



CO-OPERATIVE food

Central England Co-operative

Interim Report and
Financial Information

9 August 2014

The **co-operative**

Here for you for life

Our values

Co-operation:

Our co-operative principles are at the heart of our actions



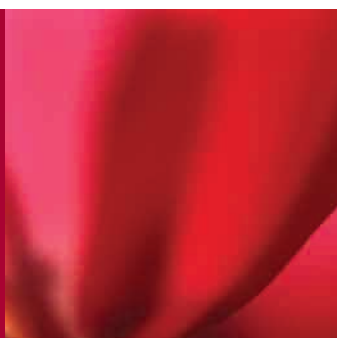
Improvement:

Always getting better at what we do



Recognition:

Rewarding the efforts and achievements of our colleagues



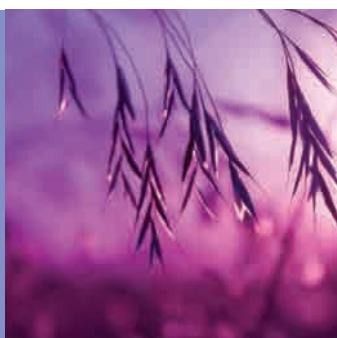
Customers:

We listen to our customers to constantly provide great service



Honesty:

Openness and honesty as a way of working



Success:

Driving commercial success through effective leadership and teamwork



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Highlights

Sales*

£480.2m

up 24%

Capital expenditure

£20.5m

12 new openings

Trading profit

£12.9m

(2013 interim: £13.0m)

Payments to stakeholders

£3.1m

(2013: £2.8m)

*Gross sales (excluding VAT)

Board of Directors, Management Executive and Advisors

Board of Directors

President

Maria Lee ☉ ☉ #

Vice-President

Elaine Dean #

Lynne Ayres ① # ☉

Richard Bickle ☉ #

Sean Clothier

Dave Ellgood ☉

Robin Farrell

Max Hunt

Neil Mackie ① ④

Marta Mayhew

Sue Rushton ④ ☉

Paul Singh ④

Stuart Unwin ④

Graeme Watkins

④ Audit & Risk Committee

☉ Community Dividend Selection Committee

☉ Remuneration Committee

Rules & Practices Committee

① Independent Non-Executive Director

Management Executive

Martyn Cheatle Chief Executive

Tony Carroll Deputy Chief Executive

James Watts Secretary

David Grady Chief Financial Officer

Ian Callaghan Property

Tracey Orr Human Resources

Mark Ruttley Information Solutions

Auditors

Deloitte LLP

Four Brindleyplace

Birmingham

B1 2HZ

Bankers

Co-operative Bank plc

118-120 Colmore Row

Birmingham

B3 3BA

Registered Office

Central House

Hermes Road

Lichfield

Staffordshire

WS13 6RH

Telephone: 01543 414140

Fax: 01543 415813

www.centralengland.coop

Registered No. 10143R

Directors' Interim Report

“The Society’s performance in the first half of 2014 demonstrates our strength as a successful, independent co-operative business”

The Board of Directors is pleased to present the Interim Report to Members for the 28 weeks ended 9 August 2014.

Interim Statement of Group Trading Activities

The financial information set out on pages 7 to 10 is unaudited, but has been independently reviewed by the Society’s auditors, whose Independent Review Report appears on page 11.

Business Activities

The Society’s principal business activities are Food, Petrol Filling Stations and Funeral Services. In addition, the Society manages a significant investment property portfolio that underpins the returns from trading activities.

First-Half Highlights

Financial Performance

- Gross sales (excluding VAT) up 24% to £480.2m, reflecting the increased size of the business plus growth from new store openings
- Trading profit of £12.9m is broadly in line with the prior year (2013 interim: £13.0m), despite absorbing the loss of Co-operative Group corporate dividend of £2.1m

- Profit before interest and taxation of £13.6m, up 4.1% (2013 interim: £13.1m)
- Continuation of the growth strategy with capital investment of £20.5m (2013 interim: £24.0m)
- 9 new food stores opened, 3 new funeral homes and the launch of a new concept supermarket format
- Distributions to stakeholders of £3.1m, up 12.4% against the prior year
- Net assets of £215.6m, marginally lower than the position at the year end (January 2014: £219.8m) and largely attributable to pension scheme valuation assumptions

Other Progress

- Awards achieved across the Society in recognition of great service, operational excellence and corporate responsibility initiatives
- Good progress achieved on the integration of the former Anglia Society’s operations into the enlarged trading estate
- Pension scheme merger completed, delivering long term benefits to scheme members and the Society
- Significant Corporate Responsibility activity across the Society
- Introduction of a new democratic structure and governance arrangements, with members having a direct say in the election of the Board



Trading and Financial Review

The Board is pleased to report a solid performance in the first half of 2014 that represented a period of significant transition across the business following completion of the transfer of engagements from Anglia Regional Co-operative Society in December 2013.

Against the backdrop of unprecedented and rapid change in the marketplace, gross sales (excluding VAT) during the first half of the year increased by 24% to £480.2 million compared to the same period in the prior year. This improvement reflects the increased size of the business following the merger with Anglia Society together with growth from the Society's continuing expansion and development programme. Significant competition remains a key feature of like for like trading performance in the Society's core businesses, with sales and profitability in the first half reflecting the trends being experienced in both the grocery and funeral markets.

Investment in the first half included the opening of nine new food stores, three new funeral homes and refurbishment activity across the business. Further openings are planned for the remainder of the year and beyond, reflecting the Society's strong pipeline of development sites.

Financial performance in the first half shows that trading profit of £12.9 million is in line with the prior year (2013 interim: £13.0 million) and includes the impact of absorbing the loss of corporate dividend from The Co-operative Group totalling £2.1 million. This performance is consistent with the Board's expectations and reflects the benefits of the merger with Anglia Society and the Society's long term growth strategy, offset by the impacts of the challenging trading environment and other external factors. Trading profit before interest and taxation of £13.6 million is 4.1% ahead of the prior year and includes gains on the disposal of fixed assets of £0.7 million relating to planned disposals as part of the Society's investment property recycling strategy.

The Society's capital expenditure programme continues to be supported by strong cash generation from operating activities, backed by the strength of the asset base. This was again the case in the first half of 2014 when capital expenditure totalled £20.5 million. The Board is satisfied that the Society's net debt position of £9.5 million (January 2014: net cash position of £1.4 million) is modest for a business of the Society's size and provides the necessary flexibility to support the growth strategy. Cash inflow from operating activities in the period of £13.4 million was £16.3 million lower than the prior year and included outflows relating to the integration of the Anglia business and the pension scheme merger.

Net assets of £215.6 million at the half year show a slight decrease compared to the position at the financial year end (January 2014: £219.8 million). This movement reflects an increase in the pension liability at the half year that more than offset the retained profit generated in the period. In accordance with the requirements of the defined benefit accounting standard, FRS 17, the increase in the pension liability was mainly driven by a reduction in the discount rate used to place a value on the scheme liabilities and was despite an increase in the value of the scheme assets.

The encouraging trading performance in the first half demonstrates the Society's resilience as a strong, successful independent co-operative business to compete in the most demanding conditions, and underlines the Board's confidence in the strategy that continues to provide the framework for future growth.

Business Performance

The food retail sector remains under pressure, with the rising presence of the discounters and increasingly competitive pricing posing significant challenges. Whilst consumer confidence has been slowly improving, household budgets remain tightly managed and shopping little and often has become part of the new shopping norm. The change in shopping habits continues to generate growth in the convenience sector, leaving the Society well placed to build on its strong position in this part of the market.

In the context of a rapidly changing marketplace, it is pleasing to report that Society Food store sales of £391.6 million (excluding VAT) increased by 27.1% compared to the prior year. The increased size of the business together with growth in convenience stores, new store openings and increased food and fuel forecourt sales were offset by the impact of increasingly challenging conditions in the Society's larger food stores. The encouraging sales performance reflects the hard work of the Society's colleagues, whose outstanding efforts were again recognised by the Retail team winning three awards at the 2014 Convenience Tracking Programme Awards held in May: Best Chilled and Dairy Convenience Retailer; Best Impulse Convenience Retailer; and Best Managed Retailer.



Our new concept supermarkets have introduced new ranges including 'Pick of the crop'

“New store launches in the first half of the year are more than double the number delivered in the same period in 2013”

The Society's development programme has seen the opening of nine new food stores at Annesley Woodhouse in Nottinghamshire, Spies Lane in Halesowen, Braunston Road in Oakham, Nottingham Road in Alfreton, Ashbourne Road in Derby, Lyndon Road in Sheldon, Curborough Road in Lichfield, Polka Road in Wells-next-the-Sea and Cannock Road in Burntwood, which also included a Subway fast-food franchise which is a first for the Society.

New store launches in the first half of the year are more than double the number delivered in the same period in 2013. Early trading performance at the new stores has been very positive, giving confidence for further openings planned for the second half of the year. Elsewhere, investment in the existing estate continues to generate encouraging sales growth, with a further six store refurbishments completed in the first half of the year.

As part of the Society's Food strategy, the launch of new concept supermarkets at Castle Donington and Bakewell have been well received by members and customers. The new, modern format has created a bright look and feel to the stores incorporating new product ranges in 'food-to-go' including coffee machines, fresh fish, produce including a newly created 'Pick of the crop' range, bakery and beers, wines and spirits categories. The new category designs have also been introduced at the new store at Wells-next-the-Sea and the refurbishment at Oadby food store in Leicester. The new supermarket concept has recently been completed at the refurbishment of Wildwood food store in Staffordshire.

The further roll-out of the improved co-operative 'Loved by Us' own-brand range continues to be complemented by the Society's commitment to source local products across the trading area.

In March, the Society launched new technology which provides the capability to issue tailored coupons to members at the till point. In addition, the new technology has been used to run 'Basket Builder' campaigns to reward members for regular weekly spending over key trading periods such as Easter. Early performance has proved popular with members in providing attractive rewards for shopping with the Society. New innovation has also seen increased online and social media activity together with improvements to the Society's website to strengthen member and customer engagement. The Society's web traffic is significantly up on the prior year and social media is growing every month. The Society now has a fan base



Our new supermarket at Wells-next-the-Sea in Norfolk is one of nine new food stores

of 23,000 people on Facebook and Twitter, with performance measures showing impressive engagement scores. This reflects the strategy to ensure the Society's web and social media postings are focused on highly shareable, relevant and customer focused content.

The Society secured a new cash machine agreement covering the network of ATMs across the food store estate. As part of the new agreement, the machines feature Central England Co-operative branding and remain free to use. The roll-out programme to convert the machines is well underway and will be completed by October 2014.

The efficient operation of the Society's Food Distribution Centres remains a fundamental part of the overall Retail Food strategy, ensuring the smooth and continuous supply of products to our food stores and those of Tamworth and Heart of England Societies. Investment in the Society's distribution capability has seen the successful implementation of a new warehouse management system within the ambient Food Distribution Centre in Leicester, generating improvements in order accuracy and the working environment. The new system will be implemented at the Chilled Distribution Centre in the second half of the year.

“Our funeral homes remain focused on providing the highest standards of care and service”

The first half of 2014 has been a very challenging period in our Funeral business, with a decline in funeral arrangement numbers reflecting a lower death rate and the impact of competitive market conditions across the Society's trading area. Against this trading environment, the Society remains focused on providing the highest standards of care and service to families in their time of need through our estate of funeral homes, florist shops and masonry showrooms. This is supported by the coffin manufacturing business and the Society's crematorium at Bretby, located on the outskirts of Burton upon Trent.

Building for the future has seen the opening of new funeral homes in Mickleover, Derbyshire, and Ward End in Birmingham. In April, the Society acquired a private funeral directors and monumental masonry business in Longton, Stoke-on-Trent. The Society also opened a new floral shop in Great Barr, Birmingham, under the Co-operative Florist brand. Investment in the existing estate has included the refurbishment of four funeral homes during the period.

Within Specialist Business operations, strong performance across the Society's 21 Travel Shops included growth in long haul, tailor made and cruise bookings together with increased foreign exchange sales. The Society's three optical sites continue to perform well in the competitive market, concentrating on providing high quality, specialist optical advice.

Improved sales in the Society's Transport businesses reflected an increase in new car volumes at the Society's motor dealerships. Nationally, market conditions have continued to improve in 2014, with an increase in new car registrations being largely driven by improved consumer demand. At Leicester Carriage Builders, the Society's specialist vehicle construction business, further progress continued during the first half of the year to introduce improved design and production processes.

The Society's property portfolio continues to trade in a difficult market, with both lettings and lease renewals remaining challenging. In this context, it is pleasing to report that 14 commercial and 12 new residential lettings have been completed in the first half. In addition, a number of property disposals have been completed as part of the Society's long term investment property strategy. The programme of targeted property disposals and the selected acquisition of investment grade properties will continue in the second half of the year in line with the strategy to strengthen and improve the quality of the portfolio.

Following the closure of the Society's Fashion & Home business in 2013, the Society has made good progress on the letting or disposal of the properties involved. The two remaining properties, former department store premises at Chesterfield and Ilkeston, continue to be marketed on a national basis.

Corporate Responsibility

As a responsible co-operative business, the Society's Corporate Responsibility (CR) strategy aims to address the social and environmental impacts of the business whilst adhering to co-operative values and principles. Much progress in this important area has been achieved in the first half of 2014, demonstrated by the Society being awarded two stars in the Business in the Community (BiTC) annual CR index – the UK's leading and most in-depth voluntary benchmark of corporate responsibility. The Society's two star rating is equivalent to 'silver' in BiTC's previous measurement criteria and represents an encouraging improvement on the Society's 'bronze' award in 2013.

Corporate Responsibility activity in the first half has included the further roll-out of static foodbank collection points in a number of Society food stores, supported by a series of collection days. Elsewhere the Society continues to work closely with the Saffron Acres project in Leicester and supported the launch of a new range of strawberry jam during the summer. In June, National Volunteering Week was used to launch a pilot colleague volunteering programme in partnership with Newlife Foundation. The Society has also commenced a three year partnership with Talent Match to tackle youth unemployment in Staffordshire. Within the trading estate, key performance indicators have been set to drive reductions in carbon and water consumption in support of the Society's commitment to reduce our negative impact and increase our positive impact on the environment.

The Society was proud to be chosen as one of a handful of retailers to partner WRAP (Waste & Resources Action Programme) on its '10 Cities' campaign which will support the 'Love Food Hate Waste' initiative across ten major cities throughout the UK. The Society is the partner for Birmingham and will work with Birmingham City Council and WRAP over a two year period.



Our new funeral home in Mickleover, Derbyshire



Society President, Maria Lee (right), celebrates passing the £½ million milestone with Newlife Foundation

The Society's colleague elected charity partnership with Newlife Foundation has now raised over £500,000 since the charity partnership began in May 2012. Following the merger with Anglia, the Society is also supporting three other charities: Alzheimer's Research UK, Dementia Support South Lincolnshire and The Louise Hamilton Centre which provides palliative care for patients and their families in the Great Yarmouth and Waveney area.

Governance Reform

In April the Society held its first online and postal election, enabling members to have a direct say in the election of the Board of Directors. As part of the Society's new governance arrangements, the Board has been strengthened by the co-option of two independent non-executive directors. The Society's new democratic structure and governance arrangements fully entrenches the co-operative principle of democratic member control and is designed to provide a clear distinction between the governance responsibilities of the Board and the Society's membership activities.

The newly elected Board is confident that the Society's clear business strategy, robust financial position and advantage as a co-operative to make decisions for the long term will continue to ensure the future success of the business.

Pension Merger

In July, the merger of the Midlands and Anglia Society defined benefit pension schemes was successfully completed. This significant project was completed following detailed planning and consultation between the Society, the trustees of the Midlands and Anglia Schemes and their respective professional advisors. The creation of the new Central England Co-operative Pension Scheme provides improved security of benefits for scheme members together with future administrative savings for the Society.

“Our charity partnership with Newlife Foundation has now raised over £500,000”

Stakeholder Distributions

The distributions from trading profit recognise and reward the three key groups of members, colleagues and the community for their contribution to the Society. The Membership Card records points for purchases from the Society and based on trading in the first half of the year, the Board proposes a dividend of 1 pence per point for member purchases up to 9 August 2014. The proposed dividend will be distributed to members shortly after approval at the Interim Members' Meeting.

The Colleague Dividend approved by Members at the Annual Meeting was distributed to qualifying Society colleagues in June 2014.

The 'Making a Difference' Community Dividend distributes 1% of trading profits to the communities served by the Society. In 2014, £198,000 was approved by members at the Annual Meeting for distribution to community groups and good causes across the Society's trading area.

Outlook

Despite the improving signs of economic recovery in the UK, the retail food sector is likely to remain challenging for the foreseeable future. The combination of cautious household spending, the growing presence of the discount operators and the resultant deflation in food prices has created a fiercely competitive trading environment. Against this backdrop, the Society's increased size and scale following the Anglia merger, clear strategy and sound financial position continues to lay the foundations for the future and further enhance Central England Co-operative's profile as a modern, successful co-operative business.

Appreciation

The Board, as always, wishes to record its sincere appreciation to all colleagues for their efforts in contributing to the Society's continued success and to all members and customers for their loyal support.

The Board also wishes to formally acknowledge and thank former Directors and Committee Members from the Midlands and Anglia Societies for their dedicated commitment and service. Their valued contribution to the creation of Central England Co-operative and its future success cannot be underestimated.

On behalf of the Board of Directors:

Maria Lee, **President**

Martyn Cheatle, **Chief Executive**

James Watts, **Secretary**

25 September 2014

Group Revenue Account

For the 28 weeks ended 9 August 2014

| | August 2014 | August 2013 | January 2014 |
|--|---|---|---|
| | Total 28 Weeks (unaudited) £'000 | Total 28 Weeks (unaudited) £'000 | Total 52 Weeks (audited) £'000 |
| GROSS SALES (including VAT) | 526,268 | 424,039 | 798,489 |
| Less Value Added Tax | (46,102) | (37,383) | (71,026) |
| GROSS SALES (excluding VAT) | 480,166 | 386,656 | 727,463 |
| TURNOVER | 459,106 | 384,110 | 717,845 |
| Cost of sales | (325,315) | (272,266) | (510,001) |
| GROSS PROFIT | 133,791 | 111,844 | 207,844 |
| Expenses | (120,962) | (98,247) | (187,382) |
| TRADING PROFIT BEFORE EXCEPTIONAL ITEMS | 12,829 | 13,597 | 20,462 |
| Exceptional gain/(expenses) | 50 | (612) | (10,352) |
| TRADING PROFIT | 12,879 | 12,985 | 10,110 |
| Gain on disposal of fixed assets | 745 | 96 | 876 |
| Gain on disposal of businesses | - | 2 | 2 |
| PROFIT BEFORE INTEREST AND TAXATION | 13,624 | 13,083 | 10,988 |
| Investment income | 426 | - | - |
| Net interest payable | (2,213) | (1,295) | (2,024) |
| Other finance income | 2,792 | 1,473 | 2,695 |
| PROFIT BEFORE PAYMENTS TO AND ON BEHALF OF STAKEHOLDERS | 14,629 | 13,261 | 11,659 |
| Payments to and on behalf of stakeholders | (3,120) | (2,775) | (3,878) |
| PROFIT BEFORE TAXATION | 11,509 | 10,486 | 7,781 |
| Taxation | (3,266) | (3,495) | (3,005) |
| RETAINED PROFIT | 8,243 | 6,991 | 4,776 |

Group Balance Sheet

As at 9 August 2014

| | August 2014 (unaudited) | | August 2013 (unaudited) | | January 2014 (audited) | |
|--|----------------------------|------------------|----------------------------|------------------|---------------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| FIXED ASSETS | | | | | | |
| Intangible assets | | 28,081 | | 29,678 | | 29,126 |
| Tangible assets | | 372,468 | | 313,542 | | 362,497 |
| Investments | | 66,472 | | 47,368 | | 63,377 |
| | | <u>467,021</u> | | <u>390,588</u> | | <u>455,000</u> |
| CURRENT ASSETS | | | | | | |
| Stocks | 42,103 | | 34,964 | | 41,084 | |
| Debtors | 53,552 | | 35,939 | | 48,853 | |
| Assets held for Resale | 2,209 | | - | | 4,589 | |
| Cash at bank and in hand | 9,114 | | 38,684 | | 24,994 | |
| | | <u>106,978</u> | | <u>109,587</u> | | <u>119,520</u> |
| CREDITORS | | | | | | |
| Amounts falling due within one year | | | | | | |
| Creditors | (79,208) | | (67,323) | | (80,803) | |
| Borrowings | (162) | | (26) | | (234) | |
| | | <u>(79,370)</u> | | <u>(67,349)</u> | | <u>(81,037)</u> |
| NET CURRENT ASSETS | | <u>27,608</u> | | <u>42,238</u> | | <u>38,483</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>494,629</u> | | <u>432,826</u> | | <u>493,483</u> |
| CREDITORS | | | | | | |
| Amounts falling due in more than one year | | | | | | |
| Creditors | (153,910) | | (139,964) | | (151,644) | |
| Borrowings | (18,468) | | (87) | | (23,451) | |
| | | <u>(172,378)</u> | | <u>(140,051)</u> | | <u>(175,095)</u> |
| Provisions for liabilities and charges | | (20,866) | | (5,209) | | (25,834) |
| Pension liability | | (85,831) | | (36,520) | | (72,705) |
| | | <u>(279,075)</u> | | <u>(281,780)</u> | | <u>(373,634)</u> |
| NET ASSETS | | <u>215,554</u> | | <u>251,046</u> | | <u>219,849</u> |
| CAPITAL AND RESERVES | | | | | | |
| Share capital | | 22,522 | | 15,991 | | 22,925 |
| Revaluation reserve | | 14,987 | | 21,338 | | 15,391 |
| Revenue reserve | | 178,045 | | 213,717 | | 181,533 |
| | | <u>215,554</u> | | <u>251,046</u> | | <u>219,849</u> |
| MEMBERS' FUNDS | | <u>215,554</u> | | <u>251,046</u> | | <u>219,849</u> |

Group Cash Flow Statement

For the 28 weeks ended 9 August 2014

| | August 2014 28 Weeks (unaudited) | | August 2013 28 Weeks (unaudited) | | January 2014 52 Weeks (audited) | |
|--|--|-----------------|--|----------|---------------------------------------|----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | | 13,377 | | 29,723 | | 35,179 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | | | | |
| Interest and dividends received | | 655 | | 466 | | 795 |
| Interest paid and pension deficit funding | | (4,962) | | (3,688) | | (6,773) |
| Net cash outflow from returns on investments and servicing of finance | | (4,307) | | (3,222) | | (5,978) |
| CORPORATION TAX | | (7) | | (57) | | (51) |
| CAPITAL INVESTMENT AND FINANCIAL INVESTMENT | | | | | | |
| Purchase of tangible fixed assets | | (19,920) | | (21,749) | | (39,624) |
| Purchase of fixed asset investments | | (3,095) | | (2,706) | | (4,881) |
| Disposal of tangible fixed assets | | 4,250 | | 1,018 | | 4,767 |
| Net cash outflow from capital expenditure and financial investment | | (18,765) | | (23,437) | | (39,738) |
| ACQUISITIONS | | | | | | |
| Purchase of businesses | | (550) | | (2,201) | | (2,245) |
| Cash acquired on transfer of engagements | | - | | - | | (581) |
| Net cash outflow for acquisitions | | (550) | | (2,201) | | (1,664) |
| CASH (OUTFLOW) / INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING | | (10,252) | | 806 | | (12,252) |
| FINANCING | | (5,628) | | (730) | | (1,362) |
| (DECREASE) / INCREASE IN CASH IN THE YEAR | | (15,880) | | 76 | | (13,614) |
| RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET CASH | | | | | | |
| (Decrease) / increase in cash in the year | | (15,880) | | 76 | | (13,614) |
| Cash inflow from lease financing | | 131 | | 9 | | 71 |
| Cash inflow / (outflow) from movement in debt financing | | 4,924 | | - | | (22) |
| Loan capital investment | | (53) | | - | | 11 |
| Debt acquired on transfer of engagement | | - | | - | | (23,570) |
| Change in net cash resulting from cash flows | | (10,878) | | 85 | | (37,124) |
| Opening net cash | | 1,362 | | 38,486 | | 38,486 |
| Closing net (debt) / cash | | (9,516) | | 38,571 | | 1,362 |

Notes to the Accounts

1. The financial information does not constitute statutory accounts and is not audited.
2. The interim statement has been prepared on the basis of the accounting policies set out in the 2013/14 statutory accounts.
3. Gross Sales and Turnover

| | Gross Sales (excluding VAT) | | | Turnover | | |
|--|---|---|--|---|---|--|
| | August 2014 (unaudited) 28 Weeks £'000 | August 2013 (unaudited) 28 Weeks £'000 | January 2014 (audited) 52 Weeks £'000 | August 2014 (unaudited) 28 Weeks £'000 | August 2013 (unaudited) 28 Weeks £'000 | January 2014 (audited) 52 Weeks £'000 |
| Retail | 391,631 | 308,140 | 588,667 | 389,928 | 305,594 | 583,776 |
| Wholesale | 24,740 | 40,699 | 64,673 | 24,740 | 40,699 | 64,673 |
| Travel | 20,430 | - | - | 1,073 | - | - |
| Funeral | 21,153 | 17,316 | 32,222 | 21,153 | 17,316 | 32,222 |
| Transport | 16,120 | 14,656 | 25,940 | 16,120 | 14,656 | 25,940 |
| Other | 172 | 60 | 5,650 | 172 | 60 | 923 |
| Rent received from investment properties | 5,920 | 5,785 | 10,311 | 5,920 | 5,785 | 10,311 |
| Total | 480,166 | 386,656 | 727,463 | 459,106 | 384,110 | 717,845 |

Independent Review Report

Independent Review Report to Central England Co-operative Limited ("the Society")

Introduction

We have been engaged by the Society to review the non-statutory interim financial statements in the interim financial report for the 28 weeks ended 9 August 2014 which comprises the Group Revenue Account, Group Balance Sheet, Group Cash Flow Statement and related notes 1 to 3. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the non-statutory interim financial statements.

This report is made solely to the Society in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Society those matters we are required to state to it in an independent review 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 review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the non-statutory interim financial statements and other information contained in the interim financial report in accordance with the basis of preparation and accounting policies in Note 2 to the non-statutory interim financial statements and for determining whether this basis of preparation is appropriate in the circumstances.

Our responsibility

Our responsibility is to express to the Society a conclusion on the non-statutory interim financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the non-statutory interim financial statements in the interim financial report for the 28 weeks ended 9 August 2014 is not prepared, in all material respects, in accordance with the basis of preparation and accounting policies in Note 2 to the non-statutory interim financial statements.

Deloitte LLP
Chartered Accountants
Birmingham, United Kingdom
26 September 2014

Notice of Interim Meetings

The Interim Meetings of Members will be held as follows:

Tuesday 14 October 2014 at 7.00 p.m.

COALVILLE • Snibston Discovery Museum, Ashby Road, Coalville, LE67 3LN

LEICESTER • The Keith Weller Suite, Leicester City Football Club, King Power Stadium, Albert Way, Leicester, LE2 7FL

NORWICH • De Vere Hotel Dunston Hall, Ipswich Road, Norwich, NR14 8PQ

Wednesday 15 October 2014 at 7.00 p.m.

KETTERING • Kettering Conference Centre - Fairisle Suite, Thurston Drive, Kettering, Northants, NN15 6PB

MARKET HARBOROUGH • Three Swans Hotel - The Conference Centre, High Street, Market Harborough, LE16 7NJ

MELTON MOWBRAY • Pera Conference Centre - The Conference Hall, Nottingham Road, Melton Mowbray, LE13 0PB

Monday 20 October 2014 at 7.00 p.m.

PETERBOROUGH • Marriott Hotel – Henry Royce Suite, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6GB

Tuesday 21 October 2014 at 7.00 p.m.

CHESTERFIELD • Chesterfield Football Club - The Legends Lounge, the Proact Stadium, Sheffield Road, Chesterfield, S41 8NZ

DERBY • The Roundhouse, Derby College, Roundhouse Road, Pride Park, Derby, DE24 8JE

HORSLEY • Horsley Lodge Golf Club - Amber Suite, Smalley Mill Road, Horsley, Derbyshire, DE21 5BL

Wednesday 22 October 2014 at 7.00 p.m.

BIRMINGHAM • International Convention Centre (ICC), Broad Street, Birmingham, B1 2EA

BURTON ON TRENT • Burton Albion Football Club - The Albion Suite, The Pirelli Stadium, Princess Way, Burton on Trent, DE13 0AR

STAFFORD • Tillington Hall Hotel, Eccleshall Road, Stafford, ST16 1JJ

Members are requested to note the following:

TO GAIN ADMISSION members must present their valid membership card or valid share book and have held at least £1 in their share account for at least six months prior to the date of the meeting.

REFRESHMENTS: Tea, coffee and biscuits will be available prior to the meeting from 6.15 p.m.

AT THE CONCLUSION OF THE MEETING members are invited to remain for refreshments and take the opportunity to talk to Directors and Management on an informal basis.

Agenda of Interim Meetings

1. **Minutes** of the Annual Meeting of Members held in April and May 2014.
2. **Interim Report** of the Board of Directors.
3. **Distribution of Trading Surplus** – The Board proposes the following distributions from trading surplus:
 - Members' Dividend – 1 pence per point*
 - Membership & Community Councils – 2015 Budget

* On purchases made between 26 January and 9 August 2014
4. **Membership & Community Update, including Member Relations Interim Report.**
5. **Election of Society Co-operative Party Councils:**
 - Candidates for election as members' representatives to the Midlands Eastern & Southern, Midlands Northern and Midlands Western Society Co-operative Party Councils will be declared elected unopposed.
 - A ballot will be held at the Norwich and Peterborough Members' Meetings only in respect of the election of members' representatives to the Anglia Region Society Co-operative Party Council.

J. Watts, Secretary

25 September 2014

Minutes

of the Annual Meeting of Members held in 2014:

Tuesday 29 April 2014 at 7.00 p.m.

COALVILLE • Snibston Discovery Museum, Ashby Road, Coalville • 106 members present • Stuart Unwin in the Chair

LEICESTER • Keith Weller Suite, Leicester City Football Club, King Power Stadium, Albert Way, Leicester • 166 members present • John Howells in the Chair

NORWICH • De Vere Hotel Dunston Hall, Ipswich Road, Norwich • 58 members present • Douglas Boyall in the Chair

Wednesday 30 April 2014 at 7.00 p.m.

KETTERING • Kettering Conference Centre, Thurston Drive, Kettering • 128 members present • Peter Smith in the Chair

MARKET HARBOROUGH • The Conference Centre, Three Swans Hotel, High Street, Market Harborough • 53 members present • Maria Lee in the Chair

MELTON MOWBRAY • Pera Conference Centre, Nottingham Road, Melton Mowbray • 74 members present • Phil Sawford in the Chair

Thursday 1 May 2014 at 7.00 p.m.

PETERBOROUGH • Henry Royce Suite, Peterborough Marriott Hotel, Peterborough Business Park, Lynch Wood, Peterborough • 77 members present • Harry Whitelock in the Chair

Tuesday 6 May 2014 at 7.00 p.m.

CHESTERFIELD • Barcelona Suite, Casa Hotel, Lockoford Lane, Chesterfield • 89 members present • Peter Dean in the Chair

DERBY • The Carriage Shop Theatre, Derby College, The Roundhouse, Roundhouse Road, Pride Park, Derby • 120 members present • Kevin Hepworth in the Chair

EASTWOOD • Eastwood Hall, Hayley Conference Centre, Mansfield Road, Eastwood • 81 members present • Elaine Dean in the Chair

Wednesday 7 May 2014 at 7.00 p.m.

BIRMINGHAM • International Convention Centre (ICC), Broad Street, Birmingham. B1 2EA • 287 members present • John Maltby in the Chair

BURTON ON TRENT • The Albion Suite, Burton Albion Football Club, The Pirelli Stadium, Princess Way, Burton on Trent • 118 members present • Dave Ellgood in the Chair

STAFFORD • Tillington Hall Hotel, Eccleshall Road, Stafford • 70 members present • Helen Lees in the Chair

Minutes

Continued

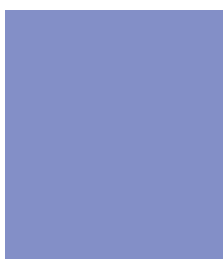
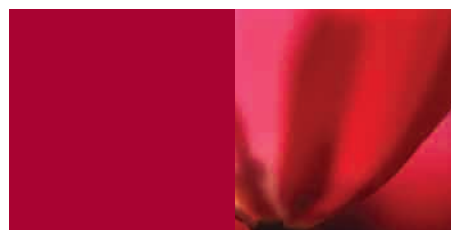
- 1. Apologies** received were read to the meetings at respective venues.
- 2. Minutes** - The minutes of the Interim Meeting of Members held 15, 16, 22, 23 October 2013 were approved as a correct record.
- 3. Report of the Board of Directors** - Resolved: "That the Directors' Report & Financial Statements, together with the Annual Report of the Remuneration Committee, for the year ended 25 January 2014 be adopted".
- 4. Appointment of Auditors** - Appointed: Deloitte LLP, Four Brindleyplace, Birmingham, B1 2HZ.
- 5. Distribution of Trading Surplus** - The Board of Directors proposed the following distributions from trading surplus:

- Members:
 - Dividend: 1 pence per point*
 - Member Relations Activities: £580,000
- Colleagues' Dividend £1,211,000
- Community Dividend £198,000

* On purchases made between 11 August 2013 and 25 January 2014 and 8 September 2013 and 25 January 2014 in respect of points earned in the former Anglia Society business.

The proposed distributions were approved by majority.

- 6. Membership & Community, including Member Relations Annual Report** - The Member Relations Annual Report for the year ended 25 January 2014 was received and adopted.
- 7. Society Co-operative Party Councils** - Annual Reports & Accounts (Midlands Northern, Midlands Eastern & Southern and Midlands Western Regions) were received and noted.



Important Dates in 2015

Set out below are the dates of the Society's Members' Meetings in 2015, subject to venue availability. Elections to the Board of Directors will be held in April 2015 as set out below.

Precise arrangements, including exact venues for meetings and voting in elections, will be given on the due dates by notices in stores and on the Society's website www.centralengland.coop

Elections to the Membership & Community Councils will be held in October 2015.

Election of Board Directors:

| | |
|--|---|
| Last Date for Receipt of Nominations: | Monday 2 March |
| Nominations to be displayed by: | Monday 23 March |
| Online & Postal Voting (where necessary) | Monday 13 April - Monday 27 April inclusive |
| Results of Election announced: | Thursday 7 May |

Annual Meeting of Members:

| | |
|---|--------------------|
| Coalville, Leicester and Norwich | Tuesday 28 April |
| Kettering, Market Harborough and Melton Mowbray | Wednesday 29 April |
| Peterborough | Thursday 30 April |
| Chesterfield, Derby and Eastwood | Tuesday 5 May |
| Birmingham, Burton and Stafford | Wednesday 6 May |

Registered Office: Central House, Hermes Road, Lichfield, Staffordshire, WS13 6RH
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