	3,368
Disposals	-	(274)	(274)
Impairment	-	(86)	(86)
Transfers	-	(115)	(115)
Revaluation	(3,110)	-	(3,110)
<b>Accumulated depreciation and revaluation at 9 January 2022</b>	<b>2,018</b>	<b>11,280</b>	<b>13,298</b>
<b>Net book value at 9 January 2022</b>	<b>77,903</b>	<b>8,623</b>	<b>86,526</b>
<b>Net book value at 10 January 2021</b>	<b>77,476</b>	<b>9,108</b>	<b>86,584</b>

The carrying amount of tangible assets pledged as security for the property loan is £26,422k.

### 4.3 Investment property

#### Keeping it simple – fixed assets – investment properties

Investment property comprises those sites that the Society owns but which are not used by one of our trading businesses. These sites may be rented out to produce an income or held for development.

#### Revaluation of investment property

The Society holds a number of properties as long-term investments or for redevelopment, and in accordance with UK GAAP.

a) Investment properties are measured at fair value annually at the year end date by the Society's valuers Maillard & Co Ltd. The valuation is undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual based on fair value. The valuations are supported by market evidence and assume a yield and consider the total of the rent receivable less costs. Yields vary on a property by property basis and range from 4% to 10% (2021: 6% to 10%). Any change of revaluation is recognised in the consolidated income statement; and

b) No depreciation is provided in respect of freehold investment properties.

<b>Investment properties</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Balance at start of the year	54,272	54,485
Additions	2,606	975
Disposals	-	(2,900)
Transfers (to)/from tangible assets	(1,754)	407
Movement in revaluation	(3,811)	1,305
<b>Balance at the end of the year</b>	<b>51,313</b>	<b>54,272</b>

# Notes to the financial statements cont.

## 4.4 Investments

### Keeping it simple – investments

Investments are shares held in other businesses other than subsidiary undertakings. These shares are in unquoted businesses. As there is no active market for these shares, the amounts shown in the financial statements are the amounts paid by the Society for those shares. Unless circumstances arise whereby the shares are shown to have suffered a permanent diminution of value, no adjustment is made to their carrying value.

Investment	Other investments £'000	Total £'000
<b>Cost</b>		
At 10 January 2021	15	15
Additions	-	-
Disposals	-	-
Reclassification	-	-
<b>At 9 January 2022</b>	<b>15</b>	<b>15</b>
	<b>2022</b> £'000	<b>2021</b> £'000
<b>Unquoted investments</b>		
Unquoted Co-operative Group 105 Shares at £5 each	1	1
Unquoted Industrial Common Ownership Fund PLC 10,000 ordinary shares £1 each	10	10
Unquoted Toymaster Limited 4,000 ordinary shares £1 each	4	4
	<b>15</b>	<b>15</b>

## 4.5 Stock

### Keeping it simple – stock

Stock is an asset which is purchased by the Society for resale to our Members and customers.

### Accounting policy

Stock is stated at the lower of cost and net realisable value. Net realisable value is the price at which stock can be sold in the normal course of business.

Stock counts are held at all locations on a regular basis, normally twice each year. Any stocks gains or shortages are charged to the consolidated income statement.

All stock held is expected to be sold within 12 months.

Stocks	2022 £'000	2021 £'000
Food	4,540	4,866
Fuel	523	355
Funerals	92	70
Pharmacy	876	890
<b>Goods for resale</b>	<b>6,031</b>	<b>6,181</b>

The cost of goods purchased for resale and recognised as an expense in the consolidated income statement during the period was £128.6m (2021: £132.9m). Included in stock is a provision for stock loss of £302k (2021: £276k).

## 4.6 Trade and other debtors

### Keeping it simple – trade and other debtors

A debtor is an amount owed by a person or business that has bought goods or services from the Society but has not yet paid for them.

A prepayment is an amount paid by the Society in advance of the goods or services being received.

Other debtors include the asset created when we sell funeral prepayment plans which have not yet been used and interest earned by the Society but not yet received.

### Accounting policy

Trade debtors are non-interest bearing and are stated at their nominal value, reduced for those amounts that are considered to be unrecoverable. The amount of any debts written-off as unrecoverable is recognised in the consolidated income statement within administrative expenses. Subsequent recoveries of amounts previously written-off are credited against administrative expenses in the consolidated income statement.

<b>Debtors</b>	<b>2022</b> £'000	<b>2021</b> £'000
Trade debtors	9,122	8,128
Prepaid funeral plans	3,572	3,309
Sundry accounts, prepayments and accrued interest	2,119	2,044
	<b>14,813</b>	<b>13,481</b>

FRS 102 requires financial investments to be recognised and prepaid funeral plans with third parties are included above. A corresponding creditor is also recognised to reflect the estimated cost of providing funeral services. The funeral bonds are held at fair value with market valuation being provided by the insurer.

## 4.7 Cash and cash equivalents

### Keeping it simple – cash and cash equivalents

Cash is considered to be cash in bank accounts held by the Society and any cash held in stores. A cash equivalent is something that can be easily turned into cash, such as short term deposits with original terms of three months or less.

<b>Cash and cash equivalents</b>	<b>2022</b> £'000	<b>2021</b> £'000
Short term deposits	40,177	30,111
Cash at bank and in hand	4,987	15,554
<b>Cash and cash equivalents per cash flow statement</b>	<b>45,164</b>	<b>45,665</b>

# Notes to the financial statements cont.

## Section 5 - Liabilities

### In this section

This section shows the liabilities incurred in order for the Society to carry out its trading activities.

### Keeping it simple – liabilities

A liability is created when the Society has carried out an activity which results in a cost that will be paid for in the future. This includes amounts owed to suppliers for goods and services that have been received and loans from the Society's Bankers.

## 5.1 Creditors: amounts falling due within one year

### Keeping it simple – creditors amounts falling due within one year

Trade creditors, non trade creditors and expense accruals reflect goods or services that the Society has received but not yet paid for. This reflects money which the Society must pay out in the future.

### Keeping it simple – prepaid funeral plans

Prepaid funeral plans reflects the current cost of delivering the funerals customers have paid for in advance through the purchase of prepaid funeral plans.

### Keeping it simple – Members' loans

Members' loans reflects money lent to the Society by Members which is repayable on demand.

### Accounting policy – trade and other creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the normal course of business from suppliers.

<b>Creditors: amounts falling due within one year</b>	Notes	<b>2022</b> £'000	<b>2021</b> £'000
Trade creditors		9,759	8,918
Taxation		539	769
Members' loans	5.3	30	8,820
Share interest		193	948
Accrued loan interest		-	88
Non trade creditors and expense accruals		7,935	7,976
Property loans	5.3	1,273	1,728
Prepaid funeral plans		3,499	3,291
		<b>23,228</b>	<b>32,538</b>



## 5.2 Onerous lease provision

### Keeping it simple – onerous lease

Onerous lease reflects the current value of all future lease payments relating to a property which the Society does not fully utilise but has an obligation to continue to pay for.

Onerous leases	2022 £'000	2021 £'000
Onerous lease provision - current	633	722
Onerous lease provision - non current	5,373	5,790
	<b>6,006</b>	<b>6,512</b>

An onerous lease provision is made against the remaining seven year and 10 month rental commitment for the former Guernsey warehouse at Longue Hougue. The provision of £6,512k reflected in the 2021 financial statements has been decreased by £507k during 2021, giving a total provision of £6,006k at the 2022 year end. The movement in provision relates to changes in discounting rate of future cash outflows, release of one year of provision and partial sub-lease of a property to third party in 2021. This provision will be released over the remaining length of the lease.

## 5.3 Interest bearing loans and borrowings

### Keeping it simple – interest bearing loans and borrowings

These are loans and borrowings relating to the development of the Grand Marché supermarket in St Helier, Jersey.

### Accounting policy

This note provides information about the contractual terms of the Society's interest-bearing loans and borrowings.

Loans payable and Member's loans are recognised initially at transaction price less attributable costs and are carried subsequently at amortised cost using effective interest method.

Derivative financial instruments that have either a cost or benefit value are initially measured at fair value on the date on which a contract is entered into and are subsequently measured at fair value by mark to market method and any changes in valuation are accounted through the consolidated income statement. Such Instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Society uses interest rate swaps to hedge interest rate exposures.

Derivatives, interest bearing loans and borrowings	2022 £'000	2021 £'000
Fair value derivatives	94	248
Property loans due within one year	1,273	1,728
Property loans due after more than one year	1,286	2,917
Members' loans	30	8,820

The derivatives are held with The Co-operative Bank p.l.c. and are stated at fair value using valuations from The Co-operative Bank p.l.c.. The Society uses interest rate swaps to hedge interest rate exposures on its property loan. Consistent with 2021, there is one swap in place, for £10m which matures on 11 July 2023 and attracts an interest rate of 5.46%.

Property loans are secured against Society land and buildings assets, by an unregistered charge and are repayable on or before 11 July 2023 (originally £19m). The loan repayments were fixed interest only until 2011 and are now repayable by capital and interest.

Terms and debt repayment schedule	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2022	2021
Property loan	GBP	SONIA +0.1193%	2023	Quarterly	2,559	4,587
Members' loans	GBP	0.1% - 1.75%	On demand	On demand	30	8,820

# Notes to the financial statements cont.

## 5.4 Financial risk management

### Keeping it simple – financial risk management

Financial assets include cash or any contractual right to receive cash or another financial asset from another entity. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. Below are the disclosures relating to financial assets and financial liabilities of the Society.

### Financial risk management

With certain financial assets and liabilities, there is the potential for uncertainty as to how much the Society may have to eventually pay or how much they will eventually receive. For example, the Society may not receive payment from customers who purchase goods from the Society on credit.

### Credit risk

Credit risk arises from the possibility of customers failing to meet their obligations to the Society. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Society does not require collateral in respect of financial assets. The majority of the businesses in the Society have cash based rather than credit-based sales hence customer credit risk is relatively small. At the consolidated statement of financial position date there were no significant concentrations of credit risk.

### Liquidity risk

The Society manages its liquidity needs by monitoring investment schedules and debt servicing payments for financial liabilities along with cash flows on a weekly basis. As at 9 January 2022 the Society's non-derivative financial liabilities and contractual maturities are summarised below:

As at 9 January 2022	Current (£000's)			Non current (£000's)	
	On demand	Within 6 months	6-12 months	1-5 years	Over 5 years
Onerous Lease	0	317	317	3,871	1,501
Property Loans	0	637	636	1,286	0
Members loans	30	0	0	0	0
Other creditors	0	21,924	0	0	0

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and price risk.

The Society has some counter-party risk with amounts included in trade debtors and banks used to hold cash and cash equivalents which totals £57,575k (2021: £57,161k). This risk is monitored by management on a regular basis.

### Interest rate risk

Interest rate risk arises from movements in interest rates that impact on the fair value of the assets and liabilities and related finance flows. Interest rate swaps, denominated exclusively in sterling, have been entered into to mitigate and manage the Society's exposure to interest rate fluctuations. Two property loan swaps with an initial notional value of £10m and £9m respectively were entered into during 2008 and run concurrently with the property loan. The swap for £9m matured in 2019. The fair value of the remaining swap at 9 January 2022, based upon the difference between the floating interest rate due to be received by the Society less the fixed interest due to be paid by the Society over the period that the swaps were contracted for was £94k (2021: £248k). This amount is recognised as fair value derivatives.

### Foreign currency risk

Most of the transactions of the Society are carried in pounds sterling, its functional currency. The Society's exposure to foreign currency risk is insignificant.

**Price risk**

The Society is not exposed to the market risk with respect to financial instruments as it does not hold any listed securities.

**Estimation of fair values**

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

**Derivatives** – Forward exchange contracts, such as the Society’s interest rate swaps, are stated at fair value using valuations from the issuing bank.

**Interest bearing loans and borrowings** – These are shown at amortised cost which currently equates to fair value.

**Trade and other receivables / payables** – For receivables / payables, the notional amount is deemed to reflect the fair value.

**Funeral assets** – Funeral assets are shown at the most recent valuation by Ecclesiastical Planning Services Limited. Plans are in either non-profit whole of life assurance policies or with-profits whole of life assurance policies. The plan value for each non-profit whole of life assurance policy is guaranteed and is adjusted over the life of the plan in line with positive movements in the retail price index. The plan value for each with-profits whole of life assurance policy is guaranteed and is adjusted over the life time of the plan with the addition of annual and final bonuses. The valuation for each funeral plan is dependent on the value of the declared bonuses over the life of the plan.

2022					
Carrying amounts of financial assets and liabilities	Financial assets as an equity instrument £'000	Financial assets at amortised cost £'000	Financial assets at fair value through the consolidated income statement £'000	Financial liabilities at amortised cost £'000	Financial liabilities at fair value through the consolidated income statement £'000
Cash at bank and in hand		4,987			
Short term deposits		40,177			
Debtors		9,122			
Creditors				(17,887)	
Loans payable				(2,559)	
Members' loans				(30)	
Derivative financial instruments					(94)
Onerous lease				(6,006)	
Pension liability					
Unquoted shares	15				

2021					
Carrying amounts of financial assets and liabilities	Financial assets as an equity instrument £'000	Financial assets at amortised cost £'000	Financial assets at fair value through consolidated income statement £'000	Financial liabilities at amortised cost £'000	Financial liabilities at fair value through the consolidated income statement £'000
Cash at bank and in hand		15,534			
Short term deposits		30,111			
Debtors		8,051			
Creditors				(17,930)	
Loans payable				(4,645)	
Members' loans				(8,820)	
Derivative financial instruments					(248)
Onerous lease				(6,512)	
Pension liability				(5,321)	
Unquoted shares	15				

# Notes to the financial statements cont.

## 5.5 Pension obligations

### Keeping it simple – pension obligations

The Society runs two types of pension schemes: a defined benefit scheme and a defined contribution scheme.

The defined benefit scheme provides a pension based on a colleague's length of service and salary.

The defined contribution scheme sets the value that will be paid into a pension scheme; the amount of pension this generates depends on the performance of the investment into which contributions are paid and the annuity rates at the time of retirement.

### Accounting policy

#### Defined contribution pension scheme

The Society operates a defined contribution pension scheme (the "Scheme") for all colleagues. All costs relating to the defined contribution scheme are charged to the consolidated income statement as they are incurred. Amounts not paid are shown in accruals at the balance sheet date. The assets of the plan are held separately from the Society in independently administered funds.

Contributions to the defined contribution scheme in the period were £1,283k (2021: £1,346k).

#### Defined benefit pension scheme

The Society operates a defined benefit pension scheme covering certain colleagues. The Scheme was closed to new members and future accruals on 30 June 2009.

The Society's net obligations in respect of its Scheme are calculated by estimating the amount of pension benefit that colleagues will receive on retirement based on several factors including age, length of service, remuneration and future life expectancy.

Following the closure of the Scheme to new members and future accruals, regular contributions to the Scheme are no longer required. However, additional contributions are still made to cover any shortfalls that arise following each valuation.

The Society values its liability in respect of the Scheme in accordance with FRS 102 and following the method of calculation. Any surplus or deficit in the defined benefit section of the Scheme, being the difference between the value of the Scheme assets and the present value of the plan liabilities, is recognised in the balance sheet as an asset or liability to the extent that any surplus is recoverable or that conversely, any deficit reflects a legal or constructive obligation.

The most recent FRS 102 valuation of the Scheme was carried out at 9 January 2022 and indicated that the Scheme had a surplus. However based on FRS 102 the surplus is not recoverable so it cannot be recognised as an asset on the balance sheet.

The calculations below have been carried out as at 9 January 2022.

<b>Pension liability</b>	<b>As at 9 January 2022 £'000</b>	<b>As at 10 January 2021 £'000</b>
<b>The amounts recognised in the consolidated statement of financial position are as follows:</b>		
Fair value of Scheme assets	66,383	63,357
Present value of funded obligations	(65,444)	(68,678)
Net overfunding / (underfunding) in Scheme	<b>939</b>	<b>(5,321)</b>
Unrecognised assets	(939)	-
<b>Net defined benefit liability</b>	<b>-</b>	<b>(5,321)</b>
<b>The amounts recognised in the consolidated income statement are as follows:</b>		
Service cost	-	-
Cost of benefit changes	-	-
Curtailement costs	-	-
Settlement costs	-	-
Net interest on net defined benefit liability	67	58
<b>Expense recognised in the income statement</b>	<b>67</b>	<b>58</b>
<b>The net interest on net defined benefit liability item is broken down as follows:</b>		
Interest on obligation	949	1,219
Interest on assets	(882)	(1,161)
Interest on unrecognised assets	-	-
<b>Net interest on defined benefit liability</b>	<b>67</b>	<b>58</b>
<b>The amounts recognised as remeasurements in other comprehensive income are as follows:</b>		
Return on assets (not included in interest)	2,872	1,165
Actuarial gains / (losses) on obligation	2,355	(3,923)
Change in unrecognised assets (other than interest)	(939)	-
Total remeasurements recognised in other comprehensive income	4,288	(2,758)
<b>Cumulative amount or remeasurements recognised in other comprehensive income</b>	<b>3,109</b>	<b>(1,179)</b>
<b>Actual return on Scheme assets</b>	<b>3,754</b>	<b>2,326</b>
<b>Changes in the present value of the Scheme's defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	68,678	64,769
Service cost	-	-
Contributions by members	-	-
Cost of benefit changes	-	-
Curtailement costs	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(1,828)	(1,233)
Interest on obligation	949	1,219
Experience gains	(962)	(1,744)
Losses from changes in assumptions	(1,393)	5,667
<b>Closing defined benefit obligation</b>	<b>65,444</b>	<b>68,678</b>

The weighted average duration of the liabilities of the Scheme was 21 years as at 9 January 2022 (21 years as at 10 January 2021).

# Notes to the financial statements cont.

	As at 9 January 2022 £'000	As at 10 January 2021 £'000
<b>Changes in the fair value of Scheme assets are as follows:</b>		
Opening fair value of Scheme assets	63,357	61,164
Interest on assets	882	1,161
Return on assets (not included in interest)	2,872	1,165
Assets distributed on settlements	-	-
Contributions by employer	1,100	1,100
Contributions by members	-	-
Benefits paid	(1,828)	(1,233)
Administrative expenses	-	-
<b>Closing fair value of Scheme assets</b>	<b>66,383</b>	<b>63,357</b>
<b>The major categories of Scheme assets as a percentage of the total Scheme assets are as follows:</b>		
	%	%
Equities	64.2	63.5
Gilts	17.3	18.7
Corporate bonds	9.6	9.2
Property funds	7.4	6.3
Cash	1.5	2.3

All of the Scheme's assets have a quoted market price in an active market. The Scheme holds no financial instruments issued by the Society (other than incidentally through investment in pooled funds), nor does it hold any property or other assets used by the Society.

<b>The principle actuarial assumptions used are:</b>	<b>%pa</b>	<b>%pa</b>
Discount rate at end of period	1.9	1.4
Discount rate at start of period	1.4	1.9
Inflation	3.3	2.8
Rate of increase in deferment whilst in employment with the Society	3.3	2.8
Rate of increase in deferred pensions for those who have left employment with the Society	3.2	2.8
Rate of increase in pensions in payment	3.2	2.8

## Mortality assumptions

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 88 if they are male and until 90 if they are female. For a member currently aged 50 the assumptions are that if they attain age 65 they will live on average until age 89 if they are male and until age 91 if female.

## Section 6 – Equity

### 6.1 Share capital

As a Co-operative, the Society issues withdrawable share capital. This is the only form of share capital issued by the Society.

Share capital comprises individual shares held by the Members of the Society. The rights attached to shares are set out in the Society's Rules. Share capital can only be withdrawn at the discretion of the Directors and are therefore treated as equity shares.

<b>Share capital has been issued as follows:</b>	<b>2022</b> £'000	<b>2021</b> £'000
Class A (129,249 shares)	65,403	66,866
Class B (1,738 shares)	61,864	44,506
	<b>127,267</b>	<b>111,372</b>

Both A and B shares have a nominal value of £1. The different classes of shares may pay different interest rates, but are treated equally, irrespective of their class or issue for all purposes. Every Member must hold at least one fully paid up Class A share but there is no requirement for Members to hold any Class B shares which were first issued during the period ending 13 January 2019. No Member's total shareholding of Class A and Class B shares combined may exceed the statutory limit as provided for by the Industrial and Provident Societies Act 1965, currently £100k. Each Member is entitled to cast one vote on any resolution put to the Members at a Meeting of Members. Members may receive a dividend based on the value of purchases made from the Society.

### 6.2 Reserves

#### Accounting policy – reserves

##### Property revaluation reserve

The revaluation reserve is the total of the revaluation gains and losses from Society owned properties. It is not distributable to Members until it has been released on the sale of the property it relates to.

##### Revenue reserve

This reserve includes all current and prior period retained profits and losses except for those included in the property revaluation reserve.

## Section 7 – Other notes

### 7.1 Related party transactions

#### Keeping it simple – related party transactions

These are transactions between the Society and other parties with a close connection to the Society.

#### Transactions with Directors and key management personnel

As Members of Society, key management access the services offered by the Society on an arms length basis. Key management are considered to be the Directors and Executive Leadership Team. Refer to note 2.2 and 2.3 for the compensation paid to key management personnel.

Throughout the period under review, the Society has been a member of Federal Retail Trading Services Limited (FRTS), a company wholly-owned by the Co-operative Group Limited. The Society's Chief Executive Officer (CEO), by virtue of his role as CEO is a director of FRTS.

All buying terms for goods for resale supplied from FRTS sources are negotiated with third party suppliers by FRTS on behalf of its members and all members benefit from the buying terms that such a major group can offer. In the 52-week period to 9 January 2022, total net purchases from FRTS amounted to £76,237k (2021: £87,793k) and the payments due by the Society to FRTS as at that date totalled £4,586k (2021: £3,782k). As at 9 January 2022, the amount due by FRTS to the Society in respect of rebates was £2,569k (2021: £2,643k) and the amount due to the Society by FRTS in respect of duty drawbacks is £1,265k (2021: £1,709k).

# Notes to the financial statements cont.

## 7.2 Operating leases

### Keeping it simple – operating leases

An operating lease is a contract that allows for the use of an asset but the risk and rewards of ownership remain with the assets owner.

### Accounting policy

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

<b>Operating leases</b>	<b>2022</b> £'000	<b>2021</b> £'000
<b>Non cancellable operating lease rentals are payable as follows:</b>		
Less than one year	1,419	1,452
Between one and five years	4,669	4,644
More than five years	4,826	4,666
	<b>10,914</b>	<b>10,762</b>

During the period £1,597k was recognised as an expense in the consolidated income statement account in respect of rental payments under operating leases (2021: £1,524k)

The Society operates a number a trading units under operating leases ranging from one year to 14 years. Included within lease commitments is £6,779k (2021: £6,097k) related to the onerous lease provision in note 5.2.

<b>Leases as a lessor</b>	<b>2022</b> £'000	<b>2020</b> £'000
<b>The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:</b>		
Less than one year	2,453	1,899
Between one and five years	7,065	4,499
More than five years	16,409	16,367
	<b>25,927</b>	<b>22,765</b>

During the period £2,068k was recognised as income in the consolidated income statement account in respect of rental receipts under operating leases (2021: £1,973k)

The Society lets a number of properties under operating leases ranging from one year to 31 years.



## 7.3 Subsidiary undertakings

### Keeping it simple – subsidiary undertakings

These are separate legal entities that form part of the Society which are owned, managed and controlled by the Society.

As at 9 January 2022, the group consisted of The Channel Islands Co-operative Society Limited and the following subsidiaries.

Subsidiary undertaking	Country of incorporation	Registered number	Principal activity	% of Shares held
Offshore Leisure Limited	Jersey	77830	Travel	100%
F. Mallett and Son Limited	Guernsey	619	Holding	100%
Jersey Pharmacy Services Limited	Jersey	89296	Pharmacy	100%
JFTU (Property) Limited	Jersey	101370	Holding	100%
Bridge Regeneration Company Limited	Guernsey	67088	Property Dev.	100%

Jersey Pharmacy Services Limited (JPSSL) has two subsidiaries, Edgar Holdings Limited and Lloyds (Chemists) Limited. JPSSL owns 100% of the issued share capital of Edgar Holdings Limited and has 95% interest in Lloyds (Chemists) Limited, the 5% balance being held by the Society. The Society also owns minority shareholdings in UK buying groups which are related to its retail operations.

## 7.4 Funeral plans

### Keeping it simple – funeral plans

When the Society sells prepaid funeral plans it recognises a liability, being the cost of providing the future funerals and an asset, being the current value of the underlying investments.

When the Society sells prepaid funeral plans it recognises a liability, being the cost of providing the future funerals and an asset, being the current value of the underlying investments.

The Society sells pre-paid funeral plans. Each plan is bespoke and the Society guarantees that it will deliver the funeral as planned at no extra cost. The amount received for each plan is forwarded to Ecclesiastical Life Limited, a specialist insurance and financial services business which invests the money with the aim of producing a return that will cover future increases in the cost of providing the funeral. Although the value of the underlying investments can go down as well as up, Ecclesiastical Life Limited guarantees that the amount returned will be no less than the amount originally paid. Any shortfall in funds has the effect of reducing the margin achieved on the funeral.

The liability of providing all purchased funerals is shown in the statement of financial position, together with the current value of the underlying investments. These figures are restated annually and differences are recognised in the consolidated income statement. As at 9 January 2022, the Society had contracted to provide 825 funerals (2021: 800 funerals) at a total estimated cost of £3,485k (2021: £3,266k).

The value of investments at the valuation date of 9 January 2022 was £3,572k (2021: £3,309k). The difference between the cost and value of £87k is recognised in the consolidated income statement.

# Notes to the financial statements cont.

## 7.5 Capital commitments

### Keeping it simple – capital commitments

This is the value the Society has approved to spend on assets after the period end.

Contractual commitments in respect of capital projects at the period end were £nil (2021: £nil).

## 7.6 Contingencies and commitments

### Keeping it simple – contingencies and commitments

Contingencies are future events or circumstances which are possible but cannot be predicted with certainty. Commitments are items that are not included within liabilities as at the date of the statement of financial position.

#### Contingencies

The Society may from time to time be party to legal proceedings that are incidental to its operation, however, the Society is not involved currently in any legal proceedings which may have a significant effect on the financial position or profitability of the Society.

#### Commitments

Indemnities are held in favour of 'Customs and Excise Immigration and Nationality, Guernsey' in respect of Duty in the sum of £500k (2021: £300k) for which no provision has been made within the financial statements.

The Society also undertook to guarantee a leasehold arrangement with an annual rent of £138k and a term of 21 years on behalf of JPSL which is cross guaranteed by JPSL in favour of the Society. It is not anticipated that this further guarantee will be called upon.

The Society has two facilities in place with NatWest Bank Plc, an overdraft of £1,000k (2021: £1,000k) and a charge card facility with a limit of £45k. Both facilities will be reviewed in June 2022 but it is anticipated that both remain in place.

A parental guarantee in favour of NatWest Bank Plc in the sum of £100k (2021: £100k) has been entered into in respect of exposure to credit card transactions entered into with Offshore Leisure Limited. It is not anticipated that this guarantee will be called upon. It is agreed to be cancelled in 2022.

A parental guarantee in favour of Royal Bank of Scotland International Limited in the sum of £206k (2021: £206k) has been entered into in respect of a Bond issued by the Bank in favour of the Association of British Travel Agents for the benefit of Offshore Leisure Limited. It is not anticipated that this guarantee will be called upon. It will expire on 31 March 2022 and will not be renewed.

The Society has provided a guarantee for Community Savings Limited (CSL) that will meet the administrative cost of CSL for a period of one year in the event that CSL is unable to meet its liabilities. The actual amount that might be payable is not considered likely to exceed £100k; however, it is not anticipated that this guarantee will be called upon. The provision of a guarantee has been made on the basis of corporate social responsibility and the Society receives no pecuniary benefit in return.

Where Members and customers require a pre-paid funeral plan, the Society provides access to a whole of life insurance plan operated by Ecclesiastical Life Limited, with the underlying assets managed by Royal London Asset Management Limited. The Society guarantees that the total cost of the funeral as specified at the time of purchase of the plan will not exceed the value of the plan at maturity. The plan is designed to cover the costs of the funeral inclusive of the Society's margin and no shortfall is therefore expected. Accordingly, no provision has been made within the Financial Statements.

#### Ultimate controlling party

There is no ultimate controlling party, as there is no single party who is able to exercise majority control.

Analysis of changes in net debt	As at 10 January 2021 £'000	Cash flows	Non cash changes	As at 9 January 2022 £'000
Cash at bank	15,554	(10,567)	-	4,987
Short term deposits	30,111	10,066	-	40,177
Cash and cash equivalents	<u>45,665</u>	<u>(501)</u>	-	<u>45,164</u>
Property loan	(4,645)	2,085	-	(2,560)
Members loan	(8,820)	1,550	7,240	(30)
Interest payable	(978)	785	-	(193)
<b>Total</b>	<u><b>31,222</b></u>	<u><b>3,919</b></u>	<u><b>7,240</b></u>	<u><b>42,381</b></u>

# Board certification and Directors' responsibilities

The Financial Statements and Notes on pages 40 to 66 were approved by the board on 26 April 2022 and are hereby signed on behalf of the board of directors pursuant to Section 3 (5) (C) of the Friendly and Industrial and Provident Societies Act 1968.

Michael McNally, Society President

Mark Cox, Director

Susan Yu, Society Secretary

## Statement of Directors' Responsibilities

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The Directors are responsible for preparing the financial statements in accordance with applicable laws, regulations and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 102, the Financial Reporting Standard applicable to the UK and Republic of Ireland. The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Group for that period.

In preparing those 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 both the Group's and the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 – 1978. 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.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF THE CHANNEL ISLANDS CO-OPERATIVE SOCIETY LIMITED

### OPINION

We have audited the consolidated financial statements of The Channel Islands Co-operative Society Limited (the 'Society') and its subsidiaries (together, "Group") for the 52-week period ended 9 January 2022 which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 9 January 2022 and of its profit for the 52-week period then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Industrial and Provident Societies Act 1965-1978 (Industrial & Provident Societies (Channel Islands) Order 1965-1978).

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jersey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the consolidated financial statements are authorised for issue.

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the consolidated financial statements' section of this report.

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group; or
- the Group financial statements are not in agreement with the accounting records; or
- we have not received proper returns adequate for our audit from branches not visited by us; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

### RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities statement set out on page 67, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with UK GAAP, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

## EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the consolidated financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Society and the Group and the retail and consumer services in which they operate. We determined that the following laws and regulations were most significant: Financial Reporting Standard 102, Industrial and Provident Societies Act 1965-1978 (Industrial & Provident Societies (Channel Islands) Order 1965-1978), and Jersey and Guernsey taxation laws.
- We understood how the Society and the Group is complying with those legal and regulatory frameworks by, making inquiries to the management, those responsible for legal and compliance and the Society's secretary and chief governance officer. We identified whether there is culture of honesty, integrity and ethical behaviour and whether there is a strong emphasis of prevention and deterrence of fraud. We identified areas of the above laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our sector experience and through discussion with management. We discussed the policies and procedures regarding compliance with laws and regulations with the Directors and management and corroborated our enquiries through review of compliance reports, business risk assessments, board minutes and correspondence with the Jersey Financial Services Commission ("JFSC");
- We assessed the susceptibility of the Society's and Group's consolidated financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the consolidated financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet, or any other entries that are unusual in nature
  - potential management bias in determining accounting estimates, especially in relation to the calculation of property valuations
  - transactions with related parties

Our audit procedures involved:

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- testing the operating effectiveness of controls that prevent and detect fraud surrounding journal entries and revenue;
- assessing matters reported through the group's whistleblowing programme and the results of management's investigation of such matters;
- challenging assumptions and judgments made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement teams:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the Society and the Group
- We did not identify any matters relating to non-compliance with laws and regulations or relating to fraud; and
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operation, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the applicable statutory provisions, rules, orders and guidance; and
  - the entity's control environment.

## USE OF OUR REPORT

This report is made solely to the Society's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Alexander Ross Langley**  
**For and on behalf of**  
**Grant Thornton Limited**  
 Chartered Accountants  
 St Helier, Jersey

Date:

Channel Islands



[channelislands.coop](http://channelislands.coop)

