Heart of England Co-operative

we're at the heart of the community

Annual Report & Financial Statements

for the 52-week period ended 24th January 2026

www.heartofengland.coop

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Advisers

Independent auditors

DAINS

Bankers

BARCLAYS

Solicitors

band hatton button solicitors

Incorporating Varley Hibbs

Heart of England Co-operative

we're at the heart of the community

Heart of England Co-operative Society Limited is registered under the Co-operative and Community Benefit Societies Act 2014.
Registered No. 2399R

Registered Office:- Whittle House, Foleshill Enterprise Park, Courtaulds Way, Coventry, CV6 5NX

Telephone: 024 76 382 331

VAT Registration No. 328 0789 38.

Front cover: Our Fieldfare Road, Hinckley Co-operative food store

vision/mission statement

welcome to the heart of england

who we are...

An independent, regional co-operative society with our origins going back to 1832, when the Lockhurst Lane Industrial Co-operative Society was founded, near Coventry. Our current name came into being in January 2000. After more than 190 years we have seen more than twenty local, independent co-operative societies joined together to pool their resources, to form the Heart of England you see today.

vision statement...

The Society has a vision to enrich the lives of members, clients, customers and colleagues by putting them at the heart of every decision.

mission statement...

To be a forward-thinking Co-operative adding value to local communities.

what we do

The co-operative food
Part of the Heart of England Co-operative

Heart of England Co-op Funerals

Bewiched COFFEE

Heart of England Non-Trade Properties

directors and officials

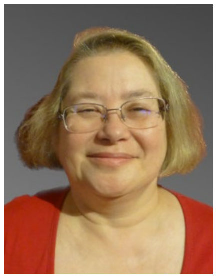
your board of directors

PAUL ELVERSON
Vice President

ANN BROWN
Joint President

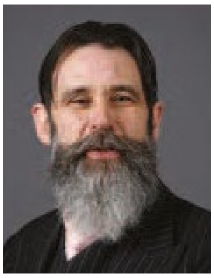
STEVE BROWNE
Chief Executive

NICK MATTHEWS
Board Director



HANNE HOECK
Board Director

SCOTT MONTGOMERY
Board Director



ANDREW TAMPION
Board Director

ROBERT SOJKOWSKI
Board Director

WILLIAM MCGRATH
Board Director

CHRISTINE OGBURN
Board Director

SIMON FISHER
Board Director

JAMES WATTS
Board Director

your executive leadership team

STEVE BROWNE	Chief Executive
EMMA LAYCOCK	Interim Society Secretary (January to May 2025)
JUDY WHITE	Society Secretary (from May 2025)
JOANNE GOOLD	Director of People, Culture & Shared Services
FRIXOS MICHAEL	Director of Finance
RICHARD WARD	General Manager, Food (to October 2025)
DARRYL SMITH	General Manager, Funeral (to December 2025)
PAUL STRONG	Chief Operating Officer (from January 2026)

our auditors

DAINS AUDIT LTD
2 Chamberlain Square
Birmingham B3 3AX

presidents' overview

Heart of England Co-operative

2025 has been a year of challenge and change. We began the year with energy and enthusiasm, united by a shared purpose and a commitment to our members and communities. That spirit of togetherness proved vital as we faced one of the most significant challenges in our recent history— a cyber attack on the Co-operative Group which indirectly affected our Society. What stood out was our Society's resilience, professionalism, and teamwork during a very difficult period to ensure that we continued to serve our members and customers when they needed us most.

How the Society performed

The cyber-attack affected us seriously and as we come to the end of the year, we recognise that the impact has continued. Whilst the immediate impact on our food supply chain was evident, we have to acknowledge that member confidence took a hit. This has meant that fewer members shopped with us and those that remained shopped less. This, as well as the continued economic uncertainties and competition, meant that the Society reported a close to breakeven operating loss of £7k (seven thousand pounds) compared to last year's operating loss of £3.2 million. Whilst it is disappointing to report another operating loss, it is important to acknowledge significant progress towards profitability and the hard work from our staff colleagues across the Society given the challenges faced this year.

Our governance

This has been a year of change reflected not only in the changes on the Board but also in the progress made in introducing improvements to our governance arrangements. We are delighted to welcome a newly elected director Christine Ogburn and two new independent directors appointed by the Board – Simon Fisher and James Watts.

This year we bid farewell to our former President Clive Miles after a remarkable 50+ years as a staff colleague, a director and also President. We also acknowledge the departures of Gary Haigh (served 14 years), Colin Brown (served 14 years) and Chris Newman (served 27 years) from the Board.

Our members, communities and charity

Our members own the Society, and the Board is therefore accountable to the members. Throughout the year there has been a focus on enhancing our member proposition ensuring that members get more through the range of member offers in food and funeral. The Society also launched new mechanisms to engage members through our member panels and questionnaires. Our commitment to supporting our local communities remained steadfast through our Helping Hearts fund and the work of our Member Relations Committees. We are delighted to have raised £50,000 for our corporate charity Macmillan Cancer Support.

What the future holds

The year ahead is likely to be challenging but exciting. The Board continues with its work to improve governance and is looking forward in supporting the Executive Team in delivering more for our members, customers, client families and our communities. Despite the challenges, we are encouraged and excited by the opportunities that 2026 brings.

Paul Elverson
Joint President

AD Brown

Ann Brown
Joint President

CEO's overview

Reflection

The year 2025 began with optimism. We were making strong strategic headway and experiencing the benefits of unseasonably good weather across the first quarter in our Food business. This momentum was impacted by the cyber-attack on Co-op Group in May, which resulted in mitigations having to be taken with immediate effect, essentially locking us out of our ability to order with limited inbound stock to depots, consequently leading to significant availability shortfalls in our stores and having a dramatic impact across our trade.

I would like to go on record to thank my colleagues, our Board of Directors, and all those who stood by us to support us during such a difficult trading period. The level of disruption significantly halted our strategic course of direction as we had to utilise all of our available human resources to mitigate the significance of the attack.

This clearly came with a raft of challenges then and somewhat ongoing around buying terms, eroding margins, and creating stock in manual ways outside of our automated systems. We gradually came back online, but the damage had been done and that continued across the remainder of the year—having lost traction with our re-launched membership from February, and having fewer promotions being provided to us from the Federal Retail Trading Services buying group. The demise of traditional categories such as tobacco were expedited due to the aforementioned issues.

Financial Summary

Nett sales exceeded 2025 by £2.2m, driven by the opening of the food store and the coffee drive thru at Glenvale park in November 2024, whilst we missed our Society budget attributed to the aforementioned cyber impact.

Gross profit margin was behind budget, attached to the cyber impact and sales.

Adjusted earnings before interest, tax, depreciation, amortisation and exceptional items ("Adjusted EBITDA") of £2.6m (2025: £3.4m) fell short of budget again largely associated with the cyber-attack the impact across net sales and higher costs.

The Society loss prior to tax is £59k, noting that as the year closed, we will finalise our cyber insurance claim. The loss was significantly lower than the prior year by £3.2m despite a very challenging operating environment.

Tight control of expenditure across the year delivered a closing cash balance of £3.7m, which is a £2.8m improvement over the prior year.

Strategic progress despite adversity

Positively, we managed cash well, funded the purchase of land in Southam Flying Fields, with work having started on a new convenience store to open in the summer of 2026.

We commissioned work around our Society brand with our desire to modernise and create total clarity around our Society's point of difference in 2026.

Food

We are experiencing strong growth, even against a very difficult economic backdrop, across Food to Go, and we invested towards the tail end of the year in three trial stores, rolling out an enhanced deli co proposition with a view to extending this as a key strategic play in the future. Furthermore, we agreed to work with Cybake to support growth across instore bakery and hot food from Q1 2026.

Quick commerce rolled out across a single platform which we created with Snappy Shopper and Southern Co-op, rolling out to Just Eat and Snappy Shopper from the end of the summer and the ambition to roll out via Uber Eats.

We completed the deployment of Symphony AI in April 2026, which is our new sophisticated range and space software that will take us on a journey across multiple years to building ranges at micro-local level to support range development and ensure we are as efficient as possible.

I am pleased to report that theft reduced from 2025, whilst this remains a major societal issue, it has abated somewhat.

Coffee

Working with our franchise partner Bewiched, we took the decision to close Leamington retail following very heavy disruption due to roadworks and the installation of EV charging at the retail park. This was subsequently closed in early 2026, whilst work commenced on opening branch number three at our Food store in Attleborough, opening in April 2026.

I am pleased to say our locations in Balsall Common and our flagship drive-through in Glenvale are progressing very well, generating strong levels of cash and operating profitably. We have strong ambitions in the area of coffee with a clear pipeline of activity for 2026 and beyond.

Funeral Services

In Funeral, we traded well in funeral across the year, attaining budgeted contribution, as we conducted 1,956 funerals. Our average arrangement value increased as we continued to expand the choice available to our client families. We took the strategic decision to sell off two under-performing branches (Gillivers and Towcester) which will conclude in 2026, leaving us with 14 funeral homes.

We relaunched our Funeral plan options in September with great success with 280 plans taken between the launch date and year end which was an increase of 56%.

We replaced our three ambulances at the end of the year with new Mercedes Vito to continue providing clients with high quality experiences.

Non-Trading Property

We continued reviewing our non-trade property portfolio and progressed with the sale of properties based on low yield and/or the requirement for future capital investment. These raised funds that were reinvested in the new convenience store under construction in Southam.

Organisational Development

We appointed a Chief Operating Officer to align to common leadership, create commonality in support infrastructure and enhance our plan for growth.

Community & Sustainability

Our work across community and charity saw us supporting 186 good causes, raising just shy of £50,000 for Macmillan in the region across our two-year commitment against our target of £25,000. We also successfully launched our partnership with Pennies (Micro Donations) across our Food stores, which we know will transform our ability to give in 2026 and beyond.

Our work across sustainability continued, with the Society having secured a deal with Zest Energy with the first four Electric Vehicle charging points rolling out in early 2026, and the Society having applied to become part of the Science Based Targets initiative, which has now been ratified at the point of writing.

Looking Forward

The year in conclusion was a difficult one, but in spite of this we have made progress. While we incurred a loss for the third year running, we can clearly articulate why and what we are doing about it. Pleasingly, we have come into the year with no bank borrowing at all, with strong cash resources and the ability to push on in 2026 to grow with a pipeline of very strong strategic activity, including growth in locations and trade stimulus against a changing landscape and a macroeconomic environment and cost headwinds that aren't making business easy to do.

We have committed to a dual convenience store and coffee shop in Warwick to open in the summer. Further work is underway around new locations, especially across coffee, given the capital-light path to growth and return.

In addition, we have the first bank of three retail PODS to be available for rent at our Attleborough store from May 2026, testing the demand for micro spaces. Significant investment will be made across everyday essential items in our food stores from May 2026, as we seek to improve price perception, whilst our membership benefits will see meaningful improvement.

Steve Browne
Chief Executive

our north star strategy

We launched our North Star Strategy in November 2024.

It sets out our society-wide plan, aligning colleagues behind our vision, our mission and importantly, our values.

These principles remain central to our decisions and guide our work on the strategic drivers as we strive for continued, sustainable growth.

directors’ report

We are pleased to present the Annual Report of the Heart of England Co-operative Society Limited for the 52 weeks ended 24 January 2026.

General trading review

The cyber-attack on the Co-operative Group (TCG) caused a major disruption to our supply chain resulting in significant stock shortages during a crucial trading period.

Despite making an encouraging start to the trading year, the impact of the cyber-attack has been longstanding with impacts that we continued to experience from May to the end of the reporting period. This, together with the increasing labour costs and reduction in consumer confidence has made matters even more challenging.

Our membership

Our members remain at the heart of every decision we make. Quite simply, we want them to get more—more access to great deals, more opportunities to engage with how the Society operates, and more involvement in the communities we serve.

Over the financial year, our members saved through member deals and exclusive offers. In 2025, we introduced affiliate partnerships with Co-op Mobile, Co-op Broadband and Co-op Energy, enhancing the range of benefits available. Promotion of these offers, alongside our wider membership benefits, has attracted a further 21,515 new members, with member trade now accounting for 21%.

The voice of our members is incredibly important to us. To ensure we continue to listen and respond effectively, we launched a member panel alongside enhanced customer satisfaction initiatives, complementing our existing member surveys. Insights from the member panel will play a key role in shaping the future of our Society, and we are keen to encourage even more members to get involved and share their views and experiences.

We continue to gather feedback across all trading divisions, using surveys to measure both customer and member satisfaction. This feedback directly informs our commercial and social strategies, helping us to improve our services and strengthen our impact within the community.

Our Food business

The year has been challenging for our food stores given the increased competition from low cost retailers and reduced customer confidence. We also had to navigate the disruption to our supply chain as a result of the cyber-attack on the Co-operative Group (TCG) – the impact of which has been felt for the remainder of the trading period.

Furthermore, the decline in core category trade in products such as tobacco has been compounded by the increase in labour costs.

The Society has invested in some core strategic priorities to increase sales and member engagement through the development of a range of different offerings e.g. implementation of Q Commerce in liaison with Snappy Shopper, Just Eat and Uber, introduction of our Food to Go and Meal for tonight.

We have also deployed operational simplification strategies including a Range and Space solution to deliver consistent product availability, increased efficiencies and improving our ability to tailor ranges to local community needs. We also introduced in-house cleaning to deliver additional cost savings and will continue to identify additional opportunities to enhance performance.

We are pleased to report that inventory losses (shrink) has reduced compared to the prior year thanks to the targeted action taken by our colleagues.

Our Coffee business

Our coffee business improved year over year sales but we decided to close the under-performing Leamington coffee location in early 2026. We remain optimistic that coffee provides an opportunity for the Society given the opportunity of new locations and our ongoing franchise agreement with Bewiched coffee.

Khalsa Loinesses under 11’s Football club

Our Funeral business

Our funeral division recorded a slight increase in sales compared to last year with results that were broadly in line with our expectations. This is despite the competition from direct cremation providers and the launch of the Coventry City Council funeral service.

We committed to providing "Care without compromise" and this is reflected in the number of excellent reviews received from our client families. We were delighted to be awarded the Coventry Coroner's contract, a confirmation of our excellent reputation as one of the leading funeral service provider in the communities we serve thanks to the sterling efforts of our colleagues.

We are pleased to report that our prepaid funeral plan continues to be very popular with our members and clients. The conversion rate has increased to 51% through the year.

To better manage our costs, we undertook a restructure of the team and were pleased to promote colleagues from within the business. We also completed a productivity review to identify process improvement opportunities.

Eight of our colleagues were successful in achieving professional qualifications through apprenticeship schemes, and two of our Funeral Directors also achieved NAFD diplomas.

We would like to take this opportunity to thank Darryl Smith, General Manager, Funerals, who left the Society after over 18 years of service.

Christmas Buffet 2025 raising funds for Macmillan

Non-Trading Property

Over the past year, the UK property market has moved toward a period of stabilisation across both the residential and commercial sectors. Easing inflation and early reductions in interest rates, following the peak experienced in 2023–24, have supported growing market confidence.

Despite a national decline of approximately 20% in residential rental demand during 2025, the Society's lettings portfolio continued to perform strongly, providing a resilient foundation for the Non-Trading Estate.

The broader UK real estate market has shifted from a period of uncertainty to one of measured recovery, characterised by stabilising values, stronger liquidity, and improving investor sentiment heading into 2026. Against this backdrop, the Society's Non-Trading Estate delivered annual growth of 1.8%, bringing the year end valuation to £13.9m.

Targeted estate rationalisation has contributed to this uplift, including the disposal of four low-yielding and management-intensive properties. Coupled with an average occupancy rate of 99% across both residential and commercial holdings, this performance underlines the value of proactive portfolio management.

Our Glenvale Park site continues to mature well, with strengthening rental income supporting year-on-year growth. Looking ahead, the Society's flexible approach will allow delivery of a new coffee outlet using existing building stock, while subdivision of a larger unit at Sketchley Brook, Hinckley, is expected to enhance rental returns and improve overall estate efficiency.

These initiatives—together with scheduled rent reviews, ongoing investment in building fabric, and further rationalisation opportunities—will continue to reduce operational risk and support the Society's North Star strategy.

Our people and culture

Over the past year, we have continued to invest in the development of colleagues across our Food, Coffee, Funeral divisions, and Support Centre.

Our approach to learning and development reflects our ongoing commitment to equipping colleagues with the skills and knowledge required to perform effectively in a rapidly evolving and competitive commercial environment. We have placed particular emphasis on strengthening operational capability to support our strategic priority of enhancing our customer and client proposition. Key development initiatives have supported the reintroduction of Q Commerce, our extended Food to Go offering, and the continued upskilling of colleagues within our Funeral Division to broaden client choice.

Within the Food Division, 39 colleagues were enrolled onto the Team Leader Development Programme. The Level 4 Retail Manager apprenticeship programme has continued throughout the year, with two colleagues approaching completion of their end-point assessment. We remain committed to expanding apprenticeship opportunities to support meaningful, long-term career development within the Society.

Within our Funeral Division, significant focus has been placed on understanding future leadership requirements, identifying internal talent, and building a sustainable leadership pipeline. Our revised leadership structure reflects this commitment, with several key roles successfully filled through internal progression.

Colleague wellbeing remains a central priority across all areas of the Society. Over the year, we have continued to expand our network of trained First Aiders and Mental Health First Aiders, strengthening our ability to support both colleagues and customers, while fostering a supportive and resilient working environment.

Support Centre colleagues have also benefited from targeted development initiatives, including workshops delivered in partnership with external providers. These sessions have focused on enhancing commercial awareness, deepening understanding of business solutions, and enabling more informed decision-making. Throughout the year, colleagues across the Society have also completed a wide range of essential statutory and compliance training.

Arts uplift Bedworth

We remain committed to continuously reviewing and enhancing our development offering, ensuring colleagues are equipped with the knowledge and operational skills required for their roles, while providing clear opportunities for career progression. We will continue to prioritise building capability and enabling progression from within wherever possible.

Community & Charity

Helping Hearts

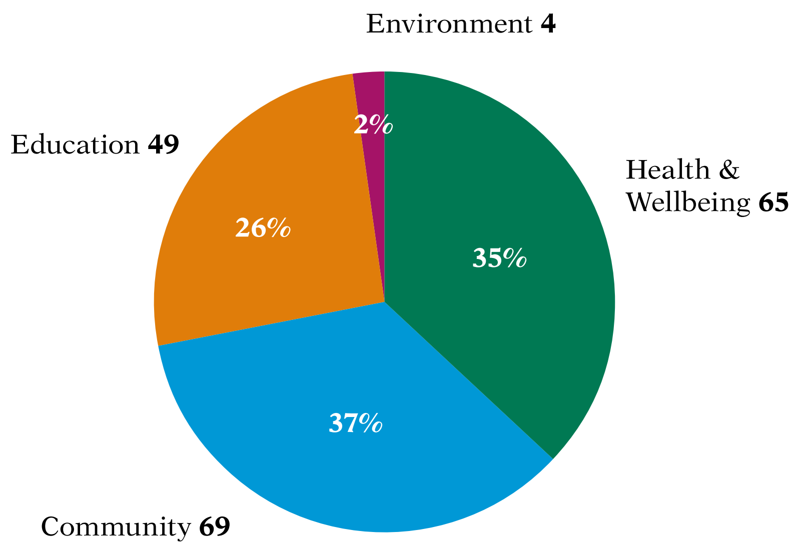
The Society's Helping Hearts Award Scheme continues to make a meaningful difference by supporting local community projects and events throughout our trading region. We are proud to invest in initiatives that strengthen and uplift the communities we serve.

In 2025, we awarded 187 donations to local charities and good causes in the community groups totalling £44,050.

We also continued to work closely with local schools, providing goods and resources for clubs and activities that enrich learning and support young people's development beyond the classroom.

In response to the rising cost of living, all stores maintain food donation points, offering customers and members an opportunity to support those in need. Additional assistance is provided to local food banks through our Helping Hearts Award Scheme.

Thanks to the incredible generosity of our customers and members, more than 4 tonnes (4190 kg) of food was donated throughout the year to local foodbanks — a truly remarkable achievement that reflects the strength and compassion of our communities.



Pennies

We are delighted to have partnered with Pennies, an award-winning charity that gives our customers and members the option to add a 15p micro-donation when they pay.

From the launch in November 2025 to January 2026, our customers and members generously donated over £9,000. These funds will be distributed to charities that matter most to our members - a wonderful example of how small acts of kindness can add up to something significant.

Corporate Charity Partnership

Our two-year partnership with Macmillan Cancer Support concluded in February 2026, marking the end of a highly successful collaboration. Together, we raised an outstanding £50,000 through store collections and colleague fundraising activities.

We would like to extend our sincere thanks to our colleagues, customers, clients, and members whose enthusiasm and generosity made this possible. The funds raised will help Macmillan continue providing vital support to people living with cancer and their families.

Member Relations Committees

The Board would like to express its appreciation to our Education and Member Relations Committees for their dedication in reviewing funding applications and enabling donations to be made to local causes.

We also thank the Heart of England Community Foundation, who administer the Helping Hearts Award Scheme funds on our behalf. Their expertise and guidance are invaluable in ensuring transparency and impact.

Heart of England Co-operative Orchestra

The Society sponsored the Heart of England Co-operative Orchestra who enjoyed another successful year with growth in both audience attendance and orchestra membership. Four concerts were held during the year including a September concert hosted by the Society. The total raised in 2025 was £3,911 for locally based charities.

The September concert welcomed a strong audience and raised an incredible £1,112 to support people living with cancer in Coventry and Warwickshire — a wonderful example of how music can bring communities together while making a meaningful difference.

Appreciation

We would like to take this opportunity to thank all our staff past and present for their personal efforts during the year, which has been another challenging trading year.

For members, customers and clients We intend to continue to plough back a major proportion of our profits into improving our shops and other facilities, whilst also seeking new suitable trading opportunities, to expand our business throughout the Heart of England and beyond.

For our employees
The Heart of England Co-operative Society is a great place to work, by providing colleagues with security of employment, competitive remuneration packages and good career opportunities. We are proud to see that a number of colleagues have been promoted from within the business for example in our Funeral division.

For our local communities
Our commitment to giving a percentage of our profits to local good causes has resulted in more than £1.35 million being made available for this purpose since the introduction of this initiative in 2000. Our locally elected Education & Member Relations Committees have provided much appreciated assistance to more than 6,457 local good causes since the inception of the scheme.

We continue to invest a major part of our profits back into creating new and modern stores and services, following the principles of co-operation set out many generations ago.

The Heart of England Co-operative difference
The Society believes that this information demonstrates how it consolidates the principles of co-operation into its everyday activity, both locally and nationally, and how it further shows in a tangible way what is meant by the Heart of England Co-operative difference. Given that other types of organisations exist primarily to maximise their profits in order to create wealth for shareholders, with little genuine concern for the local community from which these profits originate, the Heart of England Co-operative Society believes its approach provides tangible evidence of an alternative and successful model of business practice.

The Abbey Church of St Mary the Virgin

The profits we make produce direct benefit for our members, our colleagues, our customers and our local communities.

To the future
Despite the challenges faced in 2025, we feel confident that the Society has the plans in place to improve our financial position for the future.

We are considering several exciting opportunities including the opening of new stores and coffee shops, enhancing our membership proposition through enhanced offers and the implementation of the new community & charity strategy. Our priority is, like last year, to increase sales whilst carefully controlling costs.

We remain optimistic about our Society's will continue to be one of the leading independent regional co-operative societies.

Co-operative, environmental and social performance indicators
As a co-operative your Society seeks to operate its business in accordance with co-operative values and principles. To assist in monitoring our performance, we adopt a standard set of key co-operative and social performance indicators, which have been produced by Co-operatives UK.

Dave Willetts foundation for people living with Dementia

Member economic involvement

This is a measure of the amount of our trade which is conducted with members as a proportion of our turnover. One of the key benefits of membership of the Heart of England Co-operative Society is to share in the success of the Society. The Society tracks the amount of trade conducted by members using their Members reward card within the food division. For the financial period ended 24th January 2026 this amounted to 21.17% (2025: 18%) of turnover.

Member democratic participation
As a co-operative it's important our members are engaged with us at a democratic level, so we measure the proportion of our members who vote in the elections for the board.

We facilitated director elections via an online election portal and represented our first contested election in years. We received a total of 583 member votes in the director election process – more than a tenfold increase from the previous year.

We were also delighted to have xx members attending the 2025 annual members meeting – almost double from the previous year. A total number of 59 members eligible voted on the day in support of the resolutions on the day. There were no abstentions recorded.

Participation of colleagues in training and education

Each year we calculate how much time on average each colleague has spent on training. During the year the Society provided 9,123.9 hours of training to our colleague (2025: 7,787 hours), which equates to an average of 21.8 hours per full-time equivalent colleague (2025: 18.8 hours).

Accident rates

We measure and record the total number of accidents and reportable accidents which occur each year. During the year the Society has recorded a total of 0 reportable accidents (2025: 0) and 65 minor accidents (2024: 53).

Staff profile – gender and ethnicity
The Society records the gender and ethnicity of its colleagues to the extent that colleagues consent to report such data. This year 62% of our colleagues are female (2025: 62%) and 38% male (2025: 38%). We also monitor the diversity of our staff and of those who shared their ethnicity data currently 19% have an ethnic minority background (2025: 7%).

Customer satisfaction

Customer satisfaction is fundamental to the success of our business. We regularly seek feedback from our customers to try and gauge levels of satisfaction, through the media of surveys, feedback questionnaires and random sampling. We actively encourage our customers to feedback their comments direct to the Chief Executive, both positive and negative, in order that we can continue to develop and improve customer service. In the funeral division we regularly send out customer feedback questionnaires to our clients, and in food division we provide point of sale comment cards for customers to fill in there and then or to take away with them. We monitor all responses. The nature of the customer feedback we seek in the food division does not provide a percentage satisfaction rating.

In 2025, the Funeral division achieved over 3,000 Trustpilot reviews and are proud to be rated Excellent at 4.9 stars. This makes us the most preferred funeral business in the Midlands region. In 2025 we received 420 (95%) 5-star and 17 (4%) 4-star responses from our clients.

Consideration of ethical issues and procurement and investment decisions

The Heart of England Co-operative Society is a member of the Federal Retail & Trading Services (FRTS). We actively support the ethical buying policies of FRTS including the promoting of Fairtrade merchandise. The Society also sources products from and maintains links with, wherever practicable, several other UK co-operative businesses and organisations that are committed to the application of the same co-operative values.

Investment in community and co-operative initiatives

We report on the percentage of out pre-tax profits which are invested in community or co-operative initiatives. Since its inception of its Helping Hearts scheme the society has donated £1.35 million and a further £50,000 has been committed in the period.

Waste recycled

We measure and report on the percentage of our waste which is diverted from landfill as a percentage of our total waste. During the year, 77% of the waste the Society generated was recycled (2025: 76.0%). The Society is always exploring new ways to generate less waste and to increase the level of recycling we achieve.

Nuneaton Town with Russell Dodds, Nuneaton Town joint manager.

Streamlined Energy & Carbon Reporting (SECR)

SECR disclosures are mandatory for listed and large unlisted UK companies with reporting cycles beginning on or after 1st April 2019.

This report summarises our Society's energy usage, associated emissions, energy efficiency actions and energy performance under the government policy Streamlined Energy & Carbon Reporting (SECR). This is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. All consumption data was complete for the year ending 24 January 2026 with no estimations required, an improvement from the 2025 with an estimation level of 3.32%.

Year-on-year changes

Emissions from natural gas and refrigerants decreased by 3.04% compared to last year, totalling 324.29 tCO_2e, achieved due to the removal of natural gas from sites as part of the Society's Net Zero Strategy.

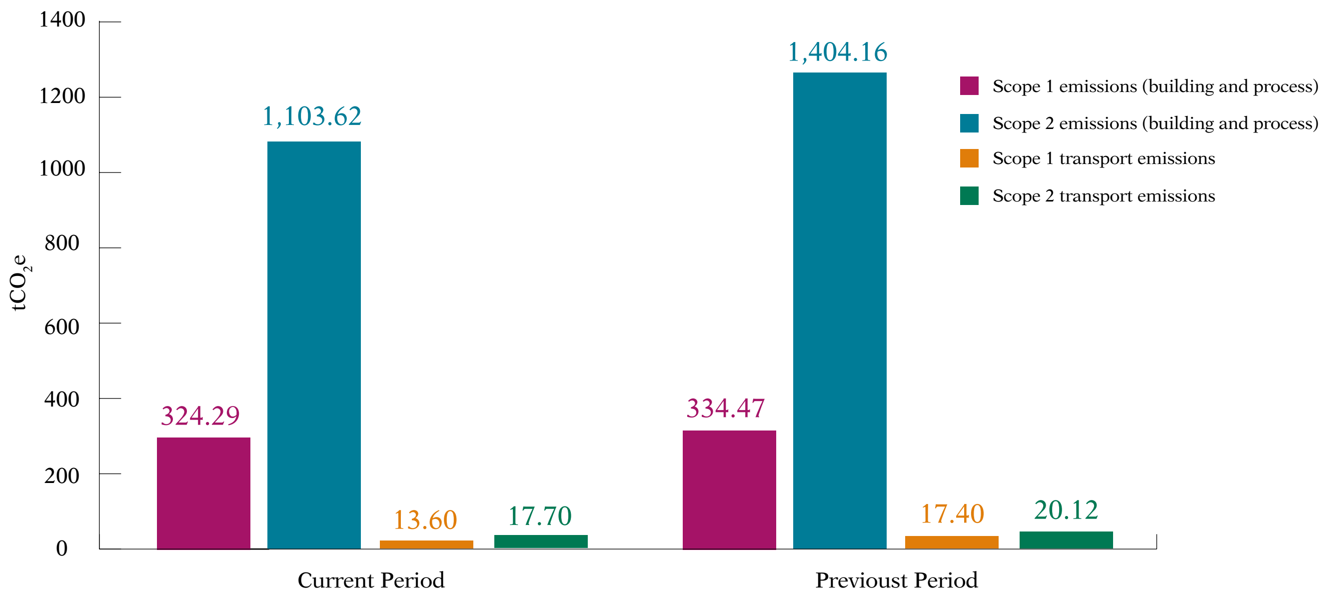
Electricity emissions decreased by 15.38% compared to last year, totalling 1,103.62 tCO_2e. Although electricity consumption only decreased by 1.01% in the reporting year, the significant reduction in emissions can be attributed to a 14.5% decrease in the carbon intensity of the UK grid electricity factor.

Transport emissions decreased by 16.56% compared to last year, totalling 31.31 tCO_2e, as a result of a company-wide strategy encouraging employees to travel less and use virtual meeting platforms where possible.

Self-generation from solar energy increased by 22.32%, totalling 449,600 kWh due to the addition of solar panels at new build sites.

Overall, the intensity metric decreased by 22.17% totalling 13.77 tCO_2e per turnover (£m), driven by lower electricity and transport emissions.

Figure 1: Scope 1,2, and 3 emissions (tCO_2e) for the reporting period vs. the previous reporting period.



Heart of England Co-op's Scope 1[1] direct and Scope 3[2] indirect emissions (combustion of natural gas and transportation fuels as well as refrigerant losses) for this reporting year are

[1] Scope 1 consumption and emissions include direct combustion of natural gas and fuels utilised for transportation operations, for example, company vehicle fleets, as well as refrigerant losses.
[2] Scope 3 consumption and emissions cover emissions resulting from sources not directly owned by Heart of England Co-op, i.e., grey fleet business travel undertaken in employee-owned vehicles only.

355.60 tCO_2e, resulting from the direct combustion of 734,200 kWh of fuel. This represents a carbon reduction of 4.41% from last year, ending January 2025 (Table 1).

Table 1: Energy Source Breakdown for Total UK Location-Based Emissions.

	Natural Gas and Refrigerants	**Electricity**	**Transport**	**Total**
FY26 Carbon & Energy Consumption				
kWh tCO_2e	593,089 324.29	6,684,766 1,103.62	141,111 31.31	7,418,966 1,459.22
FY25 Carbon & Energy Consumption*				
kWh tCO_2e	729,436 334.47	6,666,331 1,304.16	168,339 37.52	7,564,106 1,676.15
YoY Percentage Change (tCO_2e)	-3.04%	-15.38%	-16.56%	-12.94%

Scope 2[3] indirect emissions (purchased and self-generated electricity) for this reporting year are 1,103.62 tCO_2e, resulting from 6,684,766 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon reduction of 15.38% from last year, ending January 2025 (Table 1).
Heart of England Co-op's operations have an intensity metric of 13.77 tCO_2e per Turnover (£m) for this reporting year. This represents a reduction in the operational carbon intensity of 22.17% from last year, ending January 2025 (Table 2)

Table 2: Emission Intensity Breakdown for Total UK Location-Based Emissions.

	Natural Gas and Refrigerants	**Electricity**	**Transport**	**Total**
Carbon Intensity Metrics				
FY26 tCO_2e per Turnover (£m)	3.06	10.42	0.30	13.77
FY25 tCO_2e per Turnover (£m)	3.53	13.77	0.40	17.70
YoY Percentage Change (tCO_2e)	-13.32%	-24.34%	-25.40%	-22.17%

Annual Reporting Figures: Consumption &Location-Based Emissions

The following tables show the consumption and associated emissions for the financial years ending January 2026 and January 2025 for all operations. Total consumption and location-based emissions are reported in Tables 4 and 5.

*FY25 Transportation Scope 1 and 3 consumption, associated emissions and intensity metrics have been restated. Please see the appendix for further details.

N.B. The reported Scope 1, 2, and 3 emissions and intensity metrics have been rounded to two decimal places. Any calculations have been conductedusing complete, unrounded figures.

[3] Scope 2 consumption and emissions cover indirect emissions related to the consumption of purchased and self-generated electricity in day-to day business operations

Table 4: Heart of England Co-Operative Society Limited Total UK Energy Consumption (kWh).

Utility and Scope	FY26 Consumption (kWh)	FY25 Consumption (kWh)*
Scope 1 Total	**654,320**	**807,486**
Natural Gas (Scope 1)	593,089	729,436
Transportation (Scope 1)	61,231	78,050
Scope 2 Total	**6,684,766**	**6,666,331**
Grid-Supplied Electricity (Scope 2)	6,235,166	6,298,781
Self-Generation (Scope 2)	449,600	367,550
Scope 3 Total	**79,880**	**90,289**
Transportation (Scope 3)	79,880	90,289
Total	**7,418,966**	**7,564,106**

Table 5: Heart of England Co-Operative Society Limited Total UK Location-based Emissions (tCO_2e).

Utility and Scope	FY26 Emissions tCO_2e	FY25 Emissions tCO_2e*
Scope 1 Total	**337.89**	**351.87**
Natural Gas (Scope 1)	108.51	133.41
Refrigerants (Scope 1)	215.78	201.06
Transportation (Scope 1)	13.60	17.40
Scope 2 Total	**1,103.62**	**1,304.16**
Grid-Supplied Electricity (Scope 2)	1,103.62	1,304.16
Scope 3 Total	**17.70**	**20.12**
Transportation (Scope 3)	17.70	20.12
Total	**1,459.22**	**1,676.15**

Measures to be addressed in the future

- New site BREEAM Standard: The Society plans to construct one new site to the Building Research Establishment Environmental Assessment Methodology (BREEAM) 'Good' Standard, furthering the company's commitment to sustainability.
- Removal of gas: The Society will aim to remove gas from four sites, further reducing the associated Scope 1 carbon emissions.
- Installing solar panels: The Society plans to install solar panels at 17 more sites. This will further reduce grid-supplied electricity consumption and associated carbon emissions.

*FY25 Transportation Scope 1 and 3 consumption, associated emissions and intensity metrics have been restated. Please see the appendix for further details.

N.B. In Tables 4 and 5, for the reported Scope 1, 2, and 3, the consumption has been rounded to zero decimal places, and the emissions to two decimal places. All calculations have been conducted using complete, unrounded figures.

directors' statement on corporate governance

Heart of England Co-operative

How the Society is governed

The Society delivers its governance in line with:

- The Co-operative and Community Benefit Societies Act 2014
- The Co-operative Corporate Governance Code
- The Society's Rules.

The Society is also subject to some core provisions of the Companies Act 2006 that set out our obligations in relation to things like corporate accounting and reporting and general duties of the Board of Directors.

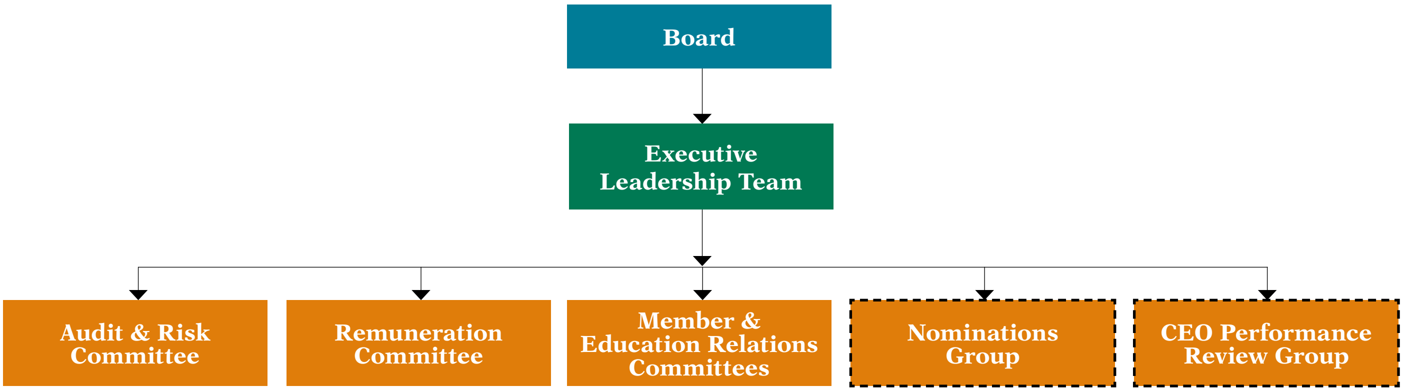
The role of the Board of Directors

The role of the Board is to ensure the long-term success of our co-op. The Board is elected by the members (who own the co-op) and are therefore accountable to the members.
The Board sets the strategic direction and makes sure that the co-op is run responsibly, in line with the Rules and with appropriate controls in place.

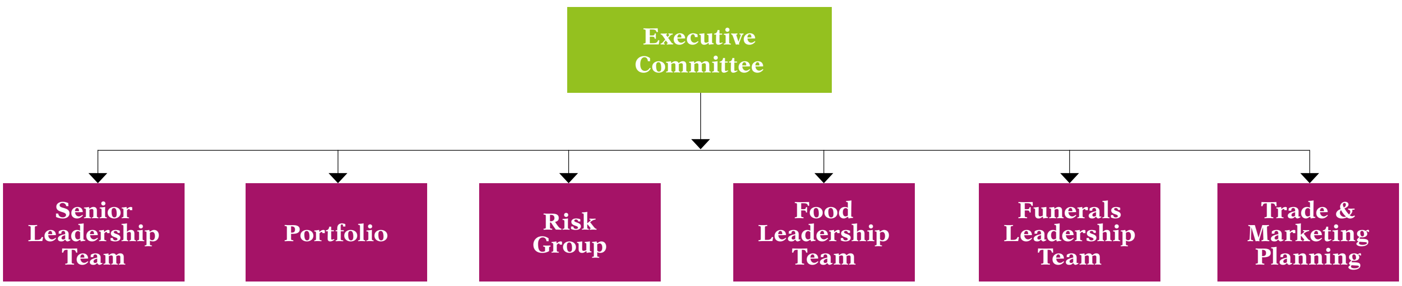
The Board is also responsible for making sure that the Society complies with the recommendations in the Co-operative Corporate Governance Code.

The Board (and the Society) are bound by the Rules. Amended Rules were considered and approved by members at a Special Members' meeting in 2025.

Our governance structure



*Nominations and CEO performance review groups are ad hoc groups made up of Directors and set up to support appointments of independent directors and to undertake the CEO performance reviews. NB: The Remuneration Committee is due to have its first meeting in April 2026.



Our update on the Co-operative Corporate governance code

The Co-operative Code of Corporate Governance is applicable to all types and sizes of co-operatives. It offers a set of principles that all co-operatives can reflect upon, and use, to encourage and enable good governance practices.

The Code is broken down into six sections, which include Principles and Provisions. Co-operatives reporting against the Provisions of the Code do so on a comply or explain basis. Below is a summary of the activities undertaken to build our compliance:

1. **Member Voice, Participation and Engagement**

- The Society has developed a new member panel and has run a number of surveys to gather member views on a range of matters.
- The Board receives data on the number of members joining and leaving the co-operative. The Board also receives data on the number of members attending members' meetings, the number of members voting in director elections and the attendance of members in the Member & Education Relations Committees number of members' committees and/or other member groups and schemes and levels attendance.

2. **Co-operative Leadership and Purpose**

- All directors received refresher training on the role and responsibilities of directors and the role of the board in risk management.
- All directors have signed and abide by a code of conduct that sets out expected behaviours and conduct.
- There is a documented whistle-blowing policy for the workforce to raise concerns in confidence and – if they wish – anonymously. The policy is subject to review.

3. **Roles and Responsibilities**

- The Board approved a scheme of delegation from the Board to its sub-committees and the CEO.
- The Board approved a conflict of interest policy and a new register established to include declarations from all directors and the executive leadership.
- The Board approved new role profiles for Directors and the Chair. The Board also approved the Terms of Reference for the new sub-committees.
- The Board approved a revised process for the appointment of the Chair and Vice Chair which requires individuals to explain how they meet the requirements of the role.
- A new letter of appointment was introduced in 2025.
- The Board approved a formal schedule of matters specifically reserved to the board.

4. **Board Composition, Succession and Evaluation**

- A new induction training programme has been set up for Directors. In addition, training was provided via Co-ops UK to address immediate needs highlighted from the skills audit exercise.
- The Board approved a succession planning policy and framework for the Society. A working group of the Board was established to review and recommend how the policy should be implemented.
- The Board approved to limit board member terms of appointment beyond the limits set out in this Code.
- The board approved the appointment of two independent directors to address key skills shortages identified via the Board skills audit.
- The Board approved a framework for individual director and board annual effectiveness.
- The board approved and completed a skills audit exercise used to inform the selection onto the sub-committees.

5. **Risk, Financial Management and Internal Controls**

- The board established a new Audit & Risk committee as a sub-committee of the Board operating under delegation from the board
- The board established and approved the risk appetite statement for the Society
- We have included in the annual report a statement of the principal risks impacting the Society having been considered by the Audit & Risk committee which included a review of the Society's operational risks and mitigation strategies.

6. **Remuneration of the Board and Executive Leadership**

- The board approved the establishment of the Remuneration Committee a sub-committee of the board to ensure scrutiny, transparency, equity and equality of the Society's remuneration policies and procedures
- The Remuneration Committee will consider the level and appropriateness of the director and executive management team remuneration through benchmarking with the support of specialist advice. This review is due in 2026.
- The Remuneration Committee will propose remuneration arrangements of the Board to the AGM for consideration by the members.

board and committee attendance

Heart of England Co-operative

	Main Board	Audit & Risk Committee	Term details and dates		Director fees and expenses
			Elected, Co-Opted or Appointed date	Term Expires	2025**
Clive Miles[1] President	3/4	-	1996	2027	£5,827
Paul Elverson Vice President (from June 2024) Elected Joint President (from June 2025)	12/12	-	1997	2027	£8,625
Ann Brown* Elected Joint President (from June 2025)	12/12	-	2023	2026	£6,625
Colin Brown[2]	7/7	-	2011	2026	£3,258
Hanne Hoeck* Appointed Chair of the Audit & Risk Committee Gary Haigh[3]	12/12	1/1	2023	2026	£7,955
Gary Haigh[3]	4/5	-	2011	2025	£1,976
Nick Matthews* Appointed Chair of the Remuneration Committee	12/12	-	2007	2026	£5,854
William McGrath	12/12	1/1	2023	2027	£7,661
Scott Montgomery	12/12	-	2019	2028	£4,642
Chris Newman[4]	4/5	-	1998	2025	£3,248
Robert Sojkowski	11/12	-	2023	2027	£6,547
Andrew Tampion	12/12	1/1	2013	2028	£4,642
Christine Ogburn	7/7	-	2025	2028	£3,556
Simon Fisher – Independent Director (from October 2025)	2/2	-	2025	2027	£2,206
James Watts – Independent Director (from October 2025)	2/2	-	2025	2028	£2,206

1 – Resigned
2 – Resigned July 2025
3 – Resigned - did not stand for re-election
4 – Not re-elected June 2025
* Standing for re-election in 2026
** These figures include the board remuneration fees approved by the members, expenses claimed, consultancy fees (where relevant) plus a gross up of certain taxable benefits.
NB: The Remuneration Committee is due to have its first meeting in April 2026.

Declarations of Directorships

The table below sets out details of any external directorships held by the Directors and Executive Leadership team

Director/Executive Team	External directorships
Paul Elverson, Director	Director - Hilditch Way Management Company Ltd
Nick Matthews, Director	Director - Co-operatives UK Chair - Business Performance Committee of the Co-op Group Director – Revolver World Trustee - Leicester Area meeting of the Religious Society of Friends (Quakers) Trustee - Co-operative Heritage Trust Trustee - Heart of England Co-op Pension Fund, dissolved in August 2025
Scott Montgomery, Director	Director - The Fair Traders Co-operative Limited
Darryl Smith, General Manager, Funerals, resigned in December 2025	Director and President - National association of Funeral Directors (NAFD) Director - NAFD Ltd
Frixos Michael, Director of Finance	Justus JV Limited Justus Corporation Limited H300 Limited La Motte Investments Limited
Judy White, Society Secretary	Trustee - Ygam

Internal control

The Board has ultimate responsibility for the Society's system of internal control and for reviewing its effectiveness. The Board set up the Audit & Risk Committee to support in reviewing the systems in place for operational and compliance controls across the Society.

The Society's control environment is delivered through a clear organisational structure, policies and procedures, risk management processes and comprehensive systems of financial reporting. The control environment is then subject to independent internal and external audit activity and reporting.

The process used by the Audit & Risk Committee to review the effectiveness of the Society's system of internal controls included a review of the internal and external audit work plans and reports, review of a selection of internal policies and discussions with management on actions taken to resolve issues identified in the reports considered.

Risk assessment

Effective risk management is central to supporting the delivery of the Society's strategy. The Board and the Executive team have primary responsibility for identifying the key risks facing the Society.

The risk management policy and framework includes a review of key risks facing each business area that are logged in a risk register with identifies the likelihood and impact of the risks occurring and actions in place to monitor and control them e.g. with appropriate action plans. The risk register is reviewed quarterly by the Audit & Risk Committee.
In 2025, the Board established a number of risk categories and then defined a risk appetite against each risk of these. In setting the risk appetite, the Board took a pragmatic approach recognising the need to support innovation and agility whilst remaining more cautious to matters such as financial control, governance and legal/regulatory compliance.

Principal risks identified during the year are set out below:

Principal risks	Potential impact	How it is being managed
Supply chain disruption	The Society relies on the Co-operative Group (TCG) and the Federal Retail & Trading Services (FRTS) for the availability, distribution and costs of the majority of goods to our food stores.	A supply chain business continuity plan is in place that includes arrangements for sourcing goods from alternative suppliers The CEO is now a member of the FRTS Board and we continue to participate in the strategy and monitoring groups to influence and raise awareness of challenges faced by smaller Societies
Operating environment	Legislation changes could impact the revenues and costs of doing business (e.g. tobacco). In addition, competition will impact the revenue and profitability of our stores. At the same time our cost base is increasing through our own workforce, or from our vendors which we may not be able to fully mitigate. Increased costs have also impacted consumer basket spend	Review of the Society's operating model to better manage revenue, costs and increase efficiencies Diversification of our customer offer to include Food to go and Q Commerce Robust arrangements in place to manage costs
Finance and liquidity	An inability to generate sufficient funds to meet business requirements and strategic priorities.	Financial control processes in place to maintain the Society's liquidity. Efficiency measured being explored. Revolving credit facility in place to support future activities if required
Major failure of IT systems and infrastructure	Continued investment in technology means that the Society is heavily reliant of IT systems for operational delivery. There is a continued threat of a cyber-attacks which may have catastrophic and far-reaching impacts.	Board approved a new IT & Data strategy with key objectives seeking to deliver IT security, backups, disaster recovery, resilience and business continuity. We've developed our cyber security capabilities with all staff required to complete cyber security training. Directors have also completed National Cyber Security Centre (NCSC) Board training
Damage to our reputation and brand	The cyber-attack experienced by TCG caused members to lose trust in our Society and stop or reduce their shopping with us. Any failure to meet the high standards our members or the public expect of an ethical business is likely to impact trust in our brand	Communication with members to explain our independence with unique member offers. A review of our branding is in progress in 2026 to further distinguish the Society. Some elements of this risk are outside our control as we are part of the wider co-operative movement.

Remuneration Report

Principles

a. The board will ensure that the co-operative's approach to remuneration and other contractual terms are equitable, transparent and align with the ICA Values and Principles.

b. Remuneration policies and practices should be formal and transparent and should ensure that any remuneration is sufficient to recognize the input and effort of directors of the appropriate calibre and should be aligned to the purpose and values of the co-operative and successful delivery of its strategy.

c. The members of the co-operative have responsibility for approving the levels of remuneration of all directors and should do so using independent judgement and discretion.

d. The principle which the Society and the Board adopt in relation to remuneration is that no-one should be involved in consideration or determination of their own remuneration package.

Directors - elements of remuneration

The Directors do not have service contracts. The year of their election/appointment are shown on page 19 together with the expiry of their current term of office. Each Director (apart from the independent directors) is subject to re-election every three years.

Directors' fees are approved by the Society's members. The current fee levels were recommended to the membership and approved by them in June 2025. The total fees received by each Director are set out on page 19.

Executive Leadership - elements of remuneration

Executive Leadership remuneration consists of salary, pension, and the provision of a Society car or car allowance.

Executive Leadership salaries are reviewed annually with any increases normally payable with effect from 1st July each year. Salaries paid to the Executive Leadership in the financial period ending 24th January 2026 are set out in Note 6 to the accounts.

No member of the Executive Leadership has a notice period greater than 12 months.

Pension

The Executive Leadership are members of the Defined Contribution Scheme operated by the Society at 24 January 2026. Basic salary is the only element of remuneration that is pensionable.

The directors' statement on corporate governance set out above is hereby signed on behalf of the Board of Directors:

Paul Elverson
Joint President

Steve Browne
Chief Executive

Ann Brown
Joint President

Judy White
Society Secretary

gender pay gap report 2025

This report outlines the gender pay gap (GPG) for Heart of England Co-operative Society for the 2025 reporting year, in line with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. We are committed to transparency, fairness, and continuous improvement. While the gender pay gap is not a measure of equal pay, it provides valuable insight into how men and women are represented across our organisation at different levels.

Understanding the Gender Pay Gap

The gender pay gap measures the difference in average earnings between men and women across our entire colleague base. It differs from equal pay, which relates to men and women being paid the same for like-for-like or equivalent roles. A gender pay gap does not necessarily indicate unequal pay but rather reflects workforce composition and progression patterns.

Our Society operates across Coventry, Warwickshire, South Leicestershire, and Northamptonshire, employing approximately 720 colleagues across food retail, coffee shops, funeral homes, and our Support Centre.
We remain committed to:

- Paying above the National Living Wage
- Providing fair and equitable benefits
- Supporting flexible working practices

Key Results

- Mean gender pay gap: 16.7% (increase from 8.79% in 2024)
- Median gender pay gap: 3.2% (decrease from 3.95% in 2024)

While the median gap has reduced slightly, the increase in the mean gap indicates a widening difference in average pay, typically driven by higher earners. This suggests that although pay distribution at the midpoint is improving, there may be more men in the highest-paying roles or greater pay variance at senior levels.

No bonus payments were made in 2025. Therefore, no gender bonus gap is reported this year.

Earlsdon Festival

Pay Quartiles

	Lower		Lower middle		Upper middle		Upper	
	Number	%	Number	%	Number	%	Number	%
Male	62	35	57	33	66	38	83	47
Female	114	65	118	67	110	63	92	53

A positive development in 2025 is that women now represent the majority in the upper pay quartile
This marks a significant shift and reflects progress in career progression for women and representation in higher-paying roles. However, the increase in the mean pay gap suggests that further work is needed to ensure balance at the very highest pay levels and in senior leadership pay structures.

Encouraging Trends:

- Continued low median pay gap suggests broadly fair pay distribution
- Increased female representation in the highest pay quartile
- Ongoing progress in leadership diversity

Areas of Focus

- Our rising mean pay gap indicates structural imbalance at higher pay levels
- Potential differences in:
- Senior role access
- Pay progression
- Full-time vs part-time in senior roles.

Looking ahead, we are encouraged by the progress made in representation, particularly in the upper pay quartile. However, the increase in the mean gender pay gap highlights that sustained and focused action is required. Closing the gender pay gap is not a single initiative - it requires continuous monitoring and commitment to change. We remain dedicated to creating an inclusive workplace where all colleagues can thrive and progress, regardless of gender.

This report was approved by the joint Presidents, on behalf of the Board of Directors on 28 April 2026.

Paul Elverson
Joint President

AD Brown

Ann Brown
Joint President

Statement under the Modern Slavery Act 2015

Heart *of* England Co-operative

Modern Slavery and Human Trafficking Statement for the financial period ended 24th January 2026

This statement is made pursuant to s.54 of the Modern Slavery Act 2015 and sets out the steps that the Heart of England Co-operative Society has taken and is continuing to take to ensure that modern slavery or human trafficking is not taking place within our business or supply chain.

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. The Heart of England Co-operative Society has a zero-tolerance approach to any forms of modern slavery. We are committed to acting ethically and with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the business or our supply chain.

Our business

The Society's principal business activities are food and coffee retailing, funeral services and management of its investment property portfolio.

The Society is incorporated in England under the Co-operative and Community Benefit Societies Act 2014, and its registered address is Whittle House, Foleshill Enterprise Park, Courtaulds Way, Coventry, CV6 5NX.

None of our turnover is generated by overseas operations.

Our high-risk areas

We do acquire some products from a UK based supplier who sources products from China and India, which are deemed high-risk due to the varying human rights from country to country. This is isolated to the purchase of stone to be used in monumental masonry within our Funeral business. We have made all reasonable efforts during consultation with our supplier to ensure that modern slavery does not exist within this supply chain.

Our policies

We operate a number of internal policies to ensure that we are conducting business in an ethical and transparent manner. These include:

a. Modern Slavery and Human Trafficking Policy – This policy sets out the Society's stance on modern slavery and explains how our colleagues can identify and report instances of modern slavery and human trafficking within our business activities or supply chain.
b. Recruitment Policy – We operate a robust recruitment policy, which includes the checking of eligibility to work in the UK to help safeguard against human trafficking or forced labour. We only use specified, reputable recruitment agencies and always verify the practices of any new agency.
c. Whistleblowing Policy – We operate a whistleblowing policy so that colleagues can raise concerns about inappropriate practices within our Society or supply chain without fear of reprisal.

Our suppliers

Within the last twelve months the Society has used around 700 individual suppliers. Most of the goods available in our food stores is procured through membership of Federal Retail Trading Services (FTRS) which is managed by the Co-operative Group in accordance with their ethical buying policies which we support. The Co-operative Group has its own Modern Slavery Statement and Sound Sourcing Code of Conduct (SSC) which can be found at www.co-operative.coop/ethics.

Our performance indicators

We will know the effectiveness of the steps we are taking to ensure that slavery and/or human trafficking is not taking place within our business or supply chain if no reports are received from our colleagues, the public or law enforcement agencies to indicate that modern slavery practices have been indicated. During the financial period ended 24th January 2026, we have received no reports of any incidents relating to Modern Slavery and/or Human Trafficking.

Approval for this statement

This statement was approved by the Board of Directors on 28 April 2026.

Paul Elverson
Joint President

AD Brown

Ann Brown
Joint President

statement of the directors' responsibilities

The Board are required by the Co-operative and Community Benefit Societies Act 2014 to prepare financial statements, which give a true and fair view of the state of affairs of the Society at the end of each financial year and of the income and expenditure of the Society for the year to that date. The financial statements must be prepared in compliance with the required format and disclosures of the Co-operative and Community Benefit Societies Act 2014.

The Board confirm that:-
Suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the Society's financial statements and applicable accounting standards have been followed.

The Board are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Society.

The Board 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 any other irregularities.

In so far as the Board are aware:-
There is no relevant audit information of which the Society auditors are unaware; and

The Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Society can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

The directors have also reviewed the forecasts for the current and upcoming financial periods, a range of downside scenarios have been considered including a combination of risks, and the Directors have concluded that, under these scenarios, the Society can continue as a going concern. The Society also has opportunities to implement further mitigating actions if required. The Society has sufficient resources with its current bank facilities to continue operating for the foreseeable future. On this basis the Directors continue to prepare the financial statements as a going concern.

Board certification:-
The accounts and notes on pages 30 - 54 are hereby signed on behalf of the Board pursuant to Co-operative and Community Benefit Societies Act 2014.

Paul Elverson
Joint President

AD Brown

Ann Brown
Joint President

Steve Browne
Chief Executive
28 April 2026

five year comparative statement

	January 2022 53 Wks	January 2023 53 Wks	January 2024 52 Wks	January 2025 52 Wks	**January 2026 52 Wks**
Membership ('000)	166	172	179	188	**208**
	£000	£000	£000	£000	**£000**
INCOME STATEMENT					
Gross value of sales	99,181	100,355	104,810	103,626	**105,947**
Depreciation	2,190	2,341	2,881	3,082	**3,293**
Operating profit/(loss)	5,835	3,724	(596)	(3,155)	**(7)**
Retained profit/(loss)	3,444	2,625	(792)	(3,108)	**(304)**
STATEMENT OF FINANCIAL POSITION					
Long term assets	79,788	55,578	57,433	58,423	**56,401**
Net current assets/(liabilities)	12,764	6,562	3,559	(1,491)	**(289)**
Long term liabilities, including pension liabilities	39,707	9,138	7,440	4,798	**4,412**
Member funds	52,845	53,002	53,552	52,134	**51,700**

independent auditor's report to the members of heart of england co-operative society limited

Opinion

We have audited the financial statements of Heart of England Co-operative Society Limited) (the 'society') for the 52 weeks ended 24 January 2026 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of 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 the financial statements:

- give a true and fair view of the state of the society's affairs as at 24 January 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director'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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the income statement, any other accounts to which our report relates, and the statement of financial position are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 26 the Directors are 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 it 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 Directors are 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 committee of management either intends to liquidate the society or to cease operations, or has 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 Auditors' 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Society through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Society, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non compliance throughout the audit.
- we assessed the susceptibility of the Society's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether Judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the Society's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the society's members, as a body, in accordance with section 87 of 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.

Dains Audit Limited

Statutory Auditor
Chartered Accountants

Birmingham
Date: 28 April 2026

income statement

for the 52 weeks ended 24th January 2026

	Note	2026 £000	2025 £000
GROSS VALUE OF SALES	**3**	**105,947**	103,626
Value added tax		**(8,980)**	(8,905)
TURNOVER	**3**	**96,967**	94,721
Cost of sales		**(63,973)**	(62,184)
Gross profit		**32,994**	32,537
Administrative expenses		**(30,348)**	(29,143)
Adjusted earnings before interest, tax, depreciation and amortisation	**4**	**2,646**	3,394
Surplus on sale of fixed assets		**214**	52
Surplus/(deficit) on revaluation of investment properties	**11**	**228**	(1,021)
Exceptional items	**5**	**108**	(2,475)
Depreciation and amortisation	**5, 9, 10**	**(3,203)**	(3,105)
Operating (loss)		**(7)**	(3,155)
Interest receivable and similar income		**12**	65
Interest payable and similar charges	**7**	**(64)**	(152)
Loss on ordinary activities before taxation		**(59)**	(3,242)
Tax on (loss)/profit on ordinary activities	**8**	**(245)**	134
Loss for the financial period		**(304)**	(3,108)

All activities in the current financial period relate to continuing operations.
The notes on pages 36 to 54 form part of these financial statements

statement of comprehensive income

for the 52 weeks ended 24th January 2026

	Note	2026 £000	2025 £000
LOSS FOR THE FINANCIAL PERIODD		**(304)**	(3,108)
Actuarial (loss)/gain on defined benefit pension subject to surplus cap	**16**	**(193)**	2,250
Deferred tax on actuarial gains		**48**	(563)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(449)**	(1,421)

The notes on pages 36 to 54 form part of these financial statements

statement of financial position

as at 24th January 2026

	Note	2026 £000	2025 £000
FIXED ASSETS			
Intangible assets	**9**	**137**	160
Property, plant and equipment	**10**	**41,798**	43,382
Investment property	**11**	**13,875**	14,290
Other investments	**12**	**591**	591
		56,401	58,423
CURRENT ASSETS			
Inventories	**11**	**4,028**	3,985
Trade and other receivables	**12**	**1,158**	1,590
Cash at bank and in hand		**3,736**	919
		8,922	6,494
CURRENT LIABILITIES			
Creditors:			
amounts falling due within one year	**15**	**(9,211)**	(7,985)
NET CURRENT ASSETS		**(289)**	(1,491)
TOTAL ASSETS LESS CURRENT LIABILITIES		**56,112**	56,932
LONG TERM LIABILITIES			
Pension obligations	**16**	**-**	(438)
Provision for liabilities	**17**	**(4,412)**	(4,360)
NET ASSETS		**51,700**	52,134
CAPITAL AND RESERVES			
Share capital	**19**	**2,108**	2,068
Revenue reserve	**20**	**49,592**	50,066
MEMBERS' FUNDS		**51,700**	52,134

The notes on pages 36 to 54 form part of these financial statements

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 April 2026

AD Brown

Paul Elverson
Joint President

Ann Brown
Joint President

statement of changes in equity

for the 52 weeks ended 24th January 2026

	Share capital £ 000	Revenue reserves £ 000	Total £ 000
Balance at 27th January 2024	**2,030**	**51,522**	**53,552**
Loss for the financial year		(3,108)	(3,108)
Other comprehensive income:			
Actuarial loss on defined benefit pension plans	-	2,250	2,250
Deferred tax movement relating to actuarial losses	-	(563)	(563)
Total other comprehensive income	-	1,687	1,687
	2,030	50,101	52,131
Movement in share capital	28	-	38
Share interest less related taxation deduction	-	(35)	(35)
Balance at 22nd January 2022	**2,068**	**50,066**	**52,134**
Loss for the financial period		(304)	(304)
Other comprehensive income:			
Actuarial gain on defined benefit pension plans	-	(193)	(193)
Deferred tax movement relating to actuarial gains	-	48	48
Total other comprehensive income	-	(145)	(145)
	2,068	49,617	51,685
Movement in share capital	40	-	40
Share interest less related taxation deduction	-	(25)	(25)
Balance at 28th January 2023	**2,108**	**49,592**	**51,700**

The notes on pages 36 to 54 form part of these financial statements

statement of cashflows

for the 52 weeks ended 24th January 2026

	Note	2026 £000	2025 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating (loss)/profit for the financial period		**(7)**	(3,155)
Adjustments for:			
Amortisation of intangible assets		**23**	23
Depreciation & impairment of tangible assets		**3,293**	4,779
Surplus on sale of fixed assets		**(214)**	(52)
(Surplus)/deficit on revaluation of investment properties		**(228)**	1,021
Curtailment gain on defined benefit pension		**(642)**	-
Decrease/(increase) in trade and other receivables		**432**	276
Decrease/(increase) in stocks		**(43)**	254
(Decrease)/increase in trade payables		**1,193**	1,078
Taxation paid		**-**	777
NET CASH GENERATED FROM OPERATING ACTIVITIES		**3,807**	5,001
CASH FLOWS IN INVESTING ACTIVITIES			
Proceeds from the sale of tangible assets		**967**	1,469
Purchase of tangible assets		**(1818)**	(8,230)
Pension scheme special contributions		**(114)**	(855)
Interest received/(paid)		**(44)**	65
NET CASH USED IN INVESTING ACTIVITIES		**(1,009)**	(7,551)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in share capital		**20**	38
Share interest paid		**(1)**	(35)
NET CASH (USED)/GENERATEED IN FINANCING ACTIVITIES		**19**	3
NET DECREASE IN CASH AND CASH EQUIVALENTS		**2,817**	(2,547)
Cash and cash equivalents at the beginning of the period		**919**	3,466
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**21**	**3,736**	919
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash		**3,736**	919

The notes on pages 36 to 54 form part of these financial statements

notes forming part of the financial statements

for the 52 weeks ended 24th January 2026

Accounting policies
1. Statutory information

Heart of England Co-operative Society Limited is a co-operative society domiciled in England and Wales, registration number 2399R. The Society is registered under the Co-operative and Community Benefit Societies Act 2014. The registered office is Whittle House, Foleshill Enterprise Park, Courtaulds Way, Coventry, CV6 5NX.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). There were no material departures from that standard.

Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets. The financial statements are presented in pounds sterling and amounts have been rounded to the nearest £'000.

Use of estimates and judgements

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

	Note
Valuation of trading properties	10
Valuation of investment properties	11
Measurement of defined benefit pension scheme obligations	16

- Investment property valuations and impairment considerations of trade properties – the valuation and potential impairment of property assets is an area of estimation. Management controls this risk through the use of qualified property professionals to support their decision making.
- Pension scheme – the variables used in the valuation of the pension scheme are inherently uncertain. Management utilises a qualified actuary to support their calculations in this area.
- Management make other judgements in the course of their preparation of the financial statements including stock provisions, supplier rebates, debtor impairments, accruals for costs and so on. These are considered of low estimation uncertainty or are of lower value and hence have a lower impact on the financial statements.

Exceptional items

Exceptional items are material items of income and expenditure which by virtue of their size and nature are separately disclosed to assist in the better understanding of the Society's performance including expenditure in relation to an internal transformation project, in relation to future bank funding, in respect of fixed asset impairments, curtailment gain in relation to defined benefit pension scheme, costs incurred in relation to store opening and closure costs and certain redundancy costs.

Going concern
In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Society can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

The directors have also reviewed the forecasts for the current and upcoming financial periods, a range of downside scenarios have been considered including a combination of risks, and the Directors have concluded that, under these scenarios, the Society can continue as a going concern. The Society also has opportunities to implement further mitigating actions if required. The Society has sufficient resources with its current bank facilities to continue operating for the foreseeable future. On this basis the Directors continue to prepare the financial statements as a going concern.

Accounting reference dates
The financial statements of the Society are for the 52 weeks ended 24th January 2026 and are compared with a 52-week period to 25th January 2025.

Goodwill and intangibles
Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill, being the excess of the consideration paid for a business over the fair value of its net assets, capitalised and amortised evenly over its useful economic life.

The intangible assets are amortised over the following useful economic lives:

Goodwill	10 years

Property, plant and equipment
After initial recognition, classes of asset valued under the cost model are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation, less estimated residual value, in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Impairment of assets
At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Depreciation rates used are as follows:

Freehold buildings	2% per annum
Leasehold buildings	Over the unexpired term of the lease
Plant, fixtures and fittings	10% to 20% per annum
Vehicles	14.3% to 20% per annum

notes forming part of the financial statements

for the 52 weeks ended 24th January 2026

Investment property

Investment property is carried at fair value. Revaluation surpluses and deficits are recognised in the income statement. Deferred taxation is provided on these gains/losses at the rate expected to apply when the property is sold.

Other investments

Investments in unquoted shares are carried at cost with any impairment recognised immediately in the income statement.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell, less provision for any obsolete or slow-moving items.

Trade and other receivables

Short term receivables are measured at transaction price.

Creditors

Short term payables are measured at transaction price.

Financial instruments

Non-basic financial instruments are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value at each year end date. Changes in the fair value of non-basic financial instruments are recognised in the income statement in finance costs or income as appropriate.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased assets to the Society. All other leases are classified as operating leases.

Assets held under finance lease are recognised initially at cost, with the corresponding liability to the lessor being included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the straight-line method.

Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rental payments under operating leases are charged to the income statement on a straight-line basis over the lease term, unless rental payments are structured to increase in line with expected general inflation, in which case the Society recognises annual rent expense equal to the amount owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Pension costs

The Society operates defined contribution pension schemes for certain colleagues. Contributions payable are charged to the income statement as incurred.

The Society also operates a funded defined benefit final salary pension scheme. The net defined benefit position recognised in the statement of financial position is measured as the present value of the defined benefit obligation at the reporting date, less the fair value of the scheme assets at that date. The obligation is calculated using the projected unit credit method and is discounted using a high-quality corporate bond rate of equivalent term and currency to the scheme liabilities.

Remeasurements, comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest), are recognised in other comprehensive income. Past service costs are recognised in the income statement when a plan amendment occurs. The scheme was closed to future service accrual from 31 May 2025.

Any surplus is recognised only to the extent it is recoverable through refunds from the scheme or reductions in future contributions, with any irrecoverable surplus not recognised.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Society is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in the income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Society has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Gross sales

Gross sales is a memorandum disclosure and represents the total transaction value of all the Society's services.

Turnover

Turnover includes cash sales, commissions and property rental income. It is stated net of VAT, discounts and incentives. Sales of goods are recognised in the financial statements at the point of sale. Rental income is recognised on an accruals basis.

Supplier rebates

The Society receives supplier rebate income from the buying group, Federal Retail Trading Services (FRTS) it operates within. At the period end, the Society is required to estimate supplier income due from annual agreements for marketing costs and volume rebates which span across the period end date.

Estimates are required due to the fact that final confirmation of some amounts due are often only received after the period end date. All rebate income is received from third parties via the supplier agreements with FRTS. The estimates for this income are prepared following discussions with FRTS throughout the period and are regularly reviewed by senior management.

Share interest

The Society's members' share capital maintains a fixed nominal value and attracts interest. Share interest is disclosed as a movement in equity and within the statement of changes in equity.

notes forming part of the financial statements

for the 52 weeks ended 24th January 2026

3. turnover

	2026		2025	
	Gross sales	**Turnover**	Gross sales	Turnover
	£000	**£000**	£000	£000
Food	**93,601**	**84,914**	91,943	83,251
Coffee	**1,343**	**1,166**	699	602
Funeral	**10,049**	**9,933**	10,043	9,927
Property	**954**	**954**	941	941
	105,947	**96,967**	103,626	94,721

4. adjusted earnings before interest, tax, depreciation and amortisation

The adjusted earnings before interest, tax, depreciation and amortisation is stated after charging/ (crediting):

	2026	2025
	£ 000	£ 000
Auditor's remuneration:		
Fees payable in respect of audit services	**48**	45
Fees payable in respect of tax services	**19**	19
Insurance recovery related to cyber-attack on The Co-op Group	**(482)**	-
Operating lease rentals:		
In respect of property	**116**	93
In respect of plant and machinery	**493**	471
Grants and donations	**30**	55

5. exceptional items

	2026	2025
	£ 000	£ 000
Curtailment gain on closure of defined benefit pension	**642**	-
Costs incurred in respect of internal transformation project	**(87)**	(555)
Costs incurred in respect of bank funding	**(104)**	(96)
Costs incurred for location opening & closure	**(147)**	(5)
Fixed asset impairment	**-**	(763)
Redundancy costs	**(196)**	(122)
Revision of estimated depreciation	**-**	(934)
	108	(2,475)

The Society incurred costs in respect of a revolving credit facility that will be required to provide liquidity. The Society also incurred expenditure related transformation projects to support long-term profitable growth as well as redundancy costs and a curtailment in the defined benefit pension scheme. The Society incurred costs in respect of the opening and closure of certain trading locations. During the prior period, the Society recorded a change in estimate of the cost split between purchased land and buildings and resulting depreciation as well as an impairment of certain trading properties.

notes forming part of the financial statements

for the 52 weeks ended 24th January 2026

6. directors and employees

Directors' remuneration

	2026	2025
	£ 000	£ 000
The total remuneration of the directors for their board duties was as follows:		
Fees	**78**	69
The number of directors whose remuneration fell in each £5,000 bracket was as follows:		
	Number	Number
£0 - £5,000	**8**	9
£5,001 - £10,000	**6**	3
£10,001 - £15,000	**1**	-

Staff costs during the period were as follows:

	2026	2025
	£ 000	£ 000
Wages and salaries	**14,835**	14,166
Social security costs	**1,472**	825
Other pension costs	**936**	889
	17,243	15,880

The average number of employees of the Society during the period was:

	2026	2025
	£ 000	£ 000
Full – time	**179**	181
Part – time	**545**	540
	724	721

management executive remuneration

	2026	2025
	£ 000	£ 000
The total remuneration of the management executive was as follows:		
Salaries	**754***	860
Taxable benefits	**9**	13
Pension contributions	**70**	70
	833	943

	2026	2025
*Includes £154k for loss of office	**2026**	2025
Chief executive remuneration	**£ 000**	£ 000
The remuneration of the Chief executive (who is also the highest paid employee) included above was as follows:		
Salary and pension	**248**	169
Taxable benefits	**2**	1
	250	170

The number of management executive employees received remuneration including taxable benefits (excluding pension contributions/severance) fall within the following ranges:

	2026	2025
	Number	Number
£1 - £85,000	**2**	1
£90,001 - £95,000	**-**	1
£95,001 - £100,000	**-**	1
£100,001 - £115,000	**3**	-
£135,001 - £140,000	**-**	1
£165,001 - £170,000	**-**	1
£190,001 - £195,000	**-**	1
£200,001 - £230,000	**1**	-

7. interest payable and similar charges

	2026	2025
	£ 000	£ 000
Bank charges	**55**	-
Net interest costs on pension scheme	**9**	152
	64	152

8. tax on profit on ordinary activities

	2026	2025
The tax (credit)/charge is based on the profit for the period and represents:	**£ 000**	£ 000
a) Analysis of (credit)/charge in the period		
UK Corporation tax	**-**	-
Adjustment in respect of prior periods	**-**	-
Total current tax	**-**	-
Deferred taxation: origination and reversal of timing differences	**(245)**	134
Adjustment in respect of prior periods	**-**	-
Tax on results on ordinary activities	**(245)**	134
b) The tax assessed for the period is higher than the standard rate of corporation tax in the United Kingdom at 25.00% (2025: 25.00%). The difference are explained as follows:		
Loss on ordinary activities before tax	**59**	(3,241)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 25.00% (2025: 25.00%)	**(15)**	(810)
Expenses not deductible for tax purposes	**25**	283
Fixed asset differences	**161**	488
Chargeable gains/losses	**130**	(266)
Movement in deferred tax not recognised and other	**(56)**	171
Tax (charge)/credit for the period	**(245)**	134

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is a credit of £48,000 (2025: a charge of £563,000). At 24 January 2026, the Society had trading losses carried forward of £4,419,956 available for offset against future taxable profits in future periods.

9. intangible fixed assets

	Goodwill
	£ 000
Cost	652
At 25th January 2025	
Additions	-
At 24th January 2026	
	652
AMORTISATION	
At 25th January 2025	492
Provided in the period	23
At 24th January 2026	**515**
NET BOOK VALUE	
2026	**137**
2025	160

notes forming part of the financial statements

for the 52 weeks ended 24th January 2026

10. property plant and equipment

	Trade properties	Fixtures, fittings & plant	Transport	Total
	£000	£000	£000	£000
Cost:				
At 25th January 2025	36,839	43,012	742	80,593
Additions	953	864	-	1,817
Disposals	(108)	(415)	-	(523)
Transfers	-	-	-	-
At 24th January 2026	**37,684**	**43,461**	**742**	**81,887**
Depreciation and impairment:				
At 25th January 2025	8,783	27,686	742	37,211
Provided in the year	658	2,635	-	3,293
Impairment	-	-	-	-
Disposals	(26)	(389)	-	(415)
Transfers	-	-	-	-
At 24th January 2026	**9,415**	**29,932**	**742**	**40,089**
NET BOOK VALUE				
2026	**28,269**	**13,529**	**-**	**41,798**
2025	28,056	15,326	-	43,382

All properties held by the Society were valued by Harris Lamb, as at 24th January 2026 based on open market value for existing use.

Trade properties with a carrying value of £12,565,000 (2025: £12,511,843) are pledged as security against the Society's defined benefit pension scheme.

11. investment property

	£000
Fair value at 25th January 2025	14,290
Additions	2
Disposals	(645)
Transfers	-
Revaluations	228
Fair value at 27th January 2024	**13,875**

The directors appointed Harris Lamb as an independent expert to independently value investment properties as at 24th January 2026. The directors have used the independent expert's report to determine the fair value of investment property as at the period end.

12. other

	2026	2025
	£000	£000
Non-current investments:		
Financial assets	**591**	591
	591	591
Are held as follows:		
Co-operative Group shares	**476**	476
Other I & P Societies shares	**115**	115
Total available for sale financial assets	**591**	591

The balance within Other I & P Societies shares includes minor holdings, including the Society's shareholdings in 21st Century Co-operative Society Limited and Heart of England Pension Trustee Limited, dormant wholly owned subsidiaries which were dissolved in March 2025 and August 2025 respectively.

notes forming part of the financial statements

for the 52 weeks ended 24th January 2026

13. inventories

	2026	2025
	£000	£000
Finished goods	**4,028**	3,985

Finished goods recognised as a cost of sale amounted to £63,973,000 (2025: £62,184,000).

14. trade and other receivables

	2025	2025
	£000	£000
Trade debtors	**6**	10
Corporation tax	**-**	-
VAT	**155**	137
Other debtors	**-**	701
Prepayments and accrued income	**997**	742
	1,158	1,590

The Society's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in Note 24.

15. creditors – amounts falling due within one year

	2026	2025
	£000	£000
Trade payables	**5,980**	4,654
Holiday pay	**165**	233
Other taxes and social security	**1,440**	955
Share interest	**-**	-
Accruals and deferred income	**1,626**	2,143
	9,211	7,985

16. pension obligations

The Heart of England Co-operative Society Pension Scheme is a defined benefit final salary scheme formed from a merger of Heart of England Co-operative Society Limited Employees' Superannuation Fund and the Coventry & District Co-operative Society Limited Employees' Superannuation Fund.

Following the actuarial valuation on 5th April 2023 a revised schedule of contributions was agreed between the Society and the Trustee. Payments of £750,000/year were due from July 2024 to May 2029 plus 13.7% of active members' payroll. In January 2025, the Society Board of Directors decided to cease awarding discretionary benefits, but will keep this policy under review. A revised Schedule of Contributions was agreed in February 2025 and, under this revised schedule, deficit reduction contributions ceased after February 2025. The scheme closed to new entrants in October 2012 and to future service accrual on 31 May 2025.

Costs and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuation was carried out at 5th April 2023 and updated to 24th January 2026 by a qualified independent Actuary employed by XPS Pensions Limited. The January 2026 valuation identified a surplus. However, the Society has recognised this only to the extent required to reduce the recognised pension liability to nil, with no pension asset recognised on the basis that the surplus is not considered recoverable through reduced future contributions or refunds from the scheme.

The main assumptions used by the Actuary were:	**2026**	2025
	%	%
Salary increases	**Not applicable from June 2025 onwards**	Living wage members: 2024: 9.00% 2025: 8.00% 2026: 6.00% Thereafter: 3.65% Non-living wage members: 3.15%
RPI inflation & future revaluation of pensions in deferment	**3.00**	3.15
Discount rate	**5.60**	5.50
Future pension increases – post 97 pension	**2.95**	3.10
Future pension increases – pre 97 pension	**N/A**	N/A
Pre and post retirement mortality	**111% (males), 112% (females) of S3PA base tables, CMI2023 projections, with 1%pa long term rate of improvement, initial addition of 0.1% and 2022/2023 parameters of 30%.**	111% (males), 112% (females) of S3PA base tables, CMI2022 projections, with 1%pa long term rate of improvement, initial addition of 0.1% and 2022/2023 weighting parameters of 30%.
Proportion married	84% males 76% females at retirement	84% males 76% females at retirement
Age difference of dependents	Males are on average 2.4 years older than females	Males are on average 2.4 years older than females
Male life expectancy at age 65 for current 65 year old	**20.5**	20.5
Male life expectancy at age 65 for current 45 year old	**21.5**	21.4
Female life expectancy at age 65 for current 65 year old	**23.1**	23.0
Female life expectancy at age 65 for current 45 year old	**24.2**	24.1
Cash commutation	**85% take maximum allowable cash on retirement**	85% take maximum allowable cash on retirement

notes forming part of the financial statements

for the 52 weeks ended 24th January 2026

16. pension obligations (continued)

Where investments are held in bonds and cash, the expected long-term rate of return is taken to be the yields generally prevailing at the year end. A higher rate of return is expected on equity investments, based more on realistic future expectations than on the returns that have been available historically.

	2026	2025
The amounts recognised in the statement of financial position are as follows:	**£000**	£000
Present value of funded obligations	**(30,276)**	(32,085)
Fair value of scheme assets	**31,028**	31,501
Net asset/(liability)	**752**	(584)
Asset ceiling/irrecoverable surplus	**(752)**	N/A
Adjusted asset/(liability) subject to surplus cap	**-**	(584)
Related deferred tax asset/(liability)	**-**	146
Net asset/(liability)	**-**	(438)
The amounts charged/(credited) in the income statement are:		
Curtailment gain upon cessation of future service accrual	**(642)**	-
Current service cost	**47**	224
Net interest costs	**9**	152
	(586)	376
The actual return on scheme assets were as follows:		
Actual return on scheme assets	**1,670**	127
Reconciliation of opening and closing balances of the fair value of Scheme assets		
Opening fair value of scheme assets	**31,501**	32,351
Interest income on scheme assets	**1,675**	1,594
Returns on assets, excluding interest income	**(5)**	(1,467)
Contributions by employer	**191**	1,196
Contributions by scheme participants	**37**	131
Benefits paid	**(2,371)**	(2,304)
Closing fair value of scheme assets	**31,028**	31,501
Reconciliation of opening and closing balances of the present value of the defined benefit obligations		
Opening scheme liabilities	**(32,085)**	(36,005)
Current service cost	**(47)**	(224)
Interest cost	**(1,684)**	(1,746)
Actuarial gains/(losses)	**564**	3,717
Contributions by scheme participates	**(37)**	(131)
Curtailments	**642**	-
Closing scheme liabilities	**(30,276)**	(32,085)

	2026	2025
The assets of the scheme were:	**£000**	£000
Diversified growth fund	**9,079**	8,092
Bonds/gilts	**21,371**	23,585
Cash	**578**	(176)
Fair value of scheme assets	**31,028**	31,501

Sensitivity analysis	**Impact on scheme deficit 24th January 2026 £m**	Impact on scheme deficit 25th January 2025 £m
Discount rate – reduce by 0.1%	**0.4**	0.4
Rate of inflation (RPI) – increase by 0.1%	**0.2**	0.2
Drop in Diversified Growth Fund by 5%	**0.5**	0.4
Assumed life expectancy at age 65 – increase by 1 year	**1.1**	0.9

The pension scheme assets include no assets from the Society's own financial instruments.

The pension scheme assets include no property occupied by, or other assets used by, the Society.

The Society has pledged certain properties to the pension scheme.

The Society does not expect to make any contributions to its pension scheme in 2026.

The Scheme was not previously contracted out and so neither GMP equalisation nor the impact of the recent Virgin Media case, apply.

17. provision for liabilities

	Deferred taxation
	£000
At 25th January 2025	**4,360**
Deferred tax liability recognised in prior year pension liability	**(145)**
Charged to income statement	**245**
Credited to other comprehensive income	**(48)**
At 24th January 2026	**4,412**

notes forming part of the financial statements

for the 52 weeks ended 24th January 2026

18. deferred taxation

Deferred taxation provided for at 25% (2025: 25%) in the financial statements is set out below:

	2025	2025
	£000	£000
Accelerated capital allowances	**5,449**	5,328
Other timing differences	**(38)**	(56)
Revaluation adjustments	**106**	156
Losses and other deductions	**(1,105)**	(1,068)
	4,412	4,360

19. share capital

	2025	2025
	£000	£000
At 25th January 2025	**2,068**	2,030
Contributions	**46**	7
Interest	**1**	37
	2,115	2,074
Withdrawals	**(7)**	(6)
Balance at 24th January 2026	**2,108**	2,068

The whole of the share capital comprises of non-equity shares of £1 each attracting interest between 0% & 3.75% per annum depending on the amounts. Shares are withdrawable by giving one week's notice to the Society. However, this requirement has been waived by the Directors in accordance with rule 28(b), and therefore the share capital has been classified as equity in accordance with FRS 102. Every member who has been a member of the Society for not less than six months and holds a minimum of one £1 share is entitled to one vote.

20. reserves

Share Capital - represents the nominal value of shares that have been fully paid.

Revenue reserves - includes all current and prior period retained profits and losses as well as revaluation reserves which were presented separately in prior years.

21. cash flow

Analysis of changes in net debt

	At 25th January 2025 £000	Cash flow £000	**At 24th January 2026 £000**
Cash and cash equivalents	919	2,817	**3,736**
Total	919	2,817	**3,736**

22. capital commitments

The Society had capital commitments relating to property, plant and equipment of £2,827,000 (2025: £3,463,000).

23. leasing commitments

The Society had total commitments under non-cancellable operating leases as detailed below:

	2026 £000	2025 £000
Within one year	**514**	487
Within two to five years	**753**	786
After more than five years	**204**	272
	1,471	1,545

24. financial risk management

The Society has exposure to customer credit exposure as well as liquidity and interest rate risk.

customer credit exposure
The Society may offer credit terms to its customers which allow the payment of the debt after delivery of the goods or services. The Society is at risk to the extent that a customer may be unable to pay the debt on the specified due date. The Society does not require collateral in respect of financial assets. The Society considers that it is prudent in its impairment provisioning and it has no significant customer credit risk.

25. financial assets and liabilities

	2026	2025
	£000	£000
Financial assets measured at fair value through the income statement comprised of investment properties	**13,875**	14,290
Financial assets measured at amortised cost comprised of debtors including other debtors, VAT receivable and	**161**	848
Financial liabilities measured at fair value through the income statement comprised of the defined benefit pension liability	**-**	438
Financial liabilities measured at amortised cost	**9,211**	7,985

26. borrowings

The Society has access to an overdraft facility of up to £3,500,000. Nil (2025: Nil) of the facility was drawn down at the year end. Charges on certain properties provide the bank with security. In February 2025, a £6m revolving credit facility became available. Charges on certain properties provide the bank with security.

Liquidity risk: borrowing requirements are managed in line with the long-term cash flow forecast revised annually and reviewed against the Society's debt facility.

Interest rate risk: at the reporting date a variable interest rate based on the Sterling Overnight Index Average (SONIA) plus a margin was available to the Society for its bank borrowings.

27. related party transactions

Payments totalling £4,000 (2025: £45,000) were made to certain board members in the prior year in respect of salary and consultancy services provided on an arms-length basis.

New Life Church Footsteps Toddlers Group

Helping Hearts

Supporting **your local** community

If your community group or charity need support, you can pick up a Helping Hearts application form from any of our stores or funeral homes.

Just some of the groups we have helped in our community.

Brownsover Rainbows

No fuss meals for busy parents

Friends of the War Memorial Park, Coventry

U8's Lionesses Exhall Sky Blues Football club

Ask Katie Hygiene Bank

Sam Buxton
Macmillan Cancer Support

Friends of the War Memorial Park, Coventry - Finger snake

Manor Court baptist church

Rugby Youth Theatre

trading area and operations

Heart of England Co-operative

The co-operative food

Part of the Heart of England Co-operative

Balsall Common - Kenilworth Road	01676 535006
Barwell - Malt Mill Bank	01455 846200
Bedworth - Cross Keys, Goodyers End Lane	024 7610 0540
Bishops Itchington - Chapel Street	01926 612180
Burbage - Rainbow Way	01455 560118
Coventry - Alfall Road, Wyken	024 7644 5916
Coventry - Allesley Old Road, Allesley	024 7667 2783
Coventry - Earlsdon Street, Earlsdon	024 7671 3377
Coventry - Norman Place Road, Coundon	024 7633 2548
Coventry - Rotherham Road	024 7633 2065
Coventry - Tile Hill Lane, Tile Hill	024 7646 6170
Crick - High Street	01788 822277
Fenny Compton - High Street	01295 770246
Harbury - High Street	01926 612252
Hockley Heath - Stratford Road	01564 432044
Hinckley - Fieldfare Road	01455 241145
Long Itchington - Church Road	01926 812411
Market Bosworth - Main Street	01455 290231
Meriden - The Green	01676 522378
New Arley - Gun Hill	01676 540480
Nuneaton - Coniston Way, St Nicolas Park	024 7632 9974
Nuneaton - Copper Beech Road, Camp Hill	024 7639 2438
Nuneaton - Chesterton Drive, Galley Common	024 7639 3962
Nuneaton - Kem Street, Attleborough	024 7634 4938
Nuneaton - School Road, Bulkington	024 7631 2146
Royal Leamington Spa - Warwick Gates, Cressida Close	01926 426506
Rugby - High Street, Hillmorton	01788 543567
Rugby - Lawford Road, New Bilton	01788 536248
Rugby - The Green, Old Bilton	01788 811774
Rugby - Townsend Lane, Long Lawford	01788 565066
Ryton-On-Dunsmore - High Street	024 7630 2691
Sapcote - Church Street	01455 272257
Southam - Coventry Street	01926 812308
Stoney Stanton - Long Street	01455 273813
Warwick - Lower Heathcote Square, Vickers Way	01926 493281
Warwick - Woodloes Aveune South	01926 493281
Wellesbourne - Loxley Close	01789 840861
Wellingborough - Cheyne Avenue, Glenvale Park	01933 421771

Heart of England Co-op Funerals

Barlestone - inc 'Gilliver's', Church Road	01455 290356
Bedworth - High Street	024 7631 4823
Brackley - inc 'W.J.Franklin & Son, High Street	01280 702356
Coventry - Ansty Road, Wyken	024 7665 0619
Coventry - Foleshill Road, Foleshill	024 7666 5676
Coventry - Kenpas Highway	024 7641 1806
Coventry - Lower Holyhead Road	024 7622 5826
Daventry - High Street	01327 707905
Earl Shilton - Kings Walk	01455 844400
Hinckley - inc 'A J Murray' Lower Bond Street	01455 233974
Kenilworth - Warwick Road	01926 856699
Nuneaton - Park House, Riversley Road	024 7638 2535
Royal Leamington Spa - Parade	01926 428665
Rugby - Bilton Road	01788 576099
Southam - Coventry Street	01926 800930
Towcester - Watling Street	01327 552212

Bewiched COFFEE

Balsall Common - Kenilworth Road	01676 535006
Royal Leamington Spa - Leamington Shopping Park	01926 428665

Head Office/ Member Services

Heart of England Co-operative Society Ltd
Whittle House,
Foleshill Enterprise Park,
Courtaulds Way,
COVENTRY
CV6 5NX
Tel: 024 7638 2331
Email: info@heartofengland-coop.co.uk

Co-operative Food Stores

Funeral Homes

Coffee Shops

notes

www.heartofengland.coop

Heart of England Co-operative Society Limited is registered under the Co-operative and Community Benefit Societies Act 2014. Registered Number: 2399R

Registered Office: Whittle House, Foleshill Enterprise Park, Courtaulds Way, Coventry, CV6 5NX
VAT Registration No. 328 0789 38

Heart of England Co-operative

we're at the heart of the community