Annual Report
& financial accounts
for year ended 28 January 2017















Scotmid
co-operative

ADVISORS AND REGISTERED OFFICE

Independent Auditor

KPMG LLP

Bankers

The Royal Bank of Scotland plc

Solicitors

Anderson Strathern WS

Registered Office

Hillwood House, 2 Harvest Drive, Newbridge, EH28 8QJ

Society Registration Number SP2059RS

Contents

Board of Directors


Harry Cairney
President

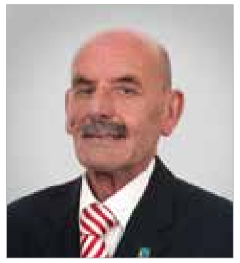

John Anderson


Sheila Downie


Iain Gilchrist


Tom McKnight


Jim Watson
Vice President


John Miller

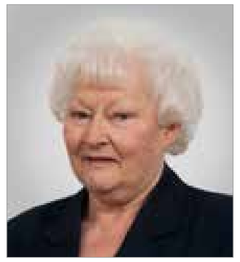

David Paterson


Michael Ross


Andy Simm


Grace Smallman


Eddie Thorn


Alexandra Williamson

For Board and Committee attendance see pages 50-51.

Management Executive


John Brodie
Chief Executive Officer


Malcolm Brown
Head of Corporate Communications


John Dalley
Chief Financial Officer & Secretary


Stewart Dobbie
Head of Innovation & Change


Maurissa Fergusson
Head of Property & Facilities


Steve McDonald
Head of People & Performance


Colin McLean
Chief Operating Officer

Overview

The Directors are pleased to present their report for the 52 weeks ended 28 January 2017.

Over the past 12 months, the Society produced a strong underlying performance driven by innovation and continuous improvement. The Society dealt with a period of unprecedented uncertainty, significant external cost increases from the National Living Wage and a lacklustre retail market, but still delivered a trading profit of £5.3m compared to £5.7m last year. The Society also recorded turnover of £376m, up £6m from the previous year, and remains in a strong financial position with net assets in excess of £91m.

In the year ending January 2017, the Scottish Retail Consortium reported average like-for-like sales down 0.8%; reflecting the challenge in the retail market. Scotmid's convenience stores tackled this challenge by adapting to changing customer requirements, driven by the popular food-to-go lines and excellent local products. Semichem continued to find itself operating in a difficult retail landscape with increased competition impacting on day-to-day sales and pressure on the cost of goods from the weaker pound. In Northern Ireland, however, many of the stores experienced strong sales growth driven by prestige fragrance and assisted by the currency devaluation.

Scotmid Property enjoyed a very positive year thanks to domestic property rental income growth and a successful lease renewal of one of the Society's main commercial properties.

Heading into its 90th year, Scotmid Funerals continued to grow and respond to increased competition locally.

During the year the Board approved an enhancement to the Society's Community Strategy and a new five-year Membership Strategy. These strategies include plans for a new Community Connect scheme that has the potential to re-enforce the link between our Membership offer and the Society's work in the community. The Community Connect scheme will start with a trial in the North Region.

Last year-end we highlighted the specific challenge of the National Living Wage in the context of an unfavourable Scottish Retail market. The Society has delivered a good response to this challenge by accelerating efficiency and other improvement initiatives, and worked through a year of unprecedented uncertainty influenced by the Brexit referendum and the US election result. We expect the uncertainty to continue in 2017 as the UK negotiates the terms of exit. In addition, the ongoing cost challenge of the National Living Wage will be magnified by additional costs arising from the apprenticeship levy and the rating revaluation. Consequently we expect 2017 to be another challenging year, with consumers facing rising food prices for the first time in recent years. In response to this generally unfavourable background, Scotmid will continue to seek out new sales initiatives or innovative cost control measures as part of our continuous improvement philosophy which has served us well for a number of years.

Directors' Report

Food Retail

The Scottish Retail Consortium reported that the food retail market in Scotland grew by an average of 0.4% like-for-like in the year to January 2017. A feature of the market which held back growth was the continuation of food price deflation. So it was pleasing that Scotmid's convenience stores achieved like-for-like sales growth well ahead of the market, driven by innovation and new initiatives. The strategy was to offer customers the best of the co-operative range supplemented with quality local products to help differentiate us from our competitors. Our local products included bakery, dairy and general produce.

The main driver of sales growth was our food-to-go offer and we are progressively rolling out new food-to-go products to our stores. With the investment in infrastructure and training we now have bakery, coffee and hot morning rolls available in all stores and other products on trial in selected stores. We also saw growth in fresh and chilled products assisted by new ranges introduced by the co-op buying group (FRTS) to develop a co-op range tailored for needs of a convenience store shopper. Scotmid has implemented the co-op range changes on a phased basis aiming to complete the programme in 2017. The new co-op range has been specifically tailored for the needs of the customer by the segmentation of stores into new categories. Fresh produce sales were also assisted by our support of the Scottish Government's "Eat Better Feel Better" campaign.

Following a review of the implications of National Living Wage (NLW) in partnership with USDAW, a number of store

colleagues benefited, however the NLW was the major cost challenge for the Society in the year. In preparation for the NLW the Society identified a range of projects and opportunites to simplify and make our store process more efficient. The implementation of a number of these "make it simple" projects in 2016 has enabled the food convenience business to mitigate the increased cost. This, however, will be an ongoing challenge, with retailers facing increased cost from the apprenticeship levy, business rates and wage inflation.

As well as investment in food-to-go infrastructure the Society continued to invest in the general store estate. A significant number of stores were re-fitted in the year including the re-instatement of our new Broxburn store following a fire. We also added self-scanning checkouts to another 12 stores and continued with the Post Office network transformation programme which resulted in a number of store layout changes, including Post Office services, introduced to the main checkout area.

Taking into consideration the challenging market conditions and the external cost pressures, it has been a successful year for the Society's food convenience business. The success was acknowledged within the wider grocery industry with recognition at the Scottish Grocer Awards 2017 for Dairy Retailer of the Year and Bakery Retailer of the Year.

The year in summary

February - March 2016

Scotmid signs up to the Scottish Government's 'Supporting Healthy Choices' programme.

The Society supported events for Fairtrade Fortnight.

The half-way point of our fundraising partnership with the Alzheimer charities.

The Liberton Funeral office in Edinburgh is rebranded with the new style fascia.

Avoch Scotmid receives their new 24 hour access defibrillator cabinet.

Semichem

Like other retailers trading on local high streets, Semichem continues to operate in a very challenging market impacted by structural changes and not helped by the uncertainty caused by significant external events, in particular Brexit. The Scottish Retail Consortium reported non-food like-for-like sales down by an average of 1.8% in the year ended January 2017 which confirms the tough market conditions faced by high street retailers.

Against this background our store sales outperformed the market by a focus on core health & beauty, fragrance, household and seasonal categories. In particular, we saw strong growth in private label products within our seasonal category and the increased emphasis on premium fragrance has helped this become our number one sub-category. The drive for sales growth was supported by deep discounted deals and marketing including digital, social media and increased TV advertising.

Northern Ireland's sales performed positively with the benefit of the fragrance offer, but also saw growth as a result of Brexit and the weaker pound against the euro. However, the weak pound did impact on supplier prices putting pressure on margins. Control of operating expenses and simplification initiatives were also important to help Semichem combat inflationary increases driven by the National Living Wage.

Investment in the Semichem business included mini store refits, counter replacements and security tagging to offer a wider range of high value products available self-service for our customers. We also invested in new picking devices for the warehouse and our vehicle fleet will be upgraded in early 2017 to improve its carbon footprint. Generally landlords recognised the challenges of high street trading, helping Semichem to achieve affordable rents. Regrettably, three stores closed in the year where agreement on a fair rent could not be reached.

The focus for Semichem remains on the core store estate, however, the targeted sales activity on the Semichem.co.uk website has helped to drive the overall effectiveness of this channel of trade.

The business will face continuing challenges throughout the year ahead including the impact of the National Living Wage and the uncertainty of political events. However, Semichem will continue to evolve through listening to the needs of our customers, simplifying our operation and ensuring we remain a competitive and valued retailer on the high street.

The year in summary

Graduates from the 'Grow' programme receive their certificates of achievement at Hillwood House.

Celebrating success at the Food Conference.

Funeral

Scotmid Funerals has continued to perform well and, once again, showed growth on last year's result. After a number of years of decline, death rates have now started to level off and, according to government predictions, are to remain constant in Scotland for the next five years.

Demand for funeral plans was strong with an increase in the number of plans where Scotmid is the chosen funeral director. This includes our tailored funeral plans that we arrange bespoke for our clients in our funeral offices.

Two new funeral offices were opened one in Livingston and another in Edinburgh which have both started well. Scotmid Funerals also continued its ongoing investment in infrastructure and a top quality vehicle fleet with a new Mercedes hearse as well as new signage at the Hamilton and Liberton offices (pictured above).

We continue to work closely with our local communities and are also a strong voice within the Scottish funeral industry, supporting the development of excellent professional standards. The National Association of Funeral Directors have been active working with the Scottish Government after the Burial and Cremation Act 2016 (Scotland) legislation was passed. This act will lead to the appointment of an Inspector of Funerals (Scotland) and the licensing of Funeral Directors. We are also participating in the plans for a Scottish Funeral Social Fund.

April - May 2016

Children dig deep at the Botanics in Edinburgh thanks to a £2,500 Scotmid Community Grant.

Strathaven Square food store receives a refresh.

The Scotmid team get ready for the London to Paris cycle in aid of the Alzheimer charities.

Property

Scotmid's Property business had another positive year, mainly due to rental income growth. Despite the vote to leave the EU, both commercial and residential property markets ended the financial year in reasonably good health, although the first half of the year was affected by Brexit uncertainty. The medium term outlook for interest rates also appears to be a positive factor assisting the property market.

Commercial portfolio rental income remained ahead of the previous year, despite no additions to the portfolio during the 12 months. The key driver of the commercial income growth was an exceptional lease renewal of the Society's largest single asset (pictured above). This income growth helped to offset the additional cost of a substantial increase in the level of business rates for vacant property in Scotland.

Residential rental income also continued to grow and this was achieved through a combination of new investment and rental growth. Occupier demand remains healthy in the private rented sector. The acquisition of a block of 15 two-bedroom flats in Hamilton added to the Society's established residential portfolio. This opportunity arose from the insolvency of the previous landlord and the Society was able to secure the block of flats at an attractive price.

Long-term commercial lettings were secured in the period with these lettings spread across six properties. In addition, planning permission was secured to convert the first floor office space vacated by Seaton Valley Co-op into four lettable flats. Work has commenced on this development which will be an addition to the Society's residential portfolio.

An improvement in the residential market and success negotiating the lease renewal on our largest asset saw the (like-for-like) valuation of the investment property portfolio increase by over £5m.

The year in summary

The Scotmid stand at the Royal Highland Show proved popular with visitors.


Broxburn food store re-opens after being damaged by fire in January.

School children from Sciennes PS in Edinburgh learned about baking with help from Scotmid and Breadwinner.

Corporate Matters
& Central Support


Delegates at the "Grow Aspire" awards.

Mainly as a result of a fall in long-term interest rates following the Brexit referendum result, Scotmid's pension scheme saw a £7.5m increase in its pension deficit in the year. It was therefore very pleasing to report that the Society was able to maintain its strong asset base of £91.5m, despite this substantial pension deficit increase. Trading profits were supplemented by the substantial £5.1m revaluation gain from our investment property portfolio that helped to maintain our net reserves. The Society also delivered a further £3m reduction in net debt despite investing over £10m in capital expenditure for the long-term benefit of the Society. Significant capital expenditure in the year included a residential block of flats for our property investment portfolio and expenditure to support retail business development (such as food-to-go, "make it simple" projects, store refits and the energy efficiency programme).

The trial of franchise stores using Conviviality Retail's brands continued in 2016/17. The former Semichem stores continuing in the trial are showing positive sales growth and Conviviality are working to tailor the franchise concept to meet the specific needs of the Scottish market. Two of the original stores converted to Bargain B's came to the end of their leases and were withdrawn from the trial but plans are in place to extend the trial with the opening of some new stores.

The Central teams' priority in the year was the support of the "make it simple" programme which aims to simplify and reduce task for store colleagues. Work done in this area has been particularly important following the introduction of the National Living Wage and this has been supplemented by a project working in partnership with USDAW to simplify terms and conditions. Cross functional teams have supported over 40 process improvement projects in our stores such as a new

June - July 2016

Scotmid supported the Homeless World Cup in Glasgow.

Ratho Station food store took part in the Big Co-op Clean during Co-operatives Fortnight.


The Finance team at Hillwood House celebrate receiving the Fair-Tax award.

Corporate Matters
& Central Support continued

Make it simple was a key message at the Food Conference in April

shelf-edge-label solution in Semichem and trials of "office on the shop floor".

Our successful "Grow Aspire" management development training programme continues to evolve. The programme of on-the-job learning and training academy courses has now seen more than 40 managers graduate since its launch. Security enhancement measures include the further deployment of our colleague safety device "Safe-i" to help to deliver a safe and secure working environment and support for a trial of out-of-hours deliveries for our food stores.

The Society would like to record our thanks to Malcolm Brown, Head of Corporate Communications, who is retiring after 12 years of service as a member of the Scotmid executive management team and long association with the Society prior to that, providing external PR services. Malcolm has been a high profile representative of the Society and has led the development of Scotmid's membership and community work and in particular the record totals raised for our charity of the year.

Membership Development
Community & Charity Activity

To help meet the changing needs of existing and new members, the Society has devised a new 5 year strategy that focuses on attracting and engaging with members and encourages them to participate in the Scotmid Member Journey. An early priority of the strategy is to ensure that our membership database is up to date, meets good governance requirements and aids membership development. The programme to update our database has already begun in the Lakes & Dales area and will be rolled out to other membership regions in the next eighteen months. The Scotmid Membership App continues to grow in popularity and features regular exclusive discounts and member benefits. More traditional communication with members continued with the publication of two new editions of "Jigsaw" in 2016, featuring a focus on our support for local food banks and an interview with Childline founder, Dame Esther Rantzen.

Community Activities

The Society's core purpose is to serve our communities and improve people's everyday lives using co-operative values and principles. We do this by operating businesses that provide members/customers with goods and services and then invest surplus funds back into the local community. During the year the Society agreed an exciting new regional extension to our current community strategy that will supplement our local community grant scheme and our support of national good causes. The new scheme is called "Community Connect" which will start with a trial in our North Region.

During 2016 the Society's Regional Committees Scheme distributed over £110,000 of Community Grants to community causes across our trading areas. A comprehensive list of all

The year in summary

August - September 2016

Alexandria food store relaunches after a refit.

The Society signs off the partneship with Alzheimer Scotland and the Alzheimer's Society with an outstanding £375,000 being raised for the two charities.

Childline is announced as the Society's new charity partner for 2016-17.

The Semichem conference in Edinburgh.

Adrian Lorimer, Head of Property, retires after 17 years with the Society.

Membership Development

Community & Charity Activity

the organisations supported is featured on pages 14 and 15. The Society is committed to the promotion of Fairtrade and contributed to dozens of events across our trading area and organised a number of large events which were well attended by a range of people from across the community. The theme of Fairtrade Fortnight 2016 was The Fairtrade Big Breakfast. The Society also broadened our support beyond Fairtrade food items to the Fairtrade Co-operative, Bala Sports, teaming up as official match ball partners to support the Homeless World Cup which was held in Glasgow in the summer of 2016. Every game was played using a Fairtrade ball, illustrating an important part of the ethos of the tournament and the Society, that of equality, empowerment and fair play for all. As a Society we are mindful of the central role we have played in communities for well over a century or more. Prestonpans in East Lothian is famous for its murals which depict the rich industrial and manufacturing heritage of the town. We were delighted to be involved in the restoration and safeguarding of a mural depicting the story of salt production in the area on the side of our Scotmid Co-operative store on Main Street.

Charity

At the end of August 2016, Scotmid completed our one year charity Partnership with Alzheimer Scotland and Alzheimer's Society. Thanks to the efforts of members, colleagues and customers the Society raised the highest ever annual total of £375,000. From September, our new charity partner is Childline, a service provided by NSPCC. The service founded by Dame Esther Rantzen thirty years ago receives over one million calls a year from children in distress. Whilst the famous telephone number of 0800 11 11 is still very busy, more and more young people are contacting the service via email or

online chats which takes longer and costs more money. The Society hopes that the target of £300,000 will help fund 75,000 contacts from young people. The Society was very proud to receive the inaugural Charity Champion Award from St Andrew's First Aid (pictured above) in recognition not only of the Society's support for one of Scotland's most important health and first aid charities, but also honouring the work and effort the Society puts into improving the health and wellbeing of the communities we serve.

Political Donations

Donations to the national Co-operative Party amounted to £14,000 and the Scottish Co-operative Party of £10,000

Appreciation

The Directors would like to thank our members, customers and colleagues for their support over the year.

Signed on behalf of the Directors

Harry Cairney, **President**

Jim Watson, **Vice President**

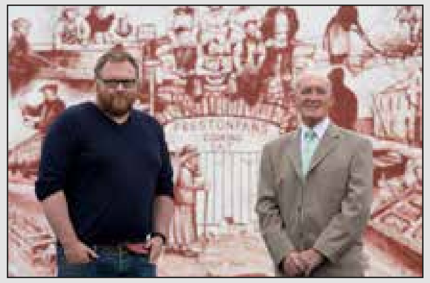
23 March 2017

The year in summary

October 2016 - January 2017

Dame Esther Rantzen visited Semichem in Aberdeen as part of the launch of our partnership with Childline.

Scotmid joined Police Scotland to help create more special constables throughout communities in Scotland.



Local artist, Tom Ewing, restored the mural at our Prestonpans store.

Customers wait to check out their new look food store in Blackburn.

Compliance Officer, Ian Lovie, received a CAP Community Champion award.

Seaton Valley Wheatridge store relaunched as Lakes & Dales co-operative.

Organisations that have benefited from Scotmid's support during the year

1st Cockenzie Cubs • 1st East Calder Boys Brigade • 1st Hopeman Scouts • 1st Inverbervie Scout Group • 1st Kirkliston Scout Group • 1st Lesmahagow Cubs & Beavers • 1st Peebles Brownie Pack • 1st Rosewell Brownies • 1st Seaton Delaval Rainbows • 22nd Fintry Scouts • 2nd Loanhead Rainbows • 3 Bears Nursery, Renfrew • 51st Pentland (Balerno) Scout Group • 5th Midlothian Glencourse Scouts • 60th Braid (Buckstone) Scout Group • 6th Prestonpans Brownies • Abercromby Primary School • Abernyte Primary School • Aboyne Academy • Aboyne Canoe Club • Aboyne Primary School • Acre Care Homes • ActiFence • Action For Children • Action On Hearing Loss Scotland • Active Children Eating Smart • Active Schools-Junior Joggers Fun Run • Age Scotland • Airdie Central Bowling Club • Airlie Street Hall Association • All Access Mental Health • Allan Church, Bannockburn • Allander Court Care, Glasgow • Alyth Bike Park • Alyth Bowling & Tennis Club • Alyth FC • Alyth Lunch Club • Alzheimer Scotland • Andover Christmas Fair • Angus Cycle Hub CIC • Angus Dementia Resource Centre • Angus Foodbank • Antonine Primary School, Bonnybridge • Archie Foundation • Armadale Academy • Armadale Primary School • Armadale Run For Fun • Armadale WRI • Art In Healthcare • Artwalk Porty • Ashgill Community Group • Asthma Scotland • Astley Community High School • Auchengray Flower Show • Auchinairn Breakfast Club • Auchinairn Nursery • Auchinairn Primary School • Aultnaskiach Dell SCIO • Avoch Community Rowing Club • Avoch Diabetes • Ayrshire Hospice • Back To School Bank Darnley • Back To School Bank East Renfrewshire • Badenoch & Strathspey Community Transport Company • Bailleston Community Care • Balerno Children's Gala Association • Balerno Music Society • Balerno Village Fairtrade Group • Balerno Village Trust • Balgreen Croquet Club • Ballantrae Bloom Group • Ballantrae Bowling Club • Ballantrae Community Association • Ballantrae Community Council • Ballantrae Development Group • Ballantrae Park Development Group • Ballantrae Primary School • Balloch Primary School • Balloch Village Trust • Band F, Barrhead • Banff Primary School • Bannockburn High School • Bannockburn Primary School • Banton Flower Show • Barbegs Play Development Group • Barcaldine Primary School • Barlanark Family Learning Centre • Barlanark Greyfriars Church Of Scotland • Barnardos • Barony Service Users Group • Basics Food Bank, Motherwell • Bates Cottages Cricket Club • Bathgate Band • Bathgate West Nursery School • Be United • Beacon Basketball Club • Beatson Cancer Charity • Beautiful Minds • Beechwood FC 2003s • Bellfield Street Big Lunch • Bent Primary School • Bervie Caley Youth FC • Bervie Caley Youth Soccer 7s • Bervie Church • Bervie Episcopal Church • Bervie Skate Park • Bervie Youth Project • Bethany Christian Trust • Bibs • Birkenshaw Development Project • Birkenside Community Partnership • Blackburn Children's Gala Day • Blackburn Community Education Centre • Blackburn Family Centre • Blackridge Primary School • Blackwood & Kirkmuirhill Gala • Blackwood Parent & Toddler Group • Blaine Beveridge • Blairgowrie & Ratttray Highland Games Association • Blairgowrie 2005s FC • Blantyre Community Committee • Blenham House Nursing Home • Bliss • Blythswood 999 Fire Engine Appeal • Bobby Robson Charity • Bonaly Primary School • Bo'ness Children's Fair • Bonnybridge Community Council • Bonnybridge Gala • Bonnyseen Historical Society • Borrowfield Fun Day • Borrowfield Primary School • Boxer Welfare Scotland • Boys Brigade Stirling • Braidwood Playgroup • Brain Injury Rehabilitation Trust • Brain Tumour Action Group • Brain Tumour Charity • Bravo Brechin • Breast Cancer Care • Brechin Amateur Operatic Society • Brechin Big Lunch • Brechin City Supporters Club • Bridgend Inspiring Growth • Brighter Bothwell • Brighton & Rosefield Residents Association • British Heart Foundation • British Lung Foundation • British Red Cross • Broxburn & Livingston Band • Broxburn Academy • Broxburn Gala Day • Broxburn Parish Church • Broxburn Pre-School Playgroup • Broxburn Primary School • Broxburn United 2005s • Bruntsfield Primary School • Buchanan School • Budhill Football Academy • Burghead Amenities Association • Burghead Community 2/3 Group • Burghead In Bloom • Burghead Local Fundraising • Burghead United • Cairns Counselling • Caithness Ladies FC • Calderglen Care House • Calderwood Primary School • Caledonia Ice Skating Club • Calvert Trust • Cambusnethan Primary School • Canal View Primary School • Cancer Care UK • Cancer Research UK • Cancer Support Scotland • Capability Scotland • Carluke Development Trust • Carluke Gala • Carolside Sports Club • Carronshore Primary School • Cash For Kids • Castle Douglas Civic Event • Castlehill Primary & St Andrew's Primary School • Castleview Primary School • Caterpillar Workers Legacy Project • Cathleens Cabin • Catterline Primary School • CCLASP • Celtic Boys Club 2002s • Chapelhall Allotments Association • Chapelhall Primary School • Charleston Academy • Chaterlherault Primary School • Children International • Children's Hospice Association Scotland • Children's Liver Disease Foundation • Chris Hornby Bursary Fund Event • Christ The King Primary School • Christians Against Poverty • Chryston & District Horticultural Show • Cinema Nairn • Circus Lane Residents Association • Citizens Theatre • Claire Brown • Clan Cancer Support • Claremont Colts • Clayson, Erskine • Cleland Boys Club • Cleland Community Council • Clermiston Primary School • CLIC Sargent • Cloan Nursery, Glasgow • Clyde Cottage Voluntary Nursery • Clyderunners • Clydesdale Community Initiatives • Coalburn Silver Band • Coaltown Of Balgonie Children's Gala • Coaltown Of Balgonie Primary School • Coatbridge Night Shelter • Cockenzie Primary School • Coffee Cake Connect • Colquhoun Park Primary School • Combat Stress • Community Action Raigmore Estate (Care) • Community Emergency Response UK Ltd • Community One Stop Shop • Community Renewal • Compass Playgroup • Connolly School Campus • Contact The Elderly • Corstorphine Timbers FC • Corstorphine Youth & Community Centre • Coupar Angus Adult Education Association • Coupar Angus Cycling Festival • Coupar Angus Gala • Coupar Angus Junior FC • Coupar Angus New Age Kurling • Coupar Angus Town Team • Cowshill Village Hall • Cradlehall & Westhill Community Council • Cradlehall Care Home • Cradlehall Primary School • Craigentinny Primary School • Craiglockhart Primary School • Craigmount High School Pipe Band • Craigroyston Community High School • Crammond Dementia Lunch Club • Cramond Playgroup • Cramond Primary School • Creative Mornings Edinburgh • Crieff Juniors FC • Crisis • Crocus Group • Crohns & Colitis UK • Crossroads Carers Centre • Cry Cardiac Risk • Culdeen Primary School • Culloden Academy • Culloden Moor FC • Cults Playgroup • Cults Primary School • Cumbernauld Colts FC • Cumbernauld Community Forum • Cumnock & District Round Table • Cumnock Christmas Festival • Cumnock Tryst • Currie Community Council • Currie Community High School • Currie Community Rugby Trust • Currie FC 2005 • Currie High School • Currie Parish Horticultural & Industrial Society • Currie Star 2001's Colts • Cystic Fibrosis • Cystic Fibrosis Trust • Dalkeith & Monktonhall Brass Band • Dalkeith Miners CYP • Dalmeny Primary School • Dalmonach Community Centre • Dalry Primary School • Darren Lamb Fundraising • David Livingstone Memorial Primary • David Nelson Memorial • Dazzlers Dance, Helensburgh • Dean Park Primary School • Deans Gala Day • Deans Primary School • Debra • Dedridge Good Neighbour Network • Deerpark School • Deeside RFC • Delaval Parish PCC • Dementia Friendly Pentlands • Denny & Bonnybridge Men's Shed • Devenick Playgroup • Dewars House Carers Group • Diffuse Intrinsic Pontine Glioma • Doodlebugs Macduff • Douglas Ewart High School • Down Syndrome Scotland • Drama In The Dale • Drumbrae Care Home • Drumchapel High School • Drumchapel United • Dudley Bowling Club • Duncan Forbes Primary School • Dundee Diamonds • Dundee Relay For Life • Dunoon Youth Football League • Dunscore Gala • Dykemains Primary School • Eadar Glinn Care Home • Earthtime For All Ltd • East Calder FC • East Calder Gala • East Cramlington & Seaton Valley Conservation Volunteers • East Dunbartonshire Association Mental Health • East Dunbartonshire Council • East Kilbride Community Trust • East Kilbride Universal Connection Youth Group • Eddlewood Bowling Club • Edinburgh & Lothians Greenspace Trust • Edinburgh Back To School Bank • Edinburgh College • Edinburgh Fairtrade City Steering Group • Edinburgh Inline Hockey Club • Edinburgh Jazz & Blues Festival • Edinburgh Santa Parade • Edinburgh Twirling Academy • Edinburgh Young Carers Project • Educate The Kids • Elgin Youth Group • Elite Kickboxing & Fitness Community Gym • Elmvale Primary School • Enable • Enable Scotland • Epilepsy Scotland • Epilepsy Society • European Youth Parliament UK • Face Of The Globe • Fact Group • Faebait Explorer Scout Unit • Falkirk Junior Gaelic Choir • Falkirk School Of Gymnastics • Falla Hill Primary School • Families Of Auchianirn Coming Together • Family Service Unit Scotland • Fauldhouse Community Development Trust • Fauldhouse Penguins Swimming Club • FDAMH, Falkirk • FDTCG Welfare Fund • Feel Good Fridays • Ferniegair Gala Committee • Ferry Fair • Ferry Fair Festival • Ferryden Playgroup • Fife Children's Clothing Bank • Fife Housing Group • Fighting Retinoblastoma • Finlarig 61 Social Club • Fire Station Creative • Firewalk • Fireworks For Arbroath • Firpark School • FOCC West Lothian • Fochabers In Bloom • Fochabers Village Association • Forfar Guides • Forres & Nairn Welfare Association • Forth Dimension • Forward Coupar Angus • Fox Covert RC Primary School • Foyer Reach Aberdeen • Free Cakes For Kids West Lothian • Freemeals Project, Dumfries • Fresh Start • Friends Of Duddingston Trust • Friends Of Ferry Glen & Back Braes • Friends Of Fintry Parent Council • Friends Of Guiding Maryculter • Friends Of Plumpton School • Friends Of Rookhope School • Friends Of Seaview Charitable Trust • Friends Of The Birnie • Friends Of The Pentlands • Friends Of Tollcross Primary School • Friends2ogether • Gallowhill Primary School • Gap Medics • Garlieston Community Association • Gateside Tenants & Residents Association • Glasgow Children's Hospital • Glasgow East End Community Carers • Glasgow Girls & Boys FC • Glasgow Kelvin College • Glenafton Athletic • Glencairn Care Home • Glencryan School • Glenrothes Foodbank • Glenurquhart Primary School • Glenurquhart Public Hall • Glenwood Day Centre • Goodtrees Neighbourhood Centre • Gorebridge & District Environmental Group • Gorebridge Gala • Gorgie Farm Fundraiser • Gourdon Baby & Kids New To You • Gourock Community Sports Hub • Govan Schools Pipes & Drums • Gracemount Primary School • Granton Primary School • Granton Youth Centre • Greater Glasgow Division Girls Brigade • Greenhead Community Group • Greenrigg Primary School • Haemophilia Scotland • Hamilton & District Men's Shed • Hamilton District Arts Guild • Hannah Bostock Cmn Charity • Hanover Social Club • Harmeny Education Trust Ltd • Harmeny Pentland Runners • Harmony Dance Club • Harthill Eastfield & Greenrigg Gala Day • Harthill Playpark Initiative • HCPT • Health & Social Care Integration • Health Improvement Team • Helensburgh Winter Festival • Helgin Roller Derby • Hermitage Park Primary School • High Mill Primary School • Highgate Care Home, Uddingston • Highland Hospice • Highland School Of Skating • Hillcrest School • Hillside School • Hilltops Equestrian Centre • Hillwood Primary School • HM Frigate Unicorn • Hollie Notman Fundraiser • Holy Cross Primary School • Holy Trinity Garden Party • Holyrood Junior Netball • Holytown Primary School • Holywell In Bloom • Holywell Village First School Fete • Home Comforts • Home Start, Port Glasgow • Home Start, West Lothian • Homeless World Cup • Hope Centre • Hope Park Care House • Hope Paton Bowling Club • Houldsworth's Bowling Club • Hutton Park Care Home • Inch Maintenance & Preservation Society • Inch Management Committee • Inchinnan Community Nursery • Indepen-Dance • International Citizen Service • Inverbervie Day Care Centre • Inverbervie Gala • Inverbervie Soccer 7's • Invergowrie Parent & Toddler Group • Invergowrie Rainbows • Inverkeithing Community Council • Inverness College • Inverness Foodstuff • Iskate Inclusive Skating • Jack & Jill Support Group, Uddingston • Jackie Aird Dancers • Jackos FC • Jak's Journey • James Gillespie's High School • Jamestown 2010 • JDRF • JDW Highland Dancing • Jesmond Care Home • Jody Fundraiser, Coupar Angus • Jo's Cervical Cancer Trust, Ardrossan • Junior Jim • Juniper Green Primary School • Justice For Julie • Kear Campus • Kernow Karate Scotland • Keswick & District Fairtrade Group • Keswick Beer Festival • Keswick Bowls Club • Keswick Lions • Keswick Rotary Club • Keswick Victorian Fayre • Kidney Cancer/Monklands • Kidney Unit, Monklands Hospital • Kilbryde Hospice • Killochend Residents Association •

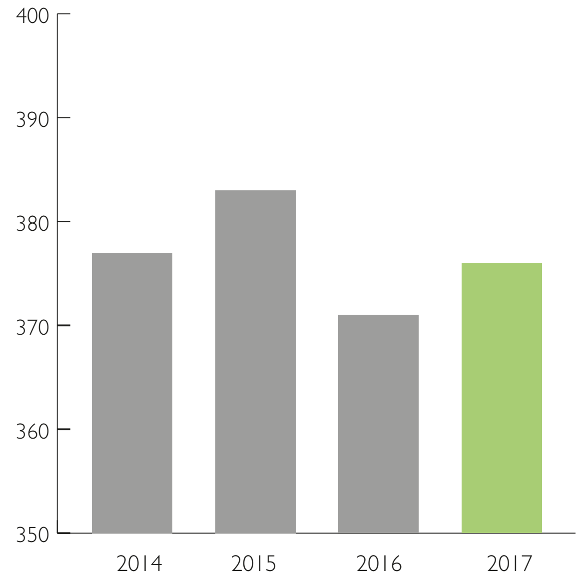
Kincardine O'Neil Primary School • Kinloss Kestrels • Kinmylies Primary School • Kinneil Band • Kinneil Primary School • Kinship Carers Support Group • Kirkhill Nursery & Primary School • Kirkliston Children's Gala • Kirkliston Nursery School Eco Group • Kirkliston Primary School • Kirkmuirhill Gala Day Committee • Kirknewton Primary School • Kirkoswald FC • Kirkoswald Support Group • Kirkriggs Primary School • Kirky News • Knights Of Saint Columbus • Ladywell Playgroup • Lanarkshire & Glasgow South Parkinson UK • Lanarkshire Additional Support Team • Lanarkshire Cancer Care Trust • Lanarkshire Muslim Welfare Society • Lanarkshire Rape Crisis Centre • Larchwood Care, Hamilton • Larkhall Children's Centre • Larkhall Gala Day Committee • LASC Childcare Services • Laurencekirk Bowling Club • Laurencekirk Lunch Club • Laurencekirk Multi Sports Club • Laurencekirk Scout Group • Law & District AAC • Law Bowling Club • Law Primary School • Lazonby School • Leith Festival • Leith Festival • Lent Lunches • Lenzie Community Council • Lenzie Woodhead Gymnastics Club • Lenzie Youth Club • Lesmahagow High School • Lesmahagow Highland Games • Let's Sing • Levenhall Nursing Home • Libertie Project • Limited Resources Teacher Training • Linlithgow & District Community Day Care Centre • Linlithgow Link • Linlithgow Young Peoples Project • Little Acorns Day Nursery • Little Princess Trust Fundraiser • Little Scallywags • Little Sisters Of The Poor • Livesavers Scotland • Living Well North Edinburgh • Loanhead Children's Gala Association • Loanhead Primary School • Lochside Community Centre • Logan Gala Week • Loganlea Miners Welfare Charitable Society • Logie Harp AFC • Longhaugh Primary School • Longstone Primary School • Lorne Primary School • Lothian Autistic Society • Lothian Colts • Lothian Colts FC • Lothian Laryngectomee Group • Love N Light Recovery • Luke's Fundraiser • Luke's Pop-Up Bistro • Lyles Christmas • Lyndos School Of Dance • Lyvennet Nursery • Macduff Primary School • Macmillan Cancer Support • Mainstay Trust Ltd • Make A Wish • Manor Park School • Marchmont & Sciennes Community Council • Marie Curie Cancer Care • Maryculter Driving For The Disabled • Maryculter Rainbow, Brownies & Guides • Maryculter Woodlands Trust • Mary's Meals • Mayfield & Easthouses Community Association • Mayfield & Easthouses Community Council • Mayfield & Easthouses Recovery Café Pilot Project • Mayfield & Easthouses Youth 2000 Project • Mayfield Library • Mayfield Salisbury Playgroup • Mclean Primary School • Meadowbank Gymnastics Club • Mearns & Coastal Healthy Living Network • Mearns Academy School Fund • Mearns Area Partnership • Mearns Community Transport • Mearns Pre School • Mearns Pre-School Playgroup • Mears Care • Mecopp • Meigle Musicality • Men's Shed • Meningitis Now • Meningitis Research Foundation • Menstrie Community Council • Mercy Corps • Mid-Lin Day Care Ltd • Midlothian Community Men's Shed • Midlothian Fairtrade • Midlothian Youth Platform • Midmar Primary School • Milan Senior Welfare Organisation • Milesmark & Baldridge Community Council • Millbank Primary School • Millburn Academy • Milltimber School • Milne's Primary School • Milne's High School • Milton Of Campsie Fairtrade Group • Milton Of Campsie Railway Station Restoration Project • Milton Of Campsie Women's Rural • Montrose Day Care • Montrose Town Hall Bowling Club • Moodiesburn Gala • Moray Schools Select Football Team • Moray Sea Cadets • Moray Women's Aid • Moredun Library • Mossneuk Primary School • Mosstodloch Primary School • Motherwell Youth Group • Motor Neurone Disease Scotland • Mount Vernon Community Hall • Movies On The Mall • Muirfield Community Centre • Muirhead Outreach Project • Muirhead Primary School • Multi-Cultural Family Base • Multiple Sclerosis • Munlochy Christmas Lights • Munlochy Hall Management Committee • Munlochy Pre-School Centre • Munlochy Primary School • Murrayburn Primary School • Murrayfield Community Art Weekend • Muscular Dystrophy UK • Musselburgh Girl Guides • Muthill Village Hall, Crieff • Nairn Bowling Club • Nairn Drama Ltd • Nairn Rocks • Ness Factor • New Collage Lanarkshire • New Cumnock Bowling Club • New Cumnock Early Years Centre • New Farm Primary School • New Hartley First School • New Victoria Hospital, Glasgow • Newark Primary School • Newbattle Community Nursery • Newmains & District Brass Band • Newmains & District OAP Association • Newmains Hammers 2006 • Newmains Nursery • Newmains Primary School • Newmains United CFC • Newton Tootin • Next Step School Of Dance • Nifty Fifty • North East Of North • North Kessock Primary School • Northpens • NSPCC • Oban High School • Off Grid Kids • Old & St Andrews Church, Montrose • Old Kilpatrick Bowling Church • Ollys Safe Space Bed Fundraiser • Open Door Accommodation Project • Orbiston Neighbourhood Centre • Orchard Care Centre • Orton After School Club • Our Lady Of Lourdes Primary School • Outdoor Nursery Edinburgh • Overtown Primary School • Pacific Care • PAMIS • Paradykes Primary School • Park Primary School • Parkhead Children's Gala • Parkview Primary School • Pasda • Patchwork EH32 • Peebles FC • Peebles High School • Peebles Scout Group • Pennyburn Primary School • Pennypit Community Development Trust • Pentlands Book Festival • Penumbra • Perth ParkRun • Phelan Mcdermaid Syndrome • Phoenixarts Edinburgh • Phyllis Jane Court Sheltered Housing • Pirniehall Primary School • Pitcorthie Playgroup • Pitter Potter Thyme Gardening Group • Place+Platform • Places For People Scotland • Plus (Forth Valley) • Polbeth Children's Gala • Polwarth Parish Church • Poppy Scotland • Port Glasgow Church • Port Of Leith Housing Association • Portobello Christmas Light Switch On • Portobello Older Peoples Project • Pregnancy & Parents Centre • Pre-School ASD Outreach Services • Preston Lodge Excellence In Learning Foundation • Prestonpans After School Club • Prestonpans Mural • Prestonpans Primary School • Pride Of Place Coupar Angus • Prince & Princess Of Wales Hospice • Prince's Trust • Priorford Primary School • PROFF Group, Hamilton • Project Trust • Pumpherston & Uphall Station Community Primary School • Pumpherston Community Council • Pumpherston Senior Citizens • Quarter Easter Fun Day • Queen Anne High School • Queensferry Ambition • Queensferry Care • Queensferry Parish Church • Queensferry Primary School • Rainbow Muslim Women's Group • Rannoch Family Fun Day • Ratho Children's Gala Day • Ratho Primary School • Ratho Station Residents Association • Reap • Recovery Across Mental Health • Redbraes Community Garden • RedR • Reeltime Music • Renaissance Care • Renfrewshire Carers • Renton Youth Group • RHET Angus Countryside Initiative • Riccarton Bowling Club • Richmond Fellowship • Rimbleton Primary School • Riverside View Care Home • Riverview Lodge Care Home • RNLI Lifeboats • Robson Vets • Rock-A-Bye-Crèche, Falkirk • Ronald Macdonald House • Rookhope Primary School • Rosebery Playgroup • Roseburn Primary School • Roslin Family Fun Day Committee • Rosslyn Bowling Club • Rotaract Moray • Rotary Club Of Newton Stewart • Round Table • Row Porty • Royal Alexandra Hospital • Royal Botanic Gardens Edinburgh • Royal British Legion • Royal Edinburgh Hospital • Royal Tarblair Golf Club • Royal Zoological Society of Scotland • RSPV Forth Valley • Rutherglen High School • Rwanda Fundraiser • Salvesen Community FC • SAMH • Sams Charity • Sands • Saughtonhall Community Association • Save The Children UK • Scotland's Air Ambulance • Scottish Mountain Bike Orienteering Club • Scottish Pensions Association • Scottish SPCA • Scottish Sports Futures • Seafield Primary FC • Seafield Primary School • Seagull Trust Cruises Ratho • Seaton Delaval Arts Centre • Seaton Delaval In Bloom • Seaton Delaval Ladies Bowling Club • Seaton Delaval Pantomime Society • Seaton Deleval Dynamos FC • Seaton Sluice Middle School • Seaton Valley Council • Seaton Valley Women's Institute • Shap Community CIO • Shap Pre-School Playgroup • Sharon Crookshank Dance • Shettleson Juniors Club • Shieling Project • Shout • Showcase The Street • Sick Kids • Sighthill Young Mums Group • SIMBA • Simpsons Special Care Babies • Skelton Show • Slateford Longstone Church • Smilechildcare • Source Therapy Foundation • South East Scotland Scouts • South Queensferry Baby & Toddler Group • South Queensferry Dementia Friendly Initiative • South Queensferry Foodbank • South Queensferry Rotary Club • South West Rape Crisis • Specials Olympics Dumfries & Galloway • Spinal Injuries Scotland • Sports Relief • SSAFA (Armed Forces Charity) • St Aloysius Pensioners, Glasgow • St Ambrose High School, Coatbridge • St Andrew's First Aid • St Augustine High School, Edinburgh • St Augustine's Primary School, Coatbridge • St Brigid's Primary School, Glasgow • St Catherine's Primary School, Edinburgh • St Columba's Hospice • St Combs Village Trust, Aberdeenshire • St Conval's Primary School, Glasgow • St Cuthbert's Primary School, Maybole • St David of Scotland Church, Inverbervie • St Elizabeth's Primary School, Hamilton • St Gerards Primary School, Bellshill • St John Scotland • St John The Baptist Over 50s Group • St John's Primary School, Barrhead • St John's Primary School, Edinburgh • St Joseph's Church, Edinburgh • St Joseph's House • St Joseph's Primary School, Blantyre • St Katharine's Centre, Gracemount • St Luke's RC Primary School, Mayfield • St Margaret's Primary School, Kirkliston • St Mark's Primary School, Edinburgh • St Martha's Primary School, Glasgow • St Mary's Primary School, Bo'ness • St Nicholas Nursery, Broxburn • St Ninians Primary, Dumfries • St Ninian's RC Primary School, Edinburgh • St Patrick's Primary, New Stevenston • St Pauls Primary School, East Calder • St Pius Primary School, Dundee • St Sylvester's Nursery, Elgin • St Thomas The Apostle Church • Stanhope Agricultural Society • Stanhope Barrington Primary School • Stanhope Cricket Club • Stanhope Fire Station • Steins Thistle, Allandale • Stenhouse Primary School • Stepping Stones for Families, Paisley • Stewart Court Registered Tenants Organisation • Stirches Primary School • Stirling City All Stars FC • Stirling Family Support Services • Stonehaven Folk Festival • Stoneyburn Community Education Association • Stoneyburn Parent & Toddlers • Strathaven Balloon Festival • Strathaven Fairtrade Group • Strathaven John Hastie Museum Trust • Strathkelvin Talking Newspaper • Strathmore Men's Shed • Street Assist Edinburgh • Street Connect, Glasgow • Streetwise/Barlia Sports Complex • Sue Ryder • Sunny Harbour Cat & Kitten Rescue • Sweet Afton Water Acoustic, New Cumnock • Tadpole Toddlers • Tannochside Primary School • Tap-Into-It • Teanassie School Fund • Teenage Cancer Trust • Teens • Teenyboppers, Dumfries • Tenants & Residents In Fidra Court • Tenants & Residents Of Central Radnor Park • That's Showbiz Productions • The Abbeyhill Colonies • The Bridge Recovery Café • The Broomhouse Centre • The Children's Adventure Farm Trust • The Edinburgh Singers • The Elizabeth Maginnis Residents Group • The Forgotten Association • The Glebe Project • The Glenurquhart Highland Gathering & Games • The Gurkha Welfare Trust • The Haven, Blantyre • The Heart Of Holywell Association • The Honeypot Nursery • The Inclusion Group • The Larder, Livingston • The Leprosy Mission Scotland • The Little Princess Trust • The Lullaby Trust, Kilwinning • The Moray Way Association • The Nairn & District Gardening Club Annual Show • The Neighbourhood Group • The New School • The Ozanam Club, Uddingston • The Penguin's Tuxedo • The Portobello Monday Centre • The Raven • The Regeneration Of Eaglesham Environment • The Rock Trust • The Rotary Club Of Portobello • The Royal High School • The Royal Victoria Day Hospital • The School Bank West Lothian • The Shieling Project • The Sick Kids Friends Foundation • The South Queensferry Mosaic Mural • The State (Leith) CIC • The Stroke Association • The Tiny Lives Trust • The Unicorn Preservation Society • The Vine Trust • The Willie Wilmont Fundraising Team • The Yard • Thornton Road Community Centre • Three Towns Care Home • Timebank Temptations • Together for Health • Together For Short Lives • Tollcross Primary School • Tom Thumb Nursery & Playgroup • Torphins Big Brew • Torphins Community Council • Torphins Golf Club • Torphins School Primary School • Torphins Twin Town • Torrance Community Initiative • Torrance Primary School • Torryburn Primary School • Tots & Toddlers Group • Towerbank Primary School • Treasure Tots Nursery • Tri Angus Limited • Trust Jack Foundation • Tynecastle High School • Uddingston Bowling & Tennis Club • Uddingston Tea Group • Unison Kinneil Band • University Of Edinburgh • Uphall Primary School • Uphall Station Pensioners Association • Ur_Life Group • Urquhart & Berrylaw Community Garden Delights • Vale Of Leven Academy School Fund • Valley Concepts • Valley Park Community Centre • Venture Scotland • Victoria Bowling Club • Victoria House Care Home • Victoria Stroke Club • Viewpark Family Centre Association Ltd • Viewpark Gala • Viewpark Gardens Allotments • Village Care Home • Vine Trust • Voluntary Action Access • Walk For Life • Wear & Dales Graduate Group • West Calder & District Public Band • West Calder Bowling Club • West Calder Medical Practice • West Calder United FC 2002s • West Edinburgh Majorettes • West Fife Woodlands • West Lothian 50+ Network • West Lothian CCA • West Lothian Community Health & Care Partnership • West Lothian Financial Inclusion SCIO • West Lothian Ladies Bowling Association • West Lothian Visually Impaired Bowlers • West Lothian Youth & Children's Club • Wester Hailes Baptist Church • Wester Hailes Educational Enhancement Association • Westhill Senior Citizens Club • Whitburn Academy • White Cart Credit Union • Whitehackle FC • Whitehill Court Lunch Club • Whitehills Primary School • Whiteshawgate 3G Sport Trust • Whithorn Toddlers • Wigtown Show • Williamwood Parish Church • Willow Wood Resident's Association • Winchburgh Gala Day Committee • Winchburgh Senior Citizens Club • Wishaw Bowling Club • Wishes Women's Group • Women's Aid • Woodmuir Primary School • World Challenge South Tanzania • Wormit Primary School • Yellow Teapot Club • YMCA • Yorkhill Children's Charity • Yorkhill West Of Scotland Deaf Society • Youth Vision

	2016-17	2015-16	2014-15	2013-14
	52 weeks	52 weeks	53 weeks	52 weeks
number of members	266,627	265,499	260,977	259,562
	£000	£000	£000	£000
turnover	376,169	370,620	382,869	377,369
trading profit	5,309	5,740	5,528	4,518
operating profit/(loss)	9,735	7,829	5,616	(868)
surplus before taxation	7,623	5,446	3,181	n/a
surplus for the financial year	6,252	4,301	2,121	n/a
depreciation and amortisation	10,424	10,615	10,316	11,120
net finance costs	1,476	1,709	1,815	n/a
purchase of fixed assets	10,156	7,837	7,999	10,493
fixed assets	159,771	154,811	152,397	152,382
net current assets	4,556	3,937	3,532	4,676
total assets less current liabilities	164,327	158,748	155,929	157,058
less long term liabilities	(48,870)	(49,284)	(49,897)	(54,580)
less provision for liabilities and charges	(1,341)	(2,257)	(1,512)	-
less pension liability	(22,585)	(15,734)	(20,866)	(15,275)
net assets	91,531	91,473	83,654	87,203
share capital	6,039	5,988	5,874	5,964
revenue reserves	50,826	55,953	51,626	56,518
non-distributable reserve	34,666	29,532	26,154	24,721
shareholders funds	91,531	91,473	83,654	87,203

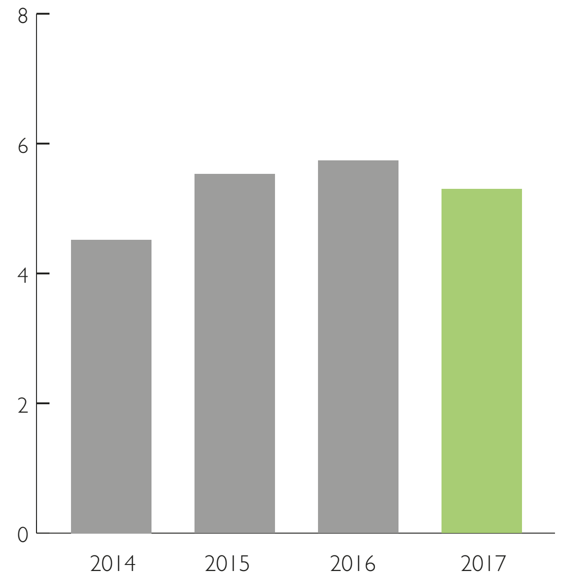
The Group transitioned from the previous UK GAAP to FRS102 as at 26 January 2014. Therefore comparable figures for the 2013-14 period marked as 'n/a' above are not available.

Group Four Year Summary

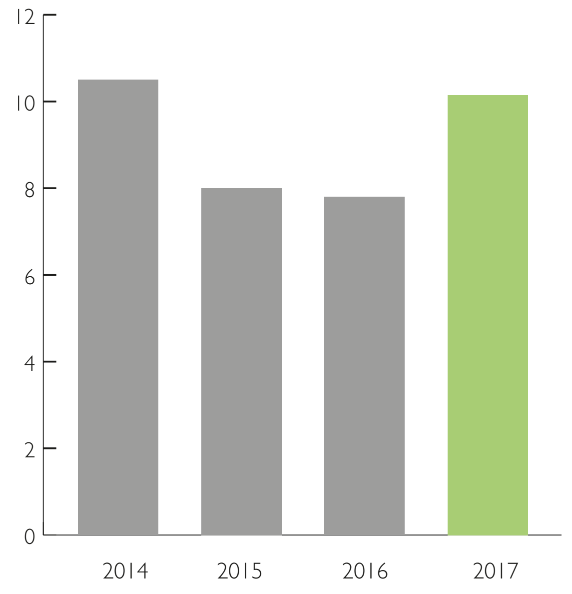
Turnover (£ millions)



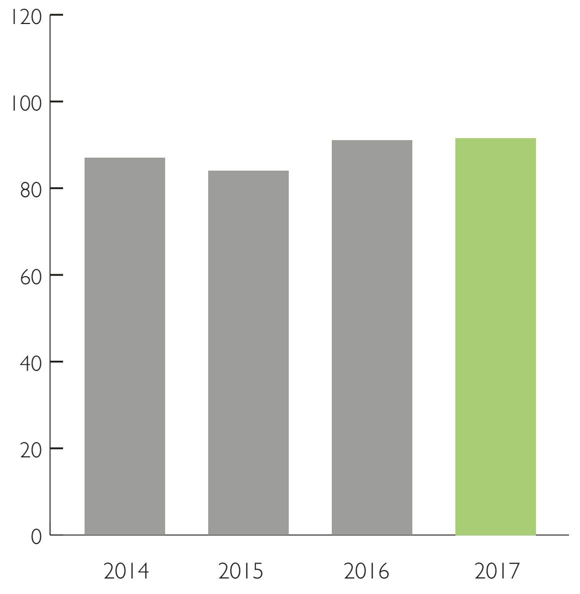
Trading profit (£ millions)



Purchase of fixed assets (£ millions)



Net assets (£ millions)



Directors' Responsibilities

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Society financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

Going concern

The Society's business activities, together with the factors likely to affect the future development, performance and position of the Society, are set out in the Directors' Report on pages 3 to 15. The Board remains satisfied with the Society's funding and liquidity position. The Society meets its funding requirements through a combination of term loans and an overdraft facility (renewable annually). The Board has undertaken a thorough review of the Society's financial forecasts and associated risks. These forecasts extend beyond one year from the date of approval of these financial statements and show that the Society will continue to operate within the terms and financial covenants of its bank facilities.

The Directors consider that the Society has the flexibility to react to changing market conditions and the Society is well placed to manage its business risks successfully despite the uncertain economic outlook. Therefore, after reviewing projections and sensitivities and making all appropriate enquiries, the Directors have an expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Society's financial statements.

Governance Report

Code of Best Practice

The Co-operatives UK Corporate Governance Code ("The Code") is based on the principles contained in the UK Corporate Governance Code. The Board has reviewed the Code and has concluded that the Society substantially complies with it.

Co-operatives UK recognise that as co-operative societies differ in scale, size and resources, compliance may vary for acceptable reasons. The general approach taken to assessing compliance is that societies should review their rules, practices and policies, in the context of what is appropriate for their circumstances, and provide explanations where these do not comply with the principles of the Code. The following explanations for non-compliance of the provisions of the Code are therefore provided:

1) Percentage of Employee Directors on the Board: A maximum of 25% of the total membership of the Board may be employee directors compared with the Code recommended limit of 33%. The Society believes that this more restrictive limit provides enhanced protection for the Society.

2) Publicising the AGM: The Board considers the current notification periods and methods to be the most appropriate for our members. The date of the next AGM / OGM is provided on the Notice of Meeting posted in store and on the Society's website thereby giving a notice period of approximately five months. The Notice of Meeting is posted in Scotmid stores eight clear days before a General meeting.

3) Remuneration information disclosure: The individual remuneration packages of the Chair, Chief Executive Officer and members of the Executive team are shown in bandings within the Notes to the Accounts which is considered to be appropriate disclosure.

4) Audit Committee Financial experience: One member of the Audit Committee is a Fellow of the Chartered Institute of Bankers in Scotland which the Board considers to be an appropriate financial, although not specifically accountancy, professional qualification.

5) Audit Committee Chair: Although the Audit Committee chair has served on the Committee for longer than the maximum time period as recommended by the Code, he has only served as the Committee chair 2 years and the Board consider that his appointment provides a balance to the Audit Committee in terms of his knowledge and understanding.

6) Member training: A comprehensive training programme is offered to all Board and Regional Committee members each year covering a variety of topics which includes training specifically for elected members preparing to join the Board. Although the Society does not provide a programme of preparatory training for members wishing to join the Regional Committees, the Society does provide ad hoc training/information events to which members are invited.

7) Voting opportunities at AGM: Members are invited to attend and participate at General Meetings and to exercise their vote on an informed basis, rather than by voting electronically, having received the benefit of an explanation of any matter to be voted upon. Meetings are held in three venues within each of the Society's regions to encourage attendance and make meetings more accessible for members.

8) Timing of Board paper distribution: The Board regularly reviews its working practices and is satisfied that the timing of Board paper distribution, which is now undertaken electronically, is appropriate to the nature of documents to be considered.

In each case the Board has satisfied itself that the Society is better served by the current working practices and adherence to its rules and that they comply with the spirit of the Code.

Membership Matters

As a member owned democratic organisation, the Board recognise the importance of encouraging members to play their part in the governance of the Society and to improve membership participation. The Search Committee of the Board is responsible for membership matters including membership strategy and development. They are supported by a membership team who promote recruitment, organise membership events and communicate with members.

Details of the membership activities undertaken during the year are contained within the Membership, Development, Community and Charity report on pages 11 to 13.

Regional Democracy

The Society currently operates with three Regions (North, East & West). Members' meetings are held in each region and are advertised in our stores, on our website and by email. Each region is represented by a Regional Committee, and members who meet the qualifying criteria are elected to the Committees by the membership at the members' regional meetings. Regional Committee members are elected to serve on the Committee for a period not exceeding three years after which they may stand for re-nomination with elections held at the Annual General Meeting in their region. Regional Committees are also responsible for the nomination of Directors, from within the Regional Committee, to represent the members for that region. The elections in 2016 were uncontested. On an annual basis each Regional Committee conducts an annual planning and evaluation review with recommendations discussed by the Search Committee.

Membership of the North Regional Committee has progressed steadily since the Committee became fully established in 2013. Eleven members now serve on the North Regional Committee and the Board continue to encourage members to become democratically involved and stand for election..

Following the mergers with the Penrith and Seaton Valley Societies, the Board aims to establish a Regional Committee to serve members across the Penrith/Lakes & Dales area. Until that new Regional Committee is established, members from the former Penrith Society are now part of the West Region while members of the former Seaton Valley Society join with the East Regional Committee. Members from those areas are eligible for nomination and election to serve on those respective Regional Committees representing members from the Penrith/Lakes & Dales area. Plans to establish the new Regional Committee are being progressed with the election of a member from the former Penrith Society and the appointment of a former Seaton Valley director.

Board's Role

The role of the Board and the details of the Directors' role and responsibilities are contained within the Society's Rules which are available to all members on the Society's website or on request. Following the development of the North Regional Committee and as part of the transitional arrangements, the Board increased its size to 13 members by making an additional seat available for a North Regional Committee member to represent members from that region. Directors are nominated by Regional Committee members and elected by members from the Regions they represent. Two retired employees are Board members, there are no recently retired employee Board members and no Board member is employed by the Society. The elections in 2016 were uncontested.

The Board is responsible for determining the Society's strategy in consultation with the Management Executive. It is responsible for monitoring the delivery of that strategy by management and identifying and managing risk. Given the distinctive nature of co-operative societies, the Board has a duty to ensure that the Society acts as a bona fide co-operative and adheres to the co-operative values & principles set out by the International Co-operative Alliance.

All of the directors are collectively responsible for the success of the Society and are equally responsible in law for the Board's decisions and are bound by an overriding duty to act in good faith in pursuit of the best interests of the Society as a whole. The Directors have a Code of conduct which, together with the Standing Orders, covers their duties and responsibilities.

The day-to-day management of the Society's activities is delegated to the Chief Executive Officer and the Management Executive who are responsible for execution of the Society's strategy within the framework laid down by the Board.

Internal Control Framework

The Board is ultimately responsible for the Society's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Code requires directors to maintain robust and defensible risk management and internal control systems and to regularly review their effectiveness. The review covers all material controls including financial, operational, compliance and risk management systems. The key elements in the Society's adopted internal control framework which are considered to be appropriate to the current size and complexity of the Society are as follows:

Control Environment

The Society is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. The Society has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Society objectives. There are clear lines of responsibility, delegations of authority and reporting requirements.

Information and Communication

The Society undertakes periodic strategic reviews which include consideration of long term financial projections and the evaluation of business alternatives. Annual capital and revenue budgets are approved by the Board. Trading performance is actively monitored and reported to the Board on a regular basis. All significant capital projects and Society acquisitions require Board approval. Through these mechanisms, Society performance is continually monitored, risks identified in a timely manner, the financial implications assessed, control procedures re-evaluated and the corrective actions agreed and implemented.

Board Committees

There are four standing Board Committees, three of which have terms of reference as recommended in the Code: Audit, Remuneration and Search. There is also a General Purposes Committee which is responsible for addressing general matters not specified in the terms of reference of the above committees.

Audit

The Audit Committee is responsible for the oversight of internal and external audit and monitoring the integrity of financial reporting, internal controls and risk management. The Audit Committee consists of 4 directors and it met 4 times in 2016/17. Following the retirement of Jim Gilchrist, David Paterson was appointed to the Audit Committee. The President is not a member of the Audit Committee.

The Society has an Internal Audit Department reporting directly to the Chief Executive. An annual report for 2016/17 has been produced and audit plan for 2017/18 has been agreed with the Audit Committee. Any control weaknesses identified are highlighted to management and the Audit Committee which monitors Internal Audit activity and ensures that appropriate actions are taken.

The terms of reference agreed by the Board include:

- Consideration of the appointment of the external auditor and the scope of the audit;
- Review and approval of the external auditor's annual plan;
- Review of the financial statements and auditor's management letter;
- Review of the internal audit programme and internal audit reports
- Review of the effectiveness of the Society's internal controls and risk management systems; and
- Review of the arrangements and procedures for whistleblowing.

The Board and Management Executive are responsible for the identification and evaluation of key risks applicable to the Society. These risks may be associated with a variety of internal or external sources, including control breakdowns, credit and liquidity risks, disruption of information systems, competition, natural catastrophes and regulatory requirements. Risk registers are maintained which highlight the likelihood and impact of risks occurring. These registers are updated at least twice a year and actions necessary to mitigate those risks are considered. The risk registers are consolidated onto a risk assurance map. This process enables resource to be focused on key risk areas, helping to prioritise activities. The Audit Committee reviews the risks facing the Society twice a year to determine if adequate controls are in place.

The Chair of the Audit Committee reports the outcome of the meetings to the Board and the Board receives the minutes of the Audit Committee meetings.

In line with Society policy and Code recommendations, the Audit Committee undertook a tender process for an external Auditor as Deloitte LLP had served their 10 year term of office. As a result of that tender, KPMG LLP were appointed as the Society's external auditors in place of Deloitte LLP who were thanked for their many years service to the Society.

Remuneration

The Remuneration Committee consists of four directors, none of whom are employees, recently retired employees or the President of the Society. The Committee makes recommendations annually to the Board on executive remuneration. External advice is provided to the Remuneration Committee by an independent advisor 'Reward Matters Limited' to ensure that the remuneration is appropriate to the scale and scope of the business. The Remuneration Committee is also responsible for making recommendations to the Board for the level of directors' remuneration and expenses. Details of the remuneration of directors and Management Executive can be found in Note 4 to the financial statements. The salary

information in the bandings in Note 4 provides appropriate disclosure of Board and Management Executive remuneration for Scotmid Society although not in the format recommended in Co-operatives UK's best practice.

During the year the Remuneration Committee took the decision to re-appoint the independent advisor to the committee 'Reward Matters Limited' for a further three years.

In the challenging external retail market the Society has taken the decision to review a number of policies including the Profit Related Pay scheme available to Society employees. Pending the outcome of this review the Annual Incentive Scheme relating to 2016/17 has been suspended. In addition the pay award cycle was changed so that management pay is now reviewed in April each year, meaning that the award made in 2017 will be based on an 18 month cycle.

These changes also apply to the Management Executive and a summary of the terms of the suspended Annual Incentive Scheme and Long Term Incentive Plan (LTIP) which are subject to a review by the Remuneration Committee is provided below;

1) Annual Incentive Scheme

All members of the Management Executive are eligible to participate in an annual performance-related bonus scheme. The committee reviews bonus targets and levels of eligibility annually. There is a maximum bonus potential of 50% of base salary for exceeding targets determined by the Board. For Management Executive members with trading unit responsibilities, a significant proportion of the annual incentive is derived from trading unit performance. As the scheme has been suspended for the bonus year 2016/17 no bonus targets were set this year. Targets are normally related to financial performance measured by Society profit and divisional trading profit, as appropriate to the individual's area of responsibility. A discretionary element, based on personal objectives, is also included within the annual bonus scheme, and is part of the maximum bonus potential.

2) Long-Term Incentive Plan (LTIP)

The Society operates an LTIP for the Management Executive in order to align these executives with the Society's longer-term interests. The scheme sets cumulative targets across a three-year period. Each year the committee reviews actual performance compared to target for the latest three year scheme maturing and set targets for the next three-year period. The maximum payment level under the scheme is 35% of base salary for outperforming targets. Base salary is taken as the salary at year one of the three-year period. The performance measure selected by the committee is average return on capital employed, derived from the Society's three-year business plan.

Search

The Search Committee consists of five directors. With the election of a new board director in the year, the Search Committee carried out a review of the composition of the Board Committees and appointed Iain Gilchrist to the Search Committee and David Paterson transferred from the Search Committee to the Audit Committee.

During the year additional meetings of the Search Committee were held to consider and recommend the Society's new five-year membership strategy. The Board approved the strategy which includes the proposal for a new Community Connect scheme that has the potential to re-enforce the link between our Membership offer and the Society's Community Strategy. The Community Connect scheme will be trialled in the North Region and Members will be updated on this exciting new scheme at the AGMs in April 2017. The strategy also includes a full database cleanse as a priority item in 2017/18.

The Committee continued to consider ways in which members could be encouraged to attend and participate in member meetings throughout the year. As part of that aim, the 2016 North OGM was held in Coupar Angus. Excellent feedback was received following a performance at the meeting by Meigle Musicality, a local music group which had received a Community Grant award. In order to receive further feedback this trial will continue with another community group presenting at the 2017 East AGM.

As part of the ongoing Regional Committee planning and evaluation process, a number of changes to working practices were approved including the introduction of additional Society briefing meetings, changing the format of training sessions to be more interactive in their approach and providing pre-reading materials before training sessions, where relevant. Training for Board and Regional Committee members progressed as planned during the year with new sessions on Trends in the Retail market and Improving Personal Performance being well received and offered in addition to core sessions.

As part of the Search Committee's responsibility for succession planning the Search Committee monitor the average length of service on the Board and the implications on future board membership of the transition arrangements from the age rule to a balanced board approach. The average length of service of the Board is currently 8 years, within the 9 year limit.

The 2016/17 Board skills process was undertaken by self-assessment with Directors completing questionnaires to enable them to evaluate their individual skills, the collective board skills and the work of the Remuneration Committee. The Search Committee reviewed the outcome of the evaluation and concluded that it met its responsibilities. A number of recommendations will be progressed throughout 2017.

For and on behalf of the Board

Harry Cairney - President

John Brodie - Chief Executive Officer

John Dalley - Secretary

23 March 2017

Introduction

As a Co-operative Society we aim to operate our business in line with Co-operative values. Co-operatives UK outline a set of social responsibility indicators which provide a means for measuring this performance. Scotmid has a diverse range of operations so these measures are not always readily available or the most relevant for all our individual businesses. To overcome this, estimates are used where appropriate or we use sample data from our Food convenience business.

Member Economic Involvement

Member economic involvement has remained level at 16% using the data from an independent exit survey carried out by Why Research at a sample of our stores selected from locations across our geographical area. We also ask for customers to give online feedback and from October 2016 we have been asking if the customers providing the feedback have been members. 17% of the responses have stated that they are members which is in line with the percentage via the exit survey.

Member Democratic Participation

176 (2015/16 - 178) members attended the Annual General Meetings on 25 and 26 April 2016 and 165 (2015/16 - 151) members attended the Ordinary General Meetings on 3 and 10 October 2016. Members meetings in the North continue to rotate to provide a greater opportunity for members to participate in meetings.

Staff and Member Training

This year around 24,500 hours (2015/16 – 27,000) of formal staff training took place, an average of 5.73 hours per employee (2015/16 – 6.11). This training included 8,850 hours of e-learning compared to 11,500 hours last year. The overall reduction in training time is related in part to a vacancy in our training team, which created some delays in the training programme but also reflects variation in the e-learning programme which has a three year cycle. The business continues to provide a significant amount of informal training to store colleagues on an ongoing basis.

Members actively participated in a total of 396 hours of training compared with last year's total of 321.5. The number of training hours per "active" member (where active membership for training purposes has been defined as the number of members attending the AGM) increased to 2.25 hours (2015/16 – 1.81 hours). Following a refresh of the Learning Pathway, new training sessions were offered during the year which were well received.

Staff Injury and Absentee Rates

There was a reduction in reportable accidents involving staff, amounting to 10 occurrences compared to 13 last year. This equates to 0.2% of the average total workforce. There was an increase in reporting of general staff accidents, rising from 182 to 219, which is 5.1% of the average total workforce. This gives a combined total of 5.3% (2015/16 - 4.4%). Our reducing record of significant reportable incidents is likely to be related to the improving accident reporting culture throughout the Society. The improvement of accident reporting helps create better visibility of trends. This allows remedial actions to be carried out e.g. issuing advice bulletins or conducting property repairs which will prevent more significant reportable accidents occurring.

Days lost due to absence amount to 32,945 this year (2015/16 – 30,740) which represents an average of 7.7 days per employee (2015/16 – 6.9). This increase is significant but is likely to be magnified by some long term sickness which we monitor on an ongoing basis. The CIPD absence report highlights that higher figures are reported in a larger workforce. This is an area that is subject to ongoing review by our People and Performance team.

Staff Profile

Scotmid had an average of 4,274 employees in 2016/17 (2015/16 – 4,418). This difference has arisen from some store closures and increased efficiency in stores. Our gender profile is 72% female and 28% male which is slightly altered from 2015/16 when the figures were 74% and 26% respectively.

Ethnicity statistics were updated this year following a full staff survey in 2015/16. The response level has been reasonable however this survey continues to be refined.

Ethnic Origin	% of workforce
Asian	1.3
Black	0.2
Other	0.3
White	98.2
Total	100

The ethnic mix of our staff is representative of the communities which we operate in, with the highest levels of ethnic minority colleagues reported in our urban locations in line with national demographics.

Customer Satisfaction

Harris International Marketing conduct a convenience store survey annually which we participated in during 2016. This survey has shown an improvement in our customer satisfaction ratings for primary needs to 84% compared to 71% last year. We regularly ask for feedback from our customers so that we can address areas of concern.

Ethical Procurement

The majority of the Society's purchases are through the Co-operative Retail Trading Group (CRTG) now reformed as the Federal Retail Trading Services (FRTS). The Group remain committed to the principles of sound sourcing, animal welfare, food integrity, health and ecological sustainability as set out in their Sustainability Report published in June 2013. We have included our Modern Slavery Statement on page 24.

Investment in Community and Co-operative Initiatives

Our investment in Community and Co-operative initiatives amounted to around £313,000 in 2016/17, compared with £300,000 last year. This amounts to 6.1% of our trading profit (2015/16 - 5.2%). An indication of the breadth of community initiatives supported is provided in the Directors' Report on pages 14 and 15. This year £24,000 (2015/16 - £11,000) was invested in co-operative initiatives.

Childline, our new charity partner was launched in September 2016. Childline, which is part of the NSPCC, has been providing confidential support to young people for 30 years. To date £136,000 has been raised by Scotmid colleagues, customers and members. The purpose of the partnership is to raise funds which will support 75,000 extra contacts with Childline's volunteer counsellors. In August 2016 a very successful partnership with Alzheimer Scotland and Alzheimer's Society concluded. A total of £375,000 was raised (£243,000 within this financial year) which is a record amount for our charity of the year.

The Environment

Scotmid's aim to reduce net greenhouse gas emissions by 20% by 2020 (using 2008 levels as a base) has been achieved well ahead of schedule, however the business has continued to invest in energy saving initiatives including the continued roll out of LED lighting, building management systems and specialised software to optimise heating and air conditioning energy use. Our new target is to reduce our gross emissions by 30% by 2020 using the same base.

We continue to report on direct Greenhouse Gas (GHG) emissions in two ways: net emissions (that treat electricity from renewables as zero carbon emissions) and gross emissions (that treat electricity from renewables in the same way as 'brown' electricity). GHG includes carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). Carbon dioxide emissions are produced as a direct result of burning fossil fuels.

The gross emissions, which includes all energy used, are 21,409 tonnes of GHG (2015/16 – 22,839 tonnes), a reduction of 6% from last year, arising from our ongoing energy saving investment. This includes all our electricity which we purchase from renewable sources.

The Society produced an estimated 2,568 tonnes of GHG (net of renewable sources) from on-site operations compared to 2,574 last year. This equates to 0.6 tonnes of GHG per employee (2015/16 - 0.58 tonnes of GHG). This is broadly level and includes fuel for vehicles in addition to gas usage. The underlying data shows an overall drop in gas usage but an increase in diesel which corresponds to changes in our supply chain in the prior year.

Proportion of Waste Recycled/Reused

We continue to backhaul our waste from Food and Semichem stores. The waste is then processed for enhanced recycling. Our Head Office and Funeral offices recycle cardboard, paper and plastic through our waste uplift provider. As a result we estimate that we have recycled 5,400 tonnes of waste (2015/16 - 4,800). The proportion of waste recycled has risen to 98% compared to 92% last year. Our total waste was higher this year due to three large building clearances.

The estimated figure for waste to landfill is around 100 tonnes compared to 400 tonnes in 2015/16. We are continuing the drive to achieve zero waste to landfill and at 98% we are very close to this target.

Modern slavery statement for financial year 2016/17

This statement is made pursuant to s.54 of the Modern Slavery Act 2015 and sets out the steps that Scotmid Co-operative Society Ltd 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. Scotmid has a zero tolerance approach to any form 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. In order to progress this, a committee has been set up to review our practices and introduce revised policies and procedures to strengthen our controls in this area.

Our business

As a retail co-operative society, our business model has some complexities in that we operate in different sectors. We have multiple suppliers for goods for resale and services. The most significant sector we operate in is Food convenience retailing and over 90% of our stock is purchased from the Co-operative Group via our membership of the Federal Retail Trading Services (FRTS) who have ethical buying policies and are leaders in this field. We support Fair Trade directly through local initiatives but also as part of our membership of FRTS. The majority of Semichem's suppliers are high profile manufacturers of brand leading consumer goods who publish extensively on their ethical position.

Our high risk areas

Some of our supplies are purchased from suppliers who source outwith the EU and these suppliers are being classified as high risk. We will focus on these suppliers initially and aim to gain assurances that they do not have modern slavery occurring in their business.

Our policies

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

1. Recruitment policy. We operate a robust recruitment policy, including conducting eligibility to work in the UK checks for all employees to safeguard against human trafficking or individuals being forced to work against their will.
2. Whistleblowing policy. We operate a whistleblowing policy so that all employees know that they can raise concerns about how colleagues are being treated, or practices within our business or supply chain, without fear of reprisals.

We will work on an appropriate Modern Slavery policy as part of the committee activities noted above.

Our suppliers

Scotmid maintains a preferred supplier list. We conduct due diligence on all suppliers before allowing them to become a preferred supplier. This due diligence will be revised to include steps to ensure that there is no modern slavery occurring in their business. We are in the process of revising our standard terms and conditions to take account of ethics and modern slavery and then we will reissue these, prioritising the higher risk suppliers.

Training

We will design and deliver training for our procurement/buying teams so that they understand the signs of modern slavery and what to do if they suspect that it is taking place within our supply chain.

For and on behalf of the Board

Harry Cairney - **President**

John Brodie - **Chief Executive Officer**

John Dalley - **Secretary**

23 March 2017

We have audited the Group financial statements of Scottish Midland Co-operative Society Limited ('the Society' or 'the Group') for the year ended 28 January 2017 set out on pages 30 to 49. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As more fully explained in the Statement of Directors' Responsibilities set out on page 18 the society's directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Society's affairs as at 28 January 2017 and of the income and expenditure of the Society for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Matters on which we are required to report by exception

We have nothing to report in respect of the following.

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

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

In addition to our audit of the financial statements, the directors have engaged us to review their Corporate Governance Statement on pages 18 to 21 as regards the Society's compliance with provisions 43 and 123 to 152 of Co-operatives UK Limited's Corporate Governance Code for Consumer Co-operative Societies issued in November 2013 ('the Code'). Under the terms of our engagement, we are required to review whether the Corporate Governance Statement reflects the Society's compliance with the provisions of the Code specified for our review.

Hugh Harvie - Senior Statutory Auditor

for and on behalf of KPMG LLP,
Statutory Auditor

Chartered Accountants

Saltire Court,
20 Castle Terrace, Edinburgh, EH1 2EG

24 March 2017

General Information

Scottish Midland Co-operative Society Limited is a registered co-operative society domiciled in Scotland. The address of the Society's registered office and main trading address is Hillwood House, Harvest Drive, Newbridge, Edinburgh EH28 8QJ.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 28 January 2017. The Group transitioned from previously extant UK GAAP to FRS 102 as at 26 January 2014.

Basis of Accounting

The Group financial statements were authorised for issue by the Board of Directors on 23 March 2017. The Group financial statements are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, applicable accounting standards and under the historical cost convention modified to include the revaluation of certain land and buildings, equity, inventory and financial instruments at fair value. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

The principal accounting policies are summarised below and have been applied consistently throughout the current and preceding year. The Society's business activities, together with the factors likely to affect its future prospects, are discussed in the Directors' Report on pages 3 to 15. After making enquiries, the Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Consolidated Financial Statements

The Group financial statements consolidate the financial statements of Scottish Midland Co-operative Society Limited and all its subsidiaries. Subsidiaries are those entities controlled by the Group. Control exists when the Society has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In accordance with FRS 102, the group's interest in joint ventures is accounted for using the gross equity method of accounting. During the prior year a transfer of engagements with Seaton Valley Co-operative Society took place incorporating the assets, liabilities and membership into the Society. The transfer of engagements is accounted for using the adjusted acquisition method recommended by Co-operatives UK.

Accounting Date

The accounts are prepared for the 52 weeks to 28 January 2017 (2016 - 52 weeks to 30 January 2016).

Turnover

Turnover includes cash sales, goods sold on credit and property rental income exclusive of value added tax, funeral disbursements and discounts. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured.

Trading Profit

The Society uses the Trading Profit measure to provide additional useful information for members on underlying trends and performance. This measure is used for internal performance analysis. Trading profit is not defined in FRS102 and therefore may not be directly comparable with other societies' or companies' adjusted profit measures. Trading Profit is calculated by reference to Operating Profit but excluding exceptional items, profit/loss on disposal of fixed assets and investment property revaluation.

Exceptional Items

Exceptional items include significant exceptional transactions and material one-off items. The Society considers such items are significant to the Profit and Loss Account and their separate disclosure is necessary for an appropriate understanding of the Society's financial performance.

Investment Income

Interest and dividends received are accounted for on the basis of cash received during the year.

Taxation

The tax charge for the period comprises both current and deferred tax.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is also provided on timing differences arising from the revaluation of fixed assets. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) 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, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tangible Fixed Assets and Depreciation

Tangible fixed assets (excluding investment properties) are held at cost less depreciation and any provision for impairment. No depreciation is provided on freehold land and assets in the course of construction. For all other tangible fixed assets, depreciation is calculated to write down their cost or valuation to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, which are considered to be:

Buildings - 40 years.

Plant, transport and fixtures - between 3 and 10 years.

Investment properties are revalued annually and the aggregate surplus or deficit is recognised in the profit and loss account. On disposal of investment properties, any related balance remaining in the non-distributable reserve is transferred to the revenue reserve. Depreciation is not provided in respect of investment properties.

Assets Leased to the Society

Fixed assets leased under finance leases are capitalised and depreciated over the shorter of the lease term and their expected useful lives. The capital element of future lease obligations is recorded within liabilities, while the finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding. The costs of operating leases are charged to the profit and loss account as they accrue. Lease incentives are recognised over the shorter of the lease term or the period up to the first negotiation period within the lease.

Goodwill

Purchased goodwill is capitalised in the year in which it arises at cost and amortised over its estimated useful life up to a maximum of 20 years with no charge for amortisation in the year of acquisition. Goodwill has been assessed through the analysis of the cash generating unit to provide a positive return over the recommended FRS102 amortisation period. Provision is made for any impairment.

Impairment

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount (higher of value in use or fair value less costs to sell). Impairment losses are recognised in the profit and loss statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, and then to reduce the carrying value of other fixed assets.

Assets Leased by the Society

Rental income from property is accounted for on the accruals basis.

Capitalisation of Interest

Interest costs relating to the financing of major developments are capitalised up to the date of completion of the project.

Investments

Equity investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through the profit and loss account). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are of minimal value and are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

Funeral Plans

Amounts received in advance for funeral plans are recorded at fair value within assets and liabilities. Monies are paid into a contract for whole life insurance on the life of the customer for the purpose of providing the funeral, and the current value of these plans at the year-end are disclosed within investments. The asset and deferred income liability has been apportioned between current and long-term based upon the Group's experience of funerals carried out under its pre-payment plans. Third party funeral bonds are held at fair value with market valuation being provided by Insurer. Scotmid funeral bonds are assessed to provide an expected return of the average cost of a funeral with interest applied and recognised through the profit and loss account.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents.

Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for any damaged, slow-moving and obsolete stock as appropriate.

Debtors

Credit account balances are included at gross value, less any provision made for bad and doubtful debts.

Financial Instruments

The Society holds derivative financial instruments to reduce exposure to interest rate movements as an overall rate risk management strategy. The Society does not hold or issue derivative financial instruments for speculative purposes.

Derivatives entered into include interest rate swaps, caps and floors. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the profit and loss account. The fair value of interest rate swap contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves. The Society does not undertake any hedge accounting transactions.

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Pension Costs

The Society operates a defined benefit funded pension scheme, a joint pension defined benefit pension scheme (with Allendale Co-operative Society Ltd) and also contributes to a number of defined contribution schemes.

For the defined benefit scheme, the amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other financial costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

For the joint funded defined benefit pension scheme recognition of the share of the deficit is based on the present value of the agreed additional payments made by the Society.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Share Based Payment

The Society has applied the requirements of FRS 102 relating to share based payments. The Society issues equity-settled share-based payment to employees who opt to join the all employee share option plan. Equity-settled share-based payments are measured at fair value at the date of the grant. This is expensed in the profit and loss account.

Provisions

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying the Society's Accounting Policies

The following are the critical judgements, apart from those involving estimates (which are dealt with separately below), that the directors have made in the process of applying the Society's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Cost of Sales

Cost of sales includes recognition of rebates and overriders relating to activities conducted during the financial period.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating entity to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating entity and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £22,374,000.

Investment Property Valuation

At each year-end investment properties are revalued by a third party surveyor based on recent market value conditions. Movements in the valuations are recognised through the profit and loss and risk exists on this assumption with the value only being confirmed if the property was to be sold.

Pension Assumptions

The defined benefit pension scheme assets are measured at current market value while the liabilities are estimated on assumptions as detailed in note 17.

Group profit and loss account for the year ended 28 January 2017

	notes	2016-17 (52 weeks) total £000	2015-16 (52 weeks) total £000
turnover	1	376,169	370,620
cost of sales		(277,554)	(272,497)
gross profit		98,615	98,123
other income	2	5,745	6,007
net expenses	3	(99,051)	(98,390)
trading profit		5,309	5,740
exceptional items	5	(432)	(1,794)
investment property revaluation	10	5,134	3,397
(loss)/profit on disposal of fixed assets		(276)	486
operating profit		9,735	7,829
net finance charges	6	(1,476)	(1,709)
surplus before distributions		8,259	6,120
distributions			
share interest		(80)	(79)
grants and donations	7	(556)	(595)
surplus before taxation		7,623	5,446
taxation	8	(1,371)	(1,145)
surplus for the financial year		6,252	4,301

The results recognised during the current and prior year were from continuing operations.

The notes on pages 35 to 49 form an integral part of these financial statements.

Group statement of comprehensive income year ended 28 January 2017

	notes	2016-17 (52 weeks) total £000	2015-16 (52 weeks) total £000
surplus for the financial year		6,252	4,301
transfer of reserves from incoming society net of fair value adjustments		-	(499)
actuarial (losses)/gains on defined benefit pension scheme	17	(7,464)	4,981
other comprehensive (loss)/income		(7,464)	4,482
tax relating to components of other comprehensive income	8	1,219	(1,078)
other comprehensive (loss)/income for the period		(6,245)	3,404
total comprehensive income for the period		7	7,705

The notes on pages 35 to 49 form an integral part of these financial statements.

Group balance sheet as at 28 January 2017

	notes	2016-17 £000	2016-17 £000	2015-16 £000	2015-16 £000
fixed assets					
intangible assets	9		22,374		24,253
tangible assets	10		126,711		121,335
investments	11		10,686		9,223
			159,771		154,811
current assets					
stocks - goods for resale		24,933		24,217	
debtors and prepayments	12	15,416		15,116	
cash at bank and in hand		9,137		8,308	
		49,486		47,641	
current liabilities					
amounts falling due within one year					
creditors	13	(44,930)		(43,704)	
net current assets			4,556		3,937
total assets less current liabilities			164,327		158,748
long term liabilities					
amounts falling due after more than one year					
creditors	14		(48,870)		(49,284)
provisions for liabilities					
deferred taxation	8		-		(784)
other provisions	5		(1,341)		(1,473)
net assets excluding pension liability			114,116		107,207
pension liability	17		(22,585)		(15,734)
net assets			91,531		91,473
financed by					
share capital	16		6,039		5,988
non-distributable reserve			34,176		29,532
revenue reserve			51,316		55,953
shareholders' funds			91,531		91,473

The notes on pages 35 to 49 form an integral part of these financial statements.

The financial statements of Scottish Midland Co-operative Society Limited were approved by the Board of Directors and authorised for issue on 23 March 2017. They were signed on its behalf by:

Harry Cairney **President**

Jim Watson **Vice President**

John Dalley **Secretary**

Group statement of changes in shareholders funds for the year ended 28 January 2017

	notes	share capital £000	non-distributable reserve £000	revenue reserve £000	total £000
at 30 January 2016		5,988	29,532	55,953	91,473
surplus for the financial year		-	-	6,252	6,252
transfer of realised revaluation on disposal of properties		-	(490)	490	-
actuarial losses on defined benefit pension scheme	17	-	-	(7,464)	(7,464)
tax relating to items of other comprehensive income		-	-	1,219	1,219
total comprehensive income		-	(490)	497	7
issue/(withdrawal) of share capital	16	(29)	-	-	(29)
expenses of members capital	16	80	-	-	80
reclassification of revaluation of investment properties			5,134	(5,134)	-
at 28 January 2017		6,039	34,176	51,316	91,531

The notes on pages 35 to 49 form an integral part of these financial statements.

Group cash flow statement for the year ended 28 January 2017

	notes	2016-17 (52 weeks) £000	2015-16 (52 weeks) £000
net cash flows from operating activities	18	13,882	20,394
cash flows from investing activities			
proceeds from sale of equipment		(123)	-
proceeds from sale of investment properties		880	2,703
purchase of equipment	10	(10,156)	(7,837)
interest received	6	472	867
interest paid	6	(1,392)	(1,964)
closure of joint venture	11	-	12
deferred consideration		-	(2,700)
cash acquired with Seaton Valley transfer of engagements		-	26
overdraft acquired with Seaton Valley transfer of engagements		-	(303)
net cash flows from investing activities		(10,319)	(9,196)
cash flows from financing activities			
share interest, grants and donations		(636)	(674)
repayments of borrowings	20	(1,000)	(1,000)
repayments of borrowings Seaton Valley		-	(1,757)
repayments of obligation under finance lease	20	(1,149)	(1,372)
proceeds on issue of shares		51	1
net cash flows from financing activities		(2,734)	(4,802)
net increase in cash and cash equivalents		829	6,396
cash and cash equivalents at beginning of year		8,308	1,912
cash and cash equivalents at end of year	20	9,137	8,308
reconciliation to cash at bank and in hand			
cash at bank and in hand at end of year		9,137	8,308

The notes on pages 35 to 49 form an integral part of these financial statements.

Notes to the Group Accounts

1. turnover	2016-17 (52 weeks) £000	2015-16 (52 weeks) £000
class of business		
retail / wholesale	370,698	365,286
property	5,471	5,334
turnover	376,169	370,620

For the purposes of presentation turnover is stated net of VAT, disbursements and discounts. All turnover was generated within the United Kingdom.

2. other income

Other income comprises of commissions on services offered including but not limited to Post Office, Lottery and ATM's.

3. net expenses	2016-17 (52 weeks) £000	2015-16 (52 weeks) £000
personnel costs	53,712	53,757
occupancy costs (excluding depreciation)	17,849	18,082
depreciation of owned assets	7,990	8,147
depreciation of assets held under finance leases	555	590
amortisation of goodwill	1,879	1,878
operating lease rentals - equipment and vehicles	459	455
fees - directors and committee members	203	155
expenses and delegations - directors and committee members	21	21
auditors' remuneration	85	85
auditors' remuneration non-audit - tax compliance	-	20
auditors' remuneration non-audit - tax advice	-	41
auditors' remuneration non-audit - pension	-	4
other expenses	16,298	15,155
	99,051	98,390

Included within occupancy costs is £5,718,000 relating to operating lease rentals for land and buildings (2015-16 - £6,041,000).

4. employees	2016-17 total number	2015-16 total number
the average number employed was:		
full time	1,377	1,398
part time	2,897	3,020
	4,274	4,418
	£000	**£000**
the costs incurred in respect of these employees were		
wages and salaries	49,995	50,017
social security costs	2,882	2,819
other pension costs	835	921
	53,712	53,757

4. employees - continued	2016-17 (52 weeks) £000	2015-16 (52 weeks) £000
directors' emoluments		
the total remuneration of the directors for their board and committee duties was		
fees, bonuses and delegations	130	125

the number of directors whose emoluments fell into each £2,500 bracket was

	number	number
£2,501 - £5,000	-	1
£5,001 - £7,500	1	-
£7,501 - £10,000	9	10
£10,001 - £12,500	1	-
£12,501 - £15,000	1	1
£17,501 - £20,000	1	1
	13	13

management executive emoluments	£000	£000
the total remuneration of the management executive was		
wages & salaries	1,284	1,295
taxable benefits	51	63
pension and pension allowance costs	204	197
profit-related pay and long-term deferred pay	107	2
	1,646	1,557

the number of management executives, including the replacement of the Head of Property, whose emoluments, excluding pension and benefits fell into each £10,000 bracketwas as follows

	number	number
£30,001 - £40,000	1	-
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	2
£120,001 - £130,000	1	-
£190,001 - £200,000	-	1
£200,001 - £210,000	1	-
£250,001 - £260,000	-	1
£260,001 - £270,000	1	-
£400,001 - £410,000	-	1
£440,001 - £450,000	1	-
	8	7

Notes to the Group Accounts

5. exceptional items	2016-17 (52 weeks) £000	2015-16 (52 weeks) £000
business integration, disruption and rationalisation costs	432	4,056
net gain on sale of non-core activity from Seaton Valley	-	(2,262)
	432	1,794

Business integration, disruption and rationalisation costs include the impact of the anticipated closure of stores, terms & conditions alignment, range rationalisation, legacy costs, costs associated with the integration of Seaton Valley Co-operative Society and insurance recovery following store fire. Non-core activities taken on at the transfer of engagement with Seaton Valley were closed or sold in 2015-16 with a net gain on sale of £2,262,000. Provision for further rationalisation and dilapidation costs are viewed as liabilities over one year.

6. net finance charges	2016-17 (52 weeks) £000	2015-16 (52 weeks) £000
interest payable		
funeral bond interest	394	803
bank overdraft and loan	873	958
finance leases	68	118
other interest	57	85
interest cost on pension scheme liabilities	2,668	2,392
total interest payable	4,060	4,356
less - interest receivable and investment income		
expected return on pension scheme assets	2,112	1,780
unlisted investments	55	52
other interest	13	1
funeral bond interest	394	803
derivative movement	10	11
total interest receivable	2,584	2,647
total	1,476	1,709

7. grants and donations	2016-17 £000	2015-16 £000
member relation activities & grants	526	548
donations	30	47
	556	595

8. taxation	2016-17 (52 weeks) £000	2015-16 (52 weeks) £000
8a. profit and loss account and other comprehensive income		
current taxation		
UK corporation tax charge for the year	1,076	538
adjustment in respect of prior years	(123)	22
total current taxation	953	560
deferred taxation		
origination and reversal of timing differences	777	912
adjustment in respect of prior years	(226)	(146)
adjustment due to change of tax rate	(133)	(181)
total deferred taxation	418	585
total profit and loss account taxation charge	1,371	1,145
other comprehensive income items		
deferred tax in current year charge/(credit)	(1,219)	1,078

8b. taxation reconciliation

The tax in the profit and loss account for the year is lower (2015-16 higher) from the standard rate of corporation tax in the UK. The difference is explained below

	2016-17	2015-16
surplus before tax	7,623	5,446
tax on surplus at standard rate of corporation tax in the UK of 20% (2015-16: 20.16%)	1,525	1,098
factors affecting tax charge for the year		
expenses not deductible for tax	642	706
chargeable gains on disposal/(sale of substantial shareholding)	124	(215)
indexation allowance	(470)	(186)
effect of tax rate changes	(133)	(180)
adjustment to tax in respect of prior years	(350)	(124)
other	33	46
tax charge for the year	1,371	1,145

Notes to the Group Accounts

8b. taxation reconciliation - continued

expenses not deductible for tax

The adjustments for expenses not deductible are permanent differences between the amounts included in the Society's financial results and the amounts that are included in the calculation of the taxable profit during a current or later period. The most significant adjustments in the current period relate to depreciation on fixed assets that do not qualify for capital allowances and consolidation adjustments for the defined benefit pension scheme. Prior year also includes consolidation adjustments in respect of the defined benefit pension scheme .

chargeable gains on disposal/sale of substantial shareholding

Chargeable gains on asset disposals while in the prior year the sale of shares in R Hindhaugh (Chemists) Ltd is exempt from corporation tax as the sale qualifies for the substantial shareholding exemption.

indexation allowance

Indexation allowance is an allowance for inflation. In calculating any corporation tax due on properties and other fixed assets, the Society is able to increase its cost for tax purposes for inflation from the date of acquisition. The estimated indexation in the year relates to indexation on investment properties not yet sold and indexation on trading properties sold in the year.

change in tax rates

Finance Act 2013 enacted a reduction in the UK corporation tax rate to 20% with effect from 1 April 2015. This reduction in the tax rate impacted the current tax charge in the prior reporting period resulting in a weighted-average rate for the period ending 30 January 2016 of 20.16%.

The UK Government has enacted legislation to reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017, plus a further reduction to 17% from 1 April 2020. These reductions in the tax rate impacted the deferred tax charge and closing deferred tax position, and will impact the current tax charge in future periods.

Deferred tax on timing differences expected to materially unwind over the medium to long-term have been recognised in the accounts at a rate of 17%. These rate reductions have been reflected in the calculation of the deferred tax at the balance sheet date.

adjustments to tax in respect of prior years

Adjustments to tax charges in earlier years arise because the tax charge in the financial statements is estimated before the detailed corporation tax calculations are prepared. Additionally, HM Revenue & Customs (HMRC) may not agree with the tax return that was submitted for a year and the tax liability for a previous year may be adjusted as a result. Where the final tax charge differs from the estimate an adjustment is included in the following period's financial statements.

other

Other adjustments mainly comprise tax on allocation of partnership profits (for Scotmid Pension GP Ltd) and gains on disposal of fixed assets which do not qualify for capital allowances.

In the financial year ended 2012-13, the Society took steps to improve the security of the members of our defined benefit pension scheme. To do this, we placed a variety of trading and investment properties into the Scotmid Pension Limited Partnership, directing rental income into the pension scheme as a form of cash contribution. The original value of this Asset Backed Funding transaction was £11,223,000 which was eligible for tax relief, of which £9,070,000 was subject to current tax relief spread over four years. Because the Society was entitled to future tax relief, a corresponding deferred tax asset was created and has been released to deferred tax over a matching four year period. 2015-16 was the final year of this pension spreading with a £454,000 charge to deferred taxation released to offset the benefit in current taxation.

The deferred tax asset is calculated on the deficit in the scheme recognised in the Society accounts and the element of Asset Backed Funding contribution not yet tax deductible. The deficit recognised by the Society of £12,944,000 (2015-16 - £5,638,000) is lower due to the different accounting treatment of the Asset Backed Funding arrangement in the Society and these group accounts.

The taxation charge in the other comprehensive income is the deferred taxation (at a rate of 17%) on the actuarial gain on the Society's defined benefit pension scheme.

tax policy

The Society approved an updated tax policy on 6 April 2016, to pay the appropriate taxes we owe by seeking to pay the right amount of tax (but no more) at the right rate, in the right place and at the right time. A full copy of the tax policy is published on our website.

8c. deferred taxation	2016-17 £000	2015-16 £000
deferred tax		
(provision)/asset at beginning of year	(784)	775
adjustment in respect of prior years	226	146
deferred tax charge to income statement in the period	(644)	(731)
deferred tax charge to other comprehensive income statement in the period	1,219	(1,078)
transferred in from transfer of engagements	-	104
deferred tax asset/(provision) at the end of the year	17	(784)
deferred tax assets/(liabilities)		
fixed asset timing differences	(2,847)	(2,613)
short term timing differences	2,444	1,499
losses	420	330
deferred tax asset/(provision) at the end of the year	17	(784)

The fixed asset timing difference liability mainly relates to investment property revaluation. The short term timing differences asset mainly relates to the defined benefit pension scheme.

Tax losses are from the transfer engagements of Penrith and Seaton Valley Societies and are expected to be utilised against the future profits within these parts of the Society's business.

	2016-17 £000	2015-16 £000
deferred tax assets		
recoverable within 12 months	243	596
recoverable after 12 months	2,736	1,344
deferred tax assets	2,979	1,940
deferred tax liabilities		
payable within 12 months	-	-
payable after 12 months	(2,962)	(2,724)
deferred tax liabilities	(2,962)	(2,724)

9. intangible assets

goodwill	cost £000	amortisation £000	balance sheet value £000
at the beginning of the year	52,363	(28,110)	24,253
amortisation provided for the year	-	(1,879)	(1,879)
at the end of the year	52,363	(29,989)	22,374

Notes to the Group Accounts

10. tangible fixed assets	land & buildings £000	investment properties £000	plant vehicles & fixtures £000	total £000
cost or valuation				
30 January 2016	32,265	73,076	109,160	214,501
additions	478	1,517	8,161	10,156
disposals	-	(836)	(1,907)	(2,743)
reclassification	(1,620)	465	-	(1,155)
revaluation	-	5,134	-	5,134
28 January 2017	31,123	79,356	115,414	225,893
depreciation				
30 January 2016	13,189	-	79,977	93,166
provided for the year	766	-	7,779	8,545
disposals	-	-	(1,374)	(1,374)
reclassification	(1,155)	-	-	(1,155)
28 January 2017	12,800	-	86,382	99,182
balance sheet value at 30 January 2016	19,076	73,076	29,183	121,335
balance sheet value at 28 January 2017	18,323	79,356	29,032	126,711

The net book value of the group's fixed assets includes £2,027,000 (2015-16 - £2,605,000) in respect of assets held under finance leases. All assets classified as Land & Buildings are freehold properties. All assets under finance leases are held within plant, vehicles & fixtures.

Investment properties were independently valued by Chartered Surveyors D M Hall LLP and Sanderson Weatherall LLP as at 28 January 2017 at open market value on the basis of existing use, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The valuation was arrived at on the basis of an inspection and survey of a sample of the Society's investment properties.

The net book value of the group's fixed assets includes £14,384,594 (2015-16 - £14,129,000) of properties held by Scotmid Pension Limited Partnership. These properties provide security for the Asset Backed Funding Arrangement put in place during 2012-13.

11. investments

	long term 2016-17 £000	current 2016-17 £000	total 2016-17 £000	long term 2015-16 £000	current 2015-16 £000	total 2015-16 £000
funeral bond investment	8,684	630	9,314	7,256	595	7,851
unlisted investments						
Co-operative Group shares	1,341	-	1,341	1,341	-	1,341
other C & CB Societies	2	-	2	2	-	2
others	39	-	39	39	-	39
joint ventures	(16)	-	(16)	(16)	-	(16)
	1,366	-	1,366	1,366	-	1,366
listed investments						
others	6	-	6	6	-	6
	10,056	630	10,686	8,628	595	9,223

	funeral bond investments £000	unlisted investments £000	listed investments £000	total £000
cost or valuation				
balance sheet value at 30 January 2016	7,851	1,366	6	9,223
additions	1,699	-	-	1,699
disposals	(623)	-	-	(623)
interest gain	387	-	-	387
balance sheet value at 28 January 2017	9,314	1,366	6	10,686

The listed investments are considered minimal and therefore, in line with our policy have been stated at cost. The market value of the listed investments at 28 January 2017 was £30,000 (2015-16 - £30,000) and therefore the fair value would add £24,000 (2015-16 - £24,000) if restated.

The group's significant subsidiary undertakings include Botterills Convenience Stores Limited and Scotmid Pension (GP) Limited. The net assets and activities of the subsidiary undertakings are included in these group accounts.

During the year 2015-2016, in advance of the Transfer of Engagements the Society made a £400,000 investment in Seaton Valley Co-operative Society Limited. Concurrent with this investment, the Society accepted an investment from Seaton Valley Co-operative Society Limited of £400,000. At the Transfer of Engagements, this cross investment was offset.

FRS102 requires financial investment to be recognised and funeral bonds with third parties are now included above. The funeral bonds are held at fair value with market valuation being provided by insurer.

The group has an interest in a joint venture. The principal activity of this company is property development, is incorporated in Great Britain and registered in Scotland. The Society's investment value in Scotmid - Miller (Great Junction Street) Limited represents 50% of the net assets/liabilities of the companies. The most recent balance sheets of the company is shown overleaf.

11. investments - continued

	Scotmid - Miller (Great Junction Street) 2016-17 £000	2015-16 £000
gross assets	6	6
gross liabilities	(22)	(22)
net liabilities	(16)	(16)
net investment	(16)	(16)

On 30 January 2003 the Society entered into certain guarantees in respect of obligations of Scotmid - Miller (Great Junction Street) Limited under its financing arrangements. In the event of a failure by Scotmid - Miller (Great Junction Street) Limited to meet certain obligations the guarantees require the Society (along with its joint venture partner) to meet any shortfall in interest payments, to fund any project cost overruns and to procure the completion of the project. On the basis that the property development within this joint venture has been completed, no significant further liabilities are expected to arise.

12. debtors and prepayments due within one year

	2016-17 £000	2015-16 £000
trade debtors	401	321
prepayments and other debtors	14,998	13,921
deferred tax (see note 8)	17	-
corporation tax recoverable	-	874
	15,416	15,116

13. creditors falling due within one year

	2016-17 £000	2015-16 £000
trade creditors	20,563	21,933
holiday pay	483	396
VAT	1,819	1,596
funeral bond deferred income	630	595
other sundry creditors	4,354	4,756
accrued charges	13,147	11,583
PAYE and social security	1,410	680
bank loan (see note 14)	1,000	1,000
obligations under finance leases (see note 14)	810	1,165
corporation tax payable	714	-
	44,930	43,704

14. creditors falling due after more than one year

	2016-17 £000	2015-16 £000
bank loans	39,000	40,000
obligations under finance leases	330	1,124
funeral bond deferred income	9,540	8,160
	48,870	49,284
borrowings are repayable as follows:		
bank loans		
between one and two years	2,000	1,000
between two and five years	37,000	39,000
	39,000	40,000
on demand or within one year	1,000	1,000
	40,000	41,000
finance leases		
between one and two years	330	794
between two and five years	-	330
	330	1,124
on demand or within one year	810	1,165
	1,140	2,289
funeral bond deferred income		
between one and two years	630	595
between two and five years	1,890	1,785
after five years	7,020	5,780
	9,540	8,160
on demand or within one year	630	595
	10,170	8,755
total bank loans, deferred consideration, and finance leases excluding bank overdraft		
between one and two years	2,960	2,389
between two and five years	38,890	41,115
after five years	7,020	5,780
	48,870	49,284
on demand or within one year	2,440	2,760
	51,310	52,044

The above bank loans are secured by a standard security over specific properties owned by the Society and a bond and floating charge over the remaining assets held by the group, excluding certain properties held by Scotmid Pension Limited Partnership.

The finance leases are secured on the assets to which they relate.

Third party funeral bonds are held at fair value with market valuation being provided by Insurer. Scotmid funeral bonds are assessed to provide an expected return of the average cost of a funeral with interest applied and recognised through the profit and loss account.

The Group's bank loan of £40,000,000 (£41,000,000 2015/16), is repayable £1,000,000 in 2017/18, £2,000,000 in 2018/19, £1,000.000 on 31 March 2019 and the balance of £36,000,000 on the 20th December 2019. Gross borrowing to net assets, minimum EBITDA, capital expenditure and loan to value are covenants associated with the facility.

15. derivatives

	2016-17 £000	2015-16 £000
derivative financial instruments held to manage interest rates		
interest rate derivatives (at fair value)	(179)	(189)

The Society's interest rate derivatives with a value of £12,500,000 have been taken out to hedge interest rate risk on the bank loan and are measured at fair value using mid-market price at each reporting date. The resulting gain or loss is recognised in the profit and loss account. The Society does not enter into derivatives for speculative purposes. These derivatives mature between February 2018 and January 2020.

16. share capital

	2016-17 £000	2015-16 £000
at beginning of year	5,988	5,874
interest	80	79
	6,068	5,953
contributions	136	129
cross investment	-	400
issued to members of incoming society	-	113
	6,204	6,595
withdrawals	(165)	(207)
cross investment offset	-	(400)
at end of year	6,039	5,988

(i) share capital comprises 6,039,000 shares (2015-16 - 5,998,000) of £1 attracting interest at 1.5% in the current year.

(ii) shares are withdrawable on periods of notice in accordance with the Society's Rules (Rule 13), however, the directors retain the right to refuse redemption.

(iii) each member is entitled to one vote, regardless of the number of shares held.

(iv) prior to the transfer of engagements on 3 October 2015, the Society accepted a £400,000 investment from Seaton Valley Co-operative Society Limited. Concurrent with this investment, the Society made an investment in Seaton Valley Co-operative Society Ltd of £400,000. At the completion of the transfer of engagements, this cross investment was offset.

17. accounting for pension costs

The Society contributed to a number of defined contribution pension schemes during the year. The assets of these schemes are held separately from those of the Society in independently administered funds. The costs relating to these schemes are included within note 4. Following a review of the Society's pension schemes the Society ceased to participate in all legacy defined contribution schemes and instead made the NEST scheme available.

The Society operates a defined benefit funded pension scheme, the Scottish Midland Co-operative Society Pension Plan (the Scotmid scheme). The scheme has three sections, the Scotmid Final salary section, the Penrith Final salary section and the Retiral Cash Balance section. The Penrith Final salary section was created following the bulk transfer of all assets, liabilities and members from the Penrith Co-operative Society Limited Superannuation Fund (the Penrith scheme) on 31 December 2013. The Scotmid and Penrith Final salary sections are both closed to new entrants and ceased future accrual on 15 June 2013. The Retiral Cash Balance section became available to new entrants, subject to membership criteria, from 1 March 2013.

17. accounting for pension costs - continued

The most recent full actuarial valuation was carried out at 25 January 2014 and updated on 28 January 2017 by Mr Murray Wright, Fellow of the Institute and Faculty of Actuaries. The actuarial valuation method used was the projected unit method.

This valuation has been updated by the actuary to 28 January 2017 in order to comply with FRS102.

			at 28 January 2017	at 30 January 2016
the major assumptions used by the actuary were				
rate of increases in pensions accrued post 05/04/97		LPI 5% (RPI)	3.20%	2.95%
		LPI 2.5% (RPI)	2.05%	2.05%
rate of increase in deferred pensions		LPI 2.5% (RPI)	3.40%	3.05%
rate of increase in deferred pensions		LPI 2.5% (CPI)	2.40%	2.05%
discount rate			2.90%	3.70%
inflation assumption			3.40%	3.05%
life expectancy retiring today	male		85.8 years	85.6 years
	female		89.5 years	89.4 years
life expectancy in 20 years	male		87.8 years	87.7 years
	female		91.5 years	91.4 years

Investigations have been carried out within the past four years into the mortality experience of the Society's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The above assumed life expectations are based on retirement at age 60.

The closure of the future accrual of the defined benefit scheme means that the increase in salary is no longer a key assumption.

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows.

	2016-17	2015-16
	£000	£000
current service cost	751	857
net interest cost	556	612
	1,307	1,469

The amount included in the balance sheet arising from the Society's obligations in respect of it's defined benefit retirement schemes is as follows.

	at 28 January 2017	at 30 January 2016
present value of defined benefit obligations	(87,021)	(73,217)
fair value of scheme assets	64,436	57,483
deficit	(22,585)	(15,734)
net liability recognised in the balance sheet	(22,585)	(15,734)

Seaton Valley Co-operative Society Ltd shared a funded defined pension scheme with Allendale Co-operative Society Ltd. Recognition of the share of the deficit is calcuated based on the present value of the agreed additional contribution payments to be made by Scotmid through to September 2019, £155,857.

17. accounting for pension costs - continued

	2016-17	2015-16
	£000	£000
analysis of the movement in the scheme deficit in the year		
opening deficit in the scheme	(15,511)	(20,866)
current service cost	(751)	(857)
contributions	1,853	1,843
net financing charge	(556)	(612)
actuarial (loss)/gain	(7,464)	4,981
closing scheme deficit	(22,429)	(15,511)
Seaton Valley pension scheme deficit	(156)	(223)
total deficit	(22,585)	(15,734)
reconciliation of present value of scheme liabilities		
opening defined benefit obligation	73,217	80,503
service cost	751	857
interest cost	2,668	2,392
contributions by employees	400	389
actuarial loss/(gain)	13,118	(8,303)
benefits paid	(3,066)	(2,844)
liabilities acquired from incoming Society	-	223
contribution towards Seaton Valley pension fund	(67)	-
closing defined benefit obligation	87,021	73,217
reconciliation of present value of scheme assets		
opening fair value of the scheme assets	57,483	59,637
expected return	2,112	1,780
actuarial gain/(loss)	5,654	(3,322)
contributions by employer	1,853	1,843
contributions by employees	400	389
benefits paid	(3,066)	(2,844)
closing fair value of the scheme assets	64,436	57,483
analysis of the fair value of scheme assets at the balance sheet date was as follows		
equities	35,237	32,182
bonds	-	317
other	2,418	1,994
asset backed funding arrangement contribution	969	969
buy-in	22,082	21,246
liability driven investment	3,730	-
property	-	775
total market value of assets	64,436	57,483

In setting the expected return on the assets as at 28 January 2017, we have taken into account the yields on government bonds and quality corporate bonds and the advice of JLT's in-house investment consultancy practice.

17. accounting for pension costs - continued	2016-17	2015-16
history of experience gains and losses	£000	£000
amounts taken to the consolidated statement of comprehensive income		
actual return less expected return on pension scheme assets	5,654	(3,322)
experience gains arising on the scheme liabilities	272	659
changes in assumptions underlying the value of scheme liabilities	(13,390)	7,644
actuarial (loss)/gain before tax adjustments	(7,464)	4,981

18. cash flow statement : reconciliation of surplus for the year on ordinary activities to net cash inflow from operating activities	2016-17 £000	2015-16 £000
operating profit	9,735	7,829
adjustment for		
gain on investment properties	(5,134)	(3,397)
loss/(surplus) on disposal of fixed assets	276	(486)
insurance reclaim	336	-
depreciation charges	8,545	8,737
amortisation of goodwill	1,879	1,878
(inrease)/decrease in stocks	(716)	1,121
(increase)/decrease in debtors	(1,158)	955
increase in creditors and other provisions	1,367	5,284
movement in pension liability	(1,169)	(985)
corporation tax paid	(79)	(542)
net cash inflow from operating activities	13,882	20,394

19. cash flow statement: reconciliation of net cash flow to movement in net debt	2016-17 £000	2015-16 £000
increase in cash for year	829	6,396
cash outflow from change in net debt and lease financing	2,149	2,372
change in net debt resulting from cash flows	2,978	8,768
transfer from incoming society - finance leases	-	(126)
transfer from incoming society - loan	-	(1,757)
repayment of incoming society - loan	-	1,757
movement in net debt for the year	2,978	8,642
opening net debt	(34,981)	(43,623)
closing net debt	(32,003)	(34,981)

Notes to the Group Accounts

20. cash flow statement : analysis of net debt	at 30 January 2016 £000	cashflow £000	other non-cash charges £000	at 28 January 2017 £000
cash at bank and in hand	8,308	829	-	9,137
bank overdraft	-	-	-	-
	8,308	829	-	9,137
debt due after 1 year	(40,000)	-	1,000	(39,000)
debt due within 1 year	(1,000)	1,000	(1,000)	(1,000)
finance leases	(2,289)	1,149	-	(1,140)
	(43,289)	2,149	-	(41,140)
total	(34,981)	2,978	-	(32,003)

21. operating lease commitments	land & buildings	plant, vehicles & fixtures	land & buildings (restated)	plant, vehicles & fixtures
	2016-17	2016-17	2015-16	2015-16
	£000	£000	£000	£000
leases which expire				
within one year	884	67	756	142
within two to five years	6,552	1,056	6,544	740
after five years	22,447	-	27,279	-
	29,883	1,123	34,579	882

At 28 January 2017 the commitment to make total future minimum lease payments in respect of operating leases is shown above.

Board Members

Board Directors	Board	General Purposes	Audit	Remuneration	Search
Mr H Cairney (P) *	13	2 (C)			5(C)
Mr J Watson (VP)	9	1		1(C)	
Mr J Anderson *	13	2	4 (C)		
Mrs S Downie	13				5
Mr I Gilchrist (A 3/10/16) Δ	4				1
Mr J Gilchrist (R 3/10/16) †	9		4		
Mr T McKnight	11		4		
Mr J Miller	13			2	
Mr D Paterson	13				5
Mr M Ross *	10				2
Mr A Simm	13	1		2	
Mrs G Smallman	11				5
Mr E Thorn *	11		4		
Miss A Williamson	12	1		2	
Total meetings held	13	2	4	2	5

Meetings held from 31 January 2016 - 28 January 2017

Key

P = President, VP = Vice President, C = Committee Chair, A = Appointed, R=Retired.

Directors

* At the OGM held on 3 & 10 October 2016, Harry Cairney, John Anderson, Michael Ross and Eddie Thorn were re-elected to serve as Directors for 3 year terms of office.

Δ Iain Gilchrist was elected by Members in the West Region to serve as a director for a 3 year term of office.

† Jim Gilchrist retired from the Board at the OGM on 3 October 2016 with their thanks for his long and valued service. Jim has decided to continue to serve on the West Regional Committee.

Harry Cairney, David Paterson and Jim Watson are Directors of Scotmid Pension Trustee Limited, the sole trustee of the Scottish Midland Co-operative Society Limited Pension Plan. John Anderson is a Director of Co-operatives UK and David Paterson is a Director of Co-operative News and a Member of The Co-operative Group Member Council.

Regional Committee Members

East Regional Committee		West Regional Committee		North Regional Committee	
Miss A Williamson (C) ◊	8	Mr T McKnight (C - to 25/4/16)	8	Mr J Anderson (C)	9
Mr H Cairney (VC) ◊	9	Mr A Simm (C - from 25/4/16)	8	Dr R McCready (VC) ◊	8
Mr D Paterson (MS)	9	Mr J Watson (VC)	6	Mrs M Smith (MS)	9
Mr A Clark Hutchison (A 25/4/16)	6	Mr J Gilchrist (T) ◊	8	Mrs A Anderson	9
Mr C Henderson	8	Mr M Ross (MS)	9	Mr A Cullen	8
Mr D Jamieson (R 25/04/16)	3	Mr S Ballantyne	7	Mrs S Downie	8
Mr K Kelly ◊	6	Mr I Gilchrist	7	Mrs E Farquhar	8
Mr J Mackenzie	7	Mrs M Kane ◊	7	Mr A Maclean ◊	9
Mrs R McCabe (A 25/4/16)	5	Mr R Kelt (R 25/4/16)	2	Mr D Patterson ◊	9
Mr J Miller	9	Mr G Randell	7	Ms E Pipe (A 26/4/16)	4
Mr D Reid	9	Mrs K Scott ◊	8	Mr A Stokes	8
Mrs J Reid ◊	9	Ms R Smith	6		
Mrs G Smallman	7	Ms K Harmon (A 25/4/16)	3		
Mr E Thorn	7				
Total meetings held	9	Total meetings held	9	Total meetings held	9

Meetings held from 31 January 2016 - 28 January 2017

Key

C= Committee Chair, VC = Vice Committee Chair, MS = Minute Secretary, T = Treasurer, A= Appointed, R=Retired.

◊ Regional Committee Members due to retire by rotation in April 2017 and are eligible for re-nomination to the Regional Committee.

Notice of Meeting and Agenda of Business

Notice is hereby given that an Annual General Meeting of the Society will be held on Monday, 24 April 2017 at 7:00pm at the following locations: The Thistle Suite, Murrayfield Stadium, Edinburgh, EH12 5PJ and Panorama Suite, Hamilton Park Racecourse, Hamilton, South Lanarkshire, ML3 0DW and on Tuesday 25 April 2016 at 7:00pm at The Sir Ian Wood building, Robert Gordon University, Garthdee Road, Aberdeen, AB10 7GJ.

Agenda of business

1. Synopsis of Minutes of Ordinary General Meetings held on 3 & 10 October 2016.
2. Appointment of Tellers.
3. Elections:

   Regional Committees:

East Region	4 Members to serve for 3 years;
Seaton Valley Area	1 Member for 3 years
North Region	3 Members to serve for 3 years;
West Region	3 Members to serve for 3 years.

4. Directors' Report/Annual Accounts.
5. Synopses of Minutes of Board Meetings.
6. Remuneration for Directors and Office Bearers
7. Membership & Community Development Report.
8. General Business.
9. Any Other Competent Business

Admission to general meeting

If you have been a Member for 6 months or more and wish to attend the meeting please complete the registration form on the Society's website or call the Membership team on 0131 335 4433. If you plan on attending the meeting and would prefer the Chairman to ask a question on your behalf, you may submit your question in advance of the meeting in writing, by telephone or via the Society's website. If you wish to attend the meeting but have transportation/mobility difficulties, please contact the Membership team before Thursday 10 April 2017 and we will try to assist where possible. The deadline for registration and submitting questions prior to the Meeting is Monday 17 April 2017 at 4.00pm.

Members will be admitted to the General Meeting by presenting their admission ticket and Share Book. With the exception of Members living in West Lothian who may attend and vote at the meetings in either Edinburgh or Hamilton, all other Members will only be entitled to vote for Members to represent that region where they live unless approval is granted by the Secretary in advance of the meeting.

The meeting will start at 7.00pm prompt and to ensure there are no disruptions late entry will not be permitted.

The next General Meeting (Ordinary General Meeting) will be held on Monday 2 October 2017 at Hamilton and Edinburgh and on Tuesday 3 October 2017 in Brechin/Montrose.

Scotmid
co-operative

visit our website

www.scotmid.coop

follow us for
our latest news

@scotmid

facebook.com/scotmid

youtube.com/scotmid1

check out ur
community films

Scottish Midland Co-operative Society Limited
Registered Office: Hillwood House, 2 Harvest Drive, Newbridge, Edinburgh EH28 8QJ