

CO-OPERATIVES UK



# Annual Report 2019

# Chair's statement

**Alongside our members, we had much to be proud of and plenty to build on before the COVID-19 pandemic changed the world as we know it. It has wreaked and is wreaking devastation on lives, on communities, on businesses and indeed entire business sectors.**

Our members face unprecedented challenges and our response has been swift. We are attacking the challenges brought by COVID-19 with vigour and real focus in this time of severe need.

Government – not for the first time – left gaps in its business support measures to the detriment of co-operative enterprise. Our members required governance support and clarification in numerous areas, from annual general meetings (AGMs) to insolvency. The rapidly changing work landscape also highlighted an acute need for HR advice.

In response, we're lobbying government to ensure co-ops get a fair deal. We are producing comprehensive governance and HR advice. We are also adapting our events programme to unite members in digital ways. And you, our members, are responding to individual and community need in a distinctly co-operative and truly inspirational fashion.

Together, we are building a stronger co-op movement. It is a movement of thousands of co-ops. The majority are in membership, either directly or through our federal members. Serving those members' needs is no easy task. The diversity of our membership is something to be celebrated, but it also represents a challenge in terms of creating value for all those organisations within the Co-operatives UK family.

At the same time we have reviewed our own financial resilience and, acknowledging the uncertainty COVID-19 has created, we remain confident we can continue to deliver progress against our own targets in 2020. After completing the second year of our three year strategy, we have made undoubted progress.

We aim to be an authoritative campaigning voice for co-ops and lobbying work to abolish the high Financial Conduct Authority (FCA) fees paid by societies came to fruition this year – saving the co-op sector £1 million annually.



We launched our #1MillionOwners campaign, securing funding to pilot a new programme to promote and support worker ownership. And more than 200 co-ops participated in our annual awareness campaign, Co-op Fortnight.

In our role to be at the heart of a thriving network of co-ops, we brought more than 1,400 co-op members, supporters and employees together through our conferences, training and networking events. I am incredibly proud to be part of a movement in which people readily share skills and knowledge in the true spirit of co-operation.

We want to be the place where any co-op can find the advice it needs and in 2019 delivered valuable bespoke advice to hundreds of co-ops. We also pumped over £1 million into the sector via our externally funded co-op development projects.

I step down as Chair of Co-operatives UK at our AGM – now taking place online only – in June after six years at the helm. Our Secretary General, Ed Mayo, will also move on to pastures new. For us both, the challenges of COVID-19 have, more than ever, highlighted the need for and relevance of co-ops and Co-operatives UK. At a time when everyone must come together the co-operative movement is truly rising to the challenge.

A handwritten signature in black ink that reads "N.J. Matthews". The signature is fluid and cursive, with a long horizontal stroke at the end.

**Nick Matthews**  
Chair  
Co-operatives UK

30/04/2020

# Secretary General's statement

**When adversity casts a shadow which nobody and no business is able to escape, the response is marked by extremes – at both ends of the scale. From stockpiling goods and marking up in-demand products, to finishing a shift and then delivering vital groceries to at risk customers.**

COVID-19 has brought out the worst and best in people. It is the positive which I, true to nature, will focus on. It's easier to do this because of how you, our members, are responding. Every day we hear inspiring true-life stories of co-ops going above and beyond for their members, their customers, their communities.

We should not be surprised. Co-op values and principles are hard-wired into our DNA. There's an authenticity to the co-operative response which other businesses find difficult, if not impossible, to match. It is this authenticity; the co-op values, which proved an inescapable draw a decade ago when I took on the role of Secretary General.

The co-op sector will not escape the COVID-19 pandemic without suffering pain. The negative impact will vary from business to business, from sector to sector. Writing about such pain and anguish was never in the leaving speech as I look ahead to a new challenge away from Holyoake House. However, I'm immensely proud of the fact that I leave Co-operatives UK in better shape to serve member need than ever before.

In every single year over the last decade we have, working alongside our members, brought practical policy change for the benefit of the sector. Over a momentous fortnight in January 2012 we won Prime Ministerial commitment to a new consolidated act for co-ops – the first for 50 years. We also proved our value over the crisis period of 2015-16, speaking up for co-ops and keeping the movement united.

I've led Co-operatives UK as we've transitioned into an effective national co-operative development agency.

Our trail-blazing Community Shares Unit (CSU) proved the catalyst as we blossomed into an attractive vehicle for instigating change. The CSU has been at the heart of so much positive activity since – with around £140 million raised from around 140,000 members.

We've ramped up our project activity to such an extent that in 2019 we channelled well over one million pounds into the sector. Our growing and widely praised programme of advice and support has operated in tandem, helping to enrich lives and communities across the UK.

We have moved from hostility to collaboration in our engagement with the trade union movement. We championed the adoption of the co-operative marquee – now widely used around the world. We even coined the hashtag #coops, now in worldwide use.

At the start of 2020 we had 60% more members than in 2010. Our balance sheet is healthier and our income is more diversified. The need to promote, develop and unite the sector may now be stronger than ever, but I'm proud to say I'll leave the organisation better able to deliver on all counts – for our members and the wider movement.



**Ed Mayo**  
**Secretary General**  
**Co-operatives UK**

**30/04/2020**

# Contents

Our strategy	2	
Our targets	3	
Promote	4-7	
Develop	8-11	
Unite	12-13	
Governance	14	
Board of Directors	15-17	
Financial statements	18-43	



# Our strategy

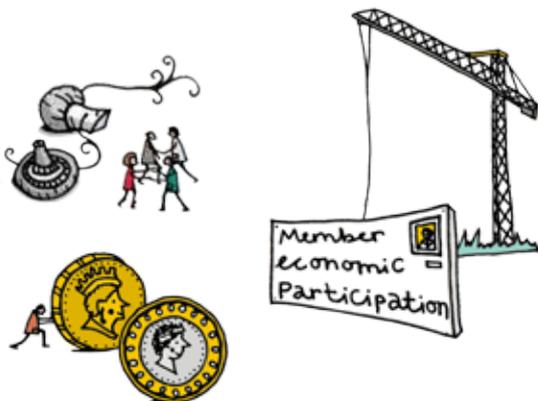
**In 2020 we will be celebrating 150 years since our co-op was founded to be a union of co-operatives. Just as it was in 1870, we exist to serve the needs of our members and the wider co-op movement.**

Our mission is to grow the co-operative economy through action to promote, develop and unite co-operative enterprises. It is a mission with our members at its very core. We cannot exist without our members – and cannot achieve our shared goals without their engagement and participation.

In 2019 we completed the second year of a three-year strategy. Set by the Board following input from members, staff and other stakeholders, the aim of our strategy is to be:

- **An effective union of co-ops**
- **An authoritative, campaigning voice for co-ops**
- **The place where any co-op can find the advice it needs**
- **At the heart of a thriving network of co-ops**

Each of these elements has a focus on creating member value. We must create a positive business environment for co-ops to flourish; we must provide members with the guidance they need to run successful businesses; we must bring members together to learn from one another and do business together. And all this is built upon the bedrock of the co-op values and principles.



The key performance indicators (KPIs), outlined on page three, reveal our progress against strategic goals.

Building upon our success in 2018, diversifying income streams remains a major focus. Historically, Co-operatives UK has been heavily reliant upon retail society subscriptions. In order to become financially sustainable – safeguarding our ability to provide value in the long term – we had to increase income from other sources. Through advice services and externally funded projects, we exceeded our three-year income diversification at the end of year two. The Board has now agreed a further stretch target for 2020.

We also track progress against the National Co-operative Development Strategy. Created collaboratively with 550 co-operators, it is an ambitious strategy to grow the UK's co-op economy. We track the number of co-op start-ups and conversions across the sector, as well as the number of members, currently standing at over 13 million – around one fifth of the UK population.

We cannot achieve our strategy alone. Working closely with members and organisations who share our vision, we are always seeking ways to share knowledge, resources and expertise. We collaborate with co-op infrastructure bodies; the Co-operative College, Co-op Press, Co-operative Heritage Trust; and other community business membership organisations; Locality, Plunkett Foundation; and the National Lottery funder – Power to Change.

As part of the global co-operative movement, we are members of the International Cooperative Alliance and Cooperatives Europe, we play an active role in international collaboration and representing the UK co-op sector abroad.

# Our targets

Key performance indicators (KPIs) agreed by our Board of Directors are part of its role in setting strategy and performance monitoring. The KPIs demonstrate 2019 progress against the objectives of our three-year strategic plan.

Co-operatives UK is working to...	5% increase in proportion of our income not from retail society subscriptions 	10% increase in members participating in our governance 
Promote	10% increase in member participation in campaigning activity 	5% increase in member rating of our campaigning work 
Develop	65% increase in members accessing advisory services 	7.5% increase in income from advisory services and projects 
Unite	6% increase in membership of Co-operatives UK 	6% increase in number of non-member co-ops we communicate with 
Our National Co-operative Development Strategy (NCDS) targets:		
6% increase in number of co-op start-ups and conversions. 	Year on year increase in number of members of UK co-ops. 	

Our performance against the KPIs demonstrates how we are delivering on our mission to grow the co-op economy. With 63% of income generated from sources beyond retail society subscriptions, we exceeded the 2020 target for income diversification a full 12 months early.

Chargeable advice services were accessed by 273 members, while externally funded projects impacted on 754 groups, ensuring we delivered member value while becoming more financially sustainable (with income generation in 2019 exceeding £790,000).

We enjoyed a significant increase in member participation in campaigns and policy consultations, with a 20% uplift against a 10% target. The number of co-ops in membership increased for a third consecutive year, but fell short of our 6% target.

Engaging members in our governance remains a challenge, with participation up year-on-year but still below our KPI target. And with co-op start-ups and conversions dropping from 2018 levels, we did not meet one of the National Co-operative Development Strategy targets.

# Promote

**We act as an authoritative, campaigning voice; working with members to influence public policy to benefit co-ops. In 2019 we secured a range of significant policy wins.**

Together with our members, we fought against prohibitive legislation and worked hard to make the co-op option more accessible. Our joint efforts saved the sector hundreds of thousands of pounds. We promoted worker co-operation and housing co-ops – and influenced government at a local as well as national level.

We championed worker ownership with the launch of our #1MillionOwners campaign, in partnership with the Employee Ownership Association. More than 400 individuals and several high profile worker owned businesses pledged support following the campaign launch, as featured in The Times.

The campaign prompted government interest around election time and we will be renewing our lobbying efforts in the 2020 Spending Review. We have already secured seed funding from Open Society Foundations for a development programme to promote and support worker ownership, to be piloted in 2021.

Our collective lobbying, with and on behalf of co-operative and community benefit societies, resulted in the Financial Conduct Authority's (FCA) decision to stop charging for access to the online Mutuels Register and to abolish the high annual fees paid by societies. These changes will save the sector an estimated £1 million each year.

***“Well done for the years of campaigning and hard work regarding this issue [the FCA charges for Mutuels Register access and high annual society fees]. For us this means easier relations with new suppliers and hopefully getting a credit report from Credit Rating Agencies. Congratulations!”***  
***Sergio Olivares, Greenwich CDA***



Working with MSPs in the Scottish Parliament we pushed housing co-ops up the policy agenda. Our input also helped secure a commitment to support co-ops in the Greater Manchester Local Industrial Strategy.

In Westminster, our plans for 2020 include: influencing the design of the £150m Community Ownership Fund; ensuring societies are not excluded from insolvency law reform; influencing the design of the UK Shared Prosperity Fund through the Communities in Charge Campaign; protecting farmers' ability to co-operate after Brexit; and improving the tax treatment of housing co-ops. We will also seek political and governmental support for worker ownership through the #1MillionOwners campaign.

Opportunities to make tangible policy gains away from Westminster are increasing and following English devolution these opportunities are becoming more significant. We plan to pivot more towards regional and local policy in 2020.

In Scotland and Wales, governments are entering their last year in office, with eyes turning towards elections in 2021. Working with our partners in both countries we will be supporting Cross Party Groups in the Senedd and the Parliament to keep co-ops on the agenda. We are making some headway in housing policy in Scotland and need to maintain that momentum.

With devolved government in Northern Ireland resuming we are eager to work with our local partners to secure policy support for co-ops.



Unicorn Grocery is a Manchester-based worker co-operative. Established in 1996, it is owned and democratically controlled by 70 or so worker owners. They supported the #1MillionOwners campaign launch, as featured in The Times.

Unicorn's Debbie Clarke said: "There is a real lack of awareness about worker owned businesses and the strengths of the worker co-op model. Collective ownership doesn't only make sense for us as workers, but for the success of the enterprise as a whole. Our experience is that workers are much more motivated when they own and run the business and that when power is more equally distributed, better decisions are made.

That all contributes to stable, sustainable businesses that are good for the economy, communities, workers and their families. Debbie added: "We were delighted to support the call for more investment in worker ownership, which also helped raise the profile of our co-op in the national media at the same time."

Unicorn has a flat structure, with every worker paid the same and roles and responsibilities shared. The worker co-operative, which has an emphasis on organic, fair trade and local produce, invests profits in causes it supports, such as co-op start ups and its organic farm suppliers.

"We are making money but the way that it gets shared out and goes towards projects we want to support, there's a real integrity to it," said Debbie. "We're providing a good service that's better than the competition. There should be more businesses like ours."

And if the #1MillionOwners campaign is a success, there will be!

# Promote

**We work with our members to raise awareness of the co-operative model. In 2019 we secured 227 pieces of media coverage, reaching 38 million people and a social media reach of 8.4 million.**

By vocalising the role co-ops can play in creating a genuinely inclusive economy, we help unleash the potential of our members and the wider sector. Our campaigning activity brought co-ops to the BBC newsroom in 2019, as well as to readers of The Times, the Guardian, The Independent and Huffington Post.

Co-op Fortnight, the sector's flagship awareness campaign, involved 213 co-ops across the UK who came together for two weeks of mass co-operation. It was covered by 147 radio stations, with 43,000 views of the campaign video which featured more than 20 independent co-ops from a diverse range of sectors.

Our annual Co-op Economy report – the only comprehensive report on the sector – revealed that the nation's 7,215 co-ops have a collective turnover of more than £37.7 billion. That figure is £400m up on the previous year, while the total number of members remains at the 13 million mark. We focused on 'the most co-operative places in the UK', generating media coverage in the Guardian, the BBC and a range of local outlets.

The report also demonstrated that the co-operative business model remains resilient, despite an uncertain political and economic climate, with almost three out of four co-op start-ups (72%) still flourishing after the difficult first five years of existence. In stark contrast, more than half of all new companies (57%) had ceased to exist before reaching that same milestone.

The 2019 Co-op of the Year Awards broke all records, with more than 33,500 online votes cast by members of the public for the 14 shortlisted co-ops, six co-op councils and five individuals.

*“We were thrilled to receive the award and the recognition of our work helping schools to tackle climate change by generating green energy on their roofs.”*  
**Laura Moreno, The Schools' Energy Co-operative (Inspiring Co-op of the Year Award winner)**



We took our work to promote platform co-ops on the road, hosting 12 UnFound events at tech hubs across the UK. The campaign introduced innovative co-operative solutions to more than 170 people from tech start-up communities.

In 2020 we are celebrating the 175th anniversary of the Rochdale Pioneers, who founded the modern co-operative movement, and 150 years since Co-operatives UK was formed. COVID-19 social distancing measures have affected our plans, with our Festival of Co-operation postponed to 2021. However, our new podcast series, 'More than a Shop' has been launched as planned to bring co-ops to new audiences.



# CO-OP ECONOMY 2019



#CoopEconomy

**7,215**

Independent co-ops in the UK

**233,733**



employees of co-ops

Annual turnover



2019

£37.7 bn

2018

£37.3 bn

2017

£36.3 bn

2016

£36.3 bn

2015

£36.8 bn

## Number of co-op members

2019	13.7 million
2018	13.7 million
2017	12.9 million



# Develop

**We want to be the place where any co-op can find the advice they need. We help establish new-starts, provide specialist advice to enable business growth and lead major programmes to develop the UK co-operative sector.**

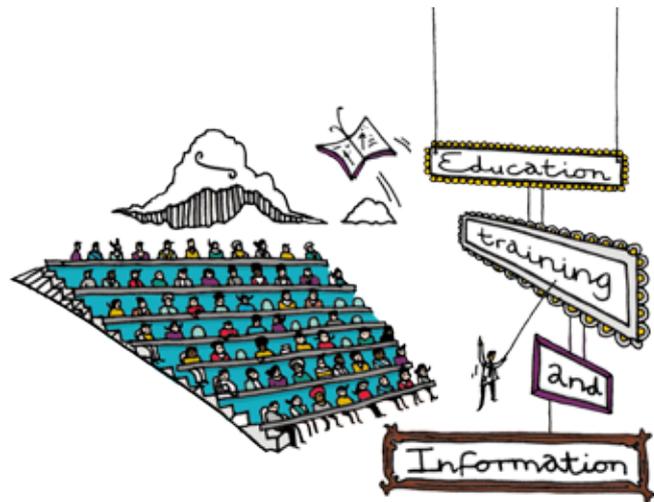
We provide high quality advice and best practice guidance that meets member needs. We review and diversify our advice products and services to meet the changing requirements of our members.

In 2019 we helped create scores of new co-ops, delivered training to hundreds of co-op enterprises and created valuable new governance resources.

More than 250 co-ops directly benefited from our professional advice services, while the number of members taking advantage of enhanced support through our HR and Contact packages increased to 162. Satisfaction levels from our members remain high, with 97% rating our advice as good or excellent.

We helped bring 87 new businesses into existence in 2019, from a brewery in Devon to a platform co-op for sign language interpreters. Our work supporting new co-op formation, alongside the valuable contribution from our co-operative development body members, contributes to the sector-wide National Co-op Development Strategy.

We are creating new ways to make co-op registration simpler. In 2019 we piloted Level, a new digital tool designed to help creative freelancers form co-ops. We will test, refine and promote this online registration tool, along with a suite of other digital resources in 2020.



As experts in co-operative advice we produce resources which directly benefit our members and the wider movement. We recently revised the Co-operative Corporate Governance Code, as shared by the Chartered Governance Institute (ICSA), and produced guidance on co-operative key performance indicators. Our library of specialist co-operative resources remains popular with more than 4,000 downloads in 2019.

We provide bespoke advice, including board and director evaluations, governance policy reviews and membership health checks. In 2019 we delivered tailored chargeable services to 273 co-ops, delivering on members' needs at a fraction of the cost of external providers.

The HR package provides our members with access to a wealth of model policies and contracts, an HR benchmarking service, one-to-one support and the reassurance that expert co-operative HR advice is just at the end of the phone. We delivered specialist HR training to scores of delegates, including a mock tribunal.



Every year over 60,000 guests choose to travel with HF Holidays, a consumer co-operative offering a fantastic range of walking and special interest holidays.

HF Holidays operate 18 country house hotels in the UK and also offer tailor-made holidays across six continents. Owned and controlled by its members, all profits are ploughed back into the society, which has a proud history stretching back more than 100 years.

In late 2018, the Board of HF Holidays sought advice from Co-operatives UK's specialist team of advisers, who carried out a review of the organisation's governance practices and produced a report including recommendations. A key finding was that the Chief Executive and Society Secretary roles should be held by different people, in line with co-operative best practice.

Head of Advice, Emma Laycock stepped into the role of Society Secretary for an interim period of one year throughout 2019, overseeing a review of governance systems and processes including changes to the Annual General Meeting, Board agendas and minute taking, as well as commencing a review of their rule book.

David Harrington Chief Executive Officer said: "We couldn't have been in safer hands and are grateful to Emma and Co-operatives UK for this intensive period of support whilst we recruited to this new role.

"We are continuing to refine our governance to reflect best practice for a co-operative of our size with a turnover of £34m. We are in a strong position to enter the next decade and adapt to any future economic challenges."

# Develop

## We attract external funding to break new ground in co-operative development; seeking opportunities and partnerships to test, try and support innovation that delivers member value and co-op economy growth.

We set a target to diversify our income streams over the course of our current three-year strategy, to avoid an overreliance on membership subscriptions. In 2019, we generated 63% of our income from chargeable services and external funding.

For the first time, our fundraising activity surpassed £1.3 million, which has enabled us to pump significant investment into the co-op movement. We distributed more than £500,000 in grants and continue to champion local ownership and local wealth building. We provided technical support to grassroots organisations and £689,000 of matched community share investments.



Community shares are a popular approach to raising finance, in which local people often invest small sums of money to become co-owners of vital local enterprises – from pools to pubs, community housing to heritage buildings.

The Community Shares Booster Programme is led by Co-operatives UK and funded by independent trust Power to Change and the Architectural Heritage Fund. It has helped communities across the country to own, develop and save much-loved spaces and buildings including Nenthead Chapel in Cumbria and The Ultimate Picture Palace in Oxford. We also issued 23 Community Shares Standard Marks - the 'rubber stamp' for community shares best practice.

Through the Empowering Places programme we are working closely with six locally-rooted catalyst organisations, to demonstrate the role concentrated clusters of community owned businesses can play in creating better places and reducing inequality. Funded by Power to Change, the programme is delivered by Co-operatives UK in partnership with CLES and New Economics Foundation.

The programme has helped establish 40 new community businesses, from a community-led regeneration business in Plymouth to a football club in Leicester. Our development work through Empowering Places will continue as we have secured the contract to be the lead programme partner – valued at £1.5 million – for the next three years.

We also supported Student Co-op Homes, a pioneering force for student co-op housing, to launch their community share offer which featured on the BBC and has raised over £300,000.

The Hive, our co-op support programme funded by the Co-operative Bank, supported over 150 organisations in 2019 and more than 4,000 resources have been downloaded from [www.thehive.coop](http://www.thehive.coop). We are continuing to develop and evolve the programme of support for co-ops offered through The Hive.

We have secured funding from Open Society Foundations to pilot regional worker ownership hubs in support of our #1MillionOwners campaign. We are also developing and refining our pilot digital co-op formation tool and raising awareness of platform co-ops through the UnFound programme.



**Abram Ward Community Co-operative is one of the Empowering Places catalyst organisations. Through its Made in Wigan programme it provides seed funding, training and support to create community businesses.**

The Men's Shed is a great example of how local needs are being fulfilled through community new-starts. David Baxter, Principal Officer at Made in Wigan, said: "It's a community business that brings men together to learn woodworking, gardening or any project that interests them.

"It helps increase their self-esteem, is a way to make new friends and learn new skills. And if you want to buy local, the Men's Shed sells what it produces. Local wildlife groups have chosen to buy raised flower beds from there instead of larger chains. It keeps wealth within the local community."

A Women's Shed soon followed – giving women access to the same opportunities. And the ward is currently a hive of activity, giving a new lease of life to existing properties. David said: "We're starting to find buildings that can provide space for our youngsters. And a working man's club is being transformed into a place to incubate community businesses.

"We've set up two community cafes. One has started to focus on growing food too. It's working with local primary schools. The cafe uses their gardens to grow their produce – and also educate youngsters that chips don't come from Iceland. So the business is linking into education and the environment.

"It's all about creating a bottom-up approach to reducing inequality via community enterprise. Instead of outside organisations parachuting in and taking the money – local people are coming up with solutions, taking action and generating wealth that stays in the area."

# Unite

**We are at the heart of a thriving network of co-ops, with 826 direct members and a further 3,500 co-ops represented through federal members. We directly and indirectly bring together over half of the UK's 7,125 co-ops to connect, learn and trade with one another.**

The co-operative values and principles bind our innovative sector together and the principle of co-operation among co-operatives flows through our extensive range of member events.

In 2019, we brought together 1,452 co-op members, supporters and employees to learn and share knowledge across 56 events including national conferences, local networking events and study visits. Following member feedback we launched a series of webinars, with 126 people participating in a range of discussions covering topics such as sociocracy and managing conflict.

Alongside The Co-operative College and The Co-op Press, we presented the co-operative model and principles to 80 business management students. We guided their work on a project to measure awareness of co-ops to professional advisers, pulling together a series of recommendations.

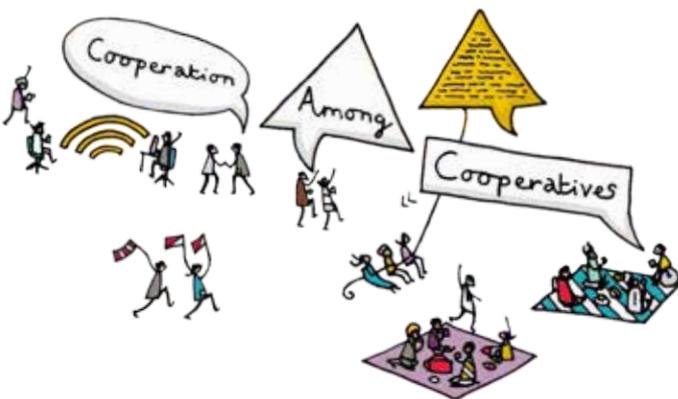
Uniting with our farmer members we successfully lobbied for an essential extra piece of Brexit legislation – ensuring that farmers' ability to co-operate would continue unchanged on the day we left the EU. We also commissioned research to understand perceptions of farmer co-ops and support needs of community owned businesses.

Our members are connected to a rich and diverse network of co-operative enterprises around the world. We are members of – and have UK representatives on – the Board of the International Cooperative Alliance (ICA), Cooperatives Europe and the worldwide worker co-op network.

In 2019, Co-operatives UK delegates visited co-ops in five countries, meeting over one thousand co-operators, to exchange information and learning. In November 2019, at the ICA Assembly in Kigali, Rwanda we won unanimous backing for our resolution to develop international accounting standards for co-operatives, to protect key characteristics of co-ops such as member capital and the dividend, in future policy and regulation.

The impact of the global co-operative movement and shared values are depicted in our illustrated poster, 'A Co-operative World', delivered to all members at the end of 2019.

Just like all co-operatives, Co-operatives UK is owned by its members. To help the co-operative movement thrive we need and value member participation.



We expanded and rebranded our Co-op Connections local networking programme, with 12 events taking place in seven cities across the UK. More than 200 delegates came together to connect, learn and build relationships.

Participation from members continues to make these events a success through their willingness to share knowledge and passion for learning – with 95% of delegates rating our major conferences as either good or excellent.



**Radcliffe Market Hall is a Victorian indoor market near Manchester which, over the last two years, has evolved into a thriving new heart of the town. Run and owned by the community, the market hall is a now home to local independent traders, with regular food and craft events, exhibition and performance space and a space for young people to test bed start-up enterprises.**

As a Community Benefit Society with an open membership, local residents, traders and the wider community are engaging with the development and future of the hall, which is helping to breathe new life into the community. There are plans to stage a community share offer, create a community kitchen and growing wall in partnership with Incredible Edible, and gain recognition as a regional destination venue.

Alan Mackrell, Radcliffe Market Manager, said: "As a fairly new community benefit society, we've really benefited from being part of a wider network. We even hosted a Co-op Connections local networking event attended by 30 or so people, organised by Co-operatives UK, bringing new visitors to the market and providing an opportunity to share our vision and learn from others.

"We are delighted to feature on the new 'More than a Shop' co-operative podcast, launching in 2020, so I'd say that being a member of Co-operatives UK has really helped to unite us with other like-minded organisations and raise the profile of Radcliffe Market."

# Our governance

**At the heart of the co-operative model is the idea of member participation. While good governance takes care and effort in any enterprise, it has particular importance in co-ops. We are owned and controlled by our members who are all co-operatives or organisations that support co-operative values and principles.**

The co-operative values and principles are enshrined in our rulebook – the foundation for our governance and decision making – and are reflected in our policies, procedures and culture.

Our democratic structure, like many secondary co-ops, allows for weighted voting in decisions made at member meetings and in director elections (vote allocations are linked to subscriptions). At Co-operatives UK, member participation extends much wider than voting; our members engage and provide direction in many ways, including:

- Submitting resolutions to the Annual General Meeting, attending and engaging in debate
- Nominating candidates to stand for election to the Board of Directors
- Participating in member groups that bring together co-operative expertise and shape our strategic priorities
- Responding to consultations enabling us to represent member views to policy makers
- Attending events and networking with people from other co-ops and our staff
- Sharing co-op stories and joining conversations on social media
- Providing feedback through member surveys
- Joining our campaigns and helping us to promote the co-operative model
- Accessing our specialist advice services designed to enable co-ops to thrive

The Board of Directors makes key decisions and approves policies; it sets our strategic direction and holds the Management Team<sup>1</sup> to account for performance against annual plans and budgets.

Our Board is made up of individuals nominated and elected by our members. Its structure ensures the Board has knowledge from across the breadth of the co-op movement. Each year, the Board elects directors to be Chair and Vice Chair.

Directors serve three-year terms of office and for a maximum of nine years. New directors receive a detailed induction outlining the role of the Board, its code of conduct, our policies, structure and information about our stakeholders.

Directors maintain skills registers and are given opportunities for ongoing learning and development. The Board completes regular performance evaluations. In 2019, directors completed a peer appraisal (facilitated internally) which provided the opportunity for individuals to reflect on their performance and aspirations for their ongoing contribution to the Board. The Remuneration Committee oversees Board succession planning, diversity, skills and evaluation.

Reviewing compliance with the new Co-operative Corporate Governance Code enables us to report against best practice. We identified the following areas of non-compliance and potential action:

- A documented Board succession plan and structured director development programme
- Board involvement in our organisation culture and values programme of work
- Enabling informed member decisions around transfers of engagement or amalgamation
- A separate conflict of interest policy
- AGM advisory vote on a remuneration report
- A whistle-blowing procedure that extends to members and stakeholders.

<sup>1</sup> Members of the Co-operatives UK Management Team detailed on page 36

# Board of Directors

As at 31/12/2019



Nick Matthews  
(Chair)



Cheryl Barrott



John Chillcott



Robin Fieth



Rebecca Hamilton



Phil Hartwell



Ross Hodgson



Emma Howard



Andrew Lofty



Mary McGuigan



Don Morris



Cath Muller



Steven Nuttall



Bev Perkins



Mark Simmonds



Paul Singh



David Stanbury



Eddie Thorn



Vivian Woodell

Director	Nominating organisation	Attendance	Fees	Current (3-year) term of office began	Seat gained via
<b>Nick Matthews (Chair)</b>	Heart of England Co-operative Society	Board 7(7); RemCo 4(4); Governance 2(3)	£5,044	2018	Uncontested election
<b>Cheryl Barrott</b>	Co-operative Party	Board 6(7); RemCo 4(4)	£1,655	2017	Contested election
<b>John Chillcott</b>	Social Enterprise East of England	Board 3(7)	£1,655	2017	Uncontested election
<b>Robin Fieth</b>	Building Societies Association (BSA)	Board 6(7)	£1,655	2018	Contested election
<b>Rebecca Hamilton</b>	Co-operative Group Ltd	Board 5(7); Audit 4(5); Governance 1(2)	£1,655	2017	Appointed
<b>Phil Hartwell</b>	HF Holidays	Board 7(7), RemCo 4(4); Governance 2(2)	£1,655	2018	Uncontested election
<b>Ross Hodgson</b>	SUMA Wholefoods	Board 6(7); RemCo 4(4); Governance 2(3)	£1,655 <sup>1</sup>	2017	Appointed
<b>Emma Howard</b>	East of England Co-operative	Board 5(7)	£1,655	2018	Contested election
<b>Andrew Lofty</b>	Co-operative Group Ltd	Board 3(3)	Waived	2019	Appointed
<b>Mary McGuigan</b>	Co-operative Group Ltd	Board 5(7); RemCo 3(4)	£1,655	2019	Appointed
<b>Don Morris</b>	Radstock Co-operative Society Ltd	Board 6(7); Audit 3(5); Governance 1(1)	Waived	2017	Uncontested election
<b>Cath Muller</b>	Footprints Workers Co-operative	Board 3(3)	£835 <sup>1</sup>	2019	Appointed
<b>Steven Nuttall</b>	Co-operative Group Ltd	Board 2(7)	Waived	2018	Appointed
<b>Bev Perkins</b>	Co-operative Group Ltd	Board 3(3)	£835	2019	Appointed
<b>Mark Simmonds</b>	Co-op Culture	Board 6(7); Audit 5(5); Governance 3(3)	£1,655	2019	Uncontested election
<b>Paul Singh</b>	Central England Co-operative Ltd	Board 6(7); Audit 5(5)	£1,655	2017	Appointed
<b>David Stanbury</b>	Co-operative Group Ltd	Board 3(3)	£835	2019	Appointed
<b>Eddie Thorn</b>	Scottish Midland Co-operative Society Ltd	Board 6(7); Audit 1(1)	£1,655	2018	Uncontested election
<b>Vivian Woodell</b>	The Midcounties Co-operative	Board 7(7); Governance 3(3)	£1,655	2019	Appointed
The information above pertains to those directors in office as of 31 December 2019. The details below cover those individuals ending their term of office prior to year end.				The Board has three subcommittees that meet regularly: The Audit and Risk Committee; the Remuneration, Appointments and Succession Committee (RemCo) and the Governance Committee. The Board also has a Chair's Committee which does not meet but can call urgent Board meetings or provide Board level approval between meetings.	
<b>Dan Crowe</b>	Co-operative Group Ltd	Board 3(4); Governance 1(1)	£1,655		
<b>Eileen Driver</b>	Co-operative Group Ltd	Board 4(4); Governance 1(1)	£820		
<b>Britta Werner</b>	Unicorn Grocery Ltd	Board 4(4); Audit 3(3)	£820		

<sup>1</sup> Board fees paid direct to nominating organisation

# Directorships

Each board member discloses positions as director or trustee of other entities. In addition, the table below includes employment and memberships where they are deemed to be positions of influence relevant to Co-operatives UK.

<b>Nick Matthews (Chair)</b>	<b>Director of:</b> Heart of England Co-operative Society Limited; West Midlands Co-operative Council; Revolver Coffee Co-operative; Walsall Football Supporters Trust. <b>Trustee of:</b> Coventry Co-operative Society; Heart of England Co-operative Society Pension Fund. <b>Employee of:</b> Coventry University. <b>Member of:</b> Co-operative Group's National Member Council.
<b>Cheryl Barrott</b>	<b>Director of:</b> Co-operative Party; Sheffield Co-operative Development Group; Aizlewood Group. <b>Member of:</b> Community Wealth Building Unit; Co-operatives Unleashed; Sheffield City Region Panel on Co-operation.
<b>John Chillcott</b>	<b>Director of:</b> Central England Co-operative; Social Enterprise East of England.
<b>Robin Fieth</b>	<b>Director of:</b> RPF Consultancy Ltd. <b>Employee of:</b> Building Societies Association. <b>Member of:</b> CBI Trade Associations Council; European Association of Co-operative Banks Executive Committee.
<b>Rebecca Hamilton</b>	<b>Director of:</b> Co-operatives Credit Union. <b>Employee of:</b> Co-operative Group Ltd. <b>Member of:</b> Co-operative Group's National Member Council.
<b>Phil Hartwell</b>	<b>Director of:</b> Harwich Connexions Transport Co-operative Limited. <b>Trustee of:</b> Harwich Electric Palace Trust.
<b>Ross Hodgson</b>	<b>Employee of:</b> Triangle Wholefoods Collective Ltd. <b>Member of:</b> Triangle Wholefoods Collective Ltd.
<b>Emma Howard</b>	<b>Director of:</b> East of England Co-operative Society.
<b>Andrew Lofty</b>	<b>Director of:</b> Co-operative Group Ltd.
<b>Mary McGuigan</b>	<b>Director of:</b> Wochi Communications Ltd. <b>Member of:</b> Co-operative Group's National Member Council.
<b>Don Morris</b>	<b>Employee of:</b> Radstock Co-operative Society Ltd.
<b>Cath Muller</b>	<b>Director of:</b> Footprints Workers Co-operative Ltd; Platform 6 Development Co-operative Ltd; Bread Club Ltd. <b>Member of:</b> Cornerstone Housing Co-operative Ltd; Workers Co-operative Council; Radical Routes Ltd.
<b>Steven Nuttall</b>	<b>Director of:</b> Co-operative Group Ltd.
<b>Bev Perkins</b>	<b>Director of:</b> Co-op Press; East of England Co-operative. <b>Member of:</b> Co-operative Group's National Member Council.
<b>Mark Simmonds</b>	<b>Director of:</b> Co-op Culture; Pennine Community Power Ltd; Heptonstall Allotment & Garden Society Ltd; Platform 6 Development Co-operative Ltd.
<b>Paul Singh</b>	<b>Director of:</b> Central England Co-operative Ltd; Accord Housing Association.
<b>David Stanbury</b>	<b>Member of:</b> Co-operative Group's National Member Council.
<b>Eddie Thorn</b>	<b>Director of:</b> Scottish Midland Co-operative Society; Capital Carers Ltd. <b>Trustee of:</b> Northfield & Willowbrae Community Services Group; Drylaw Telford Community Association; Blackhall St Columba's Church of Scotland.
<b>Vivian Woodell</b>	<b>Director of:</b> The Midcounties Co-operative Limited*; West Oxfordshire Community Transport Ltd; Student Co-operative Homes Ltd, The Co-operative Loan Fund Ltd. <b>Trustee of:</b> The Co-operative College CIO. <b>Employee of:</b> The Phone Co-op Foundation for Co-operative Innovation Ltd. *By virtue of his role as a director of The Midcounties Co-operative Limited, Vivian Woodell holds numerous further directorships. The full list can be viewed here: <a href="http://www.uk.coop/woodell_directorships">www.uk.coop/woodell_directorships</a>

# Financial statements

Our financial performance in 2019 has delivered a pre-tax surplus from ordinary activities of £922,920 (2018 - £496,843). The overall surplus includes the receipt of equity investment funding from Power to Change and Open Society Foundations. Co-operatives UK has invested this funding in various societies (See note 7 for the complete list).

Income and expenditure remained in line with expectations and we saw a slight increase in both in 2019. Project income increased by £92,345 (excluding Co-operative Employers Association) and we continued our efforts to bring in funding which enables us to deliver better value for our members and emerging co-operatives and community enterprises.

Our balance sheet remains stable with reserves of £2,766,595 (2018 - £1,844,831) and a healthy level of net liquid assets.

## Statement of responsibilities of the Board (directors' responsibilities)

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under that law it has elected to prepare the financial statements in accordance with UK accounting standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

In preparing the Society's financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.

- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess the Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Board is responsible for ensuring that Co-operatives UK carries out its commitment to be a co-operative. The Board will ensure that in carrying out its business activity, the Management Team maintains the co-operative identity values and standards of Co-operatives UK and that its obligations to its members and others, in particular employees, customers, suppliers and the community, are understood and met.

The Board is responsible for developing and deciding the strategy of Co-operatives UK, in consultation with the Management Team, which is responsible for its implementation and delivery, and taking into consideration the views of members and wider stakeholders.

The Board ensures that the controls and systems of risk management are robust and defensible.

### Internal controls

The Board is ultimately accountable for Co-operatives UK's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. Co-operatives UK's Audit and Risk Committee has reviewed and reported on internal controls in accordance with the Co-operative Corporate Governance Code. The process used by the Board to review the effectiveness of the system of internal control includes the following:

- The effectiveness of risk management processes are reviewed at least annually by the Board and the Audit and Risk Committee.
- Considering reports from the Management Team, internal and external audit on the systems of internal control and any material control weaknesses.
- In line with the Internal Audit Policy, the Audit and Risk Committee oversees the audit of at least one business area each year with in-house responsibility for compliance testing and continuous improvement activity.
- The Board receives a report of each meeting of the Audit and Risk Committee, including orally from its Chair, and directors have timely access to the minutes of all subcommittee meetings.
- A programme of governance process improvements has been implemented in order to ensure periodic review of policies and internal controls.

### Co-operatives UK has adopted an internal control framework that contains the following key elements:

#### Control environment

- An organisational structure is in place with clearly defined lines of reporting, accountability and responsibility for planning, executing, controlling and monitoring business operations.
- The Board and staff team work together in developing the strategic objectives of the organisation to deliver on its mission. Employee engagement with and understanding of our strategic objectives are regularly monitored and operational planning ensures alignment between our strategy and day-to-day activity.
- Annual budgets are reviewed by the Audit and Risk Committee and approved by the Board. Performance against budget and forecasts are reviewed at least quarterly by the Board and twice each year by the Audit and Risk Committee, with any significant variances considered and remedial action taken where appropriate.
- A schedule of matters reserved for decision by the Board is followed and provides limits to the spending and decision-making delegated to the Management Team.
- During the induction process all employees are given adequate information and training on Co-operatives UK's strategic plan, internal controls and policies.
- Our employee code of conduct is put into everyday practice accompanied by supportive policies which enable employees to report any serious wrongdoing.

## Risk identification

- Risk management is an important element of our internal controls and the Board is accountable for these processes. The Management Team has the primary responsibility for identifying the key risks to the business with each employee taking responsibility for raising any risks associated with their area of work. Risk processes embedded within the culture of the organisation involve regular consideration of risk.
- Risk management procedures include systems for the identification, evaluation and management of risks to the business. Each risk is allocated an owner and scored in terms of its likelihood and impact before and after documented mitigating actions. The most significant risks to the business have contingency plans in place.
- Details of our risk management and the principal risks to the business are regularly provided to the Board and the Audit and Risk Committee.

In this financial year, the principal risks to the business have been identified as concerning the potential impact of any significant loss of income from subscriptions or advice services and the risk that our work is affected by the trading or financial position of a leading co-op.

The COVID-19 situation is rapidly evolving and post year end we are closely monitoring emerging risks and the impact on the Society. The health and safety of our members, tenants and staff is our top priority and we have implemented plans in line with Public Health England's advice. In addition, we are carefully monitoring the financial resilience of the Society, including the potential impact for the remainder of 2020 on variable income, from reduced future lettings, conferences/events and chargeable services work and our ability to manage costs during this period within the existing financial resources held by the Society.

With the above as context, and acknowledging the uncertainty that this creates, the Board still targets making progress in 2020, although it remains cautious about the degree to which this growth can be achieved.

The uncertainty as to the future impact on the Society of the recent COVID-19 outbreak has been separately considered as part of the directors' consideration of the going concern basis of preparation of the financial statements.

## Control activities

- Co-operatives UK has implemented control activities designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties, reviews by management and internal audit to the extent necessary to arrive at their audit opinions.
- A comprehensive suite of policies and procedures is in place across the organisation. It is regularly reviewed, compliance is monitored and we provide thorough inductions for new members of staff.
- A process of control self-assessment and reporting has been established which provides for an auditable trail of accountability.

## Information and communication

- Regular communication with our members uses a variety of channels including member groups, publications, social media, e-bulletins and our website ([www.uk.coop](http://www.uk.coop)). This includes transparent sharing of key decisions of the Board.
- Co-operatives UK communicates with the staff team via regular meetings and email updates on strategic matters. Staff members use our intranet which provides a platform for our suite of applications, online learning resources, policies and procedures.
- An annual appraisal scheme is in place for all employees and includes monitoring alignment between individual roles and strategic objectives.
- The Board ensures the views of members and other key stakeholders are taken into consideration when it makes decisions. Providing leadership to the co-operative movement is at the heart of the corporate strategy and its delivery monitors the direct and indirect value provided to members.

## Monitoring

- There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit and Risk Committee meet at least twice a year and, within its remit, reviews the effectiveness of the system of internal financial controls.
- The Internal Audit Policy requires the audit of at least one business area each year. The programme of audits focuses on business risk and priority. The Society Secretary works collaboratively with members of staff to complete the required reviews of control activities, compliance testing and recommendations for improvement. Responsibility and timescales for remedial actions are agreed with the Management Team and evidence of completion is provided to the Audit & Risk Committee. In 2019, our internal audit scrutinised the extent to which our suite of HR policies and procedures align with the organisation's mission and reflects its workplace values. The audit provided the necessary assurances while identifying some minor areas for improvement which will be monitored by the Audit & Risk Committee.
- As part of its remit, the Audit & Risk Committee annually monitors and reviews the independence, objectivity and effectiveness of our internal audit approach.
- The Board monitors performance of the Management Team and delivery of operational and strategic plans. Progress is assessed against Key Performance Indicators and financial targets agreed annually.
- Compliance with the Co-operative Corporate Governance Code has been assessed and areas of non-compliance or in need of improvement are declared to members in this Annual Report.

## Creditor payment policy

It is the policy of Co-operatives UK to:

- Agree the terms of payment at the start of business with that supplier
- Ensure that suppliers are aware of the terms
- Pay in accordance with its contractual and other legal obligations

## Disclosure of information to auditor

The directors who held office at the date of approval of this Annual Report confirm that, so far as they are each aware, there is no relevant audit information of which the Society's auditors are unaware; and each director has taken all steps they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

## Auditors

Pursuant to S93(1) Co-operative and Community Benefit Societies Act 2014, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

## Going concern

Prior to the outbreak of COVID-19 the Board had prepared forecasts for the forthcoming 12 month period which indicated that Co-operatives UK has sufficient committed subscription income and financial resources in order to enable it to meet its obligations as they fall due. The directors consider that the Society's cash investments can be realised quickly and as a result, along with a prudent programme of cost management, the Board considered it was well placed to manage its business risks successfully in the current economic climate.

The Society has started the year well, with both the surplus and chargeable work ahead of budget, but is now facing the challenges posed by the COVID-19 pandemic. Our starting position as we go into this crisis is strengthened by our strong balance sheet and recent trading performance. The Management Team and Board has responded rapidly with the aim of protecting our members, tenants and staff, while providing the best service possible through the crisis. Our contingency planning was conducted early and our responses are being executed with excellent support from our employees.

As a result the Society has not, to date, observed any material impact on its trading performance due to COVID-19. The Board believes that the Society is equipped to deal with the key risk to the original forecast, being a possible adverse impact over the remainder of the year. The Board has prepared revised forecasts for the remainder of 2020 which reflect a shortfall compared to forecast revenue from lettings, conferences/events and chargeable services work, together with a deferral of financial commitments where possible until after the impact of COVID-19 is fully understood. These forecasts indicate that, taking into account the Society's strong opening balance of cash in hand and cash equivalents which, by their nature, can be realised quickly, the Society is able to withstand further possible downside scenarios, including the loss of all income for the remainder of the year.

For these reasons, after making all enquiries, the Board has a reasonable expectation that Co-operatives UK has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis.

### **Board certification**

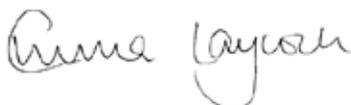
The accounts and notes on pages 25 to 42 are hereby signed on behalf of the Board pursuant to the Co-operative and Community Benefit Societies Act 2014.



**Nick Matthews,**  
**on behalf of Heart of England Co-operative Society**



**Don Morris,**  
**on behalf of Radstock Co-operative Society**



**Emma Laycock,**  
**Interim Society Secretary**

**30 April 2020**

# Auditor's report

## Independent auditor's report to the members of Co-operatives UK Limited

### Opinion

We have audited the financial statements of Co-operatives UK Limited ("the Society") for the year ended 31 December 2019 which comprise the Income statement, Balance sheet, Cash flow statement, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the Society's affairs as at 31 December 2019 and of the income and expenditure of the Society for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Society in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Society's business model, and analysed how those risks might affect the Society's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Society will continue in operation.

## Other information

The directors are responsible for the other information, on pages 18 to 22. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

## Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

## Directors' responsibilities

As more fully explained in their statement set out on pages 18 to 22 the Society's directors are responsible for the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the Society in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and, in respect of the reporting on corporate governance, on terms that have been agreed. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to it in an auditor's report and, in respect of the reporting on corporate governance, those matters we have agreed to state to it in our report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society for our audit work, for this report, or for the opinions we have formed.



**Will Baker** (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
One St Peter's Square  
Manchester  
M2 3AE

**30/04/2020**

## Income statement

Year ended 31 December 2019

	Note	2019 £	2018 £
<b>Income</b>	2	<b>3,408,614</b>	3,224,614
<b>Expenditure</b>	2	<b>(3,415,675)</b>	(3,193,570)
(Deficit)/Surplus before interest and taxation		<u>(7,061)</u>	31,044
Interest receivable and fair value movements on investments	7	<b>42,692</b>	24,438
Equity investment	7	<b>887,289</b>	441,361
<b>Surplus before taxation</b>		<u><b>922,920</b></u>	496,843
<b>Surplus before equity investment</b>		<b>35,631</b>	55,482
<b>Equity investment</b>		<b>887,289</b>	441,361
<b>Surplus after equity investment</b>		<u><b>922,920</b></u>	496,843
Taxation	9	<b>( 1,158)</b>	( 9,553)
<b>Surplus and total comprehensive income transferred to reserves</b>		<u><b>921,762</b></u>	487,290

The above relates entirely to continuing operations.

The statutory accounts are rounded to the nearest pound.

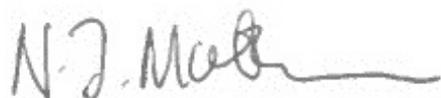
The notes on pages 29 to 42 form part of these financial statements.

## Balance sheet

as at 31 December 2019

	Note	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6	211,834		199,090	
Investments	7	30,255		30,255	
Equity investment	7	1,806,455		919,166	
		<u>2,048,544</u>		<u>1,148,511</u>	
<b>Current assets</b>					
Debtors	8	226,332		340,612	
Investments	7	1,950,000		1,422,456	
Cash at bank and in hand		271,505		249,404	
		<u>2,447,837</u>		<u>2,012,472</u>	
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	10	(1,710,790)		(1,296,385)	
<b>Net current assets</b>			<b>737,047</b>		<b>716,087</b>
<b>Total assets less current liabilities</b>		<u><b>2,785,591</b></u>		<u><b>1,864,598</b></u>	
<b>Non-current liabilities</b>					
Creditors: Amounts falling due after more than one year	10	(18,996)		(19,767)	
			<b>(18,996)</b>		<b>(19,767)</b>
<b>Net assets</b>		<u><b>2,766,595</b></u>		<u><b>1,844,831</b></u>	
<b>Financed by:</b>					
Share capital	11		204		202
Reserves			2,766,391		1,844,629
		<u><b>2,766,595</b></u>		<u><b>1,844,831</b></u>	

These financial statements were approved by the Board of Co-operatives UK on 30 April 2020 and were signed on its behalf by:



Chair: Nick Matthews  
Reg. No 002783R

The notes on pages 29 to 42 form part of these financial statements.

## Cash flow statement

Year ended 31 December 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Surplus for the year	921,762	487,290
Adjustments for:		
Depreciation, amortisation and impairment	57,564	56,595
Interest receivable and similar income	(42,692)	(24,438)
Taxation	1,158	9,553
Decrease in trade and other debtors	114,280	49,391
Increase in trade and other creditors	412,476	149,896
<b>Net cash from operating activities</b>	<b>1,464,548</b>	<b>728,287</b>
<b>Cash flows from investing activities</b>		
Interest received	42,692	24,438
Purchase of tangible fixed assets	(70,308)	(31,572)
Purchase of equity investments	(887,289)	(441,361)
<b>Net cash from investing activities</b>	<b>(914,905)</b>	<b>(448,495)</b>
<b>Cash flows from financing activities</b>		
From the issue of share capital	2	9
<b>Net cash from financing activities</b>	<b>2</b>	<b>9</b>
<b>Net increase in cash and cash equivalents</b>	<b>549,645</b>	<b>279,800</b>
Cash and cash equivalents at 1 January	1,671,860	1,392,060
Cash and cash equivalents at 31 December	<b>2,221,505</b>	<b>1,671,860</b>

The notes on pages 29 to 42 form part of these financial statements.

## Statement of changes in equity

	Called up Share Capital	Profit and Loss Account	Total Equity
Balance at 1 January 2018	193	1,357,339	1,357,532
Surplus	-	487,290	487,290
Total comprehensive income for the period	-	487,290	487,290
Issue of shares	38	-	38
Cancellation of shares	(29)	-	(29)
Balance at 31 December 2018	202	1,844,629	1,844,831

	Called up Share Capital	Profit and Loss Account	Total Equity
Balance at 1 January 2019	202	1,844,629	1,844,831
Surplus	-	921,762	921,762
Total comprehensive income for the period	-	921,762	921,762
Issue of shares	34	-	34
Cancellation of shares	(32)	-	(32)
Balance at 31 December 2019	204	2,766,391	2,766,595

The notes on pages 29 to 42 form part of these financial statements.

# Notes

## 1. Statement of accounting policies

### Basis of accounts

Co-operatives UK Limited (the "Society") is a society registered in the UK. The registered number is 002783R and the registered address is Holyoake House, Hanover Street, Manchester, M60 0AS.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The presentation currency of these financial statements is sterling.

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

### Measurement basis

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: other investments (see note 7).

### Going concern

Prior to the outbreak of COVID-19, the Board had prepared forecasts for the forthcoming 12 month period which indicated that Co-operatives UK has sufficient committed subscription income and financial resources in order to enable it to meet its obligations as they fall due. The directors consider that the Society's cash investments can be realised quickly and as a result, along with a prudent programme of cost management, the Board considered it was well placed to manage its business risks successfully in the current economic climate.

The Society has started the year well, with both the surplus and chargeable services work ahead of budget, but is now facing into the challenges posed by the COVID-19 pandemic. Our starting position, as we go into this crisis, is strengthened by our strong balance sheet and recent trading performance.

The Management Team and Board has responded rapidly with the aims of protecting our members, tenants and staff, while providing the best service possible through the crisis. Our contingency planning was conducted early and our responses are being executed with excellent support from our employees.

As a result the Society has not, to date, observed any material impact on its trading performance due to COVID-19 and the Board believes that the Society is equipped to deal with the key risk to the original forecast, being a possible adverse impact over the remainder of the year. The Board has prepared revised forecasts for the remainder of 2020 which reflect a shortfall compared to forecast revenue from lettings, conferences/events and chargeable services work, together with a deferral of financial commitments where possible until after the impact of COVID-19 is fully understood.

These forecasts indicate that, taking into account the Society's strong opening balance of cash in hand and cash equivalents which by their nature, can be realised quickly, the Society is able to withstand further possible downside scenarios, including the loss of all income for the remainder of the year.

For these reasons, after making all enquiries, the Board has a reasonable expectation that Co-operatives UK has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis.

## Income

All income is shown exclusive of value added tax. Subscription income includes all amounts receivable for the year. Income from chargeable services represents the amount invoiced for services rendered during the year together with the cost value of uncompleted work not invoiced at the year-end.

## Basic financial instruments

### Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs.

### Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised in profit or loss.

Community Shares Booster Programme investments are measured at cost less impairment. Under the Power to Change project, the Society receives external funding for investment in other co-operative or community benefit societies. On receipt of this funding a corresponding liability is recognised to reflect the restrictive nature of these funds, however there is no obligation for funds received to be refunded or withdrawn under any circumstances. Investment income is recorded at the point of making an equity investment in a co-operative or community benefit society. The Community Shares Booster Programme equity investments are measured at cost and are subsequently assessed for impairment on an annual basis.

## Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all deposits. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement. Investments that are highly liquid are also included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Society assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Fixtures and fittings: 5-10 years
- Computer equipment: 2-4 years
- Motor vehicles: 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Society expects to consume an asset's future economic benefits.

### Leased assets

Rentals due under operating leases are charged to income and expenditure in the year that the cost accrues. The future commitment relating to operating leases is based on the minimum amounts payable.

## Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

## Repairs

Repair expenditure is charged to the income statement in the year that the cost is incurred or accrued.

## Accounting estimates and judgements

In the application of the Society's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

One of the most significant judgements is the assessment as to whether there is an impairment in the Community Shares Booster Programme investments. This assessment is made by the directors using historical experience and relevant information available at the Balance Sheet date, pertaining to the ongoing financial performance of each investment. Investments are assessed on an annual basis to determine whether circumstances exist that indicate the investment is impaired. No circumstances have been identified to suggest this is the case.

## Pensions

Co-operatives UK Limited was previously a participating employer within the Co-operative Group PACE scheme. Employer contributions for the PACE Complete scheme were increased from 1 July 2014 by 2% up to 18%. The PACE DB Complete scheme was closed to future accruals from 28 October 2015. All employees were transferred to membership of the PACE defined contribution scheme from October 2015. This scheme was closed in May 2019 to all Co-operatives UK employees. All employees were transferred to membership of the Co-operatives UK Limited defined contribution scheme from May 2019. Contributions are recognised by Co-operatives UK and charged through the income statement on a monthly basis.

## Funds

Funds are shown as long-term liabilities and are subject to a variety of restrictions in respect of their usage.

## 2. Income and expenditure

	2019		2018
	£	£	£
<b>Income</b>			
Subscriptions	1,404,836		1,393,247
Chargeable services	457,199		172,194
Projects (note 3)	1,041,170		1,176,403
Lettings	340,169		365,121
Conferences/events	142,511		112,363
Miscellaneous	22,729		5,286
<b>Total Income</b>	<b>3,408,614</b>		<b>3,224,614</b>
<b>Expenditure</b>			
Personnel costs (note 4)		1,272,862	1,116,959
Establishment:			
Rates and insurance	124,573		122,206
Light, heat, cleaning	136,724		113,465
Repairs, renewals	120,944		111,783
Information technology and telephones	65,788		-
		<b>448,029</b>	<b>347,454</b>
Administration:			
Printing, stationery, postage and publications	14,667		26,507
Auditor's fees			
- for audit	29,000		18,150
- for other work	5,800		4,120
Professional fees	50,585		57,763
Consultancy fees	214,339		132,451
Travel costs	49,267		34,271
Miscellaneous	11,256		14,780
		<b>374,914</b>	<b>288,042</b>
Congress and committee expenses:			
Conferences/events	118,879		106,332
Board and committees	59,726		44,103
		<b>178,605</b>	<b>150,435</b>
Grants and subscriptions (note 5)	42,531		57,682
Project expenditure (note 3)	1,041,170		1,176,403
Depreciation (note 6)	57,564		56,595
<b>Total expenditure</b>	<b>3,415,675</b>		<b>3,193,570</b>

### 3. Project income

During the course of the year project income was received from a number of sources. Income and expenditure have been recognised on actual work completed to the end of December 2019. The balance of debtors carried forward (note 8) is included in trade debtors and is £20,901 (2018 - £155,517).

	The Co-operative Bank £	Power to Change £	Open Society Foundations £	Miscellaneous Projects £	Total £
<b>Income</b>					
Deferred income b/fwd	260,838	50,602	-	58,327	<b>369,767</b>
Payments requested in year	160,387	884,263	47,885	181,818	<b>1,274,353</b>
Deferred income c/fwd	(206,531)	(285,350)	(25,532)	(85,537)	<b>(602,950)</b>
<b>Total income</b>	<b>214,694</b>	<b>649,515</b>	<b>22,353</b>	<b>154,608</b>	<b>1,041,170</b>
<b>Expenditure</b>					
Consultancy	88,210	381,361	-	118,885	<b>588,456</b>
Grants	-	51,111	-	501	<b>51,612</b>
Meeting costs	250	10,811	-	9,369	<b>20,430</b>
Personnel costs	121,736	175,623	18,933	16,567	<b>332,859</b>
Printing and stationery	270	531	-	1,721	<b>2,522</b>
Travel	4,228	30,078	3,420	7,565	<b>45,291</b>
<b>Total expenditure</b>	<b>214,694</b>	<b>649,515</b>	<b>22,353</b>	<b>154,608</b>	<b>1,041,170</b>
<b>Net cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The equity investment from Power to Change was £813,419 (2018 - £441,361) and from The Open Society Foundations Fund was £73,870 (2018 - £nil). See Note 7.

## 4. Employees

The average number employed by the Society was:

	2019	2018
Full time	30	29
Part time	10	5
	<b>40</b>	<b>34</b>

The costs incurred in respect of these employees were:

	2019 £	2018 £
Salaries	1,274,634	1,242,616
Special allowance	5,859	7,150
Social security costs	123,491	124,608
Pension costs	144,420	127,156
Other costs	57,317	66,976
	<b>1,605,721</b>	<b>1,568,506</b>
<i>Less charged to Projects</i>	<b>(332,859)</b>	<b>(451,547)</b>
	<b>1,272,862</b>	<b>1,116,959</b>

Our approach to remuneration and reward forms part of our Trade Union agreement which is approved by the Remuneration Committee. Employee remuneration, including for members of the Management Team, is in line with our pay and reward policy. Each year, the Remuneration Committee also approves the funds available for any incremental salary increases and the formula for distribution across the staff team.

Co-operatives UK did not make any bonus payments in 2018 or 2019.

## 4. Employees (continued)

### Management Team Remuneration

Total remuneration of Management Team employees, excluding pension contributions, was as follows:

	Full Time Equivalent £	Basic Salary £	Benefits in kind £	2019 Total Remuneration £	2018 Total Remuneration £
Ed Mayo	139,807	125,826	6,498	<b>132,324</b>	132,591
Neil Turton (a)	-	-	-	<b>n/a</b>	44,061
Michael Shepherd	59,885	59,885	-	<b>59,885</b>	59,885
Paul Murphy	49,153	49,153	-	<b>49,153</b>	46,888
Giles Simon (b)	-	-	-	<b>n/a</b>	5,471
Emma Laycock	48,710	47,897	-	<b>47,897</b>	41,188
Zena King	45,352	45,352	-	<b>45,352</b>	44,481
John Atherton	44,102	36,335	-	<b>36,335</b>	36,348
James de le Vingne (c)	42,733	42,733	-	<b>42,733</b>	41,189
Wendy Carter (d)	50,192	50,192	-	<b>50,192</b>	27,731
Jennifer Holsgrove (e)	3,927	3,927	-	<b>3,927</b>	n/a
	<b>483,861</b>	<b>461,300</b>	<b>6,498</b>	<b>467,798</b>	<b>479,833</b>

a) Leaver 30 June 2018

b) Leaver 21 Feb 2018

c) Joined Management Team July 2018

d) New Starter 11 June 2018

e) New starter 25 Nov 2019

Tim Knowles is employed at senior management level although he is not a member of the Management Team. In 2019 he received remuneration of £67,695 (2018 - £ 75,933) and a travel allowance.

### Pension details of the Management Team was as follows:

	Employers' contributions paid to DC section £	Employers' contributions paid to AVC section £
Ed Mayo	12,582	3,774
Michael Shepherd	5,988	1,796
Paul Murphy	4,953	1,468
Emma Laycock	4,631	1,389
Zena King	4,535	1,360
John Atherton	3,528	1,058
James de le Vingne	4,273	1,281
Wendy Carter	5,019	-
	<b>45,509</b>	<b>12,126</b>

Co-operatives UK Limited has a defined contribution (DC) scheme which is open to all employees.

The scheme started in May 2019 upon new eligibility requirements for the PACE Defined Contribution Scheme.

PACE had a defined contribution (DC) section and a defined benefit (DB) section (for eligible employees). Actual contributions to the PACE DB scheme for its employees during 2019 were £nil (2018 - £nil). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The DB section closed for future benefit accrual in October 2015 and the DC section closed May 2019.

Members of the DB and DC PACE schemes have the option of paying additional voluntary contributions within the tax rules.

Neither these contributions nor the benefits arising from them are shown in the figures on this page.

## 5. Grants and subscriptions

	2019	2018
	£	£
CECOP subs	7,086	6,462
Co-operatives Europe	-	2,000
Co-operative educational grant	40,000	40,003
Other grants and donations	(4,555)	9,217
	<b>42,531</b>	<b>57,682</b>

## 6. Fixed assets - tangible

	Land & Buildings Freehold	Fixtures & Fittings	Total
	£	£	£
<b>Cost</b>			
1 January 2019	59,743	619,158	678,901
Additions	-	70,308	70,308
Disposals	-	69,271	69,271
31 December 2019	<b>59,743</b>	<b>620,195</b>	<b>679,938</b>
<b>Depreciation</b>			
1 January 2019	59,742	420,069	479,811
Charge for year	-	57,564	57,564
Disposals	-	69,271	69,271
31 December 2019	<b>59,742</b>	<b>408,362</b>	<b>468,104</b>
Net book value - 1 January 2019	1	199,089	199,090
Net book value - 31 December 2019	<b>1</b>	<b>211,833</b>	<b>211,834</b>

### Capital commitments

As at 31 December 2019 there were capital commitments of £nil (2018 -£nil).

Capital expenditure authorised but not committed amounted to £nil (2018 - £nil).

## 7. Investments

	The Co-operative Group	Other Co-operative Shares	Booster Programme Investments	Other Investments	Totals
	£	£	£	£	£
Value brought forward	604,210	576,045	919,166	272,455	<b>2,371,876</b>
Additions	550,000	-	887,289	250,000	<b>1,687,289</b>
Disposals	-	-	-	( 285,588)	<b>( 285,588)</b>
Change in market value	-	-	-	13,133	<b>13,133</b>
Value carried forward	<b>1,154,210</b>	<b>576,045</b>	<b>1,806,455</b>	<b>250,000</b>	<b>3,786,710</b>
Interest received	8,543	11,375	-	9,641	<b>29,559</b>
Fair value losses on investments	-	-	-	-	-
	<b>8,543</b>	<b>11,375</b>	<b>-</b>	<b>9,641</b>	<b>29,559</b>

## 7. Investments (continued)

The subsidiary companies of Co-operatives UK and any associated investments are as follows:

The registered address for all subsidiary companies is: Holyoake House, Hanover Street, Manchester, M60 0AS.

	Status	Investment (£)	% Holding
Co-operatives Wales	Dormant	-	100%
Co-operatives Scotland	Dormant	-	100%
Rochdale Equitable Pioneers Society Limited	Dormant	20	50%

### Booster Programme funded by Power to Change - Equity Investments (unless otherwise stated)

	2019 £	2018 £	2017 £
Leeds Community Homes Limited	100,000	100,000	100,000
Nenthead Chapel Enterprises Limited	13,805	13,805	13,805
Friends of Stretford Public Hall Limited	100,000	100,000	100,000
Bamford Community Society Limited	10,000	10,000	10,000
Friends of the Earth Birmingham Limited	100,000	100,000	100,000
Grimsby Community Energy Limited	23,525	23,525	23,525
Future Wolverton Limited Limited	50,000	50,000	50,000
Shotley Pier Heritage Group	62,015	62,015	62,015
Bythams Community Shop Limited	18,460	18,460	18,460
People, Places & Participation Limited	11,630	11,630	n/a
Nudge Community Builders Limited	100,000	100,000	n/a
Headingley Community Trust Limited	100,000	100,000	n/a
Sutton Community Farm Limited	48,731	48,731	n/a
Whistlewood Common Limited	81,000	81,000	n/a
Jubilee Pool Penzance Limited	100,000	100,000	n/a
Brighton Energy Limited	100,000	n/a	n/a
George St. Community Bookshop Limited	24,850	n/a	n/a
Projekts Mcr Limited	67,194	n/a	n/a
Sedburgh & District Arts Heritage Trust	100,000	n/a	n/a
Smarden Store Limited	85,325	n/a	n/a
The Eden Rose Community Limited	42,850	n/a	n/a
Hulme Community Garden Centre Limited	100,000	n/a	n/a
Equal Care Co-op Limited	100,000	n/a	n/a
Equal Care Co-op Limited (a)	73,870	n/a	n/a
Southwold & Waverley Valley RS Limited	100,000	n/a	n/a
Wath Hall Preservation Society Limited	93,200	n/a	n/a
	<b>1,806,455</b>	<b>919,166</b>	<b>477,805</b>

(a) Funds provided by The Open Society Foundations Fund

As previously noted, an impairment review is undertaken at each period end to identify if any impairment of an individual investment should be made. No impairments were identified during the impairment review undertaken at 31 December 2019.

The significant uncertainty arising post year end as a result of COVID-19 means that it is possible some existing investments made under the Community Shares Booster Programme could now be impaired. The speed with which circumstances have changed since 31 December 2019 is such that a full assessment of impairment is not possible at this stage but these investments will continue to be closely monitored throughout the pandemic and any ongoing COVID-19 related impacts will be considered as part of the 2020 impairment review of these investments.

## 8. Debtors

	2019 £	2018 £
Trade debtors	200,416	294,856
Prepayments	10,853	19,517
Other debtors	15,063	26,239
	<b>226,332</b>	<b>340,612</b>

Debtors are shown after making a provision for bad debts of £nil (2018 - £nil).

## 9. Taxation

	2019 £	2018 £
<b>Analysis of tax charge for the period</b>		
<i>Current tax</i>		
UK Corporation tax at 19.00% (2018 - 19.00%)	1,929	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(771)	9,553
Adjustment in respect of previous periods	-	-
Effect of tax rate change on opening balance	-	-
Total deferred tax (credit)/charge	<b>( 771)</b>	<b>9,553</b>
Tax on profit on ordinary activities	<b>1,158</b>	<b>9,553</b>
<b>Provision for Deferred Tax</b>		
Accelerated capital allowances	18,996	16,207
Short term timing differences	-	-
Tax losses carried forward	-	-
Unrealised capital gains on investments	-	3,560
Total deferred tax liability	<b>18,996</b>	<b>19,767</b>
<i>Movement in provision</i>		
Provision at start of period	19,767	10,214
Deferred tax credit to income statement for the period	( 771)	9,553
Provision at end of period	<b>18,996</b>	<b>19,767</b>
Deferred tax (asset)/liability not recognised	-	-

There is a deferred tax liability of £18,996 consisting of a liability in respect of accelerated capital allowances of £19,767. These balances have been calculated at 17% as it is expected that this will be the rate at which these balances will reverse. The liability of £18,996 has been provided in the accounts and disclosed separately in the creditors disclosure note (see note 10).

There is a deferred tax credit in the period of £771 consisting of movement in timing differences.

## 9. Taxation (continued)

	2019 £	2018 £
<b>FRS 102 reconciliation of current tax (credit)/charge</b>		
Surplus before tax	922,920	496,843
Tax at 19.00%/19%	175,355	94,400
Other fixed asset differences, adjustments and movements	2,108	3,437
Expenses not deductible for tax purposes	496	3,186
UK dividend income not subject to tax	(2,495)	(2,772)
Income not subject to tax	(170,417)	(83,859)
Unrealised gains on investments		
Depreciation in excess of capital allowances	(2,085)	2,017
Short term timing differences	-	-
Tax losses (utilised)/arising in the period	(1,033)	(16,409)
<b>Current tax</b>	<b>1,929</b>	<b>-</b>
Depreciation in excess of capital allowances for assets eligible for capital allowances	2,085	(2,017)
Tax losses arising/(utilised) in the period	1,033	16,410
Unrealised gains on investments	(3,979)	(3,716)
Effects of change in tax rate on deferred tax	90	(1,124)
<b>Total tax</b>	<b>1,158</b>	<b>9,853</b>

The primary reason for the difference between the expected current tax change and the actual current tax charge is due to the Community Shares Booster Programme investment grant receipt of £813,419 being non-taxable for corporation tax purposes. This receipt is included within the income statement. Brought forward trading losses are fully utilised in the period which also reduces the actual current tax charge.

### Deferred Tax Provision

	Gross amounts £	Tax amount £	Deferred tax assets/ liabilities not recognised £	Provision required £
Closing provision at 17% liability/(asset)				
Fixed asset timing differences	111,740	18,996	-	18,996
Short term timing differences	-	-	-	-
Losses and other deductions	-	-	-	-
Unrealised capital gains on investments	-	-	-	-
	<b>111,740</b>	<b>18,996</b>	<b>-</b>	<b>18,996</b>
Opening provision at 17% liability/(asset)				
Fixed asset timing differences	100,774	17,132	-	17,132
Short term timing differences	-	-	-	-
Losses and other deductions	(5,439)	(925)	-	(925)
Unrealised capital gains on investments	20,941	3,560	-	3,560
	<b>116,276</b>	<b>19,767</b>	<b>-</b>	<b>19,767</b>
Movement - charge/(credit)				
Fixed asset timing differences	10,966	1,864	-	1,864
Short term timing differences	-	-	-	-
Losses and other deductions	5,439	925	-	925
Unrealised capital gains on investments	(20,941)	(3,560)	-	(3,560)
	<b>(4,536)</b>	<b>(771)</b>	<b>-</b>	<b>(771)</b>

## 10. Creditors

	2019	2018
	£	£
<b>Amounts falling due within one year</b>		
Trade creditors	108,939	55,282
VAT	31,060	25,699
Income tax and social security	39,919	32,341
Accruals and deferred income	1,504,680	1,156,871
Grants	1,209	1,209
National Strategic Forum - UKCF	24,983	24,983
	<b>1,710,790</b>	<b>1,296,385</b>
<b>Amounts falling due after more than one year</b>		
Deferred tax	18,996	19,767

## 11. Share capital

	2019	2018
	£	£
Balance at 1 January	202	193
Movements during year:		
Issued	34	38
Cancelled	(32)	(29)
Balance at 31 December	<b>204</b>	<b>202</b>

The share capital represents shares with a nominal value of 25p each. Total number of members at the year end was 817 (2018 - 808).

## 12. Operating lease commitments

At 31 December 2019 Co-operatives UK Limited had total future commitments under non-cancellable operating leases in respect of fixtures and fittings as follows:

	2019 £	2018 £
In year one	1,129	1,129
In the second to fifth year inclusive	-	5,645
Above five years	-	-
	1,129	6,774

## 13. Related party transactions

The following are related parties together with details of notable transactions:

### (a) Directors of Co-operatives UK Limited

Co-operatives UK Limited Board members were entitled to a fee of £1,655 p.a. in 2019 (2018 - £1,620 p.a.). The fee offered to directors is agreed by members. Don Morris, Steve Nuttall and Andrew Lofty chose to waive their entitlement to a board fee in the current and prior year.

The Chair received a sum of £5,044 in 2019 (2018 - £3,850 p.a.) as agreed by members. Board members, excluding those nominated by the Co-operative Group, are also reimbursed for expenses incurred on Co-operatives UK Limited business. Don Morris, nominated by Radstock Co-operative, chose not to claim expenses in the current and prior year.

### (b) Control by Member Societies

The standard requires disclosures of any entity which exercises significant control over Co-operatives UK Limited. For this purpose significant control represents 20% or more of Co-operatives UK Limited voting rights. There is one member society, Co-operative Group Limited, which has total voting rights of 40%.

## Related party transactions (continued)

### Board Remuneration

The total remuneration of the members of the Board was £30,704 (2018 - £23,052).

### Directors of Co-operatives UK during 2019

The data details the economic relationships between the directors' nominating organisation and Co-operatives UK during 2019.

Director	Nominating Organisation	Member	Delegate	Client	Supplier	Tenant	Investment
Robin Fieth	The Building Societies Association	Yes	-	-	-	-	-
Paul Singh	Central England Co-operative Limited	Yes	Yes	Yes	-	-	-
Mark Simmonds	Co-op Culture	Yes	Yes	Yes	Yes	-	-
Dan Crowe	Co-operative Group Limited	Yes	Yes	Yes	Yes	-	Yes
Eileen Driver							
Rebecca Hamilton							
Andrew Lofty							
Mary McGuigan							
Steven Nuttall							
Beverley Perkins							
David Stanbury							
Cheryl Barrott	Co-operative Party Limited	Yes	Yes	-	-	-	-
Emma Howard	East of England Co-operative Society	Yes	Yes	Yes	-	-	-
Cath Muller	Footprint Workers' Co-operative Ltd	Yes	Yes	-	-	-	-
Nick Matthews	Heart of England Co-operative Society	Yes	Yes	-	-	-	-
Phil Hartwell	HF Holidays Limited	Yes	Yes	Yes	-	-	-
Vivian Woodell	The Midcounties Co-operative Limited	Yes	Yes	Yes	Yes	Yes	Yes
Don Morris	Radstock Co-operative Society Limited	Yes	Yes	Yes	-	-	-
Eddie Thorn	Scottish Midland Co-operative Society Limited	Yes	Yes	Yes	-	-	-
John Chillcott	Social Enterprise East of England (S.E.E.) Limited	Yes	-	-	-	-	-
Ross Hodgson	Triangle Wholefoods Collective Limited	Yes	Yes	Yes	-	-	-
Britta Werner	Unicorn Grocery Limited	Yes	Yes	Yes	-	-	-

## Gender Pay Gap reporting (unaudited)

**Co-operatives UK is committed to transparent reporting to members and has taken the decision to make additional voluntary disclosures around gender pay.**

Gender Pay Gap reporting is a statutory requirement for businesses employing 250 people or more. Co-operatives UK employs around 40 people and is therefore under no statutory requirement to publish a snapshot of Gender Pay Gap data taken in April each year. However, the Board and Management Team has taken the decision to voluntarily report this data to members. Our Gender Pay Gap report does not form part of our audited financial statements.

The Board and Management Team are committed to pay fairness and ongoing positive action to address disadvantages faced by employees sharing protected characteristics including through membership of the Working Forward Initiative.

Find out more about gender pay gap reporting at [www.uk.coop/resources/gender-pay-gap-report](http://www.uk.coop/resources/gender-pay-gap-report)

### Gender Pay Gap

	2019 %	2018 %
Median pay gap in hourly rate	-12%	-17%
Average pay gap in hourly rate	-26%	-29%

### Pay quartiles

Proportion of women employed in each pay quartile:

Top pay quartile	33%	22%
Upper middle pay quartile	67%	78%
Lower middle pay quartile	44%	56%
Lower pay quartile	56%	50%

**No bonus payments were made in either 2019 or 2018 and there is therefore no data to report and no difference in bonus pay. No future bonus payments are planned.**

**At Co-operatives UK a single employee accounts for 4% of our data.**

**In businesses covered by the statutory regime a single employee accounts for a maximum of 0.4% of the data. Our data is therefore far more heavily impacted by single changes in role holder (entry or exit) or in pay.**

# *Thousands of businesses, one network*

**Co-operatives UK is the network for Britain's thousands of co-operatives. We work together to promote, develop and unite member-owned businesses across the economy. From high street retailers to community owned pubs, fan owned football clubs to farmer controlled businesses, co-operatives are everywhere and together they are worth billions to the British economy.**

Co-operatives UK Limited  
Holyoake House  
Hanover Street  
Manchester M60 0AS  
Tel: 0161 214 1750  
[www.uk.coop](http://www.uk.coop)

**Co-operatives UK trades and is registered under the same address**

Published 2020

© Co-operatives UK

