

CO-OPERATIVES UK

 **ANNUAL REPORT**
2021 



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EMPOWERING CO-OPERATION

As the voice of the UK's co-operative movement, we empower and support co-operative enterprise with specialist knowledge and expertise, to grow the co-operative economy and create a fairer society.

From football clubs and farms, to convenience stores and pubs, there are more than 7,000 co-operatives in the UK, each owned and controlled by their members and based on a set of shared principles and values. By promoting shared wealth through member ownership, we are committed to enable anyone in the UK to form, or join, thriving and sustainable co-ops.

Our members are co-operative organisations and those who support the principles of co-operation. We have more than 900 co-operatives in direct membership, with a further 3,500 co-ops and mutuals represented through our federal members. Our membership spans all areas of the economy.



1. CHAIR'S STATEMENT

Covid refused to go away in 2021, it continued to have a devastating effect on lives, on businesses generally and on co-operatives.

In the most trying of times co-operative resilience comes to the fore. We've got used to talking about co-operatives being resilient; about being a force for good; and sometimes a disruptive force when acting on the values and principles at their core.

Covid has amplified co-operative value and our research has shown that co-ops were four times less likely to fail during the pandemic than other businesses. We called upon that resilience ourselves to continue to serve our members to the best of our ability. We've worked even more closely with funders, partner agencies and our delivery partners on co-operative development. We've been forced to be agile in fighting the co-operative corner when Covid relief measures excluded our movement – whether through design or oversight. And we found creative solutions to ensuring our programme of events and training continued.

I'm proud that our members have stuck with us. In fact, the number in direct membership exceeded 900 at the end of 2021. To grow membership during these trying times is testament to co-operative strength. It's our duty to give that strength back to our members; through our advice and training; our policy and advocacy work; our awareness campaigns; our development work...

We delivered more advice services to more of our members in 2021 than any year before. That's 345 members who directly benefited from our advice. We also secured £1.68 million in external funding to drive our co-operative development programmes and lay strong foundations for future co-operative enterprise.

Our events and training programmes attracted 2,500 people. Co-operatives are at their heart people working together for the common good. It's something that shone through at every event I attended during 2021. Numbers only tell part of the story, but it's important to have a strong framework to demonstrate the member value we provide.

We delivered on six out of eight key performance indicators, with strong progress on one of the others. Of course, our financial resilience is also crucial - the financial statements outline our performance and position with a narrative to enable members to interpret this information.

Our financial position at the end of 2021 reflects another successful year for the Community Shares Booster Programme which enables Co-operatives UK to directly support the growth of the co-operative economy by making equity investments. These investments are made possible by funders; Power to Change, Open Society Foundations and The Architectural Heritage Fund.

Our income statement shows Co-operatives UK activities produced a pre-tax surplus of £965,753. The surplus is predominantly due to those funded equity investments, which have provided vital growth capital for societies like North Kensington Community Energy, Leeds Action to Create Homes and Kindling Farm. More detail on equity investments can be found in note eight of the financial statements including the independent auditor's report (pages 52-55).

With a new Head of Finance in post, the team has completed a detailed review of our financial processes and internal controls, including amounts held on the balance sheet. The Board welcomed the work that has gone into this review process to ensure we continue to provide members with open and transparent reporting.

Don Morris
Chair
Co-operatives UK



2. CEO'S STATEMENT

I'm delighted to present the first annual report of my tenure as CEO at Co-operatives UK. Like many of our members and the sector itself, we're reporting significant resilience in the light of the challenges we are facing, but a greater need to consolidate our business and support our members effectively through tough times.

The pandemic has shone a light on inequalities across the UK, but has also demonstrated that co-operation is needed more than ever. Co-operatives distribute both power and wealth and these attributes are what make us unique. We challenge the established order for the betterment of people and communities – just like the original pioneers.

There's a growing appetite for businesses with a social conscience and we see this through the rise of 'conscious capitalism'. The very design of a co-operative business does more than a corporate social responsibility (CSR) plan could ever achieve. Owned by their members, the USP of all co-operatives is that they're locked into their communities and inherently share decision-making and profits among members, contributing to local wealth and pride.

Co-operative values and principles are built into the very fabric of a co-operative's existence... being a successful business but still doing what's right; for workers, colleagues, the environment and communities in which they operate.

It's the essence of how co-operation contributes to a fairer society, which is what many people are looking for right now, especially among younger people.

In December we carried out a YouGov poll, asking young people what's on their mind. It revealed big subject matters: mental health; job insecurity; climate challenges; data control. All have co-operative solutions, but less than 50% of those surveyed could name a co-operative business. So we understand we've a huge task to demonstrate how co-operatives can enable people to 'have a say and a stake' in how they work, live and consume.

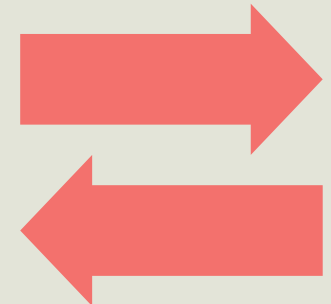
In our 2021 Co-op Economy report we learnt that co-operatives have been particularly resilient in the pandemic. But despite growing the sector's annual turnover to nearly £40 billion, we also know co-ops represent less than 1% of UK business. If we are truly to transform society we have a long way to go.

You will notice that this year's annual report looks different. This is all part of that journey. Our members have consistently told us they need our help communicating to a much wider audience that reaches beyond the movement itself, to maximise impact. Amplifying the co-operative marque is a unifying symbol for the movement and Co-operatives UK certification will increasingly become a tool for co-ops to communicate that difference to their members and wider stakeholders.

In this document we report on the delivery against our previous strategy, while outlining our new strategy for 2022 onwards. We have assessed our operational capability in line with the new strategy and will be implementing changes.

One of the themes in our strategy will be to lead a new era of co-operative working. This means working more effectively with our direct members; our federals and their members; movement infrastructure bodies; co-operative business development advisors; and nations and regions! We are on the start of that journey and invite you all you to join us for the next steps.

Rose Marley
CEO
Co-operatives UK



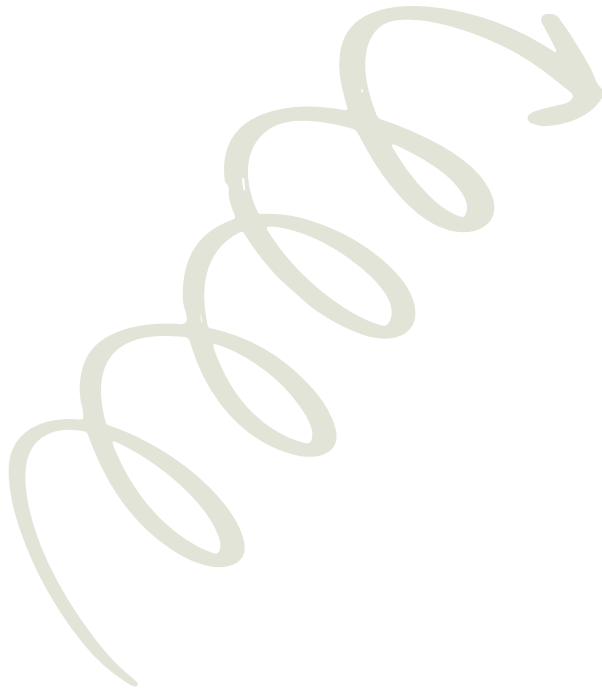
3. OUR STRATEGY

By inspiring everyone to be a member of a co-op, and every co-op to be one of our members, we will help create a fairer society together.



3. OUR STRATEGY

We will empower and grow the UK's co-operative economy by being the voice of co-operation and member ownership.



As the voice of the UK's co-operative movement, we empower and support co-operative enterprise with specialist knowledge and expertise. By giving our members a stronger voice; by empowering and delivering tangible support services; and by demonstrating that co-operatives do business better and improve lives, we will grow the co-operative economy and create a fairer society.

The impact of – and need for – co-operatives has been highlighted even further during the global pandemic. Wings platform co-op was formed to give delivery riders much-needed fair pay and better working conditions. As the number of people living with dementia creeps towards one million, the members of MindForYou, which provides holidays for those afflicted by the disease, raised £465,000 to help the organisation meet growing demand. And members of the UK's largest co-operative, The Co-op Group, have taken the amount they've raised for local communities past the £100 million mark.

The examples go on. Yet the co-operative economy remains relatively small. Its thousands of businesses within a UK pool of millions. Many people can only name one co-operative and fewer still understand how and why they do business better. Conversely, our research – particularly when we focus on younger people – demonstrates that co-operatives offer solutions to some of the most pressing needs.

Solutions to poor mental health; lack of job security and prospects; limited or no control over work and local amenities; the climate emergency. So why are co-operatives still one of the UK's best kept secrets?

In 2021, with our new CEO, Rose Marley in place, we put significant energy into gaining an improved understanding of how to better serve our members; how to further unleash the potential of the co-operative economy; how to demonstrate that co-operatives do more for people and their communities; and how becoming a member of a co-operative could (and should) be an ambition of us all.

We worked together with our Board and members to formulate a new strategy. Our work was also informed by the Co-op Economy survey 2021, which enabled us to more fully understand the challenges faced by our members and the wider Co-op movement.

Why is our new strategy important?

Covid demonstrated that the UK economy failed to work for the vast majority of people. Communities pulled together, empowering themselves to make a difference, sustaining and enriching lives. The value of co-operation became more visible. The need for an economy which works for us all was already apparent. Cracks in the 'business as usual' approach were blown into fissures by Covid.

3. Our strategy

“We know the impact of co-operatives in transforming communities and people’s lives, but the business model is not widely publicised.

“One of our challenges – as a genuine movement – is to define simple language and tell inspiring stories so that co-operatives become part of the national consciousness.

“We now invite the UK’s 7,000 co-operatives to join us in this mission.”

Rose Marley
CEO, Co-operatives UK



Despite the failings of business, we are in danger of slipping back into the old system. Our strategy is designed to redress the balance. Of course, it will be tough. The co-operative economy remains small, but for this reason we must redouble our efforts.

Our strategy has a clear aim:

By inspiring everyone to be a member of a co-op, and every co-op to be one of our members, we will help create a fairer society together.

The strategic themes are:

Empower young people: We inspire the next generation of co-operation to help secure a sustainable future for the movement and society.

Enable tech and digital: We innovate and disrupt just like our pioneers. By embracing and promoting the power of technology and the digital experience, we share knowledge, data, and expertise for the good of our members and society.

Lead a new era of co-operation: We facilitate and empower greater co-operation between co-ops to help grow a stronger, more connected, and sustainable co-operative movement.

Embed the values and principles: We act as a beacon of co-operation in everything we do, to grow the movement by supporting best practice in the principles and values of co-operation.

Inspire communities: We reach the right people with the right messages and the support they need

We will achieve these objectives and overall strategy by working for and alongside our members. There's already significant demand for values-led business. We must enable and empower people to start-up and grow co-operatives; must help inspire everyone to become a member of a co-operative – and every co-operative to be one of our members.

Together we will help create a fairer society.

Talk to us about our strategy:
uk.coop/contact-us

STRATEGY IN 2021

Initially created as a three-year strategy, running from 2018 to 2020, our Board added a further year to enable new CEO, Rose Marley, to lead a consultative process to shape our ambitions for the future.

With member value at its heart, the strategy in 2021 was to be:











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

The strategy focused on promoting, developing and uniting our membership and co-operatives more widely. This report examines each of these areas, while our key performance indicators (KPIs), in section four, specifically look at our progress against strategic goals.

4. OPERATING PLAN PERFORMANCE

Our Board of Directors agrees key performance indicators (KPIs) as part of its role in setting strategy and monitoring performance. The KPIs demonstrate progress in 2021 against the objectives of our extended strategic plan, running from 2018 to the end of 2021.

4. OPERATING PLAN PERFORMANCE

CO-OPERATION AMONG CO-OPERATIVES	WE ARE WORKING TO...	PROMOTE	DEVELOP	UNITE
<p>Carry out at least two collaborative initiatives with co-operative infrastructure partners by September 2021</p> 	<p>8%</p>  <p>increase in the proportion of our income not from retail society subscriptions</p>	<p>30%</p>  <p>increase in member participation in campaigning activity</p>	<p>150%</p>  <p>increase in members accessing advisory services</p>	<p>20%</p>  <p>increase in our membership</p>
<p>Complete a framework for ongoing collaboration with co-operative infrastructure partners, developed in partnership by September 2021</p> 	<p>70%</p>  <p>average staff satisfaction score exceeds 70%</p>	<p>30%</p>  <p>increase in members' rating of our campaigning work</p>	<p>20%</p>  <p>increase in number of groups connecting with our externally funded projects</p>	<p>30%</p>  <p>increase in the number of people opting in to receive regular communications</p>

 Target achieved
  Target not achieved
  Clear progress towards target

Performance against our KPIs demonstrate our progress against the objectives of our extended strategic plan, running from 2018 to the end of 2021.

Our research consistently shows that our advice is highly valued by members. In 2021 we met our target of a 150% increase in the numbers of members accessing advice services. This was a stretch target, having met the initial KPI of a 100% increase by the end of 2020.

Members are increasingly engaged in our campaigning activity. Participation exceeded our target by 29% (707 members). Consultations with members and key partners, including Covid-19 challenges and the climate action emergency, helped inform our policy campaigning. However, we dropped short of our KPI covering member rating of campaigns. The way we evaluate our campaigning activity is under review after very limited responses to the pulse surveys which informed this KPI, covering the success of campaigns including Co-op Fortnight, the Co-op Economy report and our COP26 climate report.

We exceeded our target of 900 organisations in direct membership, with an end of year figure of 916. The increase followed an improved retention rate alongside an influx of 170 new members. New members constituted newly formed businesses utilising our registration service and former members rejoining the network to take advantage of advice and support.

In 2022 it will be important to build new, stretch targets into the strategy to ensure our members and the Board are able to monitor progress and hold us to account.



8/10

KPIs delivered

345

members accessed our services

775

groups positively impacted by externally funded projects

5. FIGHTING FOR CO-OPS

We are an authoritative, campaigning voice, working for and alongside members to influence public policy to benefit co-operatives.

5: FIGHTING FOR CO-OPS

Our policy work is crucial to ensuring all co-operatives enjoy the best possible business environment. We do this by working for and alongside our members to influence government policy.

We are proactive in seeking out opportunities to promote co-operatives to policy makers. We are also fleet of foot when co-operatives are marginalised at central, devolved and local government levels.

In 2021 we remained vigilant in identifying and combating legislation that disadvantaged co-operatives when compared to other business forms, particularly in the context of Covid and government-led relief measures.

Alongside our broader policy aims we also targeted a number of areas in 2021:

- Securing new policy to support the co-operative economy at a local and devolved level
- Increasing recognition of co-ops as a tool for building a fairer, greener world
- Building effective cross-party support for co-operatives

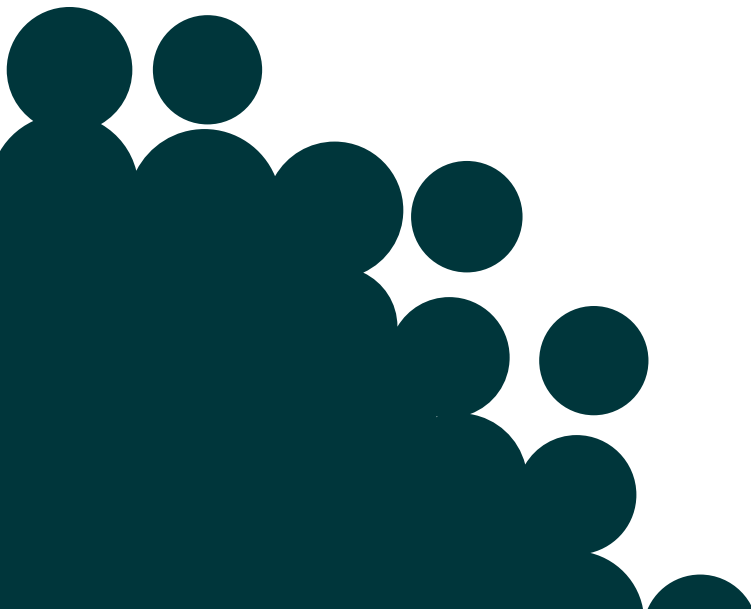
Supporting co-operatives at a local level

Support for the co-operative economy at a local level was garnered through our Ownership Hub programme. A joint project between ourselves and the Employee Ownership Association (EOA), the Ownership Hub supports the #1MillionOwners campaign which aims to grow employee and worker ownership across the UK.

In June, the South Yorkshire Combined Authority made a major commitment to support worker co-ops and employee ownership by becoming the first city-region to join the programme. We are now working hard to replicate the success across other authorities.

“This is a hugely exciting opportunity. Not just because it gives us the chance to boost our support for co-ops and employee ownership, but because it will help to weave the thread of co-operation through our plan for economic recovery and renewal in South Yorkshire.”

Sheffield City Region mayor
Dan Jarvis



In his Spring Budget, Chancellor Rishi Sunak unveiled the £150 million Community Ownership Fund – a long awaited manifesto pledge we'd been lobbying for. The fund enables community groups to bid for match-funding to help them buy or take over 'at risk' community assets, including football clubs.

The fund offers support for co-operatives at grassroots level, empowering communities to take ownership and control of local assets. We continue to work closely with government on details of this fund, with a particular focus on the role of raising capital using community shares.

Building a greener world

Our joint declaration on behalf of the co-operative movement – backed by leading co-op retailers including The Co-op Group – called on governments, businesses, communities and individuals to take effective action to avert climate catastrophe. As values-driven businesses, co-operatives strive to do what is right. It's imperative that co-operatives operate on a level playing field and are not disadvantaged by businesses operating with lower environmental and ethical standards. It's also important to do more to ensure the public understands the co-operative movement's ethical stance.

Our environmental report revealed that two thirds (66%) of member-owned businesses were taking action to reduce carbon emissions. Of those taking action, one in five had net zero targets.

SUCCESS IN SCOTLAND

It is crucial we are able to influence all political parties at UK, devolved nation and local levels. Gaining influence isn't an easy process. It takes effective political advocacy, built on sound evidence which resonates with policy-makers. It takes time and persistence – and in 2021 our concerted efforts yielded positive outcomes in Scotland.

Following our successful campaign to build cross-party support for the movement, Scottish government is now committed to supporting co-operatives in its policy programme. The Scottish National Party (SNP) and Scottish Greens, after some discreet input from us during high-level negotiations, agreed to two explicit references to supporting co-ops in their Shared Policy Programme.

Scottish government will provide tailored support to co-ops, with a view to increasing their representation in the Scottish economy. Additional support for housing co-ops could include Land and Buildings Transaction Tax (LBTT) relief, with further funding and financing options.

Those successes arrived after co-operatives enjoyed specific manifesto commitments from the Conservatives, Labour, Liberal Democrats and Scottish Greens ahead of the Scottish election, demonstrating our ability to garner support from all corners.

Earlier in the year, successful lobbying from ourselves and the Cross Party Group on Co-ops, Scottish government included housing co-operatives in its Housing to 2040 strategy. The strategy sets out a vision for housing in Scotland to 2040 – and a route map to get there.

A busy year came to a conclusion with support for a reconvening of the Cross Party Group on Co-operatives in the new Scottish Parliament. Crucially, SNP, Conservative and Scottish Labour MSPs were all involved and continue to participate.

Join the Cross Party Group on Co-operatives:
uk.coop/CPGC



6. RAISING AWARENESS OF CO-OPERATIVES

We work for and alongside our members to demonstrate the benefits of co-operatives; encouraging members of the public to become members of co-ops and empowering our members to do the same.

6: RAISING AWARENESS

Co-operatives do business better, but still remain one of the UK's best kept business secrets.

Co-operatives were

4 TIMES

less likely to cease trading in 2020

Our research into the concerns of younger people is telling. Issues from mental health to career prospects to the gig economy are major causes of stress and anxiety. Co-operatives empower their members by giving ownership and control and offer solutions to all these issues – but still remain one of the UK's best kept business secrets.

The nation's most well known co-operatives are visible and instantly recognisable on high streets across the UK. But awareness of co-operatives more widely, and the values and principles which underpin them, remains relatively low.

In 2021 we raised awareness by shining a spotlight on what co-operatives are; what co-operatives do; why co-operatives do business better; where co-operatives sit right now within the business and economic landscape; and where co-operatives should be if we are to create an economy that works for us all.

In the media

Our work has been picked up by BBC Newsnight, Sky News, The Times, The Daily Express, Sifted and a host of other media outlets. It is not easy to maintain a media presence, but it's imperative if we're to leave a permanent impression on the national consciousness.

We've evidenced the resilience of co-operative businesses over time and strikingly, the pandemic was unable to undermine that characteristic. As revealed in our Co-op Economy report, co-operatives were four times less likely to cease trading in 2020 than other types of business. Despite Covid, the sector also grew by £1.1 billion in that same year, as revealed by our CEO Rose Marley on Sky News.

We also shone the light on individual co-operatives and their unique contribution to their communities and society more widely. More than 35,000 public votes were cast in the Co-op of the Year Awards, which also generated significant local media interest.

Central England Co-op, the Co-Pilot Wind Project, Loaf Bakery and Cookery School, Co-op News, The Globe music venue and Telford and Wrekin Council all scooped prizes. Numerous individual gongs were also handed out at The Co-operative Bank-supported annual awards.



IN-FOCUS: CO-OP FORTNIGHT

Our annual awareness campaign, Co-op Fortnight, is designed to work for our members and the movement more widely. Millions of people are already members of a co-op. Over the two weeks of Co-op Fortnight we – alongside our members – shared stories and videos to encourage even more people to get involved by becoming a member of their local co-op, learning what a co-op actually is and/or attending an event.



Signalise, pictured using the BSL sign for co-operation, featured in the Co-op Fortnight campaign.

From film festivals to Co-op Congress, the fortnight was jam-packed with events and inspiring content across social media under the hashtag #JoinACoop.

The campaign generated more than 40 pieces of media coverage including Sky News, BBC Newsnight, Daily Express and Pioneers Post, with 16 pieces of local media and 17 articles across trade press.

Co-op Fortnight, Co-op Congress, the Co-op Economy and the Co-op of the Year Awards enjoyed a combined reach of 7.6 million across social media and created over 30 million 'opportunities to view'. And our online video content raced past 80,000 views.

The campaign also enjoyed widespread support from our members, with 507 co-ops actively participating. In addition, 600 delegates booked on to Congress (which took place during Co-op Fortnight) with close to 1,000 views of the event online.

Find out about Co-op Fortnight 2022:
uk.coop/CoopFortnight



The winners of our UnFound Accelerator programme, which gives start-up platforms the support they need to develop their business ideas, also hit the news. Red Brick Language School, Dopo and Wings claimed a share of the £10,000 prize fund (provided by The Co-operative Bank) and also enjoyed national news coverage.

An authentic voice

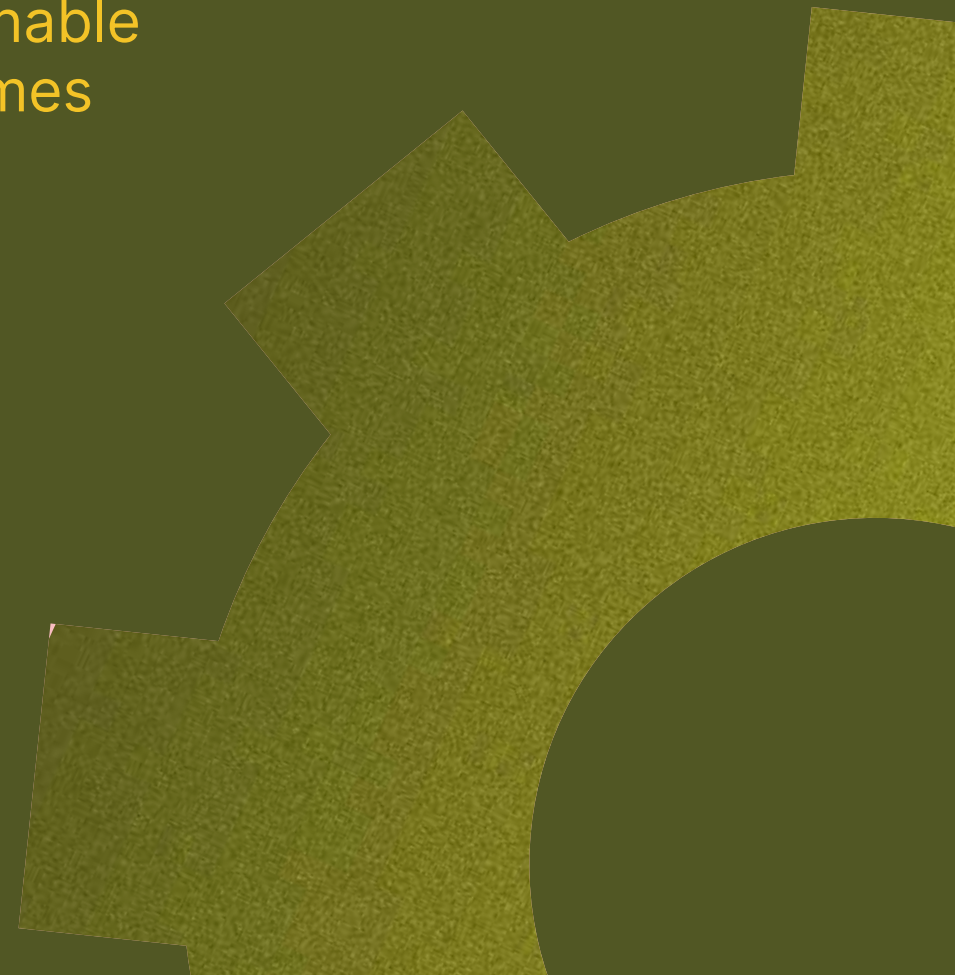
There is a constant battle to demonstrate ethical credentials. Corporate social responsibility (CSR), not-for-profit, B Corps... It can appear a crowded market, but co-operatives are a unique proposition with our bedrock of values and principles.

We must be seen as an authoritative and authentic voice on co-operatives – but also on good business practice more widely. In 2022, Rose Marley spoke on BBC Newsnight and featured in the Express regarding the practicality of the NHS Covid app and effects on business.

The topic was a slight curveball, but we are increasingly seeking out opportunities to speak out against poor business practice, while vocalising and demonstrating the ethical and community credentials of the Co-operative movement.

7. EXPERT ADVICE WHEN CO-OPS NEED IT MOST

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



7. EXPERT ADVICE

We know co-ops. Our expert advice team support co-ops with incorporation, governance, HR, membership strategy and much more.

Our team of experts work alongside delivery partners, including co-operative development bodies, to help co-operatives be the best they can be. We've a proud heritage of delivering advice and training of the highest quality, at a price-point that works for our members.

Our advice offering includes – but is not limited to – governance, HR, membership, marketing and communications, finance and culture. Co-operatives exist to serve the needs of their members and are founded on values and principles which set the agenda for a different, fairer and better way of doing business. Our advice encapsulates those fundamental elements.

Creating new co-operatives

In 2021 we helped bring 113 co-operatives into existence, the most since 2017 and a 33% increase from the previous 12 months. Tyddyn Teg, an organic vegetable farm co-operative in Snowdonia, Plymouth-based architecture co-operative Studio Skein and the Scottish League of Credit Unions give a flavour of the different types of new co-operatives setting out to do business better across the UK.

We've seen an upturn in the number of housing co-operatives taking advantage of our registration service. This follows fruitful partnership working with the Confederation of Co-operative Housing (CCH), resulting in the creation of new model rules.

We more than trebled the number of new co-operative companies we registered. This follows the successful introduction of our online tool, subsidised by The Co-operative Bank, which makes it simpler and cheaper to register new co-operatives.

Simplifying the process of registering new co-operative businesses is an important element of demonstrating that co-operatives are viable business options; that they are flexible; that being built on the bedrock of values and principles means they offer more.

345

members accessed our advice services

30%

increase in new registrations

Our team also help businesses convert to co-operatives, ensuring the values and principles of co-operation are enshrined in established and successful enterprises.

More than 340 members benefited from our advice services in 2021 – exceeding our target of a 150% increase. A greater number of members are coming to us for advice and support and we are able to offer them a growing and more diverse product offering.

We now offer community shares best practice advice to complement our existing offer. From in-house secretariat services to comprehensive rule amendments, our advice is all about meeting member need; providing the best solutions delivered through the most appropriate channels.

Assessing needs

Our advice is bespoke and focused, working across all sectors and for co-operatives of all sizes. For example, our work with the wonderful social care co-operative, Leading Lives, involved reviews of board composition and skills/competency needs – resulting in more effective ways of operating. We delivered peer appraisal solutions for the board of Berry Gardens, the leading berry and stone fruit production and marketing group, while a bespoke workshop for Suma helped the nation's biggest worker co-operative improve its risk management processes.

157

members benefit from the contact package of support

The take-up of advice services is growing, yet there is scope to engage with more members. Research shows that our advice is highly valued and leads to increased demand for additional paid-for services. The challenge is to reach more co-operatives and to ensure our members are proactive rather than reactive. That we empower our members to, for example, make good governance great; to make great HR excellent.

To more effectively meet member need we launched a new initiative in 2021. We offered free 30-minute consultations for our members to identify the most suitable support. This no-obligation service helped drive record levels of advice delivery and take-up of our support packages.

Benefits of the contact package:
uk.coop/ContactPackage

IN-FOCUS: BOARD EVALUATIONS

We're dedicated to helping our members develop effective boards and high-performing directors. Both are critical to good governance and the creation of strong and sustainable co-operative businesses.

We undertake board reviews to help members consider whether their structure is fit for purpose and how the board is performing as a team. Using our frameworks, we help co-operatives understand:

- How their board structure helps meet the needs of the co-op
- How policies and processes help ensure a board is performing at its best
- Whether skills and behaviours needed for a high performing board are being demonstrated

Our director appraisals/peer reviews investigate ways in which directors demonstrate and perform against agreed criteria. The process enables directors to have confidence in their performance by understanding:

- How performance is viewed by peers and self-appraised
- Areas of excellence and areas where development may be required to enhance performance

7. Expert advice

Contact and HR packages of support

The number of members with the contact package – our versatile service offering help with governance, HR, membership and finance – continues to increase. By the end of 2021 the numbers taking up the contact package had risen to 157.

Our HR package helps our members become and remain great employers and is widely utilised by the UK's biggest co-operative retailers. Our work supporting consumer retail societies, including The Co-op Group, continued to be focused on management of human resources during the pandemic in 2021.

Core guidance covered utilisation of office space and hybrid working; management of long-term Covid-related absences; handling of the return to work of colleagues previously covered by shielding guidance; and reward guidance during a period of high wage inflation. In 2022, acute HR challenges remain for the consumer societies – and businesses more widely – with anticipated labour shortages, recruitment pressures and continued wage inflation.

How can our advice help your co-op?

Contact: advice@uk.coop



“The HR team has a depth and breadth of knowledge and experience that’s proved invaluable. Advice is tailored and focused.

“They’ve done an excellent job keeping on top of the Covid guidance; interpreting that guidance and ensuring we’re best placed to protect essential workers providing such a crucial in-store service during the pandemic.”

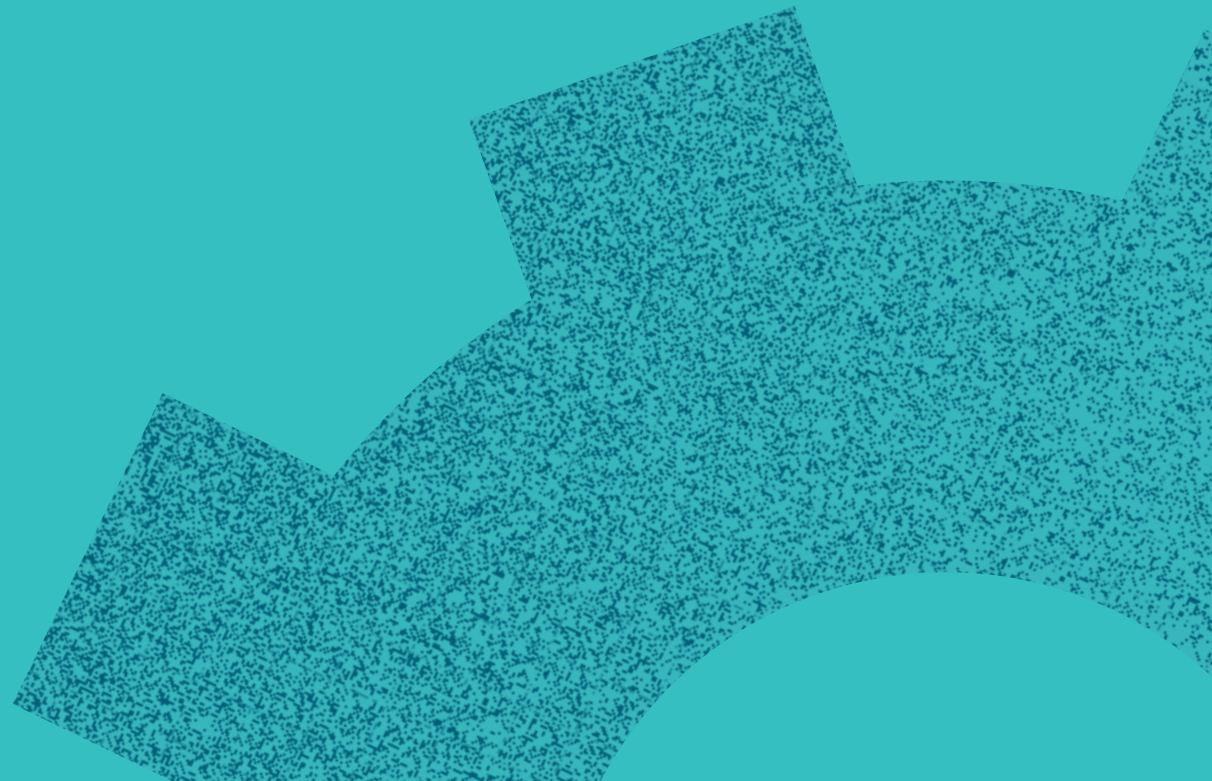
Heather Lee

Head of People and Performance
Lincolnshire Co-op



8. BREAKING NEW GROUND IN CO-OPERATIVE DEVELOPMENT

External funding enables us to break new ground in co-operative development. We seize upon opportunities and forge partnerships to test and support innovation that delivers member value and economic growth for the sector.



8. BREAKING NEW GROUND

As part of our mission to grow the co-operative economy, we work with partners and funders to deliver co-op support programmes.

Our development work focuses on growth and empowerment: growing co-operative businesses and the co-operative economy overall; empowering people, workers, communities, entire towns even to take ownership and have more of a say in what matters to them.

Our innovative development work is externally funded and in 2021 we secured an impressive £1.68 million to advance the sector – including a further £400,000 from The Co-operative Bank to support our programme, The Hive. Since 2016, more than 1,000 groups have received support to set up new co-operatives or grow existing ones through The Hive, such as Signalise, a platform co-operative which links up British Sign Language (BSL) interpreters with deaf people who use their services.



+1,000

groups supported through the Hive

Almost 800 groups benefited from our development work in 2021, surpassing our target of a 20% increase from the previous 12 months. The burgeoning figure reflects our growing portfolio of work and enhanced relationships with funders and aligned stakeholders. As we reach new people, organisations, funders and policy-makers, we also raise awareness of co-operatives and their benefits.

Growing community ownership

We continue to lead the way in growing the community shares market. We work with partners including Locality and Plunkett Foundation and benefit from the support of funders like Power to Change, the Architectural Heritage Fund and Greater London Authority.

In 2021, we awarded £808,000 in matched investment to 15 community co-ops and £176,000 in development grants to 24 beneficiaries, including Dewsbury Arcade in West Yorkshire, which aims to become the first community-owned shopping centre in the UK. These equity investments are a key part of our community shares programme of work which, thanks to the continued support of our funders, will continue to grow in the coming years.

What are community shares?
uk.coop/CommunityShares

Genuine approaches to levelling up

Responding to an underwhelming Levelling Up agenda and the lack of investment in the UK Shared Prosperity Fund, we've continued to run pilots in 'left-behind' areas, particularly targeting under-represented and minoritised groups. We worked in Preston, thanks to funding from The Co-op Group, to help set up food co-ops and our Empowering Places programme in six areas including Hartlepool, Grimsby, Bradford, Plymouth and Leicester continues to support local catalyst organisations working to grow democratic member ownership and local wealth.

We have built co-operative allies in the directly elected leaders of combined authorities. 'Metro Mayors' Dan Jarvis in South Yorkshire and Andy Burnham in Greater Manchester both made public commitments to co-operative development.

Designed to grow worker co-ops and employee ownership, we launched the Ownership Hub in South Yorkshire. We also secured funding to integrate two additional combined authorities into the programme in 2022 and have submitted a significant bid to the National Lottery to further develop this area of our work over the next strategic cycle.

Funding support and co-op development:
uk.coop/Funding&Development

IN-FOCUS: EMPOWERING PLACES

Empowering Places is a programme which demonstrates the role that concentrated clusters of community businesses can play in creating better places and reducing inequality in local areas. Funded by Power to Change, the programme is delivered by Co-operatives UK in partnership with CLES and NEF.

Community businesses – owned and run by local communities themselves – have been bubbling up in neighbourhoods across the country over the last decade. People are coming together to save local pubs, to revitalise local assets and spaces, to give people back control over their housing or their work. Community spirit and action is building. It is impacting on people's lives and keeping wealth local.

Empowering Places takes that community participation and impact to the next level. An £8 million programme, it is focused on six local areas and established community organisations in each. These are provided with a mix of grants, support and practical tools they need to be catalysts for new networks of community businesses in their areas.

“We know it takes a long time to create lasting change. So we've made a long-term commitment to a commercially driven regeneration approach in these places.”

Ed Whitelaw
Real Ideas Organisation



CASE STUDY: LATCH

Thousands of people with acute housing needs and thousands of empty properties. The perverse situation in Leeds is mirrored in towns and cities across the UK, But Leeds Action to Create Homes (LATCH) is turning derelict houses into homes and transforming lives.

Putting roofs over heads is not LATCH's sole concern. The Co-operatives UK member supports its tenants to make positive change through an approach that's bespoke, people-centric and empowering.

LATCH CEO, James Hartley, said: "To change habits and ways of thinking is really challenging. For people to just have a house is a massive success. There's multiple successful outcomes: getting into work; making friendships in the community; reconnecting with family members."

The model is sustainable, with those in supported housing encouraged and supported to move into independent living when ready, allowing new tenants to move in. The one limit to expanding the property portfolio is money. Grant aid, a traditional form of LATCH finance, can be precarious while borrowing, despite working with ethical banks, is costly. As an alternative, LATCH turned to community shares – a unique form of equity available to co-operatives and community benefit societies.

James said: "The thought was 'let's see if the citizens of Leeds want to help LATCH! We viewed that people are interested in using their money for social benefit.'" Co-operatives UK supported LATCH with their share offer – and the people of Leeds certainly responded.

Using the Ethex platform, LATCH raced to its £550,000 target; that's more than half a million towards building positive lives and independent futures through a unique package of housing, training and support.



"Co-operatives UK gave us the confidence that the community share offer was worth exploring – confidence and support in the early stages. Then the numbers started to look good."

James Hartley
CEO, LATCH



James said: “It was the most incredible experience. In one day alone we added £80,000. My mother-in-law even invested – so she’s now my boss! When the profile of investors came in, there’s a significant amount of people from Leeds. They’ve seen the juxtaposition of empty houses, homeless people. They know we’ll use the money to create positive change. There’s 150 investors. They’re the people of LATCH now.”

As a sustainable avenue for raising more funds, LATCH could issue further community share offers in the future. But without initial support from Co-operatives UK and the Community Shares Booster Programme (CSBP), the project may not even have got off the ground.

The CSBP, funded by Power to Change and delivered by Co-operatives UK in partnership with Locality, provides development grants of up to £10,000 to prepare the community share offer. It also provides match equity investment – typically matching pound for pound up to £100,000.

The LATCH CEO said: “Co-operatives UK gave us the confidence that it was worth exploring – confidence and support in the early stages. Then the numbers started to look good.”

The share offer also received the Community Shares Standard Mark, the stamp of good practice. James added: “It shows there’s a level of rigour in the process; gives confidence that we’re doing something that’s coherent and sensible. I felt it made us stronger and gave more confidence in the share offer. For investors it clears any decks of concern.”

“That money will now transform lives. James said: “I am a realist. It’s important to recognise that it’s challenging to help people with acute needs. It’s difficult but we’ve a successful model.”

9. BRINGING MEMBERS TOGETHER

We facilitate and empower greater co-operation between co-operatives to help grow a stronger, more connected and sustainable co-operative movement.



9. BRINGING MEMBERS TOGETHER

We are at the heart of an extensive network of co-ops, with 916 direct members and a further 3,500 co-operatives represented through our federal members. We directly and indirectly bring together over half of the UK's 7,237 co-ops to connect, learn and trade with one another.

Imagine a sector where competitors share best practice; that unite in a common belief; that adhere to shared values and principles. The co-operative sector is wonderfully unique in that regard and a major component of our work is to facilitate and empower greater co-operation. It is something we must improve upon to help grow a stronger, more connected and sustainable co-operative movement.

Events in 2021

We brought more than 2,500 people together through 42 events over the course of 2021. With Covid concerns and restrictions we produced a prudent mix of in-person, online only and hybrid events covering major conferences, training courses, webinars, networking and new member meetings.

As restrictions eased we held an in-person Worker Co-op Weekend, our learning and networking event designed and run by worker co-operatives. Co-op Congress, featuring high profile speakers and a significant number of first-time attendees, was run as a hybrid event and a huge success.

In the autumn we made the tough decision to move Practitioners Forum – our flagship learning and development conference – from a physical to online event. The event made a financial loss but was well received by members. Our major conferences received a 95% positive delegate satisfaction rate.

In 2021 we ramped up our process for on-boarding new members, championed by a series of 'new member' meetings. We know those members taking advantage of our services gain high value from membership.

More work is required to create and implement effective member journeys, both for new and existing members. This will help ensure members receive relevant information at relevant times and effective two-way communications are in place to better understand and cater for member need.

2,597

delegates at our events in 2021

95%

positive satisfaction rate for major conferences

Membership in numbers

We exceeded our 2021 KPI target of 900 organisations in direct membership, with an end of year figure of 916. Following a number of years focused on membership consolidation, we are now actively targeting increasing the numbers benefiting from our unique expertise, advice and campaigning activity.

The National Merchant Buying Society, with a £2 billion annual turnover, was the largest new member to join our network. We also enjoyed a significant improvement in terms of transitioning newly incorporated co-operatives into paying members. In 2021, we reduced the number of members leaving our network by more than 20% from the previous year (109 to 83).

Member-interest groups

We have grown the number of member-interest groups as we look to share knowledge and expertise and collaborate over new solutions. The Environmental Sustainability Forum, which meets quarterly, was added in 2021.

Our network now boasts an array of member groups including: The Co-op Performance Committee; Diversity and Inclusion Forum; Governance Expert Reference Panel, Health and Safety Forum; International Working Group; Joint Consumer Council, Membership and Communities Network; Society Secretaries Network; and Worker Co-op Council.



We are working towards improved communication and transparency around the work and value of these groups to ensure maximum member benefit and inclusion.

Co-operation among co-operatives

In 2021 we began negotiating a range of deals and discounts to ensure membership offers even more value. We kicked off 2022 with a range of exclusive offers from Your Coop Business Solutions covering tech, phones, electric cars and more. There's huge scope for extending the range and depth of affinity offers to further benefit our members and keep more business within the co-operative economy.

See what's on offer:
uk.coop/MemberOffers

IN-FOCUS: CO-OP CONGRESS

Our annual Co-op Congress brings together those working to build a fairer economy to share ideas, get inspiration and take action.

There can be a danger of preaching to the converted, so in 2021 we brought in a range of high profile speakers including actor and disability campaigner Melissa Johns, broadcaster and environmental campaigner Chris Packham, Mayor of Greater Manchester Andy Burnham and Mayor of Sheffield City Region Dan Jarvis.

A record 625 delegates booked tickets for the hybrid event, held at the member-owned Stretford Public Hall. Reaching out to people from 'outside the movement' who can champion and support co-operatives allows us to shout that little bit louder and increase awareness.



IN FOCUS: INTERNATIONAL WORKING GROUP

We are a proud member of international co-operative networks – including the International Co-operative Alliance – but there was a need for a more co-ordinated UK-based approach to our international influence and work. To address that need we created our International Working Group (IWG) in 2021.

The co-operative movement in the UK has a strong history of international philanthropy. The sector, led by consumer retail societies, raised £56,000 in 2020 to aid co-operatives and their communities affected by the Australian bushfires. In 2021, £100,000 was donated to female led co-operatives in India to provide emergency Covid aid and to provide sustainable livelihoods for 40 young women, through the creation of two new co-operatives. At the time of writing, co-operatives are responding to the Ukraine conflict by donating to the DEC (Disasters Emergency Committee) appeal and establishing contact with co-operatives in Ukraine and Poland.

The IWG is designed to support the successful alignment and planning of international activity across the UK movement and ensure value for our members in line with co-operative principles. It is made up of individuals from the UK movement who have significant experience, presence or influence in international co-operation.

In addition to exploring and co-ordinating development opportunities, the IWG will maintain and further develop relations with existing projects like the one headed up by India's Self-Employed Women's Association (SEWA) and the development work taking place in Malawi. It will also share information and intelligence to ensure the UK movement is effectively represented at an international level.



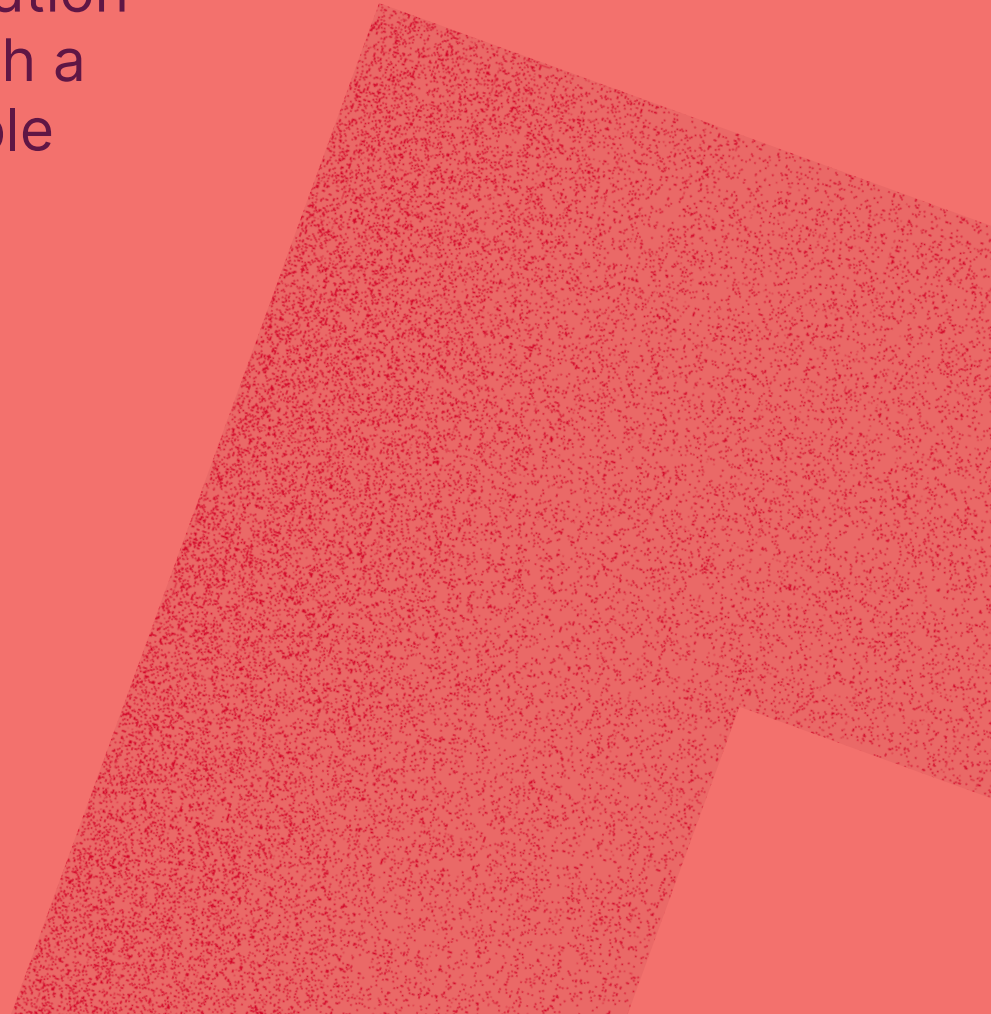
“Women in India mainly work informally meaning their earnings can be unreliable and as soon as the crisis hit many lost their income overnight.

“Thanks to the vital support provided by our co-operative friends in the UK, we’re helping them to form two grassroots co-operatives to create a sustainable livelihood for themselves.”

Mirai Chatterjee
SEWA Cooperative Federation

10. OUR GOVERNANCE

At the heart of the co-operative model is the principle of democratic member participation – the idea that a business can be run with a focus on the interests of members; people who in one way or another are involved directly in the business.



10. OUR GOVERNANCE

We are owned and controlled by our members – those members are all co-operatives or organisations that support co-operative values and principles.



**OWNERSHIP
MATTERS**

While good governance takes care and effort in any enterprise, it has particular importance in co-ops. The co-operative values and principles are enshrined in our rulebook – the foundation for our governance and decision making – and are reflected in our policies, procedures and culture. Our rulebook aims to make it easy for members to understand the rights and responsibilities they have but also that they have delegated to our Board of Directors.

Co-operatives UK is a secondary co-op. Our members make decisions by voting on resolutions and in director elections (using a weighted system with vote allocations linked to subscriptions following a formula agreed by the Board). We'd love to see more of our members participating democratically – all members can attend and vote online in general meetings and vote electronically in elections to the Board. We contact all members directly and use social media to ensure that the people within our member organisations are aware of opportunities to have their voices heard.

Read our rulebook
uk.coop/Rulebook

For us, member participation extends much wider than voting. Our members engage and provide direction in many ways, including:

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

Our Board

The Board of Directors makes key decisions and approves policies; it sets our strategic direction and holds the CEO to account for performance against annual plans and budgets.

Our Board is made up of individuals nominated, elected and appointed by our members. Its structure ensures the Board has knowledge from across the breadth of the co-op movement.

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

Directors maintain skills registers and are offered opportunities for ongoing learning and development. Board members also complete regular evaluations of the Board's effectiveness, appraisals of individual directors and the performance of subcommittees

Discover more about our Board of Directors:
uk.coop/OurBoard

Internal audit

We support an approach to internal audits which encourages peer review, openness and transparency in how we work. Internal audits facilitate active engagement from all staff in order to encourage innovation and focus on continuous improvement as our internal controls are put under scrutiny.

The purpose of our internal audits are to examine and challenge current organisational practice, compliance with internal policies and to identify and implement improvements. Internal audits are an important element of governance best practice.

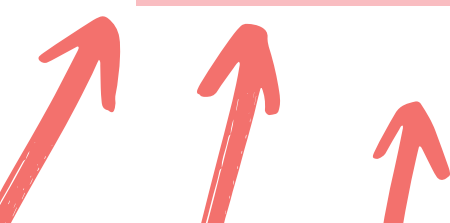
The Audit and Risk Committee decides annually whether we should continue to operate an internal audit function. The committee is accountable for in-house internal audit policy and for regularly monitoring its effectiveness. In 2021, the committee agreed to use an external firm of auditors to provide additional scrutiny to our financial systems, processes and internal controls. Members will be updated on this work in next year's annual report.

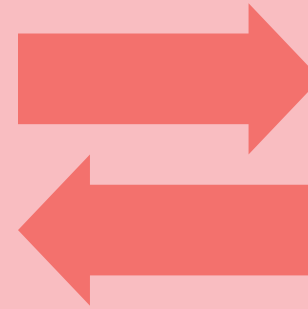
Following the 2020 internal audit of the process for annual assessment of impairments to equity investments we hold, a secondary internal audit was completed on the same area of business. The objective was to ensure we had a robust system in place for the assumptions that are included in these statutory accounts, with regards the carrying value of equity investments.

The Audit & Risk Committee received several reports during 2021 on progress against the priority actions to improve recorded interactions with investees, development of a detailed impairment assessment criteria and documenting the decision-making process to make roles and responsibilities clearer.

Progress has been made in all areas with a robust process followed at the year end to evidence the carrying value of each investment and any necessary impairments. However, the Committee were also informed of some areas of concern with inadequate record keeping and maintenance of the ongoing relationship with investees.

Action is being taken to ensure compliance with the new systems and processes going forward and this will be closely monitored by senior staff over 2022.





Observing the code

We assess our compliance against the Co-operative Code of Governance on an annual basis. Our Governance Committee has responsibility for scrutinising governance processes and policies ensuring they are regularly reviewed and updated. The Committee has an annual plan to explore any areas of non-compliance where we may need to take action or develop our practice.

This is our third year of reviewing our compliance against the Code. We continually improve the format and information provided in our Annual Report to demonstrate best governance practice.

We continue to make good progress in ensuring our governance standards exceed the minimum requirements set by the Code. This year we improved compliance in some areas including adding a whistleblowing, safeguarding and complaints section to our website, taking a remuneration report to members at the AGM and highlighting in this report what we have done to encourage member participation.

We have identified the following areas of non-compliance and potential action:

“Co-operative Leadership and Purpose: The Board should assess and monitor the co-operative’s culture using a variety of techniques and should ensure that practices and behaviours throughout the co-operative are aligned to its purpose, strategy and values. The annual report should explain the Board’s activities in relation to culture and any actions it has taken to address dissatisfaction with alignment.”

In 2021, the Board’s performance appraisal included a section on organisation culture to gather feedback to contribute to considering how the Board could develop a role in ensuring our culture aligns with our strategy and values. The Board does not currently receive detailed information on absenteeism and well-being, however, it is provided with highlights from staff surveys and the remuneration committee has been engaged in our work on diversity, equity and inclusion.

“Roles and Responsibilities: A conflict of interest policy should be in place and should be provided to all directors, executive leadership and senior employees. All conflicts of interest should be dealt with appropriately and recorded in a register that is available for inspection by members.”

Directors and senior staff complete a register of interests which is updated at least annually and published in our Annual Report. Our Code of Conduct for Directors includes obligations around conflicts of interest, however, this is not documented in a separate policy as required by the Code. The Governance Committee is working to develop a separate conflicts of interest policy which will be in place by the end of 2022. This year, RemCo will be considering the priority for action to bring this into line with the Code’s requirements.

“Board Composition, Succession and Evaluation: There should be a documented succession plan for the Board, its Chair (and executive leadership if applicable) that is regularly reviewed, revised and ensures an appropriate balance of skills, knowledge and experience can be maintained within the co-operative and on the Board.”

We do not have a formal succession plan in place for the Board or the Chair. However, the remuneration committee periodically reviews the mix of skills, knowledge and experience on the Board and considers this in light of strategic priorities.

“Board Composition, Succession and Evaluation:
The board should develop a structured training and development programme that should be completed by all directors. The programme should be informed by and reflect the results of the annual evaluation of the board, its committees and its directors. The board may also develop a programme for prospective directors to enable them to gain the skills they need to stand for election.”

Training and development is offered to all directors and the Chair would discuss any training needs which arose from Board and/or director evaluations with individuals. There is still work to do to create a structured training and development programme appropriate for our organisation.

The Co-operative Code of Governance is a great tool for helping our members implement good governance and report compliance to their members. It was recently review to extend its application to all co-ops no matter what size or sector.

Get the code:
uk.coop/Code

Diversity, equity and inclusion

We explored what role we should play in helping co-operatives to become more diverse and inclusive. We found the following:

- Co-operatives UK should work collaboratively with co-ops who are sector leading when it comes to diversity and inclusion to develop best practice guidance and case studies
- Co-operatives UK should produce online best practice guidance online and enable co-operatives to come together to create shared solutions through training and workshops. A focus should be on developing policies, membership recruitment and attracting Board and staff applicants.
- Co-operatives UK should support actions with awareness raising campaigns that help to articulate the benefits of co-operatives to under-represented groups.
- Co-operatives UK should develop bespoke diversity support for worker co-ops to help them understand strategies to diversify their workforce.

As well as undertaking research we delivered on our commitment by:

- Working closely with Amanah Advisors to explore how Shariah compliant community share offers can work and help bring pilot projects to fruition. We delivered an event on this work in partnership with the Diversity Forum for Islamophobia Awareness Month.
- Researching the diversity of the Community Shares Booster Programme portfolio via a secondment from The Social Investment Consultancy, which also examined the impact models of our investees.
- Creating specific targets around diversity of leadership in our Community Shares Booster Programme.
- Improving the application process for our UnFound Accelerator project to support applications from underrepresented groups.
- Supporting the dispersal of seed grants to new and emerging community businesses in economically excluded communities through our Empowering Places programme. One of these businesses, Jabulani in Plymouth, is a BAME-led initiative supporting refugees to trial food business ideas by providing kitchen space and training.

**FAIRER
SOCIETY**

11. BOARD OF DIRECTORS

Members of the Board of Directors as at 31 December 2021. The Board has three subcommittees that meet regularly: Audit and Risk; Remuneration, Appointments and Succession (RemCo); and Governance.*

*The Board also has a Chair's Committee which does not meet but can call urgent Board meetings or provide Board level approval between meetings.

11. BOARD OF DIRECTORS



DON MORRIS (Chair)

Nominating organisation
Radstock Co-operative Ltd

Current (3-year) term of office began
2020

Attendance
Board 5 (7); RemCo 5(6);
Governance 4(6)

Fees £5,217	Seat gained via Uncontested election (consumer owned co-operatives)
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CHERYL BARROTT (Vice chair)

Nominating organisation
The Co-operative Party

Current (3-year) term of office began
2020

Attendance
Board 7(7); RemCo 5(6)

Fees £1,712	Seat gained via Uncontested election (mixed ownership co-operatives)
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JOHN BOYLE

Nominating organisation
Co-operative Group Ltd

Current (3-year) term of office began
2021

Attendance
Board 3(4)

Fees £856	Seat gained via Appointed by Co-operative Group Ltd
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DANNY CREAK

Nominating organisation
Co-operative Group Ltd

Current (3-year) term of office began
2021

Attendance
Board 4(4)

Fees £856 (waived)	Seat gained via Appointed by Co-operative Group Ltd
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EILEEN DRIVER

Nominating organisation
Co-operative Group Ltd

Current (3-year) term of office began
2020

Attendance
Board 6(7)

Fees
£1,712

Seat gained via
Appointed by
Co-operative Group
Ltd



ROBIN FIETH

Nominating organisation
Building Societies Association (BSA)

Current (3-year) term of office began
2021

Attendance
Board 6(7); Audit 7(7)

Fees
£1,712

Seat gained via
Contested election
(federals)



PAUL GERRARD

Nominating organisation
Co-operative Group Ltd

Current (3-year) term of office began
2021

Attendance
Board 7(7); Audit 2(3)

Fees
£1,712 (waived)

Seat gained via
Appointed by
Co-operative Group
Ltd



PHIL HARTWELL

Nominating organisation
HF Holidays

Current (3-year) term of office began
2021

Attendance
Board 7(7); RemCo 6(6);
Governance 6(6)

Fees
£1,712

Seat gained via
Uncontested election
(consumer owned
co-operatives)



LOIS HILL

Nominating organisation
Co-operative Group Ltd

Current (3-year) term of office began
2021

Attendance
Board 3(4)

Fees £856	Seat gained via Appointed by Co-operative Group Ltd
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ROSS HODGSON

Nominating organisation
SUMA Wholefoods

Current (3-year) term of office began
2020

Attendance
Board 7(7); RemCo 5(5);
Governance 4(4)

Fees £1,712	Seat gained via Appointed by Worker Co-op Council
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EMMA HOWARD

Nominating organisation
East of England Co-operative

Current (3-year) term of office began
2021

Attendance
Board 6(7); Audit 5(7)

Fees £1,712	Seat gained via Uncontested election (consumer owned co-operatives)
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MARTYN JOHNSTON

Nominating organisation
Bradford Co-operative Association

Current (3-year) term of office began
2020

Attendance
Board 5(7)

Fees £1,712	Seat gained via Contested election (enterprise owned co-operatives)
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CATH MULLER

Nominating organisation
Footprint Workers Co-operative

Current (3-year) term of office began
2019

Attendance
Board 7(7)

Fees £1,712
Seat gained via
Appointed by Worker
Co-op Council



TANYA NOON

Nominating organisation
Central England Co-operative

Current (3-year) term of office began
2020

Attendance
Board 7(7); RemCo 3(3)

Fees £1,712
Seat gained via
Appointed by
Central
England Co-operative



JANE POWELL

Nominating organisation
Lincolnshire Co-operative Society

Current (3-year) term of office began
2021

Attendance
Board 3(4)

Fees £856*
Seat gained via
Contested election
(consumer owned
co-operatives)

*Board fees donated to charity



MARK SIMMONDS

Nominating organisation
Co-op Culture

Current (3-year) term of office began
2019

Attendance
Board 6(7); Audit 7(7);
Governance 6(6)

Fees £1,712
Seat gained via
Uncontested election
(co-operative
development bodies)



EDDIE THORN

Nominating organisation
Scottish Midland Co-operative Society Ltd

Current (3-year) term of office began
2021

Attendance
Board 6(7); Audit 7(7)

Fees £1,712	Seat gained via Uncontested election (consumer owned co-operatives)
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JENNY DE VILLIERS

Nominating organisation
Co-operative Group Ltd

Current (3-year) term of office began
2021

Attendance
Board 7(7)

Fees £1,712	Seat gained via Appointed by Co-operative Group Ltd
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VIVIAN WOODELL

Nominating organisation
The Midcounties Co-operative

Current (3-year) term of office began
2019

Attendance
Board 7(7); Governance 6(6)

Fees £1,712	Seat gained via Appointed by The Midcounties Co-operative
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STEPPED DOWN IN 2021

David Stanbury

Nominated by: Co-operative Group Ltd.
Term began: 2019.
Attendance: Board 2(2). Fees: £856.
Seat gained via: Appointed.

Steven Nuttall

Nominated by: Co-operative Group Ltd.
Term began: 2018.
Attendance: Board 2(3).
Fees: £856 (waived).
Seat gained via: Appointed.

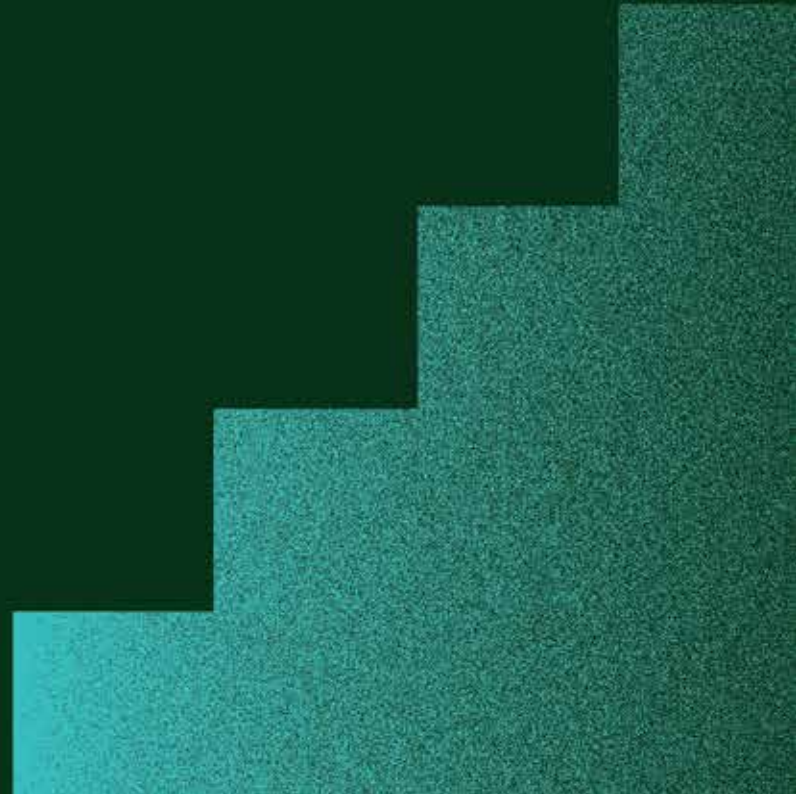
Mary McGuiggan

Nominated by: Co-operative Group Ltd.
Term began: 2019.
Attendance: Board 2(2); RemCo 0(2).
Fees: £856. Seat gained via: Appointed.

Nick Matthews

Nominated by: Heart of England
Co-operative Society. Term began: 2018.
Attendance: Board 3(3); Audit 3(3).
Fees: £856.
Seat gained via: Uncontested election.

Each board member discloses positions as director or trustee of other entities. The following pages also include employment and membership information, where they are deemed to be positions of influence relevant to Co-operatives UK.



DIRECTOR DISCLOSURES

DON MORRIS (Chair)

Director of
Paulton (Elder) Ltd

Employee of
Radstock Co-operative Ltd

CHERYL BARROTT (Vice chair)

Director of
Sheffield Co-operative Development Group;
Aizlewood Group

Member of
Sheffield City Region Panel on Co-operation;
Co-operative Party

JOHN BOYLE

Director of
Revolver Co-operative; Kandaroo CIC
Co-operative

Trustee of
The Co-operative College

Employee of
The Co-operative Party

Member of
Co-operative Group Ltd's National Member
Council

DANNY CREAK

Employee of
Co-operative Group Ltd

EILEEN DRIVER

Member of
Co-operative Group Ltd's National Member
Council

ROBIN FIETH

Director of
RPF Consultancy Ltd

Employee of
Building Societies Association

Member of
CBI Trade Associations Council; European
Association of Co-operative Banks General
Assembly; CBI Chairs Committee and
Presidents Committee

PAUL GERRARD

Director of
The Phone Co-op Foundation for Co-operative
Innovation

Trustee of
Co-operative Heritage Trust

Employee of
Co-operative Group Ltd

PHIL HARTWELL

Director of
Harwich Connexions Transport Co-operative
Limited; Co-operative Press

Trustee of
Harwick Electric Palace Trust

LOIS HILL

Trustee of
Explore Relationships

Member of
Co-operative Group Ltd's National Member
Council; Turn2Us

ROSS HODGSON

Employee and member of
Triangle Wholefoods Collective Ltd

EMMA HOWARD

Director of
East of England Co-operative Society Ltd

Member of
Co-operative Group Ltd's National Member
Council

MARTYN JOHNSTON

Director of
FACE WY Ltd (HowDo?! Yorkshire)

Member of
Bradford Co-operative Association Ltd;
Bradford Community Energy

CATH MULLER

Director of

Footprint Workers Co-operative Ltd; Platform 6 Development Co-operative Ltd; Bread Club Ltd; Knott Wood Coppicers Ltd

Member of

Cornerstone Housing Co-operative Ltd; Workers Co-operative Council; Radical Routes Ltd; A Commune in the North Ltd

TANYA NOON

Director of

Central England Co-operative; Ramstrust (Derby County Supporters Trust); Kandaroo

Trustee of

Co-operative Heritage Trust

Member of

The Co-operative Party; The Co-operative College; Co-operative Group Ltd's National Member Council

JANE POWELL

Trustee of

Lincoln Diocesan Trust and Board of Finance Ltd

MARK SIMMONDS

Director of

Co-op Culture; Pennine Community Power Ltd; Heptonstall Allotment & Garden Society Ltd; Heptonstall Community Assets

EDDIE THORN

Director of

Scottish Midland Co-operative Society; Capital Carers Ltd

Trustee of

Northfield & Willowbrae Community Services Group; Drylaw Telford Community Association; Blackhall St Columba's Church of Scotland

Member of

The Co-operative Party

JENNY DE VILLIERS

Member of

Co-op Group Ltd's National Member Council; Co-operatives East Midlands

VIVIAN WOODSELL

Director of

The Midcounties Co-operative Ltd; West Oxfordshire Community Transport Limited; Co-operatives Europe asbl; Student Co-operative Homes Ltd; The Co-operative Loan Fund Limited; Lawrence Home Nursing Team Ltd; Westmill Wind Farm Co-operative Limited

Trustee of

The Co-operative College

Employee of

The Phone Co-op Foundation for Co-operative Innovation Limited

By virtue of his role as a director of The Midcounties Co-operative Limited, Vivian Woodell holds numerous further directorships.
Full list: uk.coop/woodell

12. FINANCIAL STATEMENTS

The formal records of the business activities and financial position of Co-operatives UK for the year ending 31 December 2021.



12. FINANCIAL STATEMENTS

Our financial performance in 2021 has delivered a pre-tax surplus from ordinary activities of £965,753 (2020 – £431,285).

The overall surplus includes the receipt of equity investment funding from Power to Change, Open Society Foundations and The Architectural Heritage Fund. Co-operatives UK has invested this funding in various societies (see note 8 for a complete list).

Project income increased by £256,180 due to new projects, the recognition of income relating to work undertaken in previous years and project surpluses for projects that have completed in the year.

We continued our efforts to bring in funding which enables us to deliver better value for our members and emerging co-operatives and community enterprises.

Our Balance sheet has increased, largely due to equity investments made in the year, with reserves of £4,044,125 (2020 – £3,177,677) and a healthy level of net liquid assets.

Statement of responsibilities of the Board (directors' responsibilities)

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

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

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

- Assess the society's ability to continue as a going concern, disclosing as applicable matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the society and to prevent and detect fraud and other irregularities.

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

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

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

Internal controls

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

The process used by the Board to review the effectiveness of the system of internal control includes the following:

- The effectiveness of risk management processes are reviewed at least annually by the Board and the Audit and Risk Committee.
- Considering reports from the management team, internal and external audit on the systems of internal control and any material control weaknesses.
- In line with the Internal Audit Policy, the Audit and Risk Committee oversees the audit of at least one business area each year with in-house responsibility for compliance testing and continuous improvement activity.



- The Board receives a report of each meeting of the Audit and Risk Committee, including orally from its Chair, and directors have timely access to the minutes of all subcommittee meetings.
 - A programme of governance process improvements has been implemented in order to ensure periodic review of policies and internal controls. Following the 2020 internal audit review, a programme to strengthen Co-operatives UK's assessment of Community Shares Booster Programme investments, and specifically to address the difficult issues of ongoing fair values and impairment criteria.
- Co-operatives UK has adopted an internal control framework that contains the following key elements:**
- Control environment**
- An organisational structure is in place with clearly defined lines of reporting, accountability and responsibility for planning, executing, controlling and monitoring business operations.
 - The Board and staff team work together in developing the strategic objectives of the organisation to deliver on its mission. Employee engagement with and understanding of our strategic objectives are regularly monitored and operational planning ensures alignment between our strategy and day-to-day activity.
 - Annual budgets are reviewed by the Audit and Risk Committee and approved by the Board. Performance against budget and forecasts are reviewed at least quarterly by the Board and twice each year by the Audit and Risk Committee, with any significant variances considered and remedial action taken where appropriate.
 - A schedule of matters reserved for decision by the Board is followed and provides limits to the spending and decision-making delegated to the management team.
 - During the induction process all employees are given adequate information and training on Co-operatives UK's strategic plan, internal controls and policies.
 - Our employee code of conduct is put into everyday practice accompanied by supportive policies which enable employees to report any serious wrongdoing.

Risk identification

Risk management is an important element of our internal controls and the Board is accountable for these processes. The management team has the primary responsibility for identifying the key risks to the business with each employee taking responsibility for raising any risks associated with their area of work. Risk processes embedded within the culture of the organisation involve regular consideration of risk.

Risk management procedures include systems for the identification, evaluation and management of risks to the business. Each risk is allocated an owner and scored in terms of its likelihood and impact before and after documented mitigating actions. The most significant risks to the business have contingency plans in place.

Details of our risk management and the principal risks to the business are regularly provided to the Board and the Audit and Risk Committee.

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

The Covid-19 situation, while thankfully improved, is ongoing, and our members and the markets in which they operate are evolving. We will continue to monitor emerging risks and the impact on the society during this period. We are also carefully monitoring the financial resilience of the society, including the potential impact on variable income, from lettings, conferences/events and chargeable services work.

With the above as context, and acknowledging the uncertainty that this creates, the Board still targets making progress delivering the objectives of our new strategy in 2022.

Control activities

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

Information and communication

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

Monitoring

- There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit and Risk Committee meet at least twice a year and, within its remit, reviews the effectiveness of the system of internal financial controls.
- The Internal Audit Policy requires the audit of at least one business area each year. The programme of audits focuses on business risk and priority. The Internal Audit Lead works collaboratively with members of staff to complete the required reviews of control activities, compliance testing and recommendations for improvement. Responsibility and timescales for remedial actions are agreed with the management team and evidence of completion is provided to the Audit and Risk Committee. In 2021, we completed a follow-up audit of the process to review the carrying value of our Community Shares Booster Programme investments following the qualified audit opinion of our financial statements in 2020. The audit identified further areas for improvement which have been implemented during the impairment review of our investments at 31 December 2021.

- As part of its remit, the Audit and Risk Committee annually monitors and reviews the independence, objectivity and effectiveness of our internal audit approach.
- The Board monitors performance of the management team and delivery of operational and strategic plans. Progress is assessed against Key Performance Indicators and financial targets agreed annually.
- Compliance with the Co-operative Corporate Governance Code has been assessed and areas of non-compliance or in need of improvement are declared to members in this annual report.

Creditor payment policy

It is the policy of Co-operatives UK to:

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

Disclosure of information to auditor

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

Auditors

Pursuant to S93(1) Co-operative and Community Benefit Societies Act 2014, KPMG LLP tendered their resignation as Co-operatives UK's auditors in 2021. As a result of the casual vacancy that emerged, a competitive procurement process was completed and Crowe UK LLP have been appointed as our new auditors.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Board had prepared budgets and cashflow forecasts for the forthcoming 12 month period which indicate Co-operatives UK has sufficient committed subscription income and financial resources in order to enable it to meet its obligations as they fall due.

The directors consider that the society's cash investments can be realised quickly and as a result, along with a prudent programme of cost management, the Board considered it was well placed to manage its business risks successfully in the current economic climate.

The society has started 2022 well with the launch of our new three year strategy covering the period 2022 to 2024. The objectives of the first year of the strategy are to streamline and consolidate our activities, establishing the foundations required to develop new products and markets in years two and three of the strategy. Due to early contingency planning, resilient income streams and a strong balance sheet, Co-operatives UK has navigated the worst of pandemic without significant financial impact and is well placed to deliver the objectives of our new strategy.

The Board believes that the society is equipped to deal with the key risks and our forecasts indicate that, taking into account the society's strong opening balance of cash in hand and cash equivalents which, by their nature, can be realised quickly, the society is able to withstand further possible downside scenarios.

For these reasons the Board has a reasonable expectation that the society has adequate resources to continue in operational existence and meet its liabilities as they fall due for payment for at least 12 months from the balance sheet date and consequently they consider that it is appropriate to adopt the going concern basis of preparation in these financial statements.

Board certification

The accounts and notes on pages 46 to 81 are hereby signed on behalf of the Board pursuant to the Co-operative and Community Benefit Societies Act 2014.



Don Morris, Chair



Cheryl Barrott, Vice Chair



Zena King, Society Secretary

27 April 2022



AUDITOR'S REPORT

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

Qualified opinion

We have audited the financial statements of Co-operatives UK Limited for the year ended 31 December 2021 which comprise of the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2021 and of its surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for qualified opinion

At 31 December 2020 equity investments were stated at £2,161,988 after recognising an impairment charge of £240,221, being 10% of their carrying value. The directors were unable to provide reliable evidence to support the judgement that the recoverable amount of these investments was £2,161,988. We were unable to obtain sufficient appropriate audit evidence to form a conclusion that the recoverable amount of these investments at 31 December 2020 was free from material misstatement by performing other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary. Any adjustments would have a consequential effect on the Society's net assets as at 31st December 2020 and reported expenditure for the year ended 31st December 2021.

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 financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

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

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 society's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 this gives rise to a material misstatement in the financial statements themselves. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the equity investment balance of £2,161,988 held at 31 December 2020. We have concluded that where the other information refers to the equity investment balance as at 31 December 2020, it may be materially misstated for the same reason.

Matters on which we are required to report by exception

Arising solely from the limitation of scope of our work in respect of equity investments, referred to above as at 31 December 2020:

- we have not received all the information and explanations we require for our audit; and
- the society has not kept proper accounting records.

Except for the matter described in the basis for qualified opinion section of our report, we have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement, set out on pages 46 and 47, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 financial statements.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Co-operative and Community Benefit Societies Act 2014 and Taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, impairment of equity investments and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing the impairment assessment performed by management for evidence of bias and under impairment, sample testing income from the Salesforce database to the nominal ledger and financial statements and reviewing accounting estimates for biases.

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

Use of our report

This report is made solely to the society's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

**Crowe U.K. LLP
Statutory Auditor
The Lexicon Mount Street Manchester M2 5NT**

27 April 2022

INCOME STATEMENT

Year ended 31 December 2021

	Note	2021			2020		
		Core Activities £	Booster Investment £	Total £	Core Activities £	Booster Investment £	Total £
Income	2	3,742,806	-	3,742,806	3,398,837	-	3,398,837
Expenditure	2	(3,460,131)	-	(3,460,131)	(3,372,332)	-	(3,372,332)
Surplus/(Deficit) before interest and taxation		282,675	-	282,675	26,505	-	26,505
Interest receivable and fair value movements on investments	7	48,453	-	48,453	49,247	-	49,247
Equity investment additions	8	-	808,737	808,737	-	595,754	595,754
Equity investment movement	8	-	(174,112)	(174,112)	-	(240,221)	(240,221)
Surplus before taxation		331,128	634,625	965,753	75,752	355,533	431,285
Taxation	10	(79,327)	-	(79,327)	(20,205)	-	(20,205)
Surplus and total comprehensive income transferred to reserves		251,801	634,625	886,426	55,547	355,533	411,080

The above relates entirely to continuing operations.

The statutory accounts are rounded to the nearest pound.

The notes, on pages 60 to 79, form part of these financial statements.

BALANCE SHEET

as at 31 December 2021

	Note	2021			2020		
		Core Activities £	Booster Investment £	Total £	Core Activities £	Booster Investment £	Total £
Fixed assets							
Tangible assets	6	261,237	-	261,237	314,434	-	314,434
Investments	7	315,255	-	315,255	330,255	-	330,255
Equity investment	8	-	2,776,613	2,776,613	-	2,161,988	2,161,988
		576,492	2,776,613	3,353,105	644,689	2,161,988	2,806,677
Current assets							
Debtors	9	169,967	-	169,967	753,873	-	753,873
Investments	7	1,435,809	-	1,435,809	1,410,299	-	1,410,299
Cash at bank and in hand		651,815	-	651,815	410,644	-	410,644
		2,257,590	-	2,257,590	2,574,816	-	2,574,816
Current liabilities							
Creditors: Amounts falling due within one year	11	(1,522,740)	-	(1,522,740)	(2,164,613)	-	(2,164,613)
Net current assets		734,850	-	734,850	410,203	-	410,203
Total assets less current liabilities		1,311,342	2,776,613	4,087,955	1,054,890	2,161,988	3,216,878
Non-current liabilities							
Provisions: Amounts falling due after more than one year	11	(43,830)	-	(43,830)	(39,201)	-	(39,201)
Net assets		1,267,512	2,776,613	4,044,125	1,015,689	2,161,988	3,177,677
Financed by:							
Share capital	12	228	-	228	206	-	206
Reserves		1,267,284	2,776,613	4,043,897	1,015,483	2,161,988	3,177,471
		1,267,512	2,776,613	4,044,125	1,015,689	2,161,988	3,177,677

The notes, on pages 60 to 80, form part of these financial statements.

These financial statements were approved by the Board of Co-operatives UK on 20 April 2022 and were signed on its behalf by:



Don Morris
Chair
Co-operatives UK

CASH FLOW STATEMENT

Year ended 31 December 2021

	2021			2020		
	Core Activities £	Booster Investment £	Total £	Core Activities £	Booster Investment £	Total £
Cash flows from operating activities						
Surplus for the year	251,801	634,625	886,426	55,547	355,533	411,080
Adjustments for:						
Depreciation, amortisation and impairment	70,403	174,112	244,515	67,763	240,221	307,984
Interest receivable and similar income	(48,453)	-	(48,453)	(49,247)	-	(49,247)
Taxation	4,629	-	4,629	20,205	-	20,205
(Increase)/decrease in trade and other debtors	583,906	-	583,906	(527,541)	-	(527,541)
Increase/(decrease) in trade and other creditors	(641,873)	-	(641,873)	453,825	-	453,825
Change in liquidity (Non-Current Investment to Current Investment)	15,000	-	15,000	-	-	-
Net cash from operating activities	235,413	808,737	1,044,149	20,552	595,754	616,306
Cash flows from investing activities						
Interest received	48,453	-	48,453	49,247	-	49,247
Purchase of tangible fixed assets	(17,206)	-	(17,206)	(470,364)	-	(470,364)
Purchase of equity investments	-	(808,737)	(808,737)	-	(595,754)	(595,754)
Net cash from investing activities	31,247	(808,737)	(777,490)	(421,117)	(595,754)	(1,016,871)
Cash flows from financing activities						
From the issue of share capital	43	-	43	31	-	31
From the cancellation of share capital	(21)	-	(21)	(29)	-	(29)
Net cash from financing activities	22	-	22	2	-	2
Net increase/(decrease) in cash and cash equivalents	266,682	-	266,682	(400,563)	-	(400,565)
Cash and cash equivalents at 1 January	1,820,942	-	1,820,942	2,221,505	-	2,221,505
Cash and cash equivalents at 31 December	2,087,624	-	2,087,624	1,820,942	-	1,820,942

The notes, on pages 60 to 80, form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

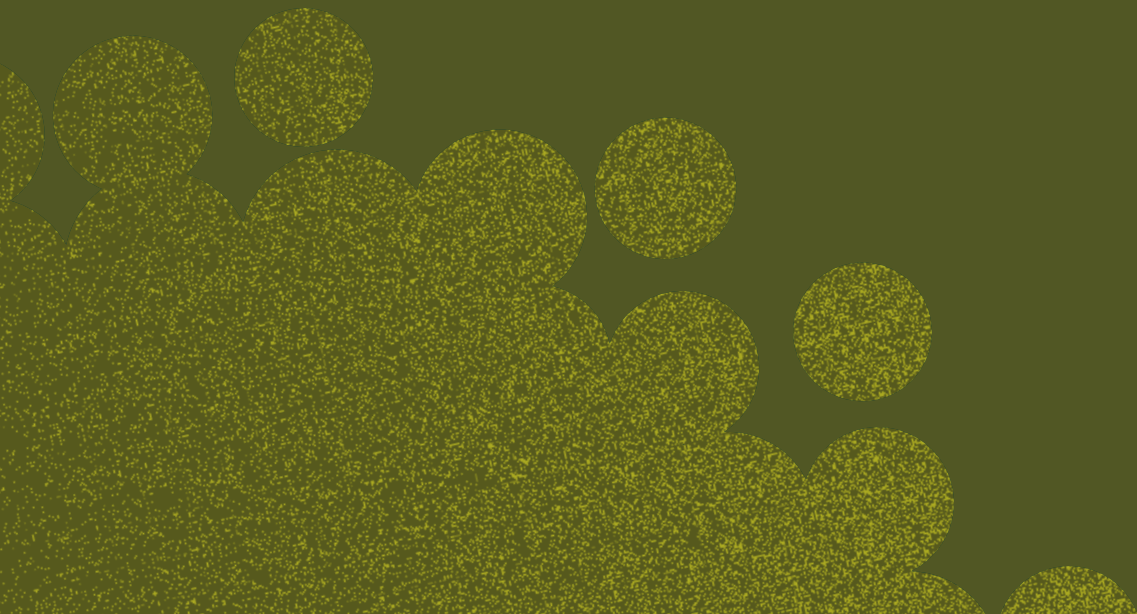
	Share Capital	Retained Earnings - Core Activities	Retained Earnings - Booster Investment	Total Equity
Balance at 1 January 2020	204	959,936	1,806,455	2,766,595
Surplus	-	55,547	355,533	411,080
Total comprehensive income for the period	-	55,547	355,533	411,080
Issue of shares	31	-	-	31
Cancellation of shares	(29)	-	-	(29)
Balance at 31 December 2020	206	1,015,483	2,161,988	3,177,677

	Share Capital	Retained Earnings - Core Activities	Retained Earnings - Booster Investment	Total Equity
Balance at 1 January 2021	206	1,015,483	2,161,988	3,177,677
Surplus	-	251,801	634,625	886,426
Total comprehensive income for the period	206	1,267,284	2,796,613	4,064,103
Issue of shares	43	-	-	43
Cancellation of shares	(21)	-	-	(21)
Booster Equity Investments Repaid	-	-	(20,000)	(20,000)
Balance at 31 December 2021	228	1,267,284	2,776,613	4,044,125

The notes, on pages 60 to 80, form part of these financial statements.

NOTES

The notes on pages 60 to 80 communicate information necessary for a fair presentation of financial position and results of operations. They form part of these financial statements.



1. STATEMENT OF ACCOUNTING POLICIES

Basis of accounts

Co-operatives UK Limited (the “Society”) is a co-operative society registered in the UK. The registered number is IP002783R and the registered address is Holyoake House, Hanover Street, Manchester, M60 0AS.

These financial statements were prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling.

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

Changes of accounting presentation

The presentation of these financial statements was changed in the accounting period ending 31 December 2020. The layout includes a column format for the Income statement, balance sheet and cash flow statement. This presentation was adopted to assist with accessibility of the financial information for members to enable a deeper understanding of Co-operatives UK’s financial position at this year end. The new presentation presents a clearer picture of the booster investment shares Co-operatives UK holds in other societies and the reserves that are available for normal activities.

Measurement basis

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

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

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

The Society has started 2022 well with the launch of our new three year strategy covering the period 2022 to 2024. The objectives of the first year of the strategy are to streamline and consolidate our activities, establishing the foundations required to develop new products and markets in years two and three of the strategy.

Due to early contingency planning, resilient income streams and a strong balance sheet, Co-operatives UK has navigated the worst of pandemic without significant financial impact and is well placed to deliver the objectives of our new strategy.

The Board believes that the society is equipped to deal with the key risks and our forecasts indicate that, taking into account the society’s strong opening balance of cash in hand and cash equivalents which, by their nature, can be realised quickly, the Society is able to withstand further possible downside scenarios.

For these reasons the Board has a reasonable expectation that the Society has adequate resources to continue in operational existence and meet its liabilities as they fall due for payment for at least 12 months from the date on which these financial statements are signed and consequently they consider that it is appropriate to adopt the going concern basis of preparation in these financial statements

Income

All income is shown exclusive of value added tax. Subscription income includes all amounts receivable for the year. Income from chargeable services represents the amount invoiced for services rendered during the year together with the cost value of uncompleted work not invoiced at the year end. Lettings income includes all amounts receivable for the year and is accounted for on an accruals basis. Events and conferences income is recognised in the period the event took place.

Project income is recognised when the conditions for its receipt have been complied with and there is reasonable assurance that the income will be received.

BASIC FINANCIAL INSTRUMENTS

Trade and other debtors/creditors

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

Investments in preference and ordinary shares

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

Community Shares Booster Programme investments are measured at cost less impairment. Under the Community Shares Booster Programme, the Society receives external funding for investment in other co-operative or community benefit societies. On receipt of this funding a corresponding liability is recognised to reflect the restrictive nature of these funds, however there is no obligation for funds received to be refunded or withdrawn under any circumstances.

Investment income is recorded at the point of making an equity investment in a co-operative or community benefit society. The equity investments are measured at cost and are subsequently assessed for impairment on an annual basis.

Cash and cash equivalents

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example, land is treated separately from buildings. The Society assesses at each reporting date whether tangible fixed assets are impaired.

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

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

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

Leased assets

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

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; to the extent that it is not probable that they will reverse in the foreseeable future and the Society is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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

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

Repairs

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

Accounting estimates and judgements

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

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

One of the most significant judgements is the assessment as to whether there is an impairment in the Community Shares Booster Programme investments. This assessment is made by the directors using historical experience and relevant information available at the Balance Sheet date, pertaining to the ongoing financial performance of each investment. Investments are assessed on an annual basis to determine whether circumstances exist that indicate the investment is impaired. Circumstances have been identified that suggest this is the case for several of our investments and the resulting impairment charge is detailed in note 8 to the financial statements.

Pensions

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

Funds

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



2. INCOME AND EXPENDITURE

	2021		2020	
	£	£	£	£
Income - core activities				
Subscriptions		1,381,357		1,375,141
Chargeable services		346,876		462,705
Projects (note 3)		1,369,896		1,113,716
Lettings		324,660		305,114
Conferences/events		62,920		96,747
Miscellaneous		246,819		45,414
Government Grants		10,278		-
Total Income		3,742,806		3,398,837
Expenditure - core activities				
Personnel costs (note 4)		1,393,857		1,299,146
Establishment:				
Rates and insurance	122,900		132,576	
Light, heat, cleaning	59,534		89,375	
Repairs, renewals	79,661		58,362	
Information technology and telephones	116,436		168,872	
		378,531		449,185
Administration:				
Printing, stationery, postage and publications	17,149		10,067	
Auditor's fees				
- for audit	22,500		40,000	
- for other work	2,695		5,800	
Professional fees	33,288		45,696	
Consultancy fees	144,224		179,445	
Travel costs	3,196		1,501	
Miscellaneous	24,611		12,707	
		247,663		295,216
Congress and committee expenses:				
Conferences/events	60,588		62,858	
Board and committees	38,676		37,562	
		99,264		100,420
Grants and subscriptions (note 5)		7,804		46,886
Project expenditure (note 3)		1,262,609		1,113,716
Depreciation (note 6)		70,403		67,763
Total expenditure		3,460,131		3,372,332

3. PROJECT INCOME

During the course of the year project income was received from a number of sources. Income and expenditure have been recognised on actual work completed to the end of December 2021. The balance of debtors carried forward (note 9) is £34,989 (£576,514 included in trade debtors in 2020).

	2021					2020
	The Co-operative Bank	Power to Change	Open Society Foundations	Miscellaneous Projects	Total	Total
	£	£	£	£	£	£
Income						
Deferred income at 1 January	674,747	160,858	64,075	110,519	1,010,199	602,950
Payments requested in year	1,687	716,690	216,302	217,122	1,151,802	1,520,963
Deferred income at 31 December	(261,085)	(178,368)	(166,663)	(154,415)	(760,531)	(1,010,199)
Total income	415,349	699,181	113,714	173,227	1,401,470	1,113,716
Income recognised in Chargeable Services	(42,360)	-	-	-	(42,360)	-
Strategic Grant Deferred Income Release	-	10,786	-	-	10,786	-
Total project income recognised	372,989	709,966	113,714	173,227	1,369,896	1,113,716
Expenditure						
Consultancy	174,397	384,555	39,587	56,770	655,309	566,340
Grants	-	64,753	98	22,300	87,150	98,240
Meeting costs	4,479	37,231	3,098	15,828	60,636	44,334
Personnel costs	117,061	208,838	64,989	51,133	442,020	386,101
Printing and stationery	511	900	-	-	1,411	3,097
Travel	1,541	9,475	5,068	-	16,083	15,604
Total expenditure	297,989	705,750	112,840	146,030	1,262,609	1,113,716
Net income	75,000	4,216	874	27,196	107,287	-

4. EMPLOYEES

The average number employed by the society was:

	2021	2020
	Number of	Number of
Full time	30	31
Part time	12	9
	42	40

The costs incurred in respect of these employees were:

	2021	2020
	£	£
Salaries	1,476,339	1,280,654
Special allowance	0	2,247
Social security costs	134,948	125,884
Pension costs	152,675	150,206
Other costs	71,915	126,257
	1,835,877	1,685,248
<i>Less charged to Projects</i>	(442,020)	(386,102)
	1,393,857	1,299,146

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

Co-operatives UK did not make any bonus payments in 2020 or 2021.

4. EMPLOYEES (CONTINUED)

Management Team remuneration

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

Name	Job Title	Contracted Weekly Hours	Salary Paid £	Benefits in Kind £	2021 Total Remuneration £	2020 Total Remuneration £
Ed Mayo (a)	Secretary General	31.5	-	-	-	62,993
Rose Marley (b)	Chief Executive Officer	35.0	92,000	-	92,000	
Michael Shepherd (c)	Head of Finance	35	36,431	-	36,431	59,885
Gareth Turner (d)	Head of Finance	35	24,385	-	24,385	
Paul Murphy (e)	Head of Digital	35	-	-	-	30,599
Dan Birtles	Head of Digital	35	43,851	-	43,851	20,537
Emma Laycock	Head of Advice	35	53,395	-	53,395	51,030
Zena King (f)	Society Secretary	21	31,980	-	31,980	27,855
John Atherton	Head of Membership	28	39,210	-	39,210	37,623
James de le Vingne	Head of Development	35	46,428	-	46,428	44,285
Wendy Carter	Head of Communications	35	54,064	-	54,064	51,670
Jennifer Holsgrove (g)	Head of Culture	21	31,698	-	31,698	43,622
			453,442	-	453,442	430,099

a) Leaver 20 June 2020

c) Leaver 05 August 2021

e) Leaver 10 June 2020

g) Started Maternity Leave in on 3 May 2021, returned 6 December 2021

b) New starter 01 January 2021

d) New starter 02 August 2021

f) Returned from Maternity Leave from 01 March 2021

Tim Knowles is employed at senior management level although he is not a member of the Management Team. In 2021 Tim received remuneration of £63,188 (2020 - £65,455) including a travel allowance.

4. EMPLOYEES (CONTINUED)

Management Team pension details

	Employers' contributions 2021 paid to DC Pension	Employers' contributions 2020 paid to DC Pension
	£	£
Ed Mayo (a)	-	7,582
Rose Marley (b)	4,217	-
Michael Shepherd (c)	4,746	7,785
Gareth Turner (d)	1,951	-
Paul Murphy (e)	-	3,410
Dan Birtles	4,385	1,761
Emma Laycock	6,941	6,634
Zena King (f)	3,907	5,366
John Atherton	5,097	4,870
James de le Vingne	6,036	5,757
Wendy Carter	5,406	5,167
Jennifer Holsgrove (g)	4,509	4,196
	47,195	52,528

5. GRANTS AND SUBSCRIPTIONS

	2021 £	2020 £
CECOP subs	7,804	6,339
Co-operative educational grant	28,000	40,000
Other grants and donations	-	547
Accruals Released in 2021	(28,000)	-
	7,804	46,886

6. FIXED ASSETS (TANGIBLE)

	Land & Buildings Freehold £	Fixtures & Fittings £	Total £
Cost			
1 January 2021	59,743	790,558	850,301
Additions	-	17,206	17,206
Disposals	-	-	-
31 December 2021	59,743	807,764	867,507
Depreciation			
1 January 2021	59,742	476,125	535,867
Charge for year	-	70,402	70,402
Disposals	-	-	-
31 December 2021	59,742	546,528	606,270
Net book value - 1 January 2021	1	314,433	314,434
Net book value - 31 December 2021	1	261,236	261,237

Capital commitments

As at 31 December 2021 there were capital commitments of £40,285 (2020 - £nil).
Capital expenditure authorised but not committed amounted to £nil (2020 - £nil).

Holyoake House was built using funds from Co-operative UK Limited's members in 1911 with a substantial extension built in 1933.

The land under Holyoake House is in two plots: the first is owned outright by Co-operatives UK Limited; the other half of the land is subject to a 1931 trust between the Co-operative Wholesale Society (now Co-operative Group Limited) and the Co-operative Union (now Co-operatives UK Limited). The trust deeds give Co-operatives UK Limited exclusive use of the land but state that should Co-operatives UK cease to occupy Holyoake House or cease to perform its organisational purpose, ownership of the land and any buildings will revert to the Co-operative Group Limited. Income and expenditure relating to the ongoing use of Holyoake House are recognised in Co-operative UK Limited's financial statements. The original cost of the building was effectively fully depreciated in 1987 and is included in tangible assets with a carrying value of £1.

7. INVESTMENTS

	Fixed Asset Investments			Current Asset Investments			
	The Co-operative Group	Other Co-operative Shares	Total	The Co-operative Group	Other Co-operative Shares	Royal London Ethical Bond (Class M)	Total
	£	£	£	£	£	£	£
Value at 1 January	4,210	326,045	330,255	900,000	250,000	260,299	1,410,299
Additions (a)	-	-	-	6,836	-	-	6,836
Disposals	-	-	-	-	-	-	-
Reclassification (b)	-	(15,000)	(15,000)	10,741	15,000	-	25,741
Change in market value	-	-	-	-	-	(7,068)	(7,068)
Value at 31 December	4,210	311,045	315,255	917,578	265,000	253,231	1,435,809
Interest received	-	9,975	9,975	6,836	9,275	6,639	22,751
Fair value losses on investments	-	-	-	-	-	-	-
	-	9,975	9,975	6,836	9,275	6,639	22,751

(a) Interest payable on our investment with The Co-operative Group is re-invested in additional shares at the point that interest comes receivable.

(b) £300,000 of our investment in Chelmsford Star Co-operative was reclassified as a non-current investment in 2020 due to criteria imposed by the society limiting the allowable withdrawal amount in the year. The society has notified us that the allowable withdrawal amount has increased to £15,000 in 2021.

Interest payable of £10,741 from our investment with The Co-operative Group was re-invested in additional shares at the point that interest became receivable. This amount was carried in other debtors at 31 December 2020 and has been reclassified to current investments in 2021.

The value of investments in co-operative societies is valued at the purchase price, the value of other investments is the market valuation at the financial year end of Co-operatives UK Limited.

8. EQUITY INVESTMENTS

	2021 £	2020 £
Brought forward at cost - 1 January	2,402,209	1,808,972
Disposals	(20,000)	(2,517)
Additions	808,737	595,754
Carried forward at cost - 31 December	<u>3,190,946</u>	<u>2,402,209</u>

	2021 £	2020 £
Impairment - 1 January	240,221	-
Impairment charge in year	174,112	240,221
Impairment - 31 December	<u>414,333</u>	<u>240,221</u>

NBV (net book value) - 31 December 2020	<u>2,161,988</u>
NBV (net book value) - 31 December 2021	<u>2,776,613</u>



8. EQUITY INVESTMENTS (CONTINUED)

	2021 £		2021 £		2021 £
Bamford Community Society Limited	10,000	Grimsby Community Energy Limited	11,008	Queen Camel Community Land Trust Ltd.	21,735
Bradford Community Energy Ltd	30,000	Headingley Community Trust Limited	100,000	Reading Hydro CBS Limited	95,941
Brighton Energy Limited	100,000	Hulme Community Garden Centre Limited	100,000	Saffron Walden Community Pub Ltd (b)	50,000
Bythams Community Shop Limited	18,460	Involve at Lincoln Limited	50,000	Sedburgh & District Arts Heritage Trust	100,000
Colne Valley Equitable Care Society Ltd	75,000	Jubilee Pool Penzance Limited	100,000	Shotley Pier Heritage Group	62,015
Dane Valley Community Energy Ltd	57,000	Leeds Community Homes Limited	100,000	Swarden Store Limited	85,325
Equal Care Co-op Limited	100,000	Marsden Grocery Community BS Limited	6,650	Southwold & Waverley Valley RS Limited	100,000
Equal Care Co-op Limited (a)	73,870	Nenthead Chapel Enterprises Limited	13,805	Sutton Community Farm Limited	48,731
Friends of Stretford Public Hall Limited	100,000	Nudge Community Builders Limited	90,000	The Eden Rose Community Limited	42,850
Friends of the Earth Birmingham Limited	100,000	Parracombe Community Trust Limited	62,445	Warwick Bridge Cron Mill Limited	49,500
Future Wolverton Limited Limited	50,000	People, Places & Participation Limited	11,630	Wath Hall Preservation Society Limited	93,200
George St. Community Bookshop Limited	24,850	Projekts Mcr Limited	67,194	Whistlewood Common Limited	81,000
				Yorspace CLT Limited	100,000
				Total before additions in year	2,382,209
New in 2021:					
	£		£		
Calder Valley Community Land Trust Limited	50,000	Parracombe Community Trust Limited	9,805		
CREW Energy Limited	20,540	The Exchange Erith Limited	71,120		
Grimsby Community Energy Limited	17,050	The St Helens Book Stop Limited	45,000		
Holmfirth Tech Limited	75,000	Warwick Bridge Corn Mill Limited	7,700		
Jubilee Pool Penzance Limited	50,000	White Lion Ash Community Pub Limited	25,000		
Kindling Farm Limited	100,000	Wythenshawe AFC Limited	47,105		
Kirkoswald Community Shop Limited	25,000				
Leeds Action to Create Homes Limited	100,000				
Lowther Arms Community Project Limited	100,000				
Mustard Seed Property Limited	50,000				
North Kensington Community Energy Limited	15,417				
		Total additions in 2021	808,737		
		Total investments carried forward at cost at 31 December 2021	3,190,946		

Booster programme equity investments are shown at cost net of any equity repaid. Each investment is reviewed individually for any indication that impairment may be required, following a process approved by the Board. The impairment charge in the year is disclosed as an aggregate amount to avoid any adverse impact of disclosing accounting judgements on the societies or their members.

9. DEBTORS

	2021	2020
	£	£
Trade debtors	57,016	697,923
Prepayments	64,289	31,622
Project Debtors	34,989	-
Other debtors	13,673	24,328
	169,967	753,873

Debtors are shown after making a provision for bad debts of £nil (2020 - £nil).

10. TAXATION

	2021 £	2020 £
Analysis of tax charge for the period		
<i>Current tax</i>		
UK Corporation tax at 19.00% (2020 - 19.00%)	71,344	-
Adjustments in respect of prior periods	3,354	-
Total current tax charge	<u>74,698</u>	
<i>Deferred tax</i>		
Origination and reversal of timing differences	(8,352)	17,970
Adjustment in respect of previous periods	457	-
Effect of tax rate change on opening balance	12,524	2,235
Total deferred tax (credit)/charge	<u>4,629</u>	<u>20,205</u>
Tax on profit on ordinary activities	<u>79,327</u>	<u>20,205</u>
Provision for Deferred Tax		
Fixed asset timing differences	43,830	39,442
Short term timing differences	-	(241)
Total deferred tax liability	<u>43,830</u>	<u>39,201</u>
<i>Movement in provision</i>		
Provision at start of period	39,201	18,996
Deferred tax charged to income statement for the period	4,629	20,205
Provision at end of period	<u>43,830</u>	<u>39,201</u>
Deferred tax (asset)/liability not recognised	<u>-</u>	<u>-</u>

There is a deferred tax liability of £43,830 consisting of a liability in respect of fixed asset timing differences. These balances have been calculated at 19% as it is expected that this will be the rate at which these balances will reverse. The liability has been provided in the accounts and disclosed separately in the creditors disclosure note (see note 11).

10. TAXATION (CONTINUED)

	2021	2020
	£	£
FRS 102 reconciliation of current tax (credit)/charge		
Surplus before tax	965,753	431,285
Tax at 19.00%/19%	183,493	127,586
Other fixed asset differences, adjustments and movements	919	1,172
Expenses not deductible for tax purposes	-	-
UK dividend income not subject to tax	614	(1,957)
Income not subject to tax	(119,307)	(114,668)
Adjustments to tax charge in respect of previous periods	3,354	-
Depreciation in excess of capital allowances	5,625	(18,211)
Short term timing differences	-	-
Tax losses arising/(utilised) in the period		6,078
Current tax	<u>74,698</u>	-
Depreciation in excess of capital allowances for assets eligible for capital allowances	(6,437)	18,211
Tax losses (arising)/utilised in the period	-	(6,078)
Unrealised gains/(loss) on investments	-	5,837
Adjustments to tax charge in respect of previous periods - deferred tax	457	-
Effects of change in tax rate on deferred tax	<u>10,519</u>	<u>2,235</u>
Total tax	<u>79,237</u>	<u>20,205</u>

The primary reason for the difference between the expected current tax charge and the actual current tax charge is due to the Power to Change Equity Investment grant receipt of £808,737 being non-taxable for corporation tax purposes. This receipt is included within the income statement. The deferred tax liability has increased due to the availability of immediate tax relief for eligible capital expenditure.

10. TAXATION (CONTINUED)

Deferred Tax Provision

	Gross Amounts £	Tax Amount £	Deferred Tax Assets/ Liabilities not Recognised £	Provision Required £
Closing provision at 25% liability/(asset)				
Fixed asset timing differences	175,319	43,830	-	43,830
Short term timing differences	-	-	-	-
Losses and other deductions	-	-	-	-
Unrealised capital gains on investments	-	-	-	-
	175,319	43,830	-	43,830
Opening provision at 19% liability/(asset)				
Fixed asset timing differences	208,726	39,658	-	39,658
Short term timing differences	-	-	-	-
Losses and other deductions	-	-	-	-
Unrealised capital gains on investments	-	-	-	-
	208,726	39,658	-	39,658
Movement - charge/(credit)				
Fixed asset timing differences	(33,407)	4,172	-	4,172
Short term timing differences	-	-	-	-
Losses and other deductions	-	-	-	-
Unrealised capital gains on investments	-	-	-	-
	(33,407)	4,172	-	4,172

11. CREDITORS

	2021	2020
	£	£
Amounts falling due within one year		
Trade creditors	79,669	50,884
VAT	32,660	210,111
Income tax and social security	36,051	29,916
Total current tax charge (2021)	74,698	-
Accruals and deferred income	479,268	838,520
Project deferred income	795,519	1,010,199
National Strategic Forum - UKCF	24,875	24,983
	1,522,740	2,164,613
Provision amounts falling due after more than one year		
Deferred tax	43,830	39,201

12. MEMBER SHARE CAPITAL

	2021	2020
	£	£
Balance at 1 January	206	204
Movements during year:		
Issued	43	31
Cancelled	(21)	(29)
Balance at 31 December	228	206

The share capital represents shares with a nominal value of 25p each. Total number of members at the year end was 916 (2020 - 829).

The issued shares relates to 171 (2020 - 125) members whose membership of Co-operatives UK Limited started in 2021. The cancelled shares relates to 84 (2020 - 116) members whose membership of Co-operatives UK Limited lapsed in 2021.

13. OPERATING LEASE COMMITMENTS

At 31 December 2021 Co-operatives UK Limited had total future commitments under non-cancellable operating leases in respect of fixtures and fittings as follows:

	2021	2020
	£	£
In year one	6,194	1,129
In the second to fifth year inclusive	15,823	-
Above five years	-	-
	22,017	1,129

14. RELATED PARTY TRANSACTIONS

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

(a) Directors of Co-operatives UK Limited

Co-operatives UK Limited Board members were entitled to a fee of £1,712 p.a. in 2021 (2020 - £1,691 p.a.). The fee offered to directors is agreed by members. Steven Nuttall, Danny Creak and Paul Gerrard chose to waive their entitlement to a board fee in the current year. Jane Powell asked Co-operatives UK Limited to donate her fee to charity.

The Chair received a sum of £5,217 in 2021 (2020 - £5,153 p.a.) as agreed by members.

Board members, excluding those nominated by the Co-operative Group, are also reimbursed for expenses incurred on Co-operatives UK Limited business.

(b) Control by Member Societies

The standard requires disclosures of any entity which exercises significant control over Co-operatives UK Limited. For this purpose significant control represents 20% or more of Co-operatives UK Limited voting rights. There is one member society, Co-operative Group Limited, which has total voting rights of 40%. In addition, two member societies have total voting rights which exceed 10% - Midcounties Co-operative Society Limited and Central England Co-operative Society Limited.

Related party transactions are at arm's length where those terms can be substantiated.

Board Remuneration

The total remuneration of the members of the Board was £32,608 (2020 - £31,149).

14. RELATED PARTY TRANSACTIONS (CONTINUED)

Directors of Co-operatives UK during 2021

Director	Nominating Organisation	Member	Delegate	Client	Supplier	Tenant	Investment							
Robin Fieth	The Building Societies Association	Yes	-	-	-	-	-							
Tanya Noon	Central England Co-operative Limited	Yes	Yes	Yes	-	-	-							
Mark Simmonds	Co-op Culture	Yes	Yes	-	Yes	-	-							
Jenny de Villiers	Co-operative Group Limited	Yes	Yes	Yes	Yes	Yes	Yes							
Eileen Driver														
Mary McGuigan														
Steven Nuttall														
David Stanbury														
John Boyle														
Lois Hill														
Paul Gerrard														
Danny Creak	Co-operative Party Limited	Yes	Yes	Yes	-	-	-							
Cheryl Barrott														
Emma Howard								East of England Co-operative Society	Yes	Yes	Yes	-	-	-
Cath Muller								Footprint Workers' Co-operative Ltd	Yes	Yes	-	-	-	-
Nick Matthews								Heart of England Co-operative Society	Yes	Yes	Yes	-	-	-
Phil Hartwell								HF Holidays Limited	Yes	Yes	Yes	-	-	-
Jane Powell								Lincolnshire Co-operative Society	Yes	Yes	Yes	-	-	-
Vivian Woodell								The Midcounties Co-operative Limited	Yes	Yes	Yes	Yes	Yes	Yes
Don Morris	Radstock Co-operative Society Limited	Yes	Yes	Yes	-	-	-							
Eddie Thorn	Scottish Midland Co-operative Society Limited	Yes	Yes	Yes	-	-	-							
Ross Hodgson	Triangle Wholefoods Collective Limited	Yes	Yes	Yes	-	-	-							
Martyn Johnston	Bradford Co-operative Association	Yes	-	-	Yes	-	-							

The data details the economic relationships between the directors' nominating organisation and Co-operatives UK during 2021.

GENDER PAY GAP REPORTING (UNAUDITED)

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

Gender Pay Gap reporting is a statutory requirement for businesses employing 250 people or more.

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

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

Gender pay gap

Median pay gap in hourly rate
Average pay gap in hourly rate

	2021 %	2020 %	2019 %
Median pay gap in hourly rate	-3%	-3%	-12%
Average pay gap in hourly rate	-18%	-32%	-26%

Pay quartiles

Proportion of women employed in each pay quartile:

Top pay quartile	44%	30%	33%
Upper middle pay quartile	70%	80%	67%
Lower middle pay quartile	70%	70%	44%
Lower pay quartile	60%	50%	56%

Discover more about gender pay gap reporting:
uk.coop/GenderPayGap

No bonus payments were made in 2021, 2020 or 2019 and there is therefore no data to report and no difference in bonus pay. No future bonus payments are planned. At Co-operatives UK a single employee accounts for 4% of our data. In businesses covered by the statutory regime a single employee accounts for a maximum of 0.4% of the data. Our data is therefore far more heavily impacted by single changes in role holder (entry or exit) or in pay.

CO-OPERATIVES UK

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