



COOP

Annual Report  
2023

Channel Islands  
COOP

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## Welcome



**If at the end of 2021, you asked for predictions for what the year ahead may bring, many could be forgiven for thinking that 2022 should have been a very different year to what we experienced.**

Many would have, perhaps, predicted 2022 to be the benchmark year for the 'new normal'. In theory, our island communities would have been starting along their path of recovery post-pandemic. We would have been straight back into our community activities across the islands. We would have seen our members engaging with us in the same ways as before. Businesses and organisations across the bailiwicks would be breathing their first sighs of relief as growth slowly returned. Shopping habits, behaviours and patterns would be back to pre-pandemic levels. But, no one can ever predict the future, and things do not always go to plan.

What happened, in reality, was completely beyond what could have been predicted or expected. Within the first few weeks of the new year, we faced questions on supply issues, experienced inflation rates not seen for some thirty years, and saw the impact of worldwide affairs on our islands. We found that some safety precautions still affected how we could be active in the community, and members had forged new habits around shopping and interactions. As they say, best-laid plans often go astray.

However, it can be said that when we do find ourselves in times of adversity like these, we discover that we are able to perform and be at our best. This is certainly the case when we are reflecting on 2022.

At the times when we were limited in our stocks due to logistical issues, poor weather, or worker strikes on the mainland, we became proactive and forward-thinking. We worked on and developed our relationships with our local suppliers to help reduce the gaps in our stores. We explored and introduced new ranges, such as Carrefour, which provided new selection and variety for our island shoppers.

When the 'perfect storm' of escalating energy and fuel costs, combined with the consequences of Brexit, the Ukrainian conflict, and the pandemic sent prices soaring to an all-time high, we went to great lengths to try and mitigate the costs passed on to customers. We encouraged ways to shop economically and efficiently with our own-brand and Honest Value ranges.

We shared the same concerns and apprehensions as our members, as we too faced these difficult decisions surrounding the cost of living. But by working together, we believe that we are making progress, but above all, making it through the challenges.

The issues we have faced have not been ours alone, and something that many sectors, businesses and islanders have had to confront. Yet, there is most definitely light at the end of the tunnel for us all.

Although it has been one of our more challenging years, let this not cloud the successes and triumphs that we have had. One of those, in particular, is our vision for Leale's Yard. The long-running saga is finally reaching its conclusion since plans were first discussed in 2008. At the time of writing, outline planning has been obtained for development, and we are eager to see work on the site commence later in 2023.

This year has also been a year of growth and development for us – which will undoubtedly continue in 2023. In April this year, Jersey previewed our new-look brand at CI Coop Five Oaks. This will start becoming more visible and recognisable as more stores receive the updated designs, bringing us in line with the International Co-operatives Alliance.

We can also look ahead and anticipate changes to how we interact and serve our members. We know that we need to work harder and smarter to serve our 128,269 members. It is why we will be ensuring that we provide greater value to you, ensuring we create profits for you to share and spend locally further stimulating our local economy for all to benefit from.

As we come out of the challenges of 2022, we can look forward with expectation and optimism for 2023, and the opportunities ahead for what we, at the CI Coop, can do to serve and make a real difference throughout the year ahead.

Jon Bond  
Chair of the board

# Our board



Jon Bond  
Chair of the board

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

Through his work with local businesses, he has considerable experience across a range of sectors and volunteers for several charities and non-profits based in Guernsey. He also serves as a parish douzenier. Jon is focused on strategic development and brings a strong appreciation of board governance and effectiveness. He is focused on the future development of the CI Coop's portfolio of business and property, whilst maintaining the grassroots offering.



Jennifer Carnegie  
Non-executive director and chair of the recruitment and remuneration committee

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

Prior to that Jennifer was the chief people officer for Digicel, the global telecommunications and entertainment provider. She has managed manufacturing facilities with large numbers of people, is an accomplished industrial engineer and was instrumental in creating and running a successful global corporate university for Mars Incorporated. Jennifer is chair of Jersey Business is a non-executive director of Condor Ferries and All Island Media Ltd and is on the board of the Channel Islands Financial Ombudsman.

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



Michael McNally  
Non-executive director, chair of the audit committee and member of the risk committee

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

Michael has practical experience in warehousing, fulfilment and distribution including consolidation, and achieving efficiency by working closely with the whole supply chain. Michael's focus is to ensure the business is ever evolving whilst being true to the CI Coop values and maximising shareholder and stakeholder value in all areas of business operation.



Graeme Smith  
Non-executive director, chair of the risk committee and member of the audit committee

Graeme was appointed to the board in June 2021. He is a director and until recently was the chief executive of Jersey Business, the local enterprise agency providing support to local businesses to deliver sustainable growth.

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

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



Mark Cox  
Director and chief executive officer (CEO)

Mark was appointed as CEO and director in July 2020 having successfully led all trading operations across food, non-food, travel and care as chief operating officer for 10 years.

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

Mark continues to drive our future strategy and growth to maximise value for members, customers and local partners, as well as investing in the development of colleagues, all of which will help the CI Coop fulfil its mission to develop and protect long-term member value.



Jill Clark  
Non-executive director and member of the recruitment and remuneration committee

Jill was elected to the board in May 2019. Jill has over 20 years of experience in retail, her former role being the director of customer services at Specsavers.

Jill now runs her own customer experience consultancy as well as delivering lectures on customer experience, retail, and leadership management. She has an MSA certificate in education and an IoD certificate in company direction. Jill's focus is to make sure members and colleagues are at the forefront of all governance decisions made by CI Coop so that our members receive the best experience possible.



Wayne Bulpitt CBE  
Non-executive director

Wayne was appointed to the board in November 2022 as an interim member director.

He founded the Active Group in 2002, now Aspida Group, and has over 40 years of experience in business leadership primarily in financial services and is a director of several companies. Wayne is also a passionate supporter of philanthropy and volunteering, holding a number of senior roles across the UK and the Channel Islands giving him extensive experience in voluntary and membership organisations. Wayne's significant contributions to the community were recognised when he was made a Commander of the Most Excellent Order of the British Empire (CBE).



Simon Todd  
Non-executive director and member of the audit committee and the risk committee

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

A chartered surveyor, Simon is a director and group head of real estate at Crestbridge. His focus is to bring a supportive challenge to the executive leadership team, with an emphasis on the performance and quality of the CI Coop's real estate, operational and investment assets. He is a strong supporter of the adoption of environmental, social and government principles and aims to bring this experience to support all elements of supply and performance.



Jennifer Bridge  
Non-executive director and member of the recruitment and remuneration committee

Jennifer was appointed to the board in May 2022. She is the chairman and co-founder of the Jersey Literary Festival Association.

In addition to serving at board level as a chairman for the third sector, Jennifer is a former parish Deputy for St Helier and has worked previously in change management. She is particularly interested in strategic data-driven decision-making enabling the CI Coop to be the best possible employer and retailer that it can be - while remaining true to its values. Jennifer seeks to be a 'members' voice' in the boardroom with a focus on returning the best value to members.

# Our executive leadership team



Mark Cox  
Chief executive officer (CEO)

Mark joined the CI Coop in 2010, and was appointed as CEO and director in July 2020.

Mark's career in the retail industry started over three decades ago so his knowledge and expertise in this field, combined with a thorough understanding of our pan-island business' needs and requirements are an invaluable asset.

He is a proven leader who is dedicated to developing the our future strategy and growth, as well as investing in the development of our colleagues and protecting long-term member value. His passion for the CI Coop is nothing short of infectious.



Mark Crean  
Chief retail officer (CRO)

Mark already had many years of experience within the Co-op Group in Manchester before joining the CI Coop in January 2015.

His career spans 20 years after having worked for the Co-op Retail Trading Group in senior roles in finance, commercial and operations.

Mark is also a qualified chartered management accountant. It was his expertise in food which saw him take up the CRO role managing the retail teams.



Louise Read  
Chief financial officer (CFO)

Louise joined the CI Coop in 2019 and was appointed as CFO in June 2020.

Prior to joining the CI Coop, Louise spent nine years with the Channel Islands Competition and Regulatory Authorities including seven years on the board. She has worked for Jersey Post, as group financial controller and has served as a commissioner for the Jersey Appointments Commission.

Louise is a fellow of the Institute of Chartered Accountants of England and Wales, having trained as a chartered accountant with PriceWaterhouseCoopers and is a chartered director.



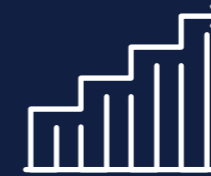
Natalie Clare  
Chief people officer (CPO)

Natalie joined the CI Coop in May 2022.

As well as founding and running her own consultancy business, Natalie has a wealth of strategic and operational HR experience which she has gained over 20 years working within finance, retail, consulting and construction sectors.

Natalie's vision is to focus on developing our people strategies to ensure that we can continue to make a real difference through our great colleagues.

# Our year at a glance



## Finance:

Turnover	£192.4m
Trading profit (93% paid as dividend)	£5.8m
Net surplus	£0.7m
Cash	£24.7m
Members' funds	£164.1m
Investment property income	£2.4m



## Membership:

New members	1,261
Total members	128,269
Dividends, loyalty bonuses and interest	£7.7m



## Community:

Donated to charities	£0.3m
No. of charities supported	240
Spent with local suppliers	£8.2m
Fairtrade sales	£1.5m



## HR:

No. of colleagues	1,088
No. years experience	7,778
Colleague engagement	81%



## Chief executive's overview

It is without a doubt that a key theme for the CI Coop over the past twelve months has been resilience. Much of our focus has been on managing the challenges presented to us by external factors, including increased costs through inflation, the cost-of-living crisis, and the ongoing war in Ukraine. These factors coupled with local pressures of recruiting and retaining colleagues are creating very challenging trading conditions.

On top of this, we continue to innovate and build back the CI Coop post-pandemic. We strive to provide our members and customers increased choice, and to continue to offer convenience by expanding our retail estate through opening new stores like our Coop Five Oaks.

All the while, we remain true and steadfast to our mission: To make a real difference to the communities we serve. It is something that we believe has never been more pertinent.

As the Channel Islands largest locally owned retailer, it means a great deal to us to give back to our community. It is why we have given back £165,742 to 240 local charities and causes across our islands, as well as allowing 72 charities to fundraise across our stores and providing a discount of £143,447 to the elderly community via the Sir David Kirsch voucher scheme.

We have also taken great strides to lower our carbon footprint by removing single-use plastic bags from our stores and helping to significantly reduce food waste by removing best before dates on our own-brand products.

We will endeavour to continue to build upon the progress we have made into 2023, and I look forward to our colleagues, members and customers becoming an integral part of this journey towards our future.



**All the while, we remain true and steadfast to our mission: To make a real difference to the communities we serve.**

### Our financial performance

In the spirit of our cooperative values of openness and honesty, the following report outlines the key figures and results for 2023. Our 2023 financial year runs for 52 weeks, ending 8 January 2023.

This year has been strongly influenced by external factors which have determined the course of the CI Coop; namely, supply chain issues, inflation, and the conflict in Ukraine. All of these, combined with rebuilding ourselves post-pandemic, have consequentially increased our cost base and the cost of products to our members and customers.

These are challenges that are affecting many business sectors, not just our own, but trials we predict that we can overcome with patience, resilience, and cooperation.

### Dividend

## £5.5m

£5.5m of dividend was paid out to members in 2022 and the same will be paid out in 2023. This means the CI Coop is returning 93% of its trading profit back to its members with the rest being reinvested.

We are proud that our 4% member dividend continues to be the strongest retail co-operative dividend in the UK.

It has been an aspiration of ours to deliver a membership that we and our members can be proud of and want to belong to.

The pandemic served to remind us of something we were already beginning to realise; that we needed to introduce an updated, dynamic, and more rewarding loyalty programme for our members.

While the pandemic was affecting our community, we introduced a 1% loyalty bonus for every member, applied every time they shopped with us. Yet, we still felt we could improve and better serve our members. This led us to the introduction of a new concept for us which we proudly launched in February 2023, 'Member Rewards'.

For us at the CI Coop, belonging is everything and the fact that we can continue to serve our community today is thanks to our 128,269 members. Thus, the ambition to drive our member dividend and provide additional member rewards is to recognise that we would not be where we are without our loyal members. This is our opportunity to give something back, to reward and thank them for continuing to belong with us.

We envisage this to be the start of many new developments and look forward to our members joining us along our journey into the future of our membership.

### Members' funds

## £164.1m

Members' share capital decreased by 10.4% year on year to £114.1m.

Anecdotally, we understand that these funds had a much greater importance to our members during the last few years than ever before. Members have reported using their funds for support during and since the pandemic, whether that was for home improvements, recreation, or even just as a lifeline for when finances were struggling to make ends meet.

We continue to monitor interest rates to ensure that we provide an appropriate reward to members for investing in the CI Coop. As such, we were able to offer higher interest rates for our members with an increased return for their investment. Investments in the CI Coop earned members £1.1m in interest last year.

Member funds reflect the movement in 'our' investment property portfolio which increased in value by £0.4m to £51.7m. One of the main contributors to the increase in value resulted from the rate increase in the private car parking offered to permit holders at Coop Grand Marché St Helier.

Finally, total member funds also reflects our reserves of £50.0m including profit for the year of £0.7m and the remeasurement loss in the pension scheme of £1.1m.

The closed defined benefit pension scheme was revalued for reporting purposes with a surplus of £17.1m at the year-end compared to a £1.0m surplus last year. Given the volatility in pension scheme valuation, we adopt a prudent approach, recognising losses but not gains in the financial statements, given the gain belongs to the pension scheme not the CI Coop. The CI Coop had historically made £1.1m of additional contributions annually into this closed defined benefit scheme, but due to the surplus in the scheme, this will cease in 2023.

# Chief executive's overview cont.

## Turnover

£192.4m

We achieved a turnover of £192.4m in the year an increase of £10.8m 6.0% on 2022.

## Food and fuel sales

£178.4m

Turnover from the food business, which represents 82% of the CI Coop's total turnover increased by 1.1% to £157.9m.

It is not to be ignored that inflation in both food and fuel costs, with consequent increases in prices, have contributed to this turnover figure. However, this increase has also been driven by other elements of the organisation including the opening of a new store at Five Oaks in Jersey and an expansion to the range of products offered to our islanders through ranges, such as Carrefour.

The challenges surrounding freight and availability that we faced in late 2021 followed us into 2022. Product and driver shortages in the UK impacted our supply chain, particularly during early 2022, which combined with periods of weather disruption, left shelves looking empty at times.

With the issue of freight comes the issue of fuel and transportation. The price of road fuels is largely determined by world oil prices which averaged over 100 US dollars in 2022 compared to 71 USD in 2021 and saw pump prices increase to a high of £1.85 per litre before falling back to a Channel Islands average of £1.67 per litre in January 2023. In terms of fuel volume, indications are that agile working, a mixture of working from home and in the office, has become normal for many islanders, and it is unlikely that fuel volumes will return to pre-pandemic levels.

During 2022, we extended the Carrefour range into Guernsey and expanded the offering from this popular European retailer in Jersey. In addition to this, we continued our work with COOK to extend the selection of premium frozen foods across our stores.

We have invested more resource into our fresh produce category and have also developed a good working relationship with a new supplier of fresh fruit and vegetables. Since introducing our Mudwalls range to stores, we are pleased that members and customers have also noticed an improved choice and quality of our fruit and vegetable offering.

We are proud to have also seen our online grocery shopping platform go from strength to strength during 2022. We now provide one of the largest ranges online in the Channel Islands, and the introduction of delivery slot selection brought another level of convenience.

## Care

£14.0m

Our chain of seven pharmacies performed strongly with sales of £11.9m. During the year, our pharmacies dispensed 592,786 items, a year-on-year increase of 12%. We were also proud to continue to provide popular services such as flu vaccines, diabetes checks, Help2Quit for smokers, as well as our expert team of pharmacists' trusted advice and guidance on request.

Our funeral businesses, De Gruchy's Funeral Care in Jersey and Argent Funeral Care in Guernsey, performed well, providing 447 services in the year with a turnover of £2.1m compared to £1.8m in 2022.

## Investment property income

£2.4m

We have a large investment property portfolio across the Channel Islands. As well as the numerous commercial units (of which many contain residential units), we also include the Premier Inn at Charing Cross and Dunelm sites in Jersey within our portfolio.

Rental income from our investment property portfolio was £2.4m for 2022 an increase of 14%.

## Trading surplus

£5.8m

It may seem unsurprising to learn that trading surplus was down 3% year-on-year, highlighting challenging trading conditions and our efforts to minimise price increases.

Trading surplus allows us to pay dividend and we paid 93% of the trading surplus back to members by way of a £5.5m dividend, with a further £1.2m in loyalty bonuses and £1.1m in interest.

It is through our vision to support islanders and help our community through difficult times that we worked hard to keep price increases to a minimum during 2022. Although at times we were not able to absorb every cost increase, we recognised that islanders faced unprecedented circumstances around living costs and strived to keep prices as low as possible, while seeing unprecedented levels of cost increases.

## Profitability

CI Coop generated a net profit for the year of £0.7m.

## Cash

£24.7m

The CI Coop's cash balance has reduced by £20.4m year-on-year through returning member's money previously invested, and funding capital expenditure, such as the development at Five Oaks in Jersey, from cash balances held.

## CI Coop assets

The CI Coop continues to have a strong balance sheet with member's funds of £164.1m.

1,261 new members were welcomed this year, bringing the total number of members to 128,269.

Members benefited from £7.7m returned to them by way of dividends, loyalty, and interest.

## Looking ahead

We remain committed to improving the lives of members, colleagues, customers, and local communities that it serves.

We will continue to support the islands through the cost-of-living crisis by providing value and quality to our customers and members, and supporting the communities that make our islands.

We will continue to innovate and invest in the business to ensure a vibrant future. Within the next twelve months you will see:

- More opportunities for members to engage through focus groups
- The opening of a new store at Somerville House in Jersey
- The redevelopment of St Martin's and Forest in Guernsey
- The start of development at Leale's Yard in Guernsey
- New branding and new uniforms will begin rolling out across our stores
- Exciting new member-only events, offering real discounts
- Further investment in technology, including new tills in stores.

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

The funeral business will continue to provide personal care and excellent service when it is needed the most.

I am sure islanders in Guernsey will join me in feeling both excited and eager to see work begin on the Leale's Yard site, which is due to commence in 2023. Throughout 2022, we have continued to work tirelessly with our development partners to progress the plans for the St Sampson's site. In autumn 2022, an outline planning application was obtained for the development. The development will provide 320 homes, a supermarket and retail store, a car park, and green and civic space within five years. This will bring a new lease of life and positivity to this previously tired and dilapidated area of the Bridge. This is an exciting development for CI Coop members and the wider Guernsey community.

As always, we are hugely appreciative of your support and loyalty as members from across the Channel Islands. Thank you also to my amazing colleagues for their continued hard work, and to my board colleagues for all of their guidance and support.

Mark Cox

Chief executive officer

# Our colleagues

## Belonging is everything

In our universe, Belonging means a number of important things to people. It connects us with each of our audiences and embeds us deeper into our local communities. Investing in our colleagues and supporting them in their roles is very important to us.

### New colleagues

We welcomed **371** new colleagues in 2022. This figure includes all of our temporary seasonal workers which we rely on each festive season. We also welcomed 32 work experience students across the islands!



# 371

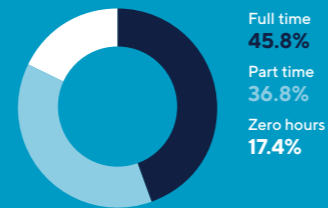
NEW COLLEAGUES

A big welcome to you all!

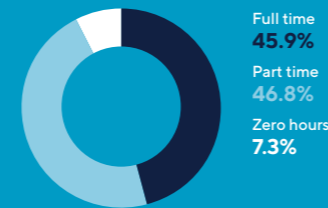
MALE **46%** FEMALE **54%**

### Gender split and working hours

MALE



FEMALE



Our median (the middle) hourly pay gap

# 0%

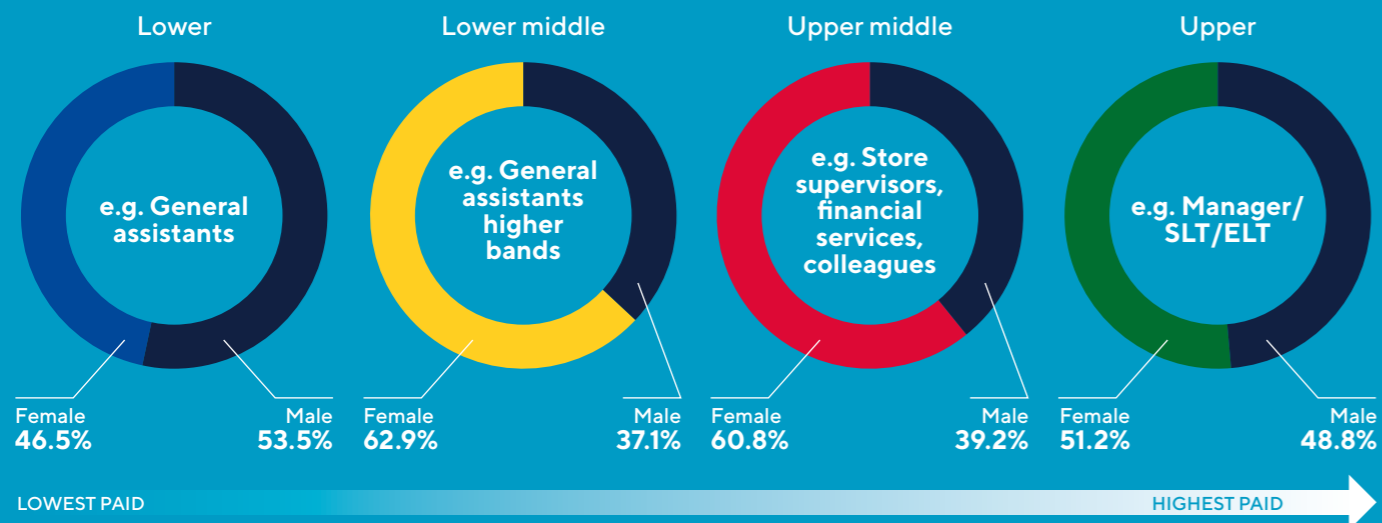
Which is better than the UK national average of 17.3%\*

Our mean (the average) hourly pay gap

# 9.3%

Which is better than the UK national average of 16.2%\*

### Pay quartiles - the % split of female and male colleagues in each quartile.



\*Based on estimate from the Annual Survey of Hours and Earnings 2019, Office for National Statistics (ONS) PwC has calculated the gender pay gap in Jersey and Guernsey at 21% (March 2021) which is 5% higher than the UK (Women-in-work-channel-islands-2021.pdf (pwc.com)).

### CI Coop with people and purpose at its core

‘The **value** and **contribution** of our colleagues has never been more **important** us’

In the world of retail, there is always one thing we can be certain of: change. As we reflect on 2022, we saw the CI Coop grow and adapt as we worked together to become a stronger, better organisation post-pandemic.

Yet, amidst all the change and growth, there is one element which remains the same for us: our people. Our colleagues are central to our organisation. They are our constant and what keeps us moving forward as an ever-changing, evolving local business.

Put simply we would not be where we are today without our 1,000+ colleagues working tirelessly with dedication and pride every day. If our community is what inspires us as an organisation, it is our colleagues who are the driving force helping us to achieve our vision of making a real difference every day. They are the character and heart of our business.

The value and contribution of our colleagues has never been more important to us, which is why we made it our aim to prioritise the wellness and wellbeing of our workforce.

### Wellbeing in the workplace

Even before the pressures and challenges of the global pandemic on our islands, we have always known that our colleagues are what make us the business we are. But one positive consequence of the pandemic was that it served to remind us of the importance of wellbeing. To do our best, we need to feel and be at our best.

Our wellbeing in the workplace policy was introduced this year to serve that very purpose; to allow our colleagues to equip themselves with the knowledge and tools to understand and appreciate their own mental health and wellbeing.

The policy launched with a week-long series of activities, workshops, events, and talks, from yoga to paddle tennis, to workshops on dementia, menopause, and mental health, to name a few. There were almost 400 opportunities for colleagues to get involved in events during the week across both islands. We wanted to acknowledge the benefit of having hobbies outside of work, but also accept that we all have personal and family challenges that affect us in the workplace. This was an opportunity for us to raise awareness and provide support.

As we see the wellbeing in the workplace policy become more embedded in our organisation, our hope is that it reminds every one of our colleagues that we are all connected to the same vision and goal. It is how we work and support one another is how we deliver in making a real difference to the communities we serve.

### Belonging is everything

Diversity and inclusion are commonplace words within our organisation. Yet, they are much more than just corporate buzzwords, diversity and inclusion are at the very heart of our business. We believe our colleagues should be free and able to be themselves, be seen, supported and ultimately, belong.

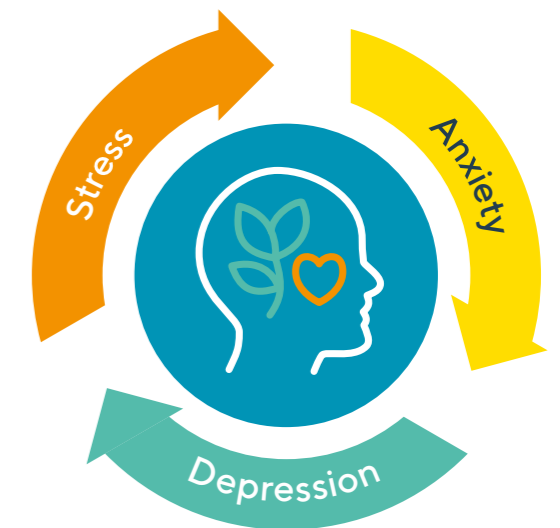
For us, belonging truly is everything which is why we are proud to be a diverse and inclusive local business. Just as our islands are a colourful blend of differences; be that race, beliefs, faith, gender and more - we reflect the same variety and uniqueness that brings so much benefit in our workforce.

Looking forward, we want to take this further. Inclusivity and diversity are not just about the who, but as much about the how. We now have the opportunity now to build a forward-thinking business that can be recognised as an employer of choice. But to do so, we need to evolve with the future of work, adapt and respond to the needs of our colleagues and future recruits.

‘We all **balance** our work/home life and so hybrid working was just one of the ways we **adapt** to be a future-ready organisation.’

The pandemic helped us recognise that people work in different ways - we are all unique. We all balance our work and home life and so hybrid working was just one of the ways ‘we’ adapted to become future ready. We also strive to be inclusive and enable those honest conversations about working practices, environments, and how we can always improve.

Recruitment has been the biggest challenge we have faced in 2022, but we are not alone in this global resourcing crisis. It has given us a real opportunity to review how we attract and retain our colleagues, and how we can develop our own talent.



**wellbeing**  
IN THE WORKPLACE

## Bright future for CI Coop

In the year ahead, we hope that we can make significant steps forward in the progress we have already made.

Our vision for the next year is to build upon the positive outcomes of the wellbeing in the workplace policy to help make us an employer of choice for our care for our colleagues. We hope to take even further strides in our diversity and inclusivity values as we look to attract talented and ambitious individuals.

Further to this, we need to celebrate and develop the exceptional and gifted colleagues that are already making a real difference in our organisation. There is so much potential which we need to cultivate and grow, whether that be through internal professional development, career progression or graduate opportunities.

As ever, the year ahead will have its own set of challenges and opportunities to contend with, yet the resilience and resourcefulness we see from our colleagues show that with teamwork, we can and will make it through whatever lies ahead.

## Careers with CI Coop

**Sophie Waller, a trading assistant and in-store trainer, explains that a career with us can open a whole range of opportunities.**

### Tell us more about your role at the CI Coop?

'Like many islanders, I had to re-evaluate my work options due to the pandemic. Fortunately, I received a call less than 48 hours after contacting the CI Coop to start on a zero-hour contract at Georgetown.

From there, I moved to a full-time contract at Coop Grouville as a general assistant before relocating to the support centre as a trading assistant about eight months later.

Now, 18 months on, I'm a category officer in the trading team and work part-time as an in-store trainer within the learning and development team.'

### What are the things you enjoy most about your job?

**'I love the variety and diversity in both roles - no two days are the same!'**

I'm always learning and challenging myself in this career, and it's great to have so many opportunities to grow. The CI Coop is great for developing colleagues and enriching their knowledge to complete their roles effectively. I've been able to learn how to use the in-house systems, completed courses in a range of skills from Excel to manual handling, and still have opportunities for future study.

Both aspects of my role are so different, but so vital to the day-to-day running of the company. When all the hard work pays off, it's a very good feeling. The sense of belonging you feel by working here really makes us different.

There is a belief in us which makes you feel valued and proud to be a colleague of the CI Coop.'



### What goals and ambitions are you working towards in your career?

'There's a lot of exciting changes happening in the background too. I'm looking forward to new systems being integrated across the organisation meaning there will be lots of different ways of working within trading, and the way we train new colleagues.

Also, with wellbeing becoming so integral in our work lives, I'm hoping to complete a mental health first aid course to support stores to promote wellbeing in the workplace.'

### What advice would you give for someone thinking about joining the CI Coop?

Just apply! I never thought I would be in the career I am in now, but if you show you want to develop there are many opportunities to do so. It's why working here can lead to a varied and engaging career unlike any other.

**Learning and development officer, Petra Le Brocq, shows just how you can tailor-fit your career and achieve so much with your community retailer.**

### What made you choose to work for the CI Coop?

'I remember back at school not knowing exactly what career I wanted to do. If somebody had said to me back then that I would work in retail in the future, I would have been indifferent. But that was before anyone explained to me how many opportunities there are in retail - and the prospects for progression and development. From a shop floor assistant, you can become a supervisor and with more experience, a manager, or even move across into other departments (like I did).

I've always been open to training opportunities and self-development so when it was suggested to me to join the CI Coop, it was an instant decision.'

### What's your career progression been like with the CI Coop?

'My journey within the CI Coop started when I was offered a job as a pharmacy assistant in Pharmacy Locale at Coop Grand Marché St Helier. I was encouraged to do my NPA (National Pharmacy Association) courses including the medicine counter assistants' course, pharmacy interaction and a dispensary assistant course. It gave me the springboard to become a pharmacy dispenser.

But I'm always one to take on new challenges. Although I did enjoy working in the pharmacy, I wanted to upskill and so I applied for additional hours within our learning and development team as an In-store trainer.

'Fast forward to now, I've had the opportunity to do further study, including my CIPD, and a Level 3 award in education and training. I now work full-time as a learning and development officer.'

### What makes working for the CI Coop so unique?

'I believe that knowing that the job I do brings value to our business; the people I work with, and ultimately, the people we serve - makes a real difference. For me, being able to help, support, develop and motivate our colleagues is the 'icing on the cake.'

### What do you feel you've gained from a career with the CI Coop?

'I feel that I learn something new every day when working here. The fact that the CI Coop has helped me to 'create' my own career, starting in pharmaceutical and transferring to human resources, means I've been able to meet so many different people, learn new transferable skills and develop my confidence more than I could have imagined. I am also fortunate to work with an amazing team which means I am excited to come to work every day.'

### What's your advice to someone considering a career with the CI Coop?

'Working in retail is never boring!'





## Board apprentice in Guernsey

The non-executive director (NED) development programme has been designed to support the development and transition of local talent wishing to become a NED. It aims to diversify the local NED pool and supports the transfer of knowledge and skills from experienced NEDs to the next generation of NEDs. This unique programme comprises of training and networking events and a 12-month placement on a partner board.

## IoD internship

The Institute of Directors Jersey (IoD Jersey), in partnership with Skills Jersey and Jersey Business, has launched a pilot scheme called the IoD Accredited Internship which will initially be piloted with students from Haute Vallée school and Victoria College.

This scheme encourages 16 to 18-year-olds to gain valuable work experience in hospitality and retail. Students will need to complete a minimum of 100 hours and have learned core skills during their internship. Upon completion, students will receive an IoD certificate to acknowledge the core skills passed on by hospitality and retail in early career development, skills that lay the foundation for any career in the future.

## The Skills Jersey Traineeship Programme

The Skills Jersey Traineeship Programme is a programme for 16 to 19+ years old and provides an opportunity for personal development before embarking into the world of employment through work experience, one-to-one coaching, life and vocational development sessions.

## Jersey Employment Trust

Jersey Employment Trust (JET) provides a comprehensive and bespoke employment and vocational training service to assist people with disabilities and long-term health conditions to achieve their employment goals. We have several work placements that have come through JET in store and recently into the support office.

## CI Coop Voice

This year, our overall engagement score through CI Coop Voice was 81%, with a 91% response rate.

### The feedback showed that:

- **94%** understand the importance of acknowledging, being friendly and helpful with all our colleagues, customers and members
- **90%** of colleagues are clear on their objectives and what they need to achieve
- **88%** understand our values; Co-operation, Openness, Passion, Empowerment and Recognition
- **17** areas had an engagement score of **90+%**

## Learning and development

Thankfully, 2022 saw restrictions lifted and travelling between the islands become more frequent. It meant a welcome return to some face-to-face learning and education this year, which always helps to improve the quality and understanding of what is being taught.

As ever, we had a wide range of subjects and courses being studied in-house across the business. Thank you to all colleagues who took part in and attended training courses this year. In total, 946 colleagues participated in 358 training events resulting in a total of 4,102 learning hours throughout 2022. By attending and completing this essential training, our colleagues are helping to make the CI Coop a more caring, empowering, and safer place to work.

Our leading with purpose framework (LWP) has continued to be a success. This programme supports all newly-appointed managers, providing them with the right set of skills and resources to support and effectively manage their teams. We continue to deliver this programme quarterly.

‘It is always **promising** to see new **talent** joining us at the CI Coop.’

Our supervisor workshops are also popular. These courses offer our colleagues the chance to enhance soft skills such as time management, communication, and goal setting. We are pleased to share that this year, 13 colleagues were able to complete the supervisor workshop training.

This year, we were also proud to launch a new set of e-learning modules. These modules included elements such as planning and organising, recruitment, coaching and performance management and wellbeing – all of which are intended to help and guide managers in their important roles.

It is always promising to see new talent joining the CI Coop team. In 2022, we were delighted to have hosted 150 inductions, helping 278 new colleagues take their first steps in joining our business. We are always receiving positive feedback on our 13-week induction programme delivered to all new starters. The purpose of these sessions is to support both colleagues and their managers in helping them to get the best start to their new role, and make sure their transition is as smooth as possible.

## Colleague achievement

The Guernsey Retail Skills Apprentice of the Year was awarded to Charlene Nelson. She then went on to win an award for the best journey in personal development. This is a fantastic achievement and we're very proud to have such hard-working colleagues. Well done, Charlene.



Charlene Nelson, Retail Skills Apprentice of the Year and CI Coop colleague

## External training

First aid training is always an incredibly useful and rewarding course. You never know when the skills you learn are needed to help save a life. This year, 74 colleagues completed their essential first aid course, including two colleagues who achieved their paediatric first aid training. Fire marshal training is also an extremely important workshop for the safety of our colleagues and customers. In 2022, we are proud to share that an overall total of 87 colleagues undertook the training to be fire marshals. It provides further evidence of how our colleagues are continually working hard to ensure we are always a safe and proficient workplace for all.

## Microsoft Office training

We are always encouraging our colleagues to take the time to study and learn the skills to help them to achieve their goals at work more efficiently.

Our Microsoft training classes are always well-attended. A total of eight classes were hosted this year with 52 colleagues making the most of the training to improve their MS Office skills.

We also worked alongside an external provider to deliver three change management sessions for our team managers with 35 attending. These sessions help shape change within the business and supported our managers to provide the best assistance for their teams throughout any business restructure. Change happens in any business, and we can now feel more prepared for whatever may come along.

## Professional study

A total of 5 colleagues are currently working through both Retail Level 2 & 3 Apprenticeship schemes, whilst being mentored and supported by their managers.

2022 also saw 8 managers enrol on a CMI Level 3/5/ and 7 business management qualifications, with 4 more starting in January.

Three colleagues in compliance completed their ICA diplomas in anti-money laundering (AML).

88 AML sessions were delivered with a total of 88 attendees.

We currently have four colleagues in the finance department studying towards accountancy qualifications including, IAB, CAT and ACCA.

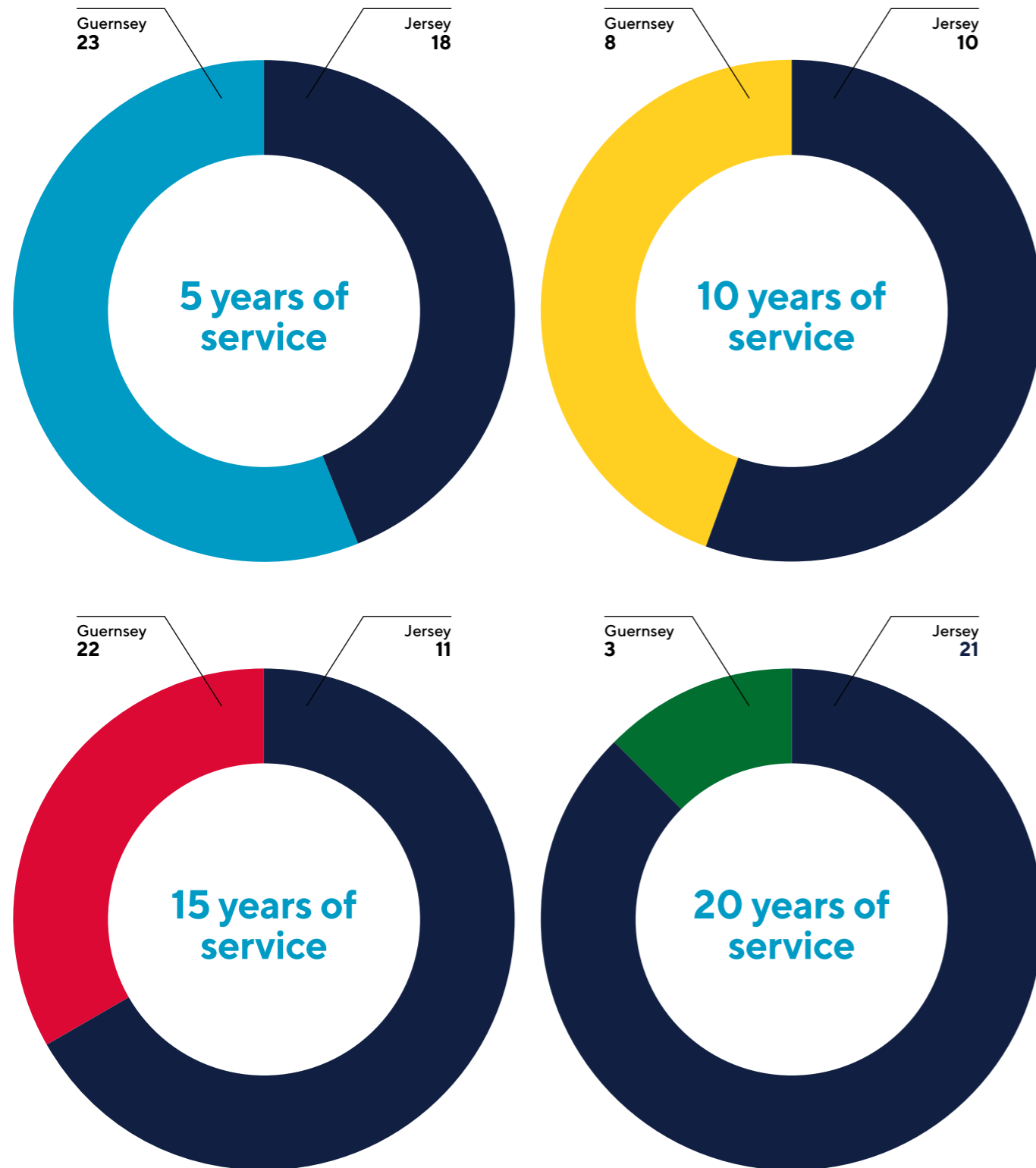
Colleagues with professional qualifications regularly keep their CPD units up-to-date during the year to remain current.

## GEM Awards

The GEM rewards continue to celebrate colleagues who go above and beyond in their work and display our values; co-operation, openness, empowerment, passion, and recognition. A total of 150 colleagues were nominated in 2022.

‘We are always **encouraging** our colleagues to take the time to study and learn the **skills** that will help them to achieve their goals at work more **efficiently**.’

# Long service awards



# Community updates

As the CI Coop began to emerge from the challenging years of the pandemic, 2022 felt very much like a return to the steady pathway after a tumultuous time.

We were able to start venturing into more familiar surroundings of being out and about across our islands, making a real difference to where it matters, and creating those positive impacts for our local communities, which is at the core of our values. Although it has, at times, still felt like our journey has been with tentative steps following the pandemic, we still have been able to look forward and set our sights on the route ahead.

As such, we can proudly say that 2022 has been a positive year.

## Our path through 2022

It is only when you stop and take the time to look back that you can see how far we have come together.

Here are just a few highlights of our journey through the past year.

- January 2022**  
Launch of the Colleague Volunteering Hours initiative.
- February 2022**  
We reaffirm our proud and long-standing commitment to the Fairtrade Movement.
- March 2022**  
We donated to local food banks and charities across the islands, such as Guernsey Welfare Service & Caring Cooks of Jersey.
- March 2022**  
Colleagues get digging and help plant hundreds of trees across the islands.
- April 2022**  
We open the doors to our newest, most eco-conscious and sustainable store to date at Five Oaks.
- June 2022**  
Our Community Fund pays applicants nearly £40,000 to local causes across the islands during the first half of 2022.
- July 2022**  
We continued our long-running support with popular community event, Le Viaër Marchi.
- July 2022**  
We join the ban on single-use plastic bags from our stores. Profits from the bags give a £95k boost to community projects.
- August 2022**  
Our colleagues hit the beach with LittleFeet Environmental to make our shores a cleaner place for all.
- September 2022**  
We proudly continue our sponsorship of Channel Islands Pride, now as Founding sponsor having supported the event from day one.
- October 2022**  
To stop food waste, we wave bye-bye to best-by dates
- November 2022**  
Our Community Fund grants a further £40,000 to more charities and causes across the Channel Islands.
- December 2022**  
We donated £143,447 to support the Sir David Kirch voucher campaign to help support senior islanders.
- December 2022**  
Our colleagues make Christmas magical through Community Wish Trees, and during events like Soup Kitchen and volunteering.

# Values in action: Our Community Fund in 2022

Nothing showcases the full circle of giving back more than our Community Fund.

For us, what makes our Community Fund so special is that it is thanks to you- our members- choosing to shop with us which means we can support hundreds of incredible causes and charities in our islands' communities.

Quite simply, you are helping make a real difference in our communities by being a member.

2022 saw us donate over £80,000 to 74 charities across our islands. Here are just a handful of success stories from this year's recipients:

## “ We were delighted to receive a grant from the CI Coop Community Fund of £1,500 for the Liberate Art Club.

The club was formed when myself and Sophie, both of us being Liberate volunteers and art teachers, recognised a need for somewhere for the LGBTQ+ community and allies, to get together in a quiet space to reduce loneliness and improve mental health through art.

Our attendees are diverse, but all enjoy being together to create artwork and talk. One regular attendee calls it his 'lifesaver'.

“The aims of the club are to reduce social isolation, promote creativity, improve mental health and work with other community groups and charitable organisations to make a positive difference to the wellbeing of the people of Guernsey”

Joni Nettleship, local artist, and co-founder of the Art Club



## “ The Community Fund generously donated £1,172 to us so that we could create a private space and a welcoming and calm environment to meet with these families before they go off island and after they return.

If you're thinking of applying to the CI Coop Community Fund then please go for it. The whole process of applying for support with a project is very simple and straightforward and it has made such a difference to our service”

Cheryl Dolbel, Family Liaison Manager for Family First



## “ Our aim is to enable attendees to live as independent a life as possible and play as full a part as they can within their local community.

This weekly group can be a lifeline to members, their families and loved ones. It brings them out of their homes, provides social interaction, cognitive training to relearn skills which have been lost, confidence building, and provides respite for family members and carers.

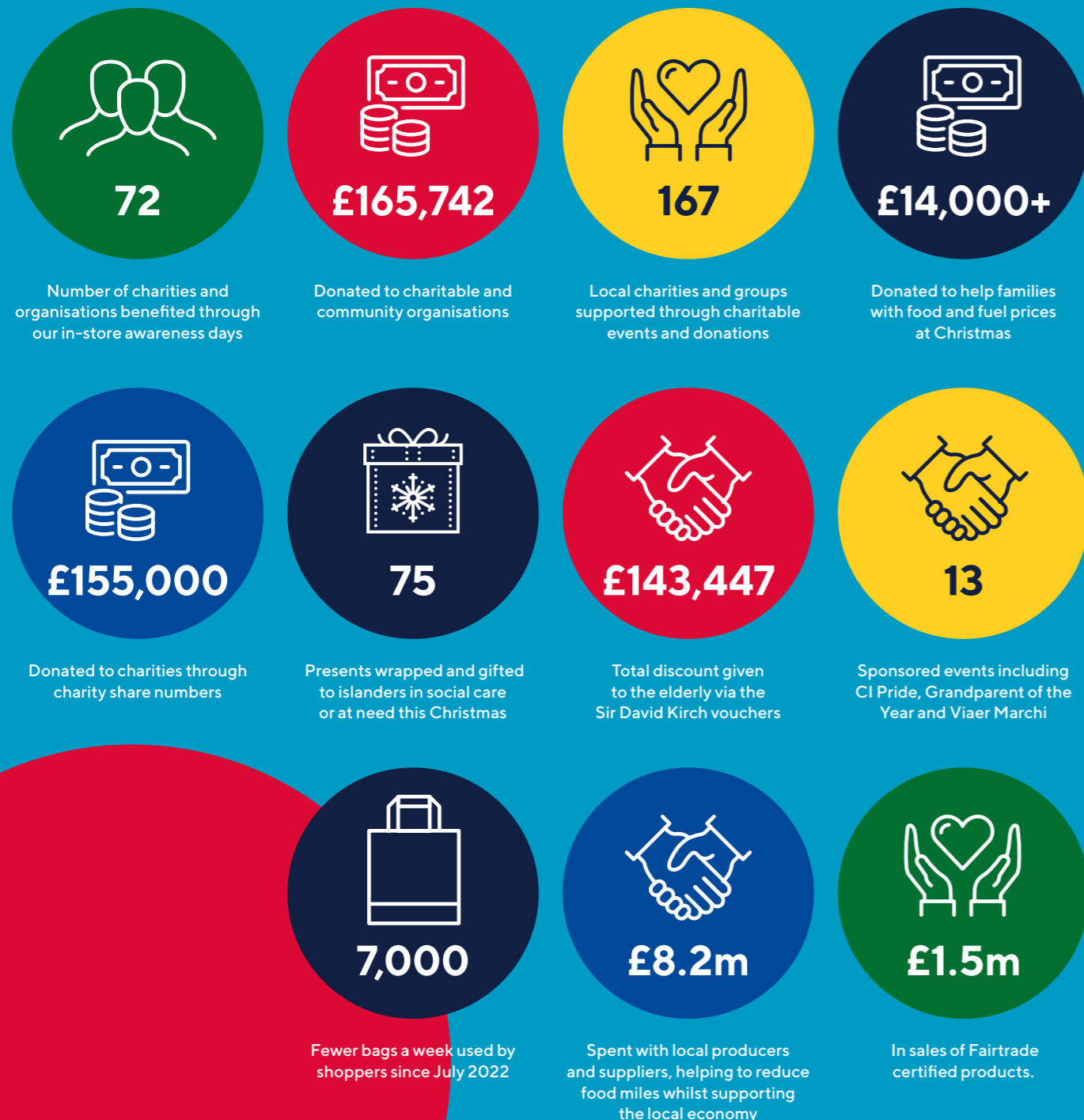
Funding means that we can offer these support groups once a week for a year providing a valuable service to the community.

We are delighted that the CI Coop Community Fund has chosen to support our work as we continue to support islanders and their families on their road to recovery from serious brain injury.

Philippa Stahelin, Executive Director and Trustee for Headway Guernsey.

# CI Coop Community 2022 at a glance

Our members and communities are the foundation of every Co-op. It is why we exist. When we can give back to our community, when we can turn profits into donations and community projects, that's when we know we have achieved our vision.



# CSR: CI Coop Social Responsibility

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

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

But we know there is more we can do. That's why in 2021, we created a dedicated community and sustainability team to bring even more focus to this area.

2022 was spent taking stock of where we are now: in terms of sustainability, our environmental impact, our community support, our supply chains, and our people.

In May 2022, an environmental specialist spent time reviewing our data and creating our baseline carbon footprint report for 2021. That baseline report became our starting point for setting our pathway to becoming net zero by 2050 - in line with the 2050 Paris Agreement.

Our focus for 2023 is that we will be publishing our first formal sustainability strategy. This will lay out our blueprint for a sustainable future. It will provide the groundwork for us to measure, report and set reduction targets in each area over the coming decades.

Our purpose has always been to make a real difference to the communities we serve, but making a difference is about more than just providing foods and services that islanders need - it is about doing so in a sustainable way.

Now more than ever before, sustainability will be at the heart of what we do. Not just because it is a 'current' concern, but because it is an issue that should matter to every one of us. Our sustainability strategy will be our ethical 'compass' to do the right thing, a reminder of who we are and how to make a positive impact.



# Membership matters

We are owned by our members, so we focus on providing the products and services that islanders need, rather than the needs of a small group of shareholders.



We are proud to work with local suppliers, charities, and community organisations on a wide range of life-affirming and environmental initiatives. Being an active part of our community, and supporting inclusion and diversity is part of our ethos.

Last year, 1,261 new members joined us. Our membership has grown to 128,269 local people, all sharing in our vision to make a real difference to the communities we serve.



## Online grocery

Our online grocery service continues to go from strength to strength. We have over 7,000 products available and we have recently introduced a new range of homeware. Members can now order up to seven days in advance for delivery seven days a week between 9am and 9pm, within 3-hour timeslots.



Local charities are also part of our membership family. Members have donated £155,000 to charities by quoting their share numbers when shopping.





Mark Crean, CRO

## Reports

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# Strategic report

## Advisers

### Registered auditor (the “auditor”)

**Grant Thornton Limited**  
Kensington Chambers, 46/50 Kensington Place,  
St Helier, Jersey, JE11ET

### Actuary

**BWCI Group**  
Kingsgate House, 55 Esplanade, St Helier, Jersey, JE2 3QB

### Bankers

**Royal Bank of Scotland International Limited**  
Royal Bank House, 71 Bath Street, St Helier, Jersey, JE2 4SU

### Property advisers

**Maillard and Company Limited**  
31-33 New Street, St Helier, Jersey, JE2 3RA

### Legal advisers

**BCR Law (Advocates & Solicitors)**  
12 Hill Street, St Helier, Jersey, JE2 4UA

### Mourant Ozannes (Advocates and Solicitors)

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

### Randell & Loveridge (Advocates)

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

## Corporate information

### Formation

The Channel Islands Co-operative Society Limited, registration number 14672R, (“CI Coop”) is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 with the Mutuals Public Register of the FCA and is governed by the Industrial and Provident Societies Act 1965-1978 (Industrial and Provident Societies (Channel Islands) Order 1965-1978), and has its registered office at Co-operative House, 57 Don Street, St Helier, Jersey JE2 4TR.

### Registered business names

Channel Islands Coop, Coop and CI Coop are registered business names of The Channel Islands Co-operative Society Limited.

### Regulatory

#### CI Coop is subject to regulatory oversight as follows:

- Jersey - Regulated as a Class ‘T’ Money Services Business and supervised for money laundering, countering the financing of terrorism and the countering of proliferation financing by the Jersey Financial Services Commission.
- Guernsey - Registered as a non-regulated financial services business and supervised for money laundering, countering the financing of terrorism and the countering of proliferation financing by the Guernsey Financial Services Commission.

## Subsidiaries

#### CI Coop has four wholly owned subsidiaries:

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

Bridge Regeneration Company Limited, a Guernsey registered company (number 67088) incorporated on 25 November 2019, was dissolved by way of voluntarily strike off on 9 November 2022.

## Membership

As at 8 January 2023, the CI Coop had a membership of 128,269.

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

9 January 2022	129,249
New members	1,261
Accounts closed	(2,241)
<b>At 8 January 2023</b>	<b>128,269</b>
Of which:	
Guernsey members	45,201
Jersey members	83,068
<b>At 8 January 2023</b>	<b>128,269</b>

## Key risks

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

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

#### Our risk control and governance structure



**Board of directors**  
The board sets the CI Coop’s risk appetite, that is the type and degree of risk the CI Coop is willing to take and ensures that risk is appropriately managed across the CI Coop. The board delegates oversight of the CI Coop’s risk appetite and risk management framework to the risk committee. The board reviews its risk appetite at least annually and the CI Coop’s key strategic risks at each board meeting.

A summary of the latest key risks can be found on the following pages.

#### The board risk committee

The board risk committee is responsible for overseeing and advising the board on its risk appetite and risk management framework.

The committee meets at least three times a year and otherwise as required.

#### Executive leadership team

The executive leadership team takes day to day responsibility for risk management in line with the board’s risk appetite. It is accountable for the identification and assessment of key risks and the adequacy of mitigation activity including escalation to the board risk committee and to the board.

The executive leadership team formally meets 13 times a year. While risk is considered at each meeting, the team formally considers risk and compliance on a quarterly basis.

## Our risk management framework

#### Policies and procedures

The CI Coop has policies and procedures in place across the business to guide colleagues and to ensure consistent standards for managing risk that are tailored to each business area.

#### Roles and responsibilities

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

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

## Risk management process



#### 1. Identify risk

- We identify risks that could impact our business by using our experience and judgement
- We regularly update as risks change

#### 2. Assess risk

- We assess the likelihood and impact of the risks we identify
- We consider all the potential risks including financial, health and safety, and reputational consequences

#### 3. Mitigate and manage risk

- We manage the risks by ensuring the appropriate mitigation and resources are in place
- We regularly adapt as risks evolve

#### 4. Monitor and report risk

- We regularly monitor and update our risks and mitigation
- We regularly report our risks for review and challenge



# Strategic report cont.

## How we managed risk in 2022/23

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

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

The board took the decision to split its audit and risk committee into two separate committees focusing on audit and risk respectively during 2021/22.

## Key risks

The board has assessed the principal risks facing the CI Coop and consider these as the most significant risks.

Competition and substitution				
Responsible Executive: Chief retail officer	Risk category: Strategic	Risk trend: Increased		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Ensure our customer and member offer remains attractive, viable and innovative given the competitive landscape</li> </ul>	<ul style="list-style-type: none"> <li>Reliance on a key supplier, the Co-op Group</li> <li>Pricing pressures</li> <li>Cost price of goods for resale</li> <li>Increasing operating costs</li> <li>Constraints on economies of scale</li> <li>New entrants and market competition – particularly online</li> <li>Innovation and market dynamics</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of products, sales and margins</li> <li>Regular market share and competitor analysis</li> <li>Responsive promotions and marketing</li> <li>Quarterly forecasting</li> <li>Strategic plans include competitor activity mitigations</li> <li>CI Coop is a member of Federal Retail and Trading Services Limited</li> </ul>	<ul style="list-style-type: none"> <li>New store opened at Five Oaks and acquired ground floor Somerville House.</li> <li>Significant increase in input costs owing to global supply chain pressures</li> <li>Continued price monitoring</li> <li>Developed relationship with Carrefour to enhance range and choice as well as to mitigate key supplier risk</li> <li>Continued supply chain challenges post Brexit, COVID-19 and Ukraine situation</li> </ul>	<ul style="list-style-type: none"> <li>Continue new store openings (Somerville House)</li> <li>Roll out store rebranding</li> <li>Progress Leale's Yard development</li> <li>Continue programme of store refits and relays</li> <li>Launch new loyalty proposition</li> </ul>

Cost of living crisis				
Responsible executive: Chief retail officer	Risk category: Finance and operational	Risk trend: Increased		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Significant business interruption due to global challenges including Covid-19, Brexit and Ukraine resulting in reduced profitability</li> </ul>	<ul style="list-style-type: none"> <li>Uncertainty</li> <li>Availability of resources, particularly colleagues to manage disruption</li> <li>Pressure on supply chain in term of costs and availability</li> <li>Risk of 'knock on' consequences</li> <li>Costs of mitigation</li> <li>Increased recessionary pressures</li> </ul>	<ul style="list-style-type: none"> <li>Covid -19 now endemic however measures in place to respond appropriately</li> <li>Adapting the food division's business model to reduce fixed cost base through use of zero hours contracts</li> <li>Monitoring supply chains, sourcing alternatives locally where possible and off-island where not</li> <li>Adapting care divisions (pharmacy and funerals) in line with changing government guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Covid-19 managed as an endemic, however ability remains to reintroduce measures as government advice changes</li> <li>Alternative supply chains at a higher cost impacting margin</li> <li>Severe disruption caused by Ukraine situation and growing recessionary pressures.</li> </ul>	<ul style="list-style-type: none"> <li>Additional capacity in existing supply chain</li> <li>Continue to explore opportunities with new suppliers such as growing offering through Carrefour</li> </ul>

Failure to deliver business plans:				
Responsible executive: Chief executive officer	Risk category: Finance	Risk trend: Increased		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Risk of failure to deliver business plans including sales growth and profitability targets</li> </ul>	<ul style="list-style-type: none"> <li>Reduced profitability or loss-making operations impact liquidity covenants and ability to pay dividend</li> <li>Reduced cash flow impacts on ability to invest in delivering long term value to members</li> </ul>	<ul style="list-style-type: none"> <li>Periodic reviews give visibility of financial performance</li> <li>Quarterly strategic reviews and forecasting gives visibility of overall business plan delivery</li> <li>Weekly cashflow monitoring</li> <li>Robust capital expenditure allocation process</li> <li>Regular monitoring of the competitive landscape and market research to determine members' and customers' needs and preferences, shaping the CI Coop's offering accordingly.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened periodic and quarterly reporting process</li> <li>Reviewed and refined board reporting of progress against key strategic priorities and forecasting</li> <li>Reviewed strategies</li> </ul>	<ul style="list-style-type: none"> <li>Further refine budgeting, forecasting and reporting process to become more 'bottom up'</li> <li>Introduce regular decision management performance reporting</li> <li>Publish and roll out strategy to all colleagues to drive understanding, awareness and ultimately delivery of business plans through engagement</li> </ul>

Cyber security				
Responsible executive: CI Coop secretary	Risk category: Information governance	Risk trend: Stable		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Unauthorised access, modification or loss of data due to a successful cyber attack</li> </ul>	<ul style="list-style-type: none"> <li>Risk of IT systems and services not being recovered on a timely basis</li> <li>Risk of permanent data loss</li> <li>Theft risk of valuable and / or private data</li> <li>Risk of ransomware and business interruption</li> </ul>	<ul style="list-style-type: none"> <li>Following industry recognised Cyber security Capability Maturity Model ("C2M2")</li> <li>Employing colleagues who specialise in this area</li> </ul>	<ul style="list-style-type: none"> <li>Improved C2M2 compliance ratings</li> <li>Introduction of Centre for Internet Security (CIS) control framework</li> <li>Reduction in technology vulnerability score</li> </ul>	<ul style="list-style-type: none"> <li>Further embed C2M2 and CIS as control frameworks</li> <li>Review technology security model and technology strategy</li> <li>Continue to replace and upgrade aging IT systems</li> <li>Insurance for Cyber risk</li> </ul>

Commercial contracts				
Responsible executive: CI Coop secretary	Risk category: Regulation and compliance	Risk trend: Stable		
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Inadequate / inappropriate contractual protection leads to risk of financial loss or reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Management of contract process could lead to inadequate contractual protections for the CI Coop and/or unqualified contractors being employed to carry out works</li> </ul>	<ul style="list-style-type: none"> <li>Legal review of contracts</li> <li>Contract sign off process</li> </ul>	<ul style="list-style-type: none"> <li>Revised contract templates prepared for roll out in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Continue audit of contractual arrangements and processes throughout the CI Coop to bring in to bring in line with contract templates</li> </ul>

# Strategic report cont.

## Key risks cont.

The board has assessed the principal risks facing the CI Coop and consider these as the most significant risks.

### Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF)

Responsible Executive: <b>Chief financial officer</b>				
Risk category: <b>Regulation and compliance</b>				
Risk trend: <b>Stable</b> →				
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Failure to comply with AML/CFT/CPF regulations</li> </ul>	<ul style="list-style-type: none"> <li>Risk that inadequate AML/CFT/CPF leads to reputational damage, regulatory sanctions and significant costs, including fines from Jersey's and Guernsey's Financial Services Commissions</li> </ul>	<ul style="list-style-type: none"> <li>Detailed AML/CFT/CPF framework, policies and procedures in place supported by independent experts</li> <li>Regular specialist AML/CFT/CPF role specific training provided to Directors, Officers and Key Persons as well as financial service colleagues</li> <li>Risk and compliance team comprises colleagues with significant and relevant AML/CFT/CPF regulatory experience</li> </ul>	<ul style="list-style-type: none"> <li>Increased compliance resource in-house</li> <li>Continued to receive support from local regulatory compliance specialists</li> <li>Adoption of AML/CFT/CPF Risk Appetite, Strategy and Risk Assessment as well as review and implementation of the CI Coop's AML/CFT/CPF compliance</li> <li>Worked on cessation of regulated money service business</li> </ul>	<ul style="list-style-type: none"> <li>Continue to embed and enhance the CI Coop's AML/CFT/CPF policies and procedures</li> <li>To continue to raise awareness as to the CI Coop's AML/CFT/CPF Framework including understanding through training.</li> </ul>

### Reputational Risk

Responsible executive: <b>Chief financial officer</b>				
Risk category: <b>Regulation and compliance</b>				
Risk trend: <b>Increased</b> ↑				
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Severe operational issue causes risk of financial loss and reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Serious health and safety incident</li> <li>Other major operational issue e.g. personal or special category data is lost, damaged, misused or stolen</li> <li>Significant non-compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Executive leadership team oversee a broad suite of policies and procedures designed to protect the CI Coop and ensure compliance with legal and regulatory requirements</li> <li>Legal and regulatory compliance reviewed at each board meeting</li> </ul>	<ul style="list-style-type: none"> <li>Global supply chain issues raised perceived level of negative press locally by customers owing to pricing pressures caused by significant inflationary pressures.</li> <li>Impact of dealing with Covid-19, Brexit, Ukraine and global recessionary pressures covered elsewhere</li> </ul>	<ul style="list-style-type: none"> <li>Continue the review and development of CI Coop's governance framework</li> <li>Continue to develop and embed the CI Coop's enterprise risk management framework</li> <li>Develop and enhance the CI Coop's governance of key risk areas including financial crime</li> </ul>

### Data Protection

Responsible Executive: <b>Chief financial officer</b>				
Risk category: <b>Regulation and compliance</b>				
Risk trend: <b>Stable</b> →				
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Failure to comply with data protection legislation</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate governance of data could lead to reputational damage and significant costs, including fines from Jersey's Office of the Information Commissioner or Guernsey's Data Protection Authority</li> </ul>	<ul style="list-style-type: none"> <li>The CI Coop has a data protection policy and data protection framework in place</li> <li>Appointment of a suitably qualified data protection officer (DPO)</li> </ul>	<ul style="list-style-type: none"> <li>Outsourced DPO engaged to ensure the CI Coop continues to be legally compliant</li> <li>Reviewed and developed relevant data protection related policies and procedures</li> <li>Reviewed and developed the CI Coop's data protection training and awareness programme</li> </ul>	<ul style="list-style-type: none"> <li>Actions to further improve data governance</li> <li>Fully embed the CI Coop's data protection policies and procedures.</li> <li>Develop and enhance the CI Coop's data governance systems and controls</li> </ul>

### IT Capability

Responsible Executive: <b>Chief retail officer</b>				
Risk category: <b>Operational</b>				
Risk trend: <b>Stable</b> →				
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Failure to maintain IT infrastructure and stability</li> <li>Future data management strategy inconsistent with current systems</li> </ul>	<ul style="list-style-type: none"> <li>Inability to continue trading with existing partners leading to financial losses and customer / member detriment.</li> <li>Risk that inadequate IT impacts commercial capability to deliver an online platform leading to customer / member loss</li> </ul>	<ul style="list-style-type: none"> <li>Robust IT resilience at all sites</li> <li>Advanced system monitoring protocols in place</li> <li>Manual processes as backup in case of failure</li> </ul>	<ul style="list-style-type: none"> <li>Technology strategy approved by board</li> </ul>	<ul style="list-style-type: none"> <li>Continue to implement the technology strategy</li> <li>Implement a new EPOS system across the CI Coop</li> </ul>

### Health and Safety

Responsible Executive: <b>Chief financial officer</b>				
Risk category: <b>Regulation and compliance</b>				
Risk trend: <b>Stable</b> →				
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Health and Safety breach leading to major incident, injury or fatalities</li> </ul>	<ul style="list-style-type: none"> <li>Keeping colleagues, members, customers and all visitors to our sites safe</li> <li>Channel Islands health and safety legislation</li> <li>Complexity of businesses and business operations</li> </ul>	<ul style="list-style-type: none"> <li>Health and Safety Framework including policies, processes and practices in place</li> <li>Monitoring compliance through regular programme of first, second and third line assurance</li> <li>Assessment of leading and lagging indicators annually to identify targets for the cycle of continual improvement</li> </ul>	<ul style="list-style-type: none"> <li>Impact of Covid-19 with changing protocols and differing approaches between Jersey and Guernsey, although pandemic became endemic during year</li> <li>Further embedding the CI Coop's health and safety management system</li> </ul>	<ul style="list-style-type: none"> <li>Continue to embed and refine the CI Coop's health and safety management system</li> <li>Health and safety focus on slips, trips and falls, manual handling and contractor competence</li> <li>Development of hot hold / food safety awareness, including labelling allergen management following introduction of Natasha's law</li> </ul>

### Wider economic environment – Brexit

Responsible Executive: <b>Chief retail officer</b>				
Risk category: <b>Finance and operational</b>				
Risk trend: <b>Decreased</b> ↓				
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Significant ongoing resourcing, administrative and financial implications following Brexit</li> </ul>	<ul style="list-style-type: none"> <li>Uncertainty</li> <li>Availability of resources to manage implications</li> <li>Risk of 'knock-on' consequences</li> <li>Costs of mitigation</li> </ul>	<ul style="list-style-type: none"> <li>Regular communication and co-ordination with FRTS</li> <li>Sourcing alternative UK based suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Onboard alternative supply chains including Carrefour</li> </ul>	<ul style="list-style-type: none"> <li>Maintain close review of logistics, product availability and pricing levels particularly for products sourced from the EU.</li> <li>Further develop local and UK supply base</li> </ul>

### Recruitment and retention challenge for colleagues

Responsible Executive: <b>Chief people officer</b>				
Risk category: <b>People</b>				
Risk trend: <b>Increased</b> ↑				
Risk description	Reasons for risk	How we mitigate the risk	What changed during 2022/23	What we plan to do in 2023/24
<ul style="list-style-type: none"> <li>Inability to recruit and retain the right people at the right time and the right cost including in here impact of cost of living.</li> </ul>	<ul style="list-style-type: none"> <li>Difficulty recruiting colleagues post Brexit and Covid-19</li> <li>Immigration challenges</li> <li>Increasing cost of living in Islands</li> <li>Competition from all industries seeking to recruit and retain people</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring vacancy, staff turnover and absenteeism rates</li> <li>Recruitment initiatives</li> <li>Adoption of flexible working arrangements where appropriate</li> <li>Review of store opening hours</li> <li>Assessing compensation packages</li> </ul>	<ul style="list-style-type: none"> <li>Monitored vacancy, staff turnover and absenteeism rates</li> <li>Began review of compensation packages</li> <li>Implemented recruitment initiatives</li> <li>Developed well-being programme</li> </ul>	<ul style="list-style-type: none"> <li>Continue to develop recruitment initiatives</li> <li>Complete review of compensation packages and issue of total compensation packages</li> </ul>

# Governance report

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

## Governance code

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

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

**Culture** – While the CI Coop culture is assessed and monitored at least annually through interaction with its members, colleagues and board members and to ensure that practices and behaviours are aligned to our purpose, strategy and values, we do not report on alignment, activities and actions in relation to culture in the way intended by the Code.

The Code is organised into six sections setting out the principles that all Co-operatives can reflect on. The ways in which the CI Coop has applied the Code where practical and appropriate to do so, that are not covered elsewhere in Annual Report, are detailed opposite:

### 1. Member voice, participation and engagement

The CI Coop is a democratic organisation governed by rules that enshrine the equal voting rights of members and define those matters that are the exclusive preserve of the members. The CI Coop’s members are encouraged to attend the Annual Meeting of Members’ (AMM) and exercise their democratic rights and elect directors to the board to represent their views. The CI Coop actively promotes attendance at its AMM by publishing notices on its website, the local newspapers and on posters in stores exceeding the requirements set out in the CI Coop’s rules. In 2022, the CI Coop was able to provide members with the opportunity to attend and vote online by offering a hybrid web and physical meetings in both Jersey and Guernsey. At the last two AMMs, motions proposed by members have been voted on.

The CI Coop holds member focus groups, surveys and invites feedback from members through feedback forms and the members’ portal. Active engagement with our members is encouraged through our social media channels.

The CI Coop is committed to respecting the rights and diversity of its members, colleagues and people dealing with the CI Coop by treating them fairly and not discriminating on any grounds. These values and principles have been enshrined in the CI Coop’s rules, directors’ code of conduct and colleague employment guidebook.

### 2. Co-operative leadership and purpose

Social responsibility and ‘making a real difference to the communities we serve’, whilst maintaining our position as the Island’s leading responsible retailer, is the vision of the CI Coop. The CI Coop undertakes many initiatives to ensure it supports both local and global communities and the environment. Supporting local causes is core to the CI Coop’s sustainability strategy, enabling members, colleagues and community partners to connect, influence and co-operate in activities and solutions locally.

Our five values underpin the CI Coop’s culture:

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

The board approved the CI Coop’s corporate strategic priorities 2023 which are to deliver financial results while also:

1. providing members with a return on purchases (4% dividend)
2. delivering a high quality customer experience
3. ensuring relevant stakeholder engagement
4. being a good corporate citizen
5. making a real difference to the community
6. long term commitment to the islands

The board continues to strive for a sustainable business model for the long-term success of the CI Coop and continues with a goal of returning a stable 4% dividend on qualifying purchases each year and reinvesting profits in the business.

In addition, the CI Coop operates a diverse range of businesses to balance risk and continues to explore other new opportunities for investment or development. Rigorous standards have been set for appraising investment decisions to ensure that appropriate returns are achieved on the CI Coop’s assets.

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

### 3. Roles and responsibilities

The board seeks to ensure that the ICA values and principles define everything that the CI Coop does. Every year, the board reviews the ICA values and principles and re-affirms its commitment to them in their decision-making processes. In compliance with the Code, the directors have acted, in good faith, in a way that would be most likely to promote the success of the CI Coop for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

The development of strong meaningful relationships with our stakeholders is vital to the long-term sustainability of the CI Coop and the board is conscious of the impact that their decisions have on direct stakeholders and the wider community. Any key or principal decisions by the board will include discussion around our key stakeholders and the board seeks to understand the needs of each stakeholder group. We have set out below examples of the way we approach our engagement with our key stakeholders.

- Our members**
  - AMM
  - Annual report
  - Social media
- Our customers**
  - Customer feedback forms
  - IGR surveys
  - Loyalty survey
- Our colleagues and trade unions**
  - Townhalls
  - Wellbeing week
  - Voice feedback surveys
  - Internal communications
- Our suppliers**
  - Communication of revised terms and conditions
  - Supporting local suppliers
- Our community**
  - CI Coop Community Fund
  - Donations to local charities, community projects and environmental initiatives
- Other coops**
  - Shareholder in FRTS
  - Member of Co-operatives UK
- Regulators**
  - Annual review meeting

Except for the chief executive officer, the board is comprised of non-executive directors who have delegated the day to day management of the business to the executive leadership team. It has established a clearly defined range of matters which are reserved only to the board and is ultimately responsible for effectiveness of the CI Coop’s system of internal control and processes which are monitored through the board risk committee.

The board is chaired by the chair who is a member-elected director chosen by the board each year after the AMM. The role of chair is a crucial one as they work closely with the chief executive officer to set the CI Coop’s strategy and achieve its objectives. They are also responsible for setting the tone and culture for the CI Coop which flows from the board.

The Directors’ occupations and interests are as follows:

	Organisation	Position
<b>Jon Bond</b>	Evans Bond Limited	Director
	Melius Consulting Limited	Director
	Guernsey Choral Festival	Director
	Guernsey Business Brokers Limited	Director
	Bailiwick of Guernsey Scout Association	Treasurer
	Parish of The Vale	Douzenier
<b>Jennifer Bridge</b>	Guernsey Salvation Army	Leadership team member
	Government of Jersey Jersey Literary Festival Association	Teacher Chair
<b>Wayne Bulpitt</b>	Aspida Group Limited	Executive chair
<b>Jennifer Carnegie</b>	Amicus Limited	Director and chief operations officer
	Jersey Business Limited	Chair
	Ivory Limited	Executive director
	Condor Ferries	Non-executive director
<b>Mark Cox</b>	All Island News Limited	Director
	Federal Retail Trading Services	Director
	Community Savings Limited	Director
	States of Jersey Disability & Inclusion Advisory Group	Member
<b>Jill Clark</b>	IoD Industry Sub-Committee	Member
	Self-employed	Lecturer and consultant
<b>Jill Clark</b>	Changing Faces Channel Islands	Chair
	Face Equality International	Chair
	Island FM	Non-executive director

# Governance report cont.

<b>Michael McNally</b>	Self-employed	Self employed business consultant
	RNLI – Jersey	Volunteer – duty launching authority
	The Jersey Cancer Trust	Director
<b>Graeme Smith</b>	Triton Private Equity	Non-executive director
	Glins Property Investment Limited	Director
	Channel 103	Non-executive director
<b>Simon Todd</b>	Crestbridge Limited	Director and group head of real estate
	RNLI – Jersey	Volunteer member

## 4. Board composition, succession and evaluation

The board currently comprises of nine directors. The board believes in upholding member control and the democratic process. As required by CI Coop's rules, board elections are held annually through democratic elections conducted with the support of UK Engage, an organisation that administers local and national government elections in the UK, and CI Coop secretary presides over these elections as the returning officer. One uncontested election took place last year in Guernsey.

During the year, CI Coop partnered with GTA University centre as programme partner for its NED development programme to enable prospective directors to gain the skills required to stand for election. In September, CI Coop appointed a NED apprentice, Susan Watson, to the board.

New directors are provided with a full induction and the process involves meetings with CI Coop secretary, the executive leadership team and other relevant business stakeholders. Site visits are encouraged to apprise the directors of the scope of CI Coop's operations within the co-operative context. Directors wishing to update their skills, may access training at the CI Coop's expense. In the last year, the board attended annual regulatory refresher training and also more focussed regulatory training following evaluation of its performance.

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

The chief executive officer and the secretary keep the board advised of matters affecting the CI Coop at each board meeting and more frequently if required. Regular presentations from each of CI Coop's trading businesses and departments are made by the executive leadership team covering strategic issues, risks and future areas for discussion and decision. To ensure that board meetings run efficiently and directors are equipped with full information to aid decision making, board papers are circulated 1 week prior to each board meeting.

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

The board has delegated specific parts of its remit to committees. During the period under review, the board had three committees having taken the decision to establish separate audit and risk committees to enhance its management of risk: i) the audit committee; ii) risk committee; and iii) recruitment and remuneration committee. Each committee has clear terms of reference which define their roles and the limits of their authority and are wholly accountable to the board in line with the directors' collective responsibility for the discharge of their duties.

The table below lists the attendance record of directors at board and committee meetings for the period under review. The figures show the number of meetings each director attended against the number of meetings they were eligible to attend (in brackets).

	Last elected / appointed	Term ends	Board	Audit committee	Risk committee	Recruitment and remuneration committee	Ad-hoc meetings
Jon Bond	Jun 21	May 24	7 (7)	2 (2)	2 (2)	-	8
Jennifer Bridge <sup>1</sup>	May 22	May 25	4 (4)	-	-	2 (2)	2
Wayne Bulpitt <sup>2</sup>	Nov 22	May 23	1 (1)	-	-	-	-
Jennifer Carnegie	Feb 21	Feb 24	7 (7)	-	-	4 (4)	2
Jill Clark	May 22	May 25	7 (7)	-	-	3 (4)	2
Mark Cox			7 (7)	-	-	-	7
Michael McNally	Jun 20	May 23	7 (7)	1 (1)	1 (1)	-	7
John Refault <sup>3</sup>	-	-	3 (3)	-	1 (1)	1 (1)	1
Graeme Smith	Jun 21	May 24	7 (7)	3 (3)	3 (3)	1 (1)	4
Simon Todd	Oct 21	Oct 24	7 (7)	1 (1)	1 (2)	-	3

<sup>1</sup>Elected 18 May 2022, <sup>2</sup>Appointed 1 November 2022 to fill casual vacancy arising from Guernsey elected director, <sup>3</sup>Retired 18 May 2022

The directors have access to the advice of the CI Coop secretary who is responsible for governance matters. The directors may obtain professional advice on matters within the scope of their remit at the expense of the CI Coop.

An internal evaluation was conducted in the year consisting of a series of questions which the directors scored and commented on. Based on the results of the review, the following actions have been taken:

- Board meeting length and use of time are being monitored
- An external service provider has reviewed board packs and agenda structure providing recommendations to ensure items are given adequate coverage
- Report writers have received effective report writing training
- The board has worked with an external service provider to support it to develop and deliver the strategy

An independent evaluation of the board's effectiveness will be conducted during 2023 by Oben Regulatory Limited.

## 5. Risk, financial management and internal controls

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

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

The board risk committee reviewed the operation and effectiveness of the CI Coop's internal control system during the period under review.

The CI Coop outsources its internal audit function to professional third parties. The board risk committee agrees the scope of all such third-party assurance work and receives the reports arising therefrom.

CI Coop's Class A and B shares form withdrawable share capital, as defined by Section 2.2.2 of the Community Shares Handbook. The board is satisfied that CI Coop's withdrawable share capital is operated in accordance with the Code and the Community Shares Handbook. CI Coop's Class A and B shares are operated in accordance with CI Coop's Rules, Member Terms and Conditions and published guidelines for their use. Appropriate notice is given in the event of any change in the rate of interest payable on withdrawable share capital and under Rule 7.18 (e) the members' right to sell back the Class A and/or Class B share withdrawable capital may be suspended either wholly or partly and either definitely or indefinitely by the board.

## 6. Remuneration of the board and executive leadership team

The board has a recruitment and remuneration committee to oversee the CI Coop's remuneration strategy. The committee's primary role is to monitor and review the CI Coop's arrangements regarding resourcing and talent management including: i) recruitment, retention, succession planning; ii) remuneration motivation, recognition and reward; and iii) organisational design and all expense policies and taking external advice where necessary. A full report on the committees activities are set out in the recruitment and remuneration report on page 40.

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

The following table lists the fees paid to the directors of CI Coop who served during the year under review.

	Fees 2022/23 £	Fees 2021/22 £
<b>Jon Bond</b> Chair	18,990	9,807
<b>Jennifer Bridge</b> <sup>1</sup>	8,305	-
<b>Wayne Bulpitt</b> <sup>2</sup>	2,602	-
<b>Jennifer Carnegie</b> Chair – recruitment and remuneration committee	16,365	16,301
<b>Carol Champion</b> <sup>3</sup>	-	5,274
<b>Jill Clark</b>	13,455	13,080
<b>Mark Cox</b>	-	-
<b>Michael McNally</b> Chair – audit committee	17,996	16,573
<b>John Refault</b> <sup>4</sup>	5,060	13,031
<b>Sue Ryde</b> <sup>5</sup>	-	7,929
<b>Peter Shirreffs</b> <sup>6</sup>	-	8,554
<b>Graeme Smith</b> <sup>7</sup> Chair – risk committee	16,365	10,421
<b>Simon Todd</b> <sup>8</sup>	13,411	3,030
<b>Paula Williams</b> <sup>9</sup>	-	5,946

<sup>1</sup>Elected 18 May 2022, <sup>2</sup>Appointed by the board on 1 November 2022,

<sup>3</sup>Retired 8 June 2021, <sup>4</sup>Retired 8 May 2022, <sup>5</sup>Resigned 26 April 2021,

<sup>6</sup>Retired 16 May 2021, <sup>7</sup>Elected 8 June 2021, <sup>8</sup>Appointed by the board on 19 October 2021, <sup>9</sup>Resigned 25 March 2021.

# Governance report cont.

## Audit committee report

Michael McNally,  
Chair of the audit committee

I am pleased to present the audit committee report for the year ending 8 January 2023. I was appointed to the board in June 2020 and appointed as the committee's chair in September 2021.

The audit committee is responsible for overseeing for the board: financial reporting, internal financial controls, anti-fraud measures and external audit functions.

The committee has three directors in its membership and met three times during the reporting period. The chair of the board is not permitted to be a member of the audit committee. The chair of the audit committee reports the outcome of its meetings to the board and the board receives the minutes of the audit committee meetings.

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

### Financial control, including financial and narrative reporting

The committee considered whether the appropriate accounting policies were applied and reviewed the key accounting judgements and estimates recommended by the executive leadership team. This included reviewing the executive leadership team's suggested approach to the:

- (i) valuation of investment properties; and
- (ii) assumptions applied in order to establish the necessary disclosures to be made by the CI Coop under FRS 102 in relation to the CI Coop's defined benefit Superannuation Scheme.

### External audit

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

The board audit committee considers that the auditor is sufficiently independent of the CI Coop, in accordance with the ethical requirements relevant to the audit of financial statements in the UK including the Financial Reporting Council's Ethical Standard, and that the auditor has adequately fulfilled its responsibilities in accordance with these requirements. The board audit committee believes the audit evidence provided to the auditor was sufficient and appropriate to allow the auditor to form an adequate opinion on the true and fair view of the state of the CI Coop's affairs.

### Property valuations

Maillard and Company Limited continued as valuers for the CI Coop and acted on behalf of the CI Coop for both the financial statements and insurance valuations. The committee has reviewed the valuation process and satisfied itself with the approach taken in arriving at appropriate valuations in line with FRS 102, particularly in respect to the directors' valuations of Leale's Yard and Sommerville House.

## Recruitment and remuneration committee report

Jennifer Carnegie,  
Chair of the recruitment and remuneration committee

I am pleased to present the committee's report for the year ended 8 January 2023. I was appointed to the board on 5 March 2018, and appointed as the committee's chair on 24 June 2018.

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

The committee consists of three directors, none of whom can be employees or superannuated employees, paid to deliver services to the CI Coop, or the chair of the CI Coop. I believe the size of the committee to be proportionate to the size, complexity and risk profile of the CI Coop.

We have welcomed the appointment of Natalie Clare, chief people officer, to the executive leadership team who is invited to attend the committee meetings and look forward to the implementation of her people strategy.

The committee advises the board on matters within its span of control, providing oversight and judgement. Its purpose is to ensure that the levels of remuneration and contractual terms of directors and the executive leadership team is appropriate in consideration of the responsibilities held and the size, complexity and risk profile of the CI Coop.

Details of the remuneration of directors can be found on page 39 and key management compensation including the executive leadership team can be found on page 52 in note 2.2 to the financial statements.

### The committee's areas of focus this year have been:

#### Salaries and benefits

We reviewed the discretionary bonus awards and pay awards for senior management and colleagues. Pay for colleagues was increased by RPI in both islands and the number of colleague discount days was increased from four to six. A triennial review of total compensation is planned to take place in 2023.

#### Talent management

Ongoing strategic talent management continues to direct our development and succession plans, to ensure resilience by establishing a pool of management ready for the future needs of the business;

#### People risk

In the current economic climate, the CI Coop recognises the risk of being unable to recruit and retain the right people at the right time for the right cost and had added it to its principal risks and uncertainties. The committee is responsible for monitoring this risk for the board health and wellbeing framework

Implementation of the CI Coop's 'Wellbeing in the Workplace Policy' was marked with our first wellbeing week.

## NED recruitment

Following approval of a member proposed motion to ensure that any vacancies on the board are filled as quickly as possible, we have welcomed the appointment of Guernsey NED, Wayne Bulpitt. The CI Coop has also become a programme partner for the GTA University to provide training and development to a potential pipeline of prospective directors to ensure that they are eligible to stand for election. In September 2022, we were pleased to appoint a NED apprentice, Susan Watson, to the board.

In keeping with large businesses, we publish our wage ratios showing the highest paid person's income as a multiple of the lowest paid person's income to promote transparency and a balanced distribution of earnings in the CI Coop. CI Coop's wage ratio is currently 12.1 times.

## Board risk committee

Graeme Smith,  
Chair of the risk committee

I am pleased to present the committee's annual report to members for the year ending 8 January 2023 in my second year as chair of the board risk committee since being appointed to the board on 8 June 2021.

The committee is responsible for overseeing for the board, the CI Coop's risk appetite, risk management framework and internal audit. The committee consists of three directors and it met three times during the year. Annually, after the annual meeting of members, the board appoints its members to the committee and the outcome of its meetings are reported to the board.

Following the examination by the Jersey Financial Services Commission (the JFSC) in August 2021, the CI Coop has worked on its remediation of the findings. To ensure both an effective and sustainable remediation, a remediation plan committee (RPC) was established which has met at least monthly throughout 2022 to oversee the progress through to completion of the remedial actions and recommend their subsequent closure by the board following third party independent review of the evidence. The RPC has also overseen all communications with the JFSC with regards to the remediation. The RPC has appointed an independent third party to undertake a review of the completed remediation during 2023.

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

#### Risk management

The board and the executive leadership team have primary responsibility for identifying and controlling the key risks facing the CI Coop. The CI Coop operates a risk management process that aims to identify the key risks in each business group and support function which are reviewed by both the executive leadership team and the committee. Any identified weaknesses in controls will result in action plans to improve control mechanisms. Matters are reported to the board as appropriate.

During the reporting period, the committee reviewed the statement of principal risks and uncertainties with the addition of three new risks faced by the CI Coop: people risk, supplier risk and business continuity risk.

#### Internal controls

The committee has reviewed the operation and effectiveness of the CI Coop's internal control system during the reporting period.

#### Internal audit

The CI Coop outsources the provision of its third line of defence and the committee agrees a schedule of inspections by third party specialists. The committee annually agrees the schedule of third line audit and assurance activity and monitored the results of that work. It is also responsible for monitoring and reviewing the independence, objectivity and effectiveness of the functions provided.



# Financial statements

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# Financial statements

<b>Consolidated income statement</b>	Notes	52 weeks to 8 January 2023 £'000	52 weeks to 9 January 2022 £'000
Turnover	1.1	192,398	181,595
Cost of sales		(139,968)	(130,188)
<b>Gross profit</b>		<b>52,430</b>	<b>51,407</b>
Other operating income	1.2	3,040	2,427
Administrative expenses	2.1	(49,633)	(47,811)
<b>Trading profit</b>		<b>5,837</b>	<b>6,023</b>
Other interest receivable and similar income	2.4	333	71
Interest payable and similar charges	2.4	(1,131)	(1,096)
Gain/ (loss) on disposal of fixed assets		233	(2,289)
Revaluation of investment property	4.3	742	(3,811)
Onerous lease expense	5.2	633	507
Net gain on financial liabilities at fair value		86	154
<b>Profit/ (loss) before dividends</b>		<b>6,733</b>	<b>(441)</b>
Dividends	2.5	(5,452)	(5,599)
<b>Profit / (loss) before tax</b>		<b>1,281</b>	<b>(6,040)</b>
Taxation	3.1	(550)	(603)
<b>Profit / (loss) on ordinary activities</b>		<b>731</b>	<b>(6,643)</b>
Non-controlling interest		-	(33)
<b>Profit/ (loss) for the period</b>		<b>731</b>	<b>(6,676)</b>
		<b>731</b>	<b>(6,676)</b>
<b>Consolidated statement of comprehensive income</b>	Notes	52 weeks to 8 January 2023 £'000	52 weeks to 9 January 2022 £'000
<b>Profit / (loss) for the period</b>		<b>731</b>	<b>(6,676)</b>
Revaluation of tangible fixed assets	4.2	-	(397)
Remeasurement (loss)/ gain of the net defined benefit pension scheme	5.5	(1,110)	4,288
<b>Total other comprehensive (loss)/ income</b>		<b>(1,110)</b>	<b>3,891</b>
<b>Total comprehensive loss for the period</b>		<b>(379)</b>	<b>(2,785)</b>
<b>Total comprehensive loss for the period is attributable to:</b>			
Non-controlling interests		-	(33)
Owners of the parent company		(379)	(2,752)
<b>Total comprehensive loss for the period</b>		<b>(379)</b>	<b>(2,785)</b>

CI Coop will be recommending a distribution of £5,456,581 (2022: £5,452,603) to its members for the 52 week period to 8 January 2023. The results reported during the period and the prior period relate solely to continuing activities. The accounting policies and notes on pages 49 to 70 inclusive form an integral part of these financial statements.

<b>Consolidated statement of financial position</b>	Notes	As at 8 January 2023 £'000	As at 9 January 2022 £'000
<b>Non-current assets</b>			
Intangible assets	4.1	4,824	4,392
Tangible assets	4.2	89,536	86,526
Investment properties	4.3	51,685	51,313
Investments	4.4	15	15
		<b>146,060</b>	<b>142,246</b>
<b>Current assets</b>			
Stocks	4.5	6,782	6,031
Trade and other debtors	4.6	15,895	14,813
Short term deposits	4.7	19,128	40,177
Cash at bank and in hand	4.7	5,616	4,987
		<b>47,421</b>	<b>66,008</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	5.1	(23,993)	(23,228)
Onerous lease provision	5.2	(652)	(633)
<b>Net current assets</b>		<b>22,776</b>	<b>42,147</b>
<b>Total assets less current liabilities</b>		<b>168,836</b>	<b>184,393</b>
<b>Non-current liabilities</b>			
Onerous lease provision	5.2	(4,720)	(5,373)
Property loans	5.3	-	(1,286)
Fair value derivatives	5.3	(8)	(94)
Pension liability	5.5	-	-
<b>Net assets</b>		<b>164,108</b>	<b>177,640</b>
<b>Share capital</b>	6.1	<b>114,114</b>	<b>127,267</b>
Property valuation reserve	6.2	4,009	4,009
Revenue reserve	6.2	45,985	46,364
<b>Total shareholders' funds</b>		<b>164,108</b>	<b>177,640</b>

The accounting policies and notes on pages 49 to 70 inclusive form an integral part of these financial statements.

# Financial statements cont.

Consolidated statement of changes in equity	Notes	Share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Total shareholders equity £'000	Non controlling interests £'000	Total equity £'000
Balance at 10 January 2021		111,372	4,406	50,083	165,861	(366)	165,495
Loss for the period				(6,676)	(6,676)	33	(6,643)
Other comprehensive income				4,290	4,290		4,290
Trading property revaluation	4.2		(397)		(397)		(397)
Increase in share capital	6.1	15,895			15,895		15,895
Acquisition of non-controlling interest in JPSSL				(1,333)	(1,333)	333	(1,000)
<b>Balance at 9 January 2022</b>		<b>127,267</b>	<b>4,009</b>	<b>46,364</b>	<b>177,640</b>	<b>-</b>	<b>177,640</b>
Balance at 9 January 2022		127,267	4,009	46,364	177,640	-	177,640
Profit for the period				731	731	-	731
Other comprehensive income				(1,110)	(1,110)	-	(1,110)
Trading property revaluation	4.2		-		-		-
Decrease in share capital	6.1	(13,153)			(13,153)		(13,153)
Acquisition of non-controlling interest in JPSSL					-		-
<b>Balance at 8 January 2023</b>		<b>114,114</b>	<b>4,009</b>	<b>45,985</b>	<b>164,108</b>	<b>-</b>	<b>164,108</b>

The accounting policies and notes on pages 49 to 70 inclusive form an integral part of these financial statements.

Consolidated cash flow statement	Notes	52 weeks to 8 January 2023 £'000	52 weeks to 9 January 2022 £'000
Profit/(loss) for the period		731	(6,676)
<b>Adjustments to reconcile profit/ (loss) for the period to net cash flow from operating activities</b>			
Amortisation of intangible assets	4.1	1,565	1,601
Depreciation of tangible fixed assets	4.2	3,774	3,368
(Gain)/loss on revaluation of property	4.3	(742)	3,811
Interest receivable		(333)	(71)
Interest payable		1,131	1,096
(Gain)/loss on disposal of fixed assets		(233)	2,289
Net gain on financial liabilities at fair value		(86)	(154)
Non-controlling interest		-	33
Taxation charge		550	603
Tax paid		(525)	(833)
Increase in trade and other debtors		(1,082)	(1,332)
(Increase)/decrease in stock		(751)	150
Decrease in trade and other creditors		326	502
Contribution to defined benefit pension scheme		(1,100)	(1,100)
		<b>2,494</b>	<b>9,963</b>
<b>Net cash inflow from operating activities</b>		<b>3,225</b>	<b>3,287</b>
<b>Investing activities</b>			
Interest receivable		333	71
Payment to acquire non-controlling interest in JPSSL		-	(820)
Payments to acquire tangible fixed assets		(6,093)	(3,167)
Payments to acquire intangible assets		(2,706)	(420)
Payments to acquire investment properties		(477)	(2,606)
Receipts from sales of investment properties		1,072	-
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(7,871)</b>	<b>(6,942)</b>
<b>Financing activities</b>			
(Decrease)/ increase in Share Capital		(13,153)	8,655
Repayment of property loans		(1,273)	(2,100)
Members loans paid		(30)	(1,550)
Interest paid		(1,318)	(1,851)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(15,774)</b>	<b>3,154</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(20,420)</b>	<b>(501)</b>
<b>Cash and cash equivalents at start of the period</b>		<b>45,164</b>	<b>45,665</b>
<b>Cash and cash equivalents at end of the period</b>		<b>24,744</b>	<b>45,164</b>

**Major non-cash transactions:** There were no major non cash transactions made during the period (2022 :Nil)  
The accounting policies and notes on pages 49 to 70 inclusive form an integral part of these financial statements.



# Accounting policies

## A) General information

The Channel Islands Co-operative Society Limited (registered number 14672R) is registered under the Industrial & Provident Societies Act 1965-1978 (Industrial & Provident Societies (Channel Islands) Order 1965-1978) and has its registered office in the island of Jersey. The Mutuals Section of the UK Financial Conduct Authority (FCA) acts as a Registrar for the Industrial & Provident Societies (Co-operatives) and CI Coop is registered with the FCA. CI Coop and its subsidiaries operate supermarkets, convenience stores, fuel forecourts, pharmacies and funeral services across the Channel Islands. In addition, CI Coop holds a large portfolio of commercial and residential property across the Channel Islands.

## B) Basis of accounting

The following accounting policies have been applied consistently.

The CI Coop's financial statements are prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102).

## C) Accounting date

CI Coop's financial statements are made up to the second Sunday in January of each year. The financial year represents the 52 weeks ended 8 January 2023 (2022: 52 weeks ended 9 January 2022).

## D) Basis of consolidation

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

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

Accounting policies are consistent across all of CI Coop's subsidiaries.

## E) Going concern

As at 8 January 2023, CI Coop had net assets of £164.1m (2022: £177.6m) and net current assets of £22.8m (2022: £42.1m), cash at bank, in hand and on short term deposit £24.7m (2022: £45.2m) and an investment property portfolio valued at £51.7m, (2022: £51.3m). Other than remaining balance of £1.3m on the loan on the Coop Grand Marché St Helier site, which includes an element of investment property, the investment property portfolio is not financed through loans or used as security for borrowing.

The CI Coop's financial forecasts, taking into consideration the current environment, show that it is expected to make a surplus. Given its investment plans and the current trend for a net reduction in member withdrawable share capital, the CI Coop is putting in place access to long-term financing to secure its ability to operate for the foreseeable future.

On the basis that the CI Coop has a healthy balance sheet, with significant cash balances, and anticipates no issues with obtaining long-term financing, the Directors have a reasonable expectation that the CI Coop has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## F) Significant accounting policies

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

## G) Use of estimates and judgements

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

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

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

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



# Notes to the financial statements

## Keeping it simple

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

## Section 1 - Turnover and other operating income

### In this section

This section provides information used to establish the turnover and other operating income of CI Coop.

### 1.1 Turnover

#### Keeping it simple - turnover

Turnover represents the amount of money members and customers pay or are liable to pay at the point of sale and delivery less goods and services tax (applicable to Jersey only) and discounts. The gross agency turnover from subsidiary travel activities relates to the CI Coop's travel business which closed in December 2021. The turnover in 2022 represents refunds of commissions relating to holidays purchased prior to the closure which were cancelled as a result of Covid-19 travel restrictions, or transferred to another agent.

#### Accounting policy

Turnover includes cash sales, goods and services sold on credit, and commissions and arises wholly in the Channel Islands.

Turnover is measured at the fair value of the consideration received or receivable net of goods and services tax (applicable to Jersey only) net of discounts, including colleague discounts, bonus dividend, and member loyalty bonus.

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

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

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

	2023 £'000	2022 £'000
<b>Turnover</b>		
Turnover from group ordinary activities	192,398	180,212
Less gross agency turnover from subsidiary travel activities	-	1,383
	<b>192,398</b>	<b>181,595</b>
<b>Analysed by business area</b>		
Food	157,892	156,209
Fuel	20,510	13,467
Travel	-	(155)
Funeral	2,093	1,796
Pharmacy	11,903	10,278
<b>Total</b>	<b>192,398</b>	<b>181,595</b>

## 1.2 Other operating income

### Keeping it simple - other operating income

Other operating income represents rental income received by CI Coop from its investment property portfolio and sundry income comprises mainly concessions sales, including agency concessions received for operating post office counters, and investment property service charges.

	2023 £'000	2022 £'000
<b>Other operating income</b>		
Rental income	2,358	2,068
Sundry income	682	359
	<b>3,040</b>	<b>2,427</b>

## Section 2 - Expenses

### In this section

This section contains detail of costs incurred by the CI Coop, amounts paid to the CI Coop's directors and executive leadership team, finance costs, payments to and on behalf of members and income tax paid.

### 2.1 Cost of sales and administrative expenses

#### Keeping it simple - cost of sales

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

#### Keeping it simple - administrative expenses

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

	Notes	2023 £'000	2022 £'000
<b>Administrative expenses</b>			
Colleague costs		26,713	26,420
Defined contribution pension scheme	5.5	1,250	1,283
Directors' fees	2.3	113	124
Occupancy costs		7,862	7,263
Amortisation	4.1	1,565	1,601
Depreciation	4.2	3,773	3,368
Audit fee		210	200
Other expenses		8,147	7,552
		<b>49,633</b>	<b>47,811</b>

#### Colleague numbers and costs

The number of persons employed by CI Coop (including directors) at the financial period end was as follows:

	2023 No.	2022 No.
Full time	526	533
Part time	562	585
	<b>1,088</b>	<b>1,118</b>

The aggregate payroll costs of these persons was as follows:

	£'000	£'000
Wages and salaries	26,713	26,420
	<b>26,713</b>	<b>26,420</b>

# Notes to the financial statements cont.

## 2.2 Key management compensation

### Keeping it simple - Key management compensation

This is the amount CI Coop pays to its directors and executive leadership team, who are in office as at the financial period end including benefits.

	2023 £'000	2022 £'000
<b>Key management compensation</b>		
Salary	781	759
Taxable benefits	88	177
Pension contributions	68	68
	<b>937</b>	<b>1,004</b>
<b>Chief executive officer compensation</b>		
Salary	256	247
Taxable benefits	35	72
Pension contributions	26	25
	<b>317</b>	<b>344</b>

The annual basic salary of the members of the executive leadership team (including the CEO) in service at the financial period end fell into the following ranges:

	2023 No.	2022 No.
<b>Executive leadership team compensation</b>		
130-140	1	1
140-150	-	1
150-160	2	1
240-250	-	1
250-260	1	-
	<b>4</b>	<b>4</b>

## 2.3 Directors' fees

### Keeping it simple - directors' fees

Directors' fees represent any payments made to directors for their role in the CI Coop.

	2023 No.	2022 No.
<b>Directors' fees</b>		
The directors' fees paid to members of the board in service and the period end for service during 2022 fell into the following ranges:		
Between £0 and £10,000	2	3
Between £10,000 and £20,000	6	5
Total	<b>8</b>	<b>8</b>

## 2.4 Finance costs / income

### Keeping it simple - finance costs / income

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

### Accounting policy

Finance income and expense is recognised on an accruals basis.

	2023 £'000	2022 £'000
<b>Other interest receivable and similar income</b>		
Interest receivable	333	71
	<b>333</b>	<b>71</b>
<b>Interest payable and similar income</b>		
Members' loan interest expense	-	19
Bank loan interest expense	73	209
Share interest	1,048	795
Net cost on pension scheme liabilities	-	67
Stamp club interest	10	6
	<b>1,131</b>	<b>1,096</b>

## 2.5 Payments to and on behalf of members

### Keeping it simple - Payments to and on behalf of members

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

	2023 £'000	2022 £'000
<b>Payments to and on behalf of members</b>		
Dividends	5,452	5,599
Loyalty bonuses	1,167	1,208
Interest	1,048	814
Donations and community services expenditure	309	312
	<b>7,976</b>	<b>7,933</b>

# Notes to the financial statements cont.

## Section 3 – Tax

### In this section

This section shows the tax that we have to pay on the CI Coop's taxable profit for the period.

### 3.1 Tax

#### Keeping it simple – tax

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

#### Accounting policy

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

#### Tax rate

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

#### Expenses not deductible for tax purposes

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

#### Expenses not deductible relating to property revaluations

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

#### Expenses not deductible relating to pension scheme

During the year, the CI Coop recognised other finance expenses of £nil (2022: £67k) and operating expenses of £nil (2022: £nil) relating to movements in the defined benefit pension scheme. Although these expenses have reduced accounting profits, they are not recognised for tax purposes.

#### Capital allowances

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

Taxation	2023 £'000	2022 £'000
Current tax on income for the period	550	603
	<b>550</b>	<b>603</b>
<b>Reconciliation of profit / (loss) before taxation to tax expense in the period</b>		
Taxable rental income net of allowances	355	342
Provision for tax on non-mutual trading profit	195	261
<b>Tax expense for the period</b>	<b>550</b>	<b>603</b>

## Section 4 – Assets

### In this section

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

#### Keeping it simple – assets

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

### 4.1 Intangible assets

#### Keeping it simple – intangible assets

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

### Accounting policy

#### Goodwill

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

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

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

#### Lease premium

Lease premium relates to a pharmacy at Queen's Road, Guernsey, and is amortised over the remaining life of the lease.

- Lease premium – over the life of the lease

#### Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. For IT software cost includes expenditure directly attributable to bringing the software into working condition with the CI Coop. The branding cost relates to the design and implementation of the new CI Coop brand.

Amortisation is calculated using the straight line method, to allocate the depreciable amount of the assets over their useful economic life at the following rates:

- IT software – between 5 and 10 years
- Branding – 10 years

#### Impairment of non-financial assets

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

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

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

An impairment loss is reversed in a subsequent period if the reasons for the impairment loss have ceased to apply. Intangible assets are derecognised on disposal or when no future economic benefit is expected. On disposal, the difference between the net disposal proceeds and the carrying amounts is recognised as a gain or loss in the consolidated income statement.

# Notes to the financial statements cont.

Intangible assets	Lease premium £'000	Goodwill £'000	Other intangibles £'000	Total £'000
<b>Cost at 9 January 2022</b>	1,000	6,130	3,210	10,340
Additions	750	-	1,956	2,706
Disposals	(1,000)	-	-	(1,000)
Impairment	-	-	-	-
Transfers	-	-	(708)	(708)
<b>Cost at 8 January 2023</b>	<b>750</b>	<b>6,130</b>	<b>4,458</b>	<b>11,338</b>
<b>Accumulated amortisation and impairment at 9 January 2022</b>	867	3,387	1,694	5,948
Amortisation charge	133	518	915	1,565
Disposals	(1,000)	-	-	(1,000)
Impairment	-	-	-	-
Transfers	-	-	-	-
<b>Accumulated amortisation and impairment at 8 January 2023</b>	<b>-</b>	<b>3,905</b>	<b>2,609</b>	<b>6,514</b>
<b>Net book value at 8 January 2023</b>	<b>750</b>	<b>2,225</b>	<b>1,849</b>	<b>4,824</b>
<b>Net book value at 9 January 2022</b>	<b>133</b>	<b>2,743</b>	<b>1,516</b>	<b>4,392</b>

## 4.2 Tangible assets

### Keeping it simple – fixed assets – tangibles

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

### Accounting policy

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

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

- Property used in trade – over the shorter of useful life and 50 years
- Plant and machinery – between 3 and 20 years
- Freehold land – not depreciated
- Assets in the course of construction are stated at cost, and remaining life of the asset is reassessed at revaluation of the property. These assets are not depreciated until they are available for use.
- Tangible assets, including investment properties are derecognised on disposal or when no future economic benefit are expected. On disposal, the difference between the net disposal proceeds and the carrying amounts is recognised as gain or loss in the consolidated income statement.

### Revaluation of properties used in trade

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

CI Coop's valuers, Maillard and Company Limited undertook at full valuation of the CI Coop's properties used in trade as at 9 January 2022. The valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual on an existing use basis at fair market value. The valuation assumed a range of yields from 4% to 10% selected for each property taking into consideration its construction, age, use and location. The next valuation of the CI Coop properties used in trade will take place in January 2024.

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

Tangible assets	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost and valuation at 9 January 2022</b>	79,921	19,903	99,824
Additions	2,631	3,454	6,085
Disposals	-	(82)	(82)
Impairment	-	-	-
Transfers	(74)	790	716
Revaluation	-	-	-
<b>Cost and valuation at 8 January 2023</b>	<b>82,478</b>	<b>24,066</b>	<b>106,544</b>
<b>Accumulated depreciation and revaluation at 9 January 2022</b>	2,018	11,280	13,298
Depreciation charge	1,532	2,242	3,774
Disposals	-	(63)	(63)
Impairment	-	-	-
Transfers	-	(1)	(1)
<b>Accumulated depreciation and revaluation at 8 January 2023</b>	<b>3,550</b>	<b>13,458</b>	<b>17,008</b>
<b>Net book value at 8 January 2023</b>	<b>78,928</b>	<b>10,608</b>	<b>89,536</b>
<b>Net book value at 9 January 2022</b>	<b>77,903</b>	<b>8,623</b>	<b>86,526</b>

The carrying amount of tangible assets pledged as security for the property loan is £25,980k.

## 4.3 Investment property

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

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

### Revaluation of investment property

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

a) Investment properties are measured at fair value annually at the year end date by CI Coop's valuers Maillard and Company Limited. The valuation is undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual. The valuations are supported by market evidence and assume a yield and consider the total of the rent receivable less costs. Yields vary on a property by property basis and range from 4% to 10% (2022: 4% to 10%). Any change of revaluation is recognised in the consolidated income statement; and

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

Investment property	2023 £'000	2022 £'000
<b>Balance at start of the year</b>	51,313	54,272
Additions	477	2,606
Disposals	(839)	-
Transfers (to)/from tangible assets	(8)	(1,754)
Movement in revaluation	742	(3,811)
<b>Balance at the end of the year</b>	<b>51,685</b>	<b>51,313</b>

# Notes to the financial statements cont.

## 4.4 Investments

### Keeping it simple – investments

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

Investment	Other investments £'000	Total £'000
<b>Cost</b>		
At 9 January 2022	15	15
Additions	-	-
Disposals	-	-
Reclassification	-	-
At 8 January 2023	15	15
	<b>2023</b> £'000	<b>2022</b> £'000
<b>Unquoted investments</b>		
Unquoted Co-operative Group (CWS) 105 Shares at £5 each	1	1
Unquoted - Industrial Common Ownership Fund PLC 10,000 ordinary shares £1 each	10	10
Unquoted Toymaster Limited 4,000 ordinary shares £1 each	4	4
	15	15

## 4.5 Stock

### Keeping it simple – stock

Stock is an asset which is purchased by CI Coop for resale to our members and customers.

### Accounting policy

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

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

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

Stocks	2023 £'000	2022 £'000
Food	5,185	4,540
Fuel	556	523
Funerals	76	92
Pharmacy	965	876
<b>Goods for resale</b>	<b>6,782</b>	<b>6,031</b>

The cost of goods purchased for resale and recognised as an expense in the consolidated income statement during the period was £137.2m (2022: £128.6m). Included in stock is a provision for stock loss of £163k (2022: £302k).

## 4.6 Trade and other debtors

### Keeping it simple – trade and other debtors

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

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

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

### Accounting policy

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

Debtors	2023 £'000	2022 £'000
Trade debtors	9,759	9,122
Prepaid funeral plans	3,893	3,572
Sundry accounts, prepayments and accrued interest	2,243	2,119
	15,895	14,813

FRS102 requires financial investments to be recognised and prepaid funeral plans with third parties are included above. A corresponding creditor is also recognised to reflect the estimated cost of providing funeral services. The funeral bonds are held at fair value with market valuation being provided by the insurer.

## 4.7 Cash and cash equivalents

### Keeping it simple – cash and cash equivalents

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

Cash and cash equivalents	2023 £'000	2022 £'000
Short term deposits	19,128	40,177
Cash at bank and in hand	5,616	4,987
<b>Cash and cash equivalents per cash flow statement</b>	<b>24,744</b>	<b>45,164</b>

# Notes to the financial statements cont.

## Section 5 – Liabilities

### In this section

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

### Keeping it simple – liabilities

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

## 5.1 Creditors: amounts falling due within one year

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

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

### Keeping it simple – prepaid funeral plans

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

### Keeping it simple – members' loans

Members' loans reflects money lent to CI Coop by members which is repayable on demand.

### Accounting policy – trade and other creditors

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

Creditors: amounts falling due within one year		2023 £'000	2022 £'000
Trade creditors		10,812	9,759
Taxation		564	539
Members' loans	5.3	-	30
Share interest		6	193
Non trade creditors and expense accruals		7,513	7,935
Property loans	5.3	1,259	1,273
Prepaid funeral plans		3,839	3,499
		<b>23,993</b>	<b>23,228</b>

## 5.2 Onerous lease provision

### Keeping it simple – onerous lease provision

The onerous lease provision reflects the current value of all future lease payments relating to a property which the CI Coop has no use for but has an obligation to continue to pay.

Onerous leases	2023 £'000	2022 £'000
Onerous lease provision – current	652	633
Onerous lease provision – non current	4,720	5,373
	<b>5,372</b>	<b>6,006</b>

An onerous lease provision is made against the remaining 6 year and 10 month rental commitment for the former Guernsey warehouse at Longue Hougue. The provision of £6,006k reflected in the 2022 financial statements has been decreased by £634k during 2022, giving a total provision of £5,472k at the 2023 year end. The movement in provision relates to the release of 1 year of provision and partial sub-lease of a property to 3rd party in 2021. This provision will be released over the remaining length of the lease.

## 5.3 Interest bearing loans and borrowings

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

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

### Accounting policy

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

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

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

Derivatives, interest bearing loans and borrowings	2023 £'000	2022 £'000
Fair value derivatives	8	94
Property loans due within one year	1,259	1,273
Property loans due after more than one year	-	1,286
Members' loans	-	30

The derivatives are held with the Co-operative Bank and are stated at fair value using valuations from the Co-operative Bank. CI Coop uses interest rate swaps to hedge interest rate exposures on its property loan. Consistent with 2022, there is one swap in place, for £10million which matures on 11 July 2023 and attracts an interest rate of 5.46%.

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

Terms and debt repayment schedule	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2023	2022
Property loan	GBP	SONIA + 0.1193%	2023	Quarterly	1,259	2,559
Members' loans	GBP	0.1% - 1.75%	On demand	On demand	-	30

# Notes to the financial statements cont.

## 5.4 Financial risk management

### Keeping it simple – financial risk management

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

### Financial risk management

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

### Credit risk

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

### Liquidity risk

The CI Coop manages its liquidity needs by monitoring investment schedules and debt servicing payments for financial liabilities along with cash flows on a weekly basis. As at 8 January 2023, the CI Coop's non-derivative financial liabilities and contractual maturities are summarised below:

As at 8 January 2023	Current (£000's)			Non-current (£000's)	
	On demand	Within 6 months	6-12 months	1-5 years	Over 5 years
Onerous lease	-	326	326	3,220	1,501
Property loans	-	829	430	-	-
Other creditors	-	22,734	-	-	-

### Market risk

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

The CI Coop has some counter-party risk with amounts included in trade debtors and banks used to hold cash and cash equivalents which totals £38,407k (2021: £57,161k). This risk is monitored by management on a regular basis.

### Interest rate risk

Interest rate risk arises from movements in interest rates that impact on the fair value of the assets and liabilities and related finance flows. Interest rate swaps, denominated exclusively in sterling, have been entered into to mitigate and manage the CI Coop's exposure to interest rate fluctuations. Two property loan swaps with an initial notional value of £10 million and £9 million respectively were entered into during 2008 and run concurrently with the property loan. The swap for £9 million matured in 2019. The fair value of the remaining swap at 8 January 2023, based upon the difference between the floating interest rate due to be received by the CI Coop less the fixed interest due to be paid by the CI Coop over the period that the swaps were contracted for was £8k (2022: £94k). This amount is recognised as fair value derivatives.

### Foreign currency risk

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

### Price risk

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

### Estimation of fair values

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

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

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

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

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

2023					
Carrying amounts of financial assets and liabilities	Financial assets as an equity instrument £'000	Financial assets at amortised cost £'000	Financial assets at fair value through consolidated income statement £'000	Financial liabilities at amortised cost £'000	Financial liabilities at fair value through consolidated income statement £'000
Cash at bank and in hand		5,616			
Short term deposits		19,128			
Debtors		9,759			
Creditors				(18,331)	
Loans payable				(1,259)	
Members' loans				-	
Derivative financial instruments					(8)
Onerous lease				(5,372)	
Pension liability				-	
Unquoted shares	15				

2022					
Carrying amounts of financial assets and liabilities	Financial assets as an equity instrument £'000	Financial assets at amortised cost £'000	Financial assets at fair value through consolidated income statement £'000	Financial liabilities at amortised cost £'000	Financial liabilities at fair value through consolidated income statement £'000
Cash at bank and in hand		4,987			
Short term deposits		40,177			
Debtors		9,121			
Creditors				(17,887)	
Loans payable				(2,559)	
Members' loans				(30)	
Derivative financial instruments					(94)
Onerous lease				(6,006)	
Pension liability				-	
Unquoted shares	15				



# Notes to the financial statements cont.

## 5.5 Pension obligations

### Keeping it simple – pension obligations

CI Coop runs two types of pension schemes: a defined benefit scheme and a defined contribution scheme.

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

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

### Accounting policy

#### Defined contribution pension scheme

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

Contributions to the defined contributions scheme in the period were £1,100k (2022: £1,283k).

#### Defined benefit pension scheme

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

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

Following the closure of the scheme to new members and future accruals, regular contributions to the scheme are no longer required. However, additional contributions are still made to cover any shortfalls that arise following each valuation. The most recent FRS 102 valuation of the scheme was carried out at 8 January 2023 and indicated that the scheme had a surplus. However based on Paragraph 28.22 of the FRS 102 standard and the recognition of surplus assets, BWCI lay understanding of the rules is that the surplus can not be recognised as a net asset on the balance sheet.

The calculations below have been carried out as at 8 January 2023.

	As at 8 January 2023 £'000	As at 9 January 2022 £'000
<b>Pension liability</b>		
<b>The amounts recognised in the consolidated statement of financial position are as follows:</b>		
Fair value of scheme assets	56,151	66,383
Present value of funded obligations	(39,098)	(65,444)
Net overfunding in scheme	<b>17,053</b>	<b>939</b>
Unrecognised assets	(17,053)	(939)
<b>Net defined benefit asset / (liability)</b>	<b>-</b>	<b>-</b>
<b>The amounts recognised in the consolidated income statement are as follows:</b>		
Service cost	-	-
Cost of benefit changes	-	-
Curtailment costs / (gains)	-	-
Settlement costs / (gains)	-	-
Net interest on net defined benefit liability	(10)	67
<b>(Income) / Expense recognised in the income statement</b>	<b>(10)</b>	<b>67</b>
<b>The net interest on net defined benefit liability item is broken down as follows:</b>		
Interest on obligation	1,226	949
Interest on assets	(1,254)	(882)
Interest on unrecognised assets	18	-
<b>Net interest on defined benefit liability</b>	<b>(10)</b>	<b>67</b>
<b>The amounts recognised as remeasurements in other comprehensive income are as follows:</b>		
(Loss) / return on assets (not included in interest)	(10,726)	2,872
Actuarial gains on obligation	25,712	2,355
Change in unrecognised assets (other than interest)	(16,096)	(939)
<b>Total remeasurements recognised in other comprehensive income</b>	<b>(1,110)</b>	<b>4,288</b>
<b>Cumulative amount or remeasurements recognised in other comprehensive income</b>	<b>1,999</b>	<b>3,109</b>
<b>Actual (loss) / return on scheme assets</b>	<b>(9,472)</b>	<b>3,754</b>
<b>Changes in the present value of the scheme's defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	65,444	68,678
Service cost	-	-
Contributions by members	-	-
Cost of benefit changes	-	-
Curtailment costs / (gains)	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(1,860)	(1,828)
Interest on obligation	1,226	949
Experience gains	1,942	(962)
Losses from changes in assumptions	(27,654)	(1,393)
<b>Closing defined benefit obligation</b>	<b>39,098</b>	<b>65,444</b>

The weighted average duration of the liabilities of the scheme was 15 years as at 8 January 2023 (21 years as at 9 January 2022).

# Notes to the financial statements cont.

	As at 8 January 2023 £'000	As at 9 January 2022 £'000
<b>Changes in the fair value of scheme assets are as follows:</b>		
Opening fair value of scheme assets	66,383	63,357
Interest on assets	1,254	882
Return on assets (not included in interest)	(10,726)	2,872
Assets distributed on settlements	-	-
Contributions by employer	1,100	1,100
Contributions by members	-	-
Benefits paid	(1,860)	(1,828)
Administrative expenses	-	-
<b>Closing fair value of scheme assets</b>	<b>56,151</b>	<b>66,383</b>
<b>The major categories of scheme assets as a percentage of the total scheme assets are as follows:</b>		
	%	%
Equities	-	64.2
Gilts	88.8	17.3
Corporate bonds	-	9.6
Property funds	1.9	7.4
Cash	9.3	1.5

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

<b>The principal actuarial assumptions used are:</b>	<b>%pa</b>	<b>%pa</b>
Discount rate at end of period	4.6	1.9
Discount rate at start of period	1.9	1.4
Inflation	3.0	3.3
Rate of increase in deferment whilst in employment with CI Coop	3.0	3.3
Rate of increase in deferred pensions for those who have left employment with CI Coop	2.9	3.2
Rate of increase in pensions in payment	2.9	3.2

## Mortality assumptions

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

## Section 6 - Equity

### 6.1 Withdrawable share capital

As a co-operative, the CI Coop issues withdrawable share capital. This is the only form of share capital issued by the CI Coop. Every member only has one share in the CI Coop, however members may subscribe for additional withdrawable share capital. The rights attached to this share and withdrawable share capital subscribed for are set out in the CI Coop's published member rules. Withdrawable share capital can only be withdrawn at the discretion of the directors and is therefore treated as equity shares.

<b>Share capital has been issued as follows:</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Class A (128,269 shares)	58,476	65,403
Class B (1,620 shares)	55,638	61,864
	<b>114,114</b>	<b>127,267</b>

Both A and B shares have a nominal value of £1. Each member holds one fully paid-up class A share. Each member holding a class A share is entitled to cast one vote on any resolution put to the members at a meeting of members, subject to having been a member for at least 6 months prior to that meeting. Members receive a dividend based on the value of qualifying purchases made with the CI Coop each financial period, not on the basis of the value of withdrawable share capital held or share held. The maximum class A withdrawable share capital a member may subscribe for is £25,000. Class B shares were first issued during the financial period ending 13 January 2019 and a member may subscribe for up to £75,000 in class B withdrawable share capital. There is no requirement for a member to hold a class B shares, however no member can subscribe for more than the statutory limit of class A and class B withdrawable share capital as provided for by the Industrial and Provident Societies Act 1965, being £100,000. The different classes of withdrawable share capital may pay different interest rates.

### 6.2 Reserves

#### Accounting policy - reserves

##### Property revaluation reserve

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

##### Revenue reserve

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

## Section 7 - Other notes

### 7.1 Related party transactions

#### Keeping it simple - related party transactions

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

#### Transactions with directors and key management personnel

As members of the CI Coop, key management access the services offered by the CI Coop on an arms length basis. Key management are considered to be the directors and executive leadership team. Refer to note 4 and 5 for the compensation paid to key management personnel.

Throughout the period under review, the CI Coop has been a member of Federal Retail Trading Services Limited (FRTS), a company wholly-owned by the Co-operative Group Limited. CI Coop's chief executive officer (CEO), by virtue of his role as CEO is a director of FRTS.

All buying terms for goods for resale supplied from FRTS sources are negotiated with third party suppliers by FRTS on behalf of its members and all members benefit from the buying terms that such a major group can offer. In the 52-week period to 8 January 2023, total net purchases from FRTS amounted to £79,576k (2022: £76,237k) and the payments due by CI Coop to FRTS as at that date totalled £6,021k (2022: £4,586k). As at 8 January 2023, the amount due by FRTS to CI Coop in respect of rebates was £3,285k (2022: £2,569k) and the amount due to CI Coop by FRTS in respect of duty drawbacks is £1,159k (2022: £1,265k).

# Notes to the financial statements cont.

## 7.2 Operating leases

### Keeping it simple – operating leases

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

### Accounting policy

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

	2023 £'000	2022 £'000
<b>Operating leases</b>		
<b>Non cancellable operating lease rentals are payable as follows:</b>		
Less than one year	1,586	1,419
Between one and five years	5,847	4,669
More than five years	7,410	4,826
	<b>14,843</b>	<b>10,914</b>

During the period £1,766k was recognised as an expense in the consolidated income statement account in respect of rental payments under operating leases (2022: £1,597k).

CI Coop operates a number a trading units under operating leases ranging from 1 year to 20 years. Included within lease commitments is £6,013k (2022: £6,779k) related to the onerous lease provision in note 5.2.

	2023 £'000	2022 £'000
<b>Leases as a lessor</b>		
<b>The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:</b>		
Less than one year	2,503	2,453
Between one and five years	7,394	7,065
More than five years	15,520	16,409
	<b>25,417</b>	<b>25,927</b>

During the period £2,358k was recognised as income in the consolidated income statement account in respect of rental receipts under operating leases (2022: £2,068k).

CI Coop lets a number of properties under operating leases ranging from 1 year to 30 years.

## 7.3 Subsidiary undertakings

### Keeping it simple – subsidiary undertakings

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

As at 8 January 2023, the CI Coop consisted of the Channel Islands Co-operative Society Limited and the following subsidiaries.

Subsidiary undertaking	Country of incorporation	Registered number	Principal activity	% of Shares held
Offshore Leisure Limited	Jersey	77830	Dormant	100%
F. Mallett & Son Limited	Guernsey	619	Holding	100%
Jersey Pharmacy Services Limited	Jersey	89296	Pharmacy	100%
JFTU (Property) Limited	Jersey	101370	Holding	100%

Jersey Pharmacy Services Limited (JPSL) has two subsidiaries, Edgar Holdings Limited and Lloyds (Chemists) Limited. JPSL owns 100% of the voting rights of both entities. The CI Coop also owns minority shareholdings in UK buying groups which are related to its retail operations.

## 7.4 Funeral plans

### Keeping it simple – funeral plans

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

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

The liability of providing all purchased funerals is shown in the statement of financial position, together with the current value of the underlying investments. These figures are restated annually and differences are recognised in the consolidated income statement. As at 8 January 2023, the CI Coop had contracted to provide 850 funerals (2022: 825 funerals) at a total estimated cost of £3,821k (2022: £3,485k).

The value of investments at the valuation date of 8 January 2023 was £3,893k (2022: £3,572k). The difference between the cost and value of £72k is recognised in the consolidated income statement.

# Notes to the financial statements cont.

## 7.5 Capital commitments

### Keeping it simple – capital commitments

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

Contractual commitments in respect of capital projects at the period end were £0 (2022: £0).

## 7.6 Contingencies and commitments

### Keeping it simple – contingencies and commitments

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

### Contingencies

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

### Commitments

Indemnities are held in favour of 'Customs and Excise Immigration and Nationality, Guernsey' in respect of Duty in the sum of £500k (2022: £500k) for which no provision has been made within the financial statements.

Guarantee is held in favour of 'Carrefour Import and Compagnie D'Activite Et De Commerce International' for the sum of €150k (2022: €125k) for which no provision has been made within the financial statements.

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

CI Coop has a charge card facility with a limit of £45k.

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

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

### Ultimate controlling party

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

	As at 9 Jan 2022 £'000	Cash flows	Non-cash changes	As at 8 Jan 2023 £'000
<b>Analysis of changes in net debt</b>				
Cash at bank	4,987	629	-	5,616
Short term deposits	40,177	(21,049)	-	19,128
Cash and cash equivalents	<b>45,164</b>	<b>(20,420)</b>	-	<b>24,744</b>
Property loan	(2,560)	1,301	-	(1,259)
Members loan	(30)	19	11	-
Interest payable	(193)	187	-	(6)
<b>Total</b>	<b>42,381</b>	<b>(18,913)</b>	<b>11</b>	<b>23,479</b>

# Board certification and directors' responsibilities

The financial statements and notes on pages 49 to 70 were approved by the board on 26 April 2023 and are hereby signed on behalf of the board of directors pursuant to Section 3 (5) (C) of the Friendly and Industrial and Provident Societies Act 1968.

Jon Bond, chair

Mark Cox, director

Louise Read, chief financial officer and secretary

## Statement of directors' responsibilities

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 – 1978. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# Independent auditor's report

To the members of The Channel Islands Co-operative Society Limited

## Opinion

We have audited the consolidated financial statements of The Channel Islands Co-operative Society Limited (CI Coop) and its subsidiaries (together, "Group") for the 52-week period ended 8 January 2023 which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 8 January 2023 and of its profit for the 52-week period then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Industrial and Provident Societies Act 1965-1978 (Industrial & Provident Societies (Channel Islands) Order 1965-1978).

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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

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

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

## Other information

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

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

We have nothing to report in this regard.

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

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

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

## Responsibilities of directors for the consolidated financial statements

As explained more fully in the directors' responsibilities statement set out on page 71, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with UK GAAP, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the consolidated financial statements

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

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

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

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

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

# Independent auditor's report cont.

Our audit procedures involved:

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

## Use of our report

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

**Alexander Ross Langley**

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

Date:





Channel Islands



*Belonging is everything*

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