

Democratic Member Control

PROUD

TO BE A

CO-OP

Autonomy and Independence

Co-operation

Among

Co-operatives

Community

Member economic Participation

Annual Report 2018



Chair's statement

The whole of 2018 was dominated by Brexit negotiations with the outcome still uncertain into 2019. If it was a cricket test match the excitement would be palpable – with all three potential results still possible moving into the last session of the last day. For business planning, however, it was the stuff of nightmares...

As each week passed the government managed to discover another issue that threatened to disrupt the business environment – if we got our relations with the European Union wrong. Despite the uncertain backdrop we worked with some success on behalf of, and alongside, our members to promote, unite and develop the co-operative sector.

Our promotional work has led to significant policy wins. Together we've influenced post-Brexit agricultural policy and the new Civil Society Strategy – and also secured a commitment to review society legislation. We're making a difference to members! For example, changes to the FCA's annual registration fees, for which we lobbied hard together, will save each society up to £495 a year and lighten the regulatory burden.

We have further united the sector this year with new members, including a new federal, Community Leisure UK. Meanwhile, closer working relationships are being developed with co-operative institutions including the Co-operative College, Co-op News, the Co-operative Heritage Trust and the Co-operative Party. We have also worked successfully with organisations like Locality, the Plunkett Foundation and the Co-operative Councils Innovation Network to further advance the co-operative agenda.

Taking our lead from the National Co-operative Development Strategy, we helped launch an umbrella body, Student Co-operative Homes, to promote student housing co-ops. We also supported emerging platform co-ops and secured an extension to The Hive, our co-op development programme in partnership with The Co-operative Bank.

A remarkable success story has been our Community Shares Booster programme to promote community ownership, supported by Power to Change. This year has seen our investment exceed £1million in equity in 17 community co-ops!



At the same time we continued to register new co-ops, supported our members through member groups and provided specialist support in agriculture, governance and employment issues. In addition Practitioners Forum, our flagship training and development event, has become one of the highlights of the co-operative year.














We have continued to work to make Co-operatives UK financially resilient with a reduced 42% of our income coming from our retail members. We have to give a big thank you to our key partner members, especially Co-operative Group, but also to Midcounties, Central England, East of England, ScotMid, Lincolnshire and Southern Co-operatives, without whom none of this would be possible.

Lastly I have to thank my colleagues on the board for their wisdom and support this year and to the staff at Holyoake House for their hard work and commitment in what has been a challenging year.

A handwritten signature in black ink, which appears to read "N.J. Matthews". The signature is fluid and cursive.

Nick Matthews
Chair
Co-operatives UK

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Our mission

Our mission is to grow the co-operative economy and alongside our members we work to promote, develop and unite co-operatives across the UK. We are owned and controlled by our members – all of which are co-operatives or organisations that support the co-operative principles. Our members remain at the heart of all we do, with their participation a core element of all our activity.

As we approach our 150th anniversary in 2020, the rationale today for a representative body to act as a 'voice for co-operation' is as compelling as it ever was back in 1870.

With over 7,000 independent co-operatives owned by millions of people, and a wider range of mutual enterprises, co-operatives are a significant economic force, contributing £36.1 billion to the UK economy. Thousands of these co-ops are members of Co-operatives UK – directly or indirectly through federal membership. They come in a range of sizes, across an incredibly diverse range of sectors, utilising a range of governance structures.

So how do we create and maintain value for a seemingly disparate collection of organisations? No-one said it would be easy, but diversity can be a strength and there are many commonalities which bind us together.

We are all built upon the bedrock of co-op values and principles. Under-utilised in today's society, the co-operative business model is fit for the challenges of a 21st century economy.

Co-operatives UK can pave the way for a more co-operative economy by promoting a positive business environment for co-ops; by influencing decision-makers; by raising awareness of co-ops as an effective and sustainable business model.

We must provide our members with the guidance they need to run successful businesses. We must be proactive as well as reactive when it comes to our members' advice and training needs.

We must also bring our members together; to learn from one another; to collaborate; to share resources; and to do business together.

Three-year strategy

These aims come together in our three-year strategy, running from 2018-2020. This itself is an extension of the business strategy set by our Board in 2014. The aim of our strategy is to be:

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

National development strategy

Our strategy is set within the context of growing the co-op economy through the National Co-op Development Strategy, '*Do It Ourselves*', created in July 2017 and shaped by contributions from over 550 co-ops. This ambitious 20-year strategy helps give our work a long term focus, with each three-year strategy taking us a step further towards reaching these shared goals.

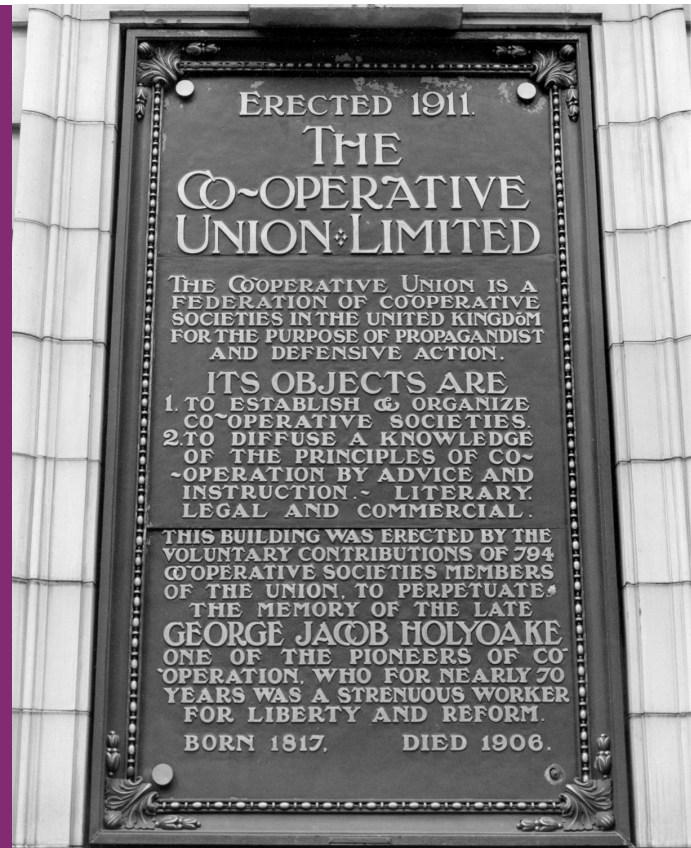
Delivering a long-term UK-wide co-op development strategy across diverse sectors is, of course, a huge challenge. To maximise the potential for high impact, the strategy prioritises the high-growth areas of technology, social care and freelancer co-ops.

We are Co-operatives UK

We exist to create value for our members. We cannot forget this overriding principle because it is enshrined on the wall of Holyoake House. To achieve member value we work towards promoting, developing and uniting the UK's co-operatives every day.

In practice this means we speak out on the issues that matter to our members – lobbying and campaigning to promote co-ops to business leaders, decision-makers and the wider public.

It means we provide specialist advice and training – covering governance, secretariat, legal, HR, membership and more – to help our members run their businesses. And it means we facilitate networks and run national events and workshops to enable our members to connect, learn and do business with one another.



Now, more than one year on since the national development strategy was created, we have made good progress. We have launched a new national body, Student Co-op Homes; supported the development of the UK's first platform co-ops; and brought a group of cycle couriers together to find a co-operative alternative to Uber Eats and Deliveroo.

In 2019 we will commission an evaluation of the National Co-op Development Strategy, outlining early-stage progress to help adapt and refine operational plans to deliver the anticipated long-term co-op growth.

Co-operating with others

We cannot do this important work alone. Alongside our members, in 2018 we worked closely with a range of partners who share our values and ambition to grow the co-op economy.

We are working with sister organisations the Co-op Press, Co-operative College and the Co-operative Heritage Trust to find synergies and efficiencies in how we co-operate to support the needs of all our members and the wider movement.

We fed into the report '*Co-ops Unleashed: Doubling the Size of the UK Co-operative sector*', launched by New Economics Foundation and commissioned by the Co-operative Party. As the name suggests, this report sets out the aim to double the co-operative sector's turnover by 2030.

We are also working strategically with the charitable trust Power to Change and fellow membership organisations Plunkett Foundation and Locality, to create joined up and coherent packages of support for community businesses.

A global movement

Co-operatives UK and its members are part of a worldwide movement. As the national apex body recognised by the International Co-operative Alliance (ICA) we continue to play an active role on the world stage. As part of our global role we shared knowledge with over 300 international co-ops and organisations in 2018. We represented UK co-ops at the General Assembly of the International Co-operative Alliance in Buenos Aires, the Global Social Economy Forum in Bilbao and many more overseas events, bringing knowledge back to share with members.

Promote

As part of our role as an authoritative, campaigning voice, we work with members to influence public policy to benefit co-ops. Speaking with a strong collective voice is fundamental to legitimising our message and impacting on market conditions for the benefit of the co-operative sector.

Alongside our members we strive to put co-operatives on a level footing with other businesses. We continually fight against prohibitive legislation and practices and have enjoyed significant success towards creating a level playing field for co-op businesses. However, our policy work is about more than highlighting and lobbying against unfair treatment.

We are working hard to bring to life our bold and pragmatic vision for what a genuinely inclusive economy looks like. It is one where people share ownership and decision-making. It is a powerful combination of pragmatism and solidarity. It is an inclusivity powered by co-operation and one we are focusing our efforts on moving towards.

If we want the co-op option to be more accessible and mainstream, we need incorporation as a society to be simpler, faster, cheaper and more responsive. Thanks to valuable relationships we've built in the Department for Business, Energy and Industrial Strategy (BEIS) and across Whitehall, we secured a commitment from UK government to review non-legislative and legislative issues for societies.

Our influence over the government's Civil Society Strategy yielded new support for community co-ops. The strategy sets out new efforts to promote and support the community shares model and more support for community asset ownership.

There will also be a new forum through which community co-ops can raise policy issues with Whitehall. We have been earmarked to play a leading role, where we represent and fight for societies on this government forum.

The government's Making Tax Digital project, which fails to adequately serve the needs of societies, is now our top target.

The Civil Society Strategy also hinted at the potential for reversing recent changes to Social Investment Tax Relief. Those changes left the 'relief' of little or no use to big parts of the community business landscape, which our longstanding lobbying efforts riled against.

Our work requires strong relationships with a range of key governmental and non-governmental bodies. The Financial Conduct Authority's mutuals team responded to our calls for a fairer system by launching a proposal to abolish the annual fees it charges societies. The fruits of our burgeoning relationship with the FCA could save societies between £67 and £495 a year – and remove the £12 fee per record it currently charges for public access to the online Mutuals Register.

Strong ties with the Department for Environment, Food and Rural Affairs (Defra) have helped protect and enhance the role of farmer co-operatives in post-Brexit agricultural policy.- Concerted lobbying, alongside our members, resulted in the announcement of a new £10m Collaboration Fund in 2018. Defra also set out an important role for farmer co-operation in its official plans for post-Brexit agricultural policy. In addition, our interventions led to amendments in the Agriculture Bill and Brexit legislation to protect farmers' ability to co-operate outside the EU.

Our work and influence is not limited to Whitehall. We continue to co-ordinate the Scottish Cross-Party Group for Co-operatives, convened by James Kelly MSP, which among other topics heard evidence on Scottish housing co-ops with a report published in early 2019.

We gained a clear commitment from the Northern Irish government to conduct wholesale review and reform of Society Law. We also pushed for better treatment of societies in Northern Ireland as their registry function was transferred to the Financial Conduct Authority.

The volatile political climate in 2018 impacted on a range of policies and issues. We are still waiting for the Green Paper on social care, which will be an invaluable opportunity to advocate for co-operative approaches to wellbeing.

The government's consultation on proposals for the UK Shared Prosperity Fund, which will replace the €10.7 billion EU funds for local economic development and enterprise support, is now due in 2019. We are working with New Economics Foundation, Plunkett Foundation, Locality and Power to Change, to call for a portion of the fund to be used to support community economic development.

Engaging our wider membership in policy work remains of fundamental importance. Many of our key policy wins would not be possible without high levels of member involvement. A core group of well informed and politically active members provide valuable input – but it is always a challenge to increase levels of participation.

In 2019 we will trial new communication methods including snap polls, videos and face-to-face events to broaden engagement from a diverse range of members and to set future policy priorities.

Co-operatives UK is non-party political and we work hard to develop relationships with politicians from across the political spectrum and in each of the devolved nations. This is vital to ensure we generate the best support possible for co-ops, irrespective of the political party in power.

Forming strong and positive relationships with key decision makers across the political spectrum remains a priority in 2019.



Community economic development (CED) is a process through which people living, working and running businesses in an area work together to effect positive change in their economic circumstances. The focus is very much on livelihoods, enterprise and influence over local resources and wealth flows.

Develop – advice

We deliver expert advice on the fundamentals of running successful co-op and community businesses. Alongside our delivery partners, we have provided market-leading services for more than 20 years and boast an unparalleled suite of online resources for co-ops and community businesses.

A key element of our strategy is to be the place where any co-op can find the advice it needs. It is an ambitious goal given our diverse membership, but the expertise of our staff and network of advisers is second to none. Being able to provide this crucial advice is one thing, but we must work hard to ensure our members know we are market-leading when it comes to their advice needs.

In 2018 we provided professional advice and support to 259 members with an impressive 97.1% satisfaction rating. Our Contact Package, introduced in 2016, provides the reassurance that expert co-op advice is a call or email away for just £200 per year. Since December 2016 the number of members taking up the Contact Package has grown by over 70% to 108 organisations.

Through our increasingly popular HR Package 39 members accessed a wealth of market-leading resources. We provided invaluable support at tribunals and early reconciliation solutions to HR subscribers, saving a range of members thousands of pounds in legal fees and resources. We also repeated our successful mock tribunal, with 126 attendees, who rated the experience highly.

We must continue to track demand to ensure we service the needs of members, whether established businesses or new-starts, big or small.

Our chargeable advice offering (with significant discounts for members) continues to grow. We have identified board and director evaluations as high growth products within our portfolio and in 2019 will be delivering a marketing pilot to a segment of our membership.

An effective board and high performing directors are key to creating strong and sustainable co-ops. A consultation exercise will help us to refine this product to better meet member needs. We aim to carry out a minimum of five of these evaluations in 2019.

It is imperative that our advice offering is accessible to smaller co-ops. Following demand from members we delivered an open access training programme in venues across the UK, including one-day training for co-op directors and secretaries. We also introduced successful HR and General Data Protection Regulation (GDPR) training sessions, which we will update and repeat in 2019 due to demand.

Co-ops across the UK continue to benefit from our online resources – including model governing documents, advice guides, policy templates and HR videos – with more than 5,000 downloads in 2018. New resources created in 2018 include our General Data Protection Regulation Toolkit, Board Behaviours practical guide, AGM guide and Guide to Co-operative Key Performance Indicators (KPI) Framework.

Our advice is not limited to existing co-ops. We helped create 78 new co-ops in 2018 and supported 303 groups with professional advice and training, worth £100,000, through The Hive, our co-op development programme in partnership with The Co-operative Bank.



“The board review was so valuable. It prompted us to develop a new member engagement strategy and informed our board succession planning.”

**Derek Walker, Chief Executive, Wales
Co-operative Centre**

Develop – projects

Our dynamic and growing development unit secures external funding to break new ground in co-operative development, seeking out opportunities and partnerships to test, try and support innovation that delivers growth of the co-operative economy.

In 2018, the Development Unit delivered co-op development projects worth over £949,000. We were delighted to announce extension funding from The Co-operative Bank for our co-op development programme, The Hive. This support for new and existing co-ops, totaling over £1.3m, has already benefited 658 groups with training, mentoring and resources – with 303 groups receiving support worth more than £100,000 in 2018.

Helping co-ops raise finance through community shares is an important element of our development work. Community shares enable communities to take control of valuable local buildings and spaces that otherwise might be lost. Since December 2017 we have awarded over £1m in matched equity investments to 17 organisations through the Power to Change-funded Community Shares Booster programme. Recent beneficiaries include Manchester-based Projekts Skate Park, whose expansion plans feature in a case study video.

Co-operatives UK also facilitates the Community Shares Mark – the ‘rubber stamp’ for community share offers adhering to best practice. We were proud to award the 100th Community Shares Mark to Eden-Rose Community, a Suffolk-based charity benefiting people with life-limiting conditions.

Working with our partner, The Co-operative Bank, in 2019 we are refocusing the support available via the Hive to align with The National Co-operative Development Strategy. The strategy sets out ambitious targets to grow the co-operative economy and identifies priority sectors including digital and technology, the gig economy and social care. Importantly, our work in these areas has already begun.

We worked with partners Stir to Action, using funding from The Hive, to support a cohort of eight emerging ‘platform co-ops’ in 2018. A platform co-op is any business that operates on or through a digital platform that also functions in adherence to co-operative values and principles, i.e. the platform is controlled by its employees and users.

A live crowdfunder at Co-op Congress saw seven co-ops collaboratively pitching to raise £15,000 towards a new seed fund for platform co-op development. We partnered with Nesta to research the opportunities and challenges to grow the number of platform co-ops in the UK, with a focus on ways to overcome the ‘capital conundrum’. Learning from this research will be communicated with new audiences via the UnFound roadshow taking place in 2019.

Freelancers and the creative industries are also a growth area for co-ops and we published a report, ‘Co-ops and the Creative Industries’. Launched at the Meaning Conference held in Brighton, the report examines the potential for co-operatives in the creative industries. We are also creating a pilot ‘quick start up tool’ for the online formation of a co-operative LLP aimed at creative professionals, which will be tested in early 2019.

Place-based economic development is a strand of our work focused on priority geographical areas. Through our Power to Change-funded flagship programme, Empowering Places, we have been supporting seven pilot ‘places’ to build resilience and wealth through a network of community businesses. Each geographic areas will receive investment of £1m over five years. Since January 2017 we have already seen the creation of 16 new community businesses, alongside commitments from four local authorities to support the initiative.

Working with the Co-operative Councils' Innovation Network, we secured a consultancy project with Plymouth City Council to map the local co-operative economy and develop a strategic action plan that aims to double the local co-op economy. We are also liaising with other co-operative councils to support the integration of co-operative development within their respective economic strategies and now sit on Greater Manchester Combined Authority's Co-operative Commission.

We joined a successful consortia, led by the Centre for Sustainable Energy, to deliver Power to Change's Next Generation Community Energy Project, in which Co-operatives UK is delivering best practice community share offer guidance to participating community energy groups, as well co-ordinating a peer mentoring activity for a wider pool of groups over the next two and a half years.

One full year on since the NCDS was launched we have made good progress, with the launch of a new national body Student Co-op Homes; supported the development of the UK's first platform co-ops via UnFound; secured an extension for the Hive up to 2020 and invested over £1M into community co-ops via the Booster.

Our placed-based economic development work goes from strength to strength and continues to inform our policy agenda, as well as leveraging opportunities to provide strategic co-op development advice for co-op councils. This work has strengthened our relationships with key influencers and partner infrastructure bodies and cements our role as a leading proponent of the co-op development ecosystem.



"The Hive commissioned a consultant to work closely with us to make sure that a share offer was as good as it possibly should be. We want people to be a part of what we're doing."

John Haines, CEO, Projekts MCR

Your network

We are a membership organisation and in line with the co-operative principles, membership is open and voluntary. All our members are co-ops or organisations which support co-op values and principles. Alongside our partners and associates, we also have federal members who each represent hundreds of co-ops, meaning our network stretches to thousands of businesses.

Our membership continues to grow with 808 enterprises in direct membership (773 in 2017) and a further 3,500 co-ops represented by federal members. We were delighted to welcome 146 new organisations into membership in 2018. They included a taxi co-op in Cardiff, a new social care platform co-op in Yorkshire and a student housing co-op in Brighton. We also welcomed Community Leisure UK, the national association of leisure and cultural trusts, as our newest federal member.

The bespoke and online advice we provide, along with discounted events and training, must continue to serve our members' changing needs. We must also continue to campaign on those issues which matter most to our member organisations.

In 2018, 457 members took part in our campaigning activity and 1,300 delegates attended events. We enabled more members to attend and vote at our AGM by introducing online participation. Having invested in the technology to enable member democratic participation online, we were then able to pilot live streaming at our co-op cycle couriers' consultation.

We continue to look for new ways for members to participate and engage in what we do. In 2019 we will be continuing work to bring members together to share expertise and define best practice by expanding our Member Groups. We regularly visit members to learn from them and celebrate their achievements. Last year we featured 60 members in case studies and over 30,000 votes were cast for the 24 shortlisted co-ops in the Co-operative of the Year Awards.

Support for members continues to evolve. In response to a small decline in attendance at local member meet-ups we are piloting a new 'study visit' format in 2019. The creation of a member-only area of our website will also see added value for members with a suite of resources for their exclusive use.

Social media and the creation of video content, which has been viewed by over 200,000 people in 2018, has proved a successful way to reach new audiences, who are then encouraged to sign up to email newsletters. Social media followers have increased to over 20,000, while email newsletter subscribers have increased to more than 3,200.

Communications are tailored to member and subscriber preferences in line with General Data Protection Regulation, with specific email newsletters for professional advice, policy work, events/training and campaigns, which have a higher than industry average open rate.



"This partnership with Co-operatives UK will directly support our co-operative members who deliver vital public services across the nation."

Cate Atwater, Chief Executive, Community Leisure UK

Your events

We deliver an extensive programme of events for members covering training, national conferences, member groups, local networking and more. We ensure training and other chargeable services are offered at a fraction of the cost of alternative providers.

We facilitate members coming together and this year held a record number of events, including national conferences and regional training sessions. Our 76 events were attended by over 1,300 delegates who rated them highly, with an impressive 96% delegate satisfaction rate.

Flagship events include Co-op Congress, the Worker Co-op Weekend, the Co-operative Retail Conference and Practitioners Forum. In 2018 Congress tackled issues as diverse as co-operative housing and the 'gig economy'. At the sell-out Practitioners Forum an inspiring keynote speech was delivered by cross-bench peer Lord Victor Adebowale before delegates benefited from practical workshops from industry experts.

The Co-operative Retail Conference is the only annual event designed specifically for co-operative retailers and attracted the leaders of the UK's consumer-owned retail co-operatives. It offers unparalleled networking opportunities alongside keynote presentations from industry specialists and best practice from retailers.

Designed and run by worker co-op members, the Worker Co-op Weekend features practical sessions across a weekend of camping and social activities and is a prime example of an event focused on one distinct section of membership.

Our training events have a wider member focus, with a price-point that enables smaller co-ops to access our expertise over one-day sessions. The 16 training events in 2018 were complemented by a further 13 'Is a Co-op Right for You?' sessions funded by the Hive. These free workshops act as an introduction to the co-op model – and the support available – for people interested in setting up member-owned businesses.



Lord Victor Adebowale delivered an inspiring keynote speech at Practitioners Forum 2018

We recognise work is needed to ensure members attend the events which offer the most benefit to them – especially when a national programme of member meet-ups is factored in. In 2019 we will look to rationalise the programme with more clarity over identifying and satisfying member need.

Planning has already begun for the 150th Congress held in Manchester in 2019, while the 2020 conference will return to Rochdale as part of our 150th anniversary celebrations, with a complementary programme of public facing activity to raise awareness of co-ops.

Co-op Fortnight

Co-operatives Fortnight is our annual awareness campaign. It brings co-ops from across the UK together to celebrate and promote the benefits of co-operation to members, customers, suppliers, decision-makers and the wider public.

During Co-operatives Fortnight we celebrated the co-op difference, sharing inspirational member stories and events with a social media reach of more than 7.8 million.

The co-op difference is what sets our members apart from other businesses. As organisations built upon a clear set of values and principles, co-ops do more. More for our communities; more to create sustainable jobs; more to involve people. It is because co-ops are not owned and controlled by institutional investors or distant shareholders – they are owned by their members.

We demonstrated the co-op difference by creating 14 new case studies representing a wide range of our member organisations. From housing to credit unions and retail to technology, we showcased the co-op movement’s amazing diversity. We also promoted 30 member events, including Co-op Congress and 20 screenings of Canadian film ‘A Silent Transformation’ – shown across a range of venues around the UK.

Member engagement was high, particularly on social media, as co-ops across the UK shouted about the positive impact of their organisations. We also distributed over 7,000 pieces of printed collateral – including posters and stickers – to around 80 co-ops and other member-owned organisations.

The campaign also extended to influencing government policy. Paul Sweeney MP tabled a question in parliament to mark Co-operatives Fortnight; we met with Tracey Crouch MP, the then Civil Society Minister, who voiced her support; a Cross Party Group meeting was held at Holyrood to celebrate the 2018 campaign; and New Economics Foundation launched their report ‘Co-ops Unleashed: Doubling the Size of the UK Co-operative sector’ at Westminster.

Although Co-operatives Fortnight was successful on several levels, most notably across social media, a more coherent theme could extend the campaign’s reach beyond the co-op movement. It was a view we took to the campaign sponsors and a range of our members. Following member feedback, the 2019 campaign will have a much stronger call to action with a ‘hook’ for regional and national media. The UK-wide campaign will appeal to our broad membership and feature two inspiring weeks of mass co-operation.

CO-OPERATIVE DIFFERENCE

CO-OPERATIVES
CREATE
sustainable JOBS

This Co-operatives Fortnight 2018 we will celebrate the positive difference co-ops make across the UK every single day.
Co-ops create sustainable jobs, inspire participation and strengthen communities.

If you're a member, colleague or customer of a co-op, shout about what difference YOUR co-op makes to you or your community using
#coopdifference

Co-op economy

The Co-op Economy, published annually by Co-operatives UK, is the nation's only comprehensive report on the UK's co-operative sector. It reveals turnover, membership and employee figures for thousands of businesses across the UK.

Launched during Co-operatives Fortnight, the report made a compelling case for co-ops to be the business model of choice for start-ups. Our research revealed that new co-operatives are almost twice as likely to survive their first five years when compared to companies more widely. Only 44% of companies make it through those difficult opening years while 80% of co-ops are still going strong.

It was a narrative that caught the imagination of the press. The Co-op Economy report featured in The Scotsman, with sector specific pieces on agricultural co-ops in Farmer's Weekly and Farming UK.

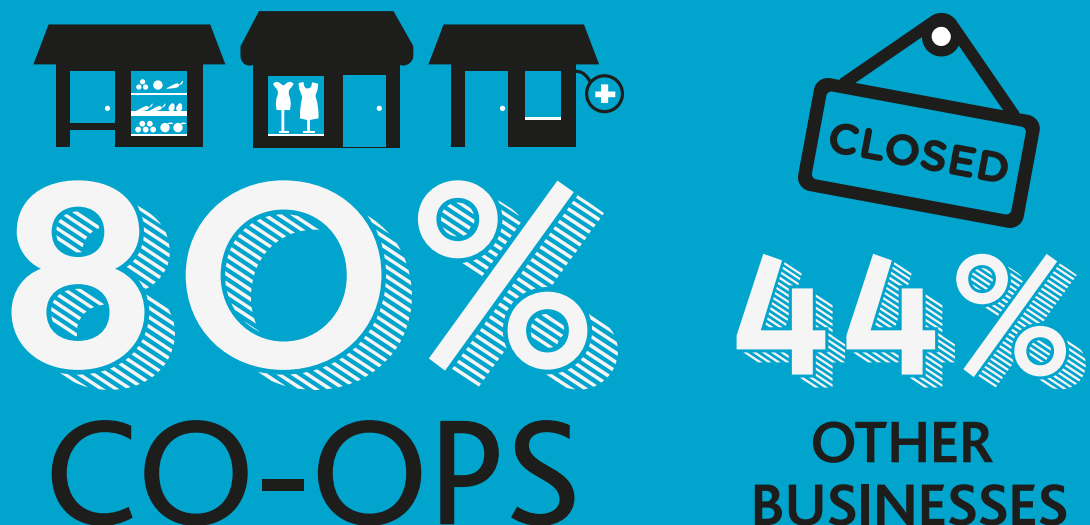
Just as co-operatives are about more than the bottom line, the report was about more than the numbers. Our members bring the Co-op Economy to life and it was our case study on Open Data Services which sparked national media interest and a lead article in the Financial Times.

We also made the case for a more co-operative United Kingdom – a nation that is more inclusive, promotes a fairer distribution of wealth; and offers solutions to some of the UK's most pressing issues – with case studies on members Greencity Wholefoods, GlenWyvis Distillery, East of England Co-op, Openfield and new national body, Student Co-op Homes.

Over 1,500 people viewed the 2018 online report and our members took to social media in their hundreds to shout about why they are proud to be part of the Co-op Economy.

In 2018 we also trialed a substantially different approach to the production of the short film accompanying the report. Featuring several members and the spoken word of poet Isiah Hull, our film *Co-operate* was designed to be evocative and inspiring – and has been viewed in excess of 100,000 times.

START-UP SURVIVAL RATES



Our governance

Good governance is at the heart of a thriving and sustainable co-op. When the right processes are in place to enable those with the right skills and experience, the co-op can set its direction, hold management to account and be sure it is operating in the interests of and providing value to its members.

Just like all co-ops, we are owned and controlled by our members – and all our members are co-operatives or organisations that support co-operative values and principles. These values and principles are enshrined in our rulebook, which provides the foundation for our governance and is supported by a suite of policies and procedures.

All members are eligible and encouraged to vote at general meetings. We follow the principles of many secondary co-operatives in that our democratic structure weights members' votes following an agreed formula relating to subscriptions. Member participation is not just about voting at the Annual General Meeting (AGM). Our members engage in our governance, campaigning and lobbying through:

- Nominating candidates to stand for election to the Board of Directors
- Voting in contested Board elections
- Submitting resolutions and engaging in debate at our AGM
- Participating in member groups which help shape areas of Co-operatives UK strategic priorities
- Responding to our consultations which enable us to represent member views to policy makers
- Attending events and networking with our staff and people from other co-ops
- Sharing co-op stories and joining conversations on social media
- Engaging in our member surveys and providing feedback

Co-operatives UK has a Board of Directors which is collectively responsible for our strategic direction and holding the Management Team to account. Our Board of Directors is made up of individuals nominated and elected by our members. Board seats reflect our categories of membership and ensure the Board has knowledge from types of co-op across the breadth of the movement.

The Board develops three-year strategic plans that align with our mission, it retains a documented set of key decisions that cannot be delegated and approves an operational plan, budget and key performance indicators for each year.

We have several Board subcommittees. The Audit and Risk Committee meets three times a year; the Remuneration, Appointments and Succession Committee meets twice a year; and the Governance Committee completes periodic reviews of our governance policies and structure. We also have a Chair's Committee which has the authority to call urgent board meetings and to provide board level approvals when needed between meetings.

New directors receive an induction outlining the role of the Board, our governance and organisation structure and our key stakeholders. They also receive details of our strategic direction, policies and procedures.

Directors are required to maintain a register of skills, relevant interests and directorships and agree to be bound by our code of conduct for directors. We complete regular performance appraisals which include feedback from fellow directors.

Directors are elected and appointed for three-year terms of office and the Board elects directors to be Chair and Vice Chair each year.

Internal audit

Co-operatives UK supports an approach to internal audits which encourages peer review, openness and transparency in how we work. Internal audits facilitate active engagement from all staff in order to encourage innovation and focus on continuous improvement.

The purpose of our internal audits is to examine and challenge current organisational practice, compliance with internal policies and to identify and implement improvements.

Internal audits are an important element of governance best practice. The Audit and Risk Committee decides annually whether Co-operatives UK should continue to operate an internal audit function. The committee is accountable for our in-house internal audit policy and for regularly monitoring its effectiveness.

Our approach to internal audits is to minimise the costs and impact on staff while maximising insight. Individual employees take responsibility for their areas of work and the rigorous assessment of the quality of systems and processes, providing the committee with transparent information and the highest level of assurance and understanding.

Each year, the Committee and Management Team agree on an area of focus for an internal audit. The breadth of topics available for internal audit provide the widest possible scope for assurances to the Audit and Risk Committee. Our Society Secretary works collaboratively with members of staff and the committee to ensure that the topics, scope, analysis and testing are mutually acceptable.

In 2018, the internal audit focused upon data protection and compliance with the General Data Protection Regulation (GDPR). The audit objective was to ensure our policies, internal controls and procedures are adequate and complied with.

The audit began with a review of action needed to bring us in line with forthcoming regulatory requirements and monitored delivery of this work.

Co-operatives UK has implemented a variety of operational improvements around data collection, usage, retention and security. The internal audit was able to provide assurances on compliance by staff and third party contractors; on the processes for reporting breaches and on internal controls for record keeping and to protect data from misuse.

Priority actions which emerged from the internal audit included the need for a single individual to be accountable for data protection and to coordinate activity; this role has now been taken on by the Society Secretary. Work to ensure compliance with a data retention policy is significant and ongoing. It will look at unstructured data held by individuals and will maintain an information asset register.

Completion of the follow-up activity emerging from our data protection audit will be monitored by the Audit and Risk Committee over 2019.



Board of Directors



Nick Matthews
(Chair)



Cheryl Barrott



John Chillcott



Dan Crowe



Eileen Driver



Robin Feith



Rebecca Hamilton



Phil Hartwell



Ross Hodgson



Emma Howard



Mary McGuigan



Don Morris



Steven Nuttall



Mark Simmonds



Paul Singh



Eddie Thorn



Britta Warner



Vivian Woodell

Director	Nominating organisation	Attendance	Fees
Nick Matthews (Chair)	Heart of England Co-operative Society	Board 6(6); RemCo 5(5); Governance 7(7)	£3,850
Cheryl Barrott	Co-operative Party Limited	Board 6(6); RemCo 2(3)	£1,620
John Chillcott	Social Enterprise East of England (S.E.E.E.) Limited	Board 3(6)	£1,620
Dan Crowe	Co-operative Group Limited	Board 6(6); Governance 4(7)	£1,620
Eileen Driver	Co-operative Group Limited	Board 6(6); Governance 6(7)	£1,620
Robin Fieth	Building Societies Association (BSA)	Board 2(3)	£820
Rebecca Hamilton	Co-operative Group Limited	Board 5(6); Audit 1(2)	£1,620
Phil Hartwell	HF Holidays Limited	Board 4(4); RemCo 3(3)	£1,620
Ross Hodgson	Triangle Wholefoods Collective Limited	Board 6(6); RemCo 3(3); Governance 7(7)	£1,620 ¹
Emma Howard	East of England Co-operative Society	Board 3(3)	£820
Mary McGuigan	Co-operative Group Limited	Board 4(6); RemCo 4(5)	£1,620
Don Morris	Radstock Co-operative Society Limited	Board 4(5); Audit 3(3); Governance 5(7)	N/A ²
Steven Nuttall	Co-operative Group Limited	Board 3(6)	N/A ²
Mark Simmonds	Co-op Culture	Board 6(6); Audit 3(3); Governance 6(7)	£1,620
Paul Singh	Central England Co-operative Limited	Board 6(6); Audit 3(3)	£1,620
Eddie Thorn	Scottish Midland Co-operative Society Limited	Board 3(3)	£820
Britta Werner	Unicorn Grocery Limited	Board 5(6); Audit 2(3)	£1,620
Vivian Woodell	The Midcounties Co-operative Limited	Board 6(6); Governance 6(7)	£1,620

The information above pertains to all those directors in office as of 31 December 2018. The details below cover those individuals ending their term of office prior to year end.

John Anderson	Scottish Midlands Co-operative Society Limited	Board 3(3); Audit 1(1); Remco 2(2)	£800
Mark Lyonette	Association of British Credit Unions Limited	Board 2(3)	£800 ¹
Chris Whitfield	Co-operative Group Limited	Board 1(2)	N/A ²

¹ Board fees paid direct to nominating organisation

² Board fees waived by nominating organisation






Directorships

Each board member discloses positions as director or trustee of other entities. In addition, the table below includes employment and memberships where they are deemed to be positions of influence relevant to Co-operatives UK.

Cheryl Barrott	Director of: Aizlewood Group; Change AGents Network UK Ltd; The Co-operative Party; Sheffield Co-operative Development Group; UK Society of Co-operative Studies. Member of: Community Wealth Building Unit; Labour Party Policy Forum: Commission for Health and Social Care
John Chillcott	Director of: Anglia Home Furnishings; Social Enterprise East of England; Co-operative Education East (CEE); The Co-operative College CIO. Trustee of: Co-operative Education East (CEE)
Dan Crowe	Trustee of: Co-operative Community Investment Foundation; The UK Society of Co-op Studies. Member of: Co-operative Group Limited's National Member Council
Eileen Driver	Member of: Co-operative Group Limited's National Member Council
Robin Fieth	Director of: RPF Consultancy Ltd. Trustee of: Chartered Accountants Benevolent Association. Employee of: Building Societies Association (BSA). Member of: CBI Trade Associations Council; European Association of Co-operative Banks Executive Committee
Rebecca Hamilton	Director of: The Co-operative Credit Union. Employee of: Co-operative Group Limited. Member of: Co-operative Group Limited's National Member Council
Phil Hartwell	Director of: Harwich Connexions Transport Co-operative Limited. Trustee of: Harwich Electric Palace Trust
Ross Hodgson	Employee and member of: Triangle Wholefoods Collective Limited
Emma Howard	Director of: East of England Co-operative Society
Nick Matthews	Director of: Heart of England Co-operative Society Limited; Revolver Coffee Co-operative Limited; West Midlands Co-operative Council; Sibford Quaker School. Trustee of: Coventry Co-operative Society; Heart of England Co-operative Society Pension Fund. Member of: Co-operative Group Limited's National Member Council
Mary McGuigan	Director of: Wochi Communications Limited. Member of: Co-operative Group Limited's National Member Council
Don Morris	Employee of: Radstock Co-operative Society Limited
Steven Nuttall	Director of: Co-operative Group Limited
Mark Simmonds	Director of: Co-op Culture; Pennine Community Power Limited; Heptonstall Allotment and Garden Society Limited; Platform 6 Development Co-operative Ltd
Paul Singh	Director of: Central England Co-operative Limited; Accord Housing Association
Eddie Thorn	Director of: Scottish Midland Co-operative Society; Capital Carers Limited. Trustee of: Northfield & Willowbrae Community Services Group; Drylaw Telford Community Association; Blackhall St Columba's Church of Scotland
Britta Werner	Director, employee and member of: Unicorn Grocery Limited. Trustee of: Co-operative University
Vivian Woodell	Director of: Student Co-operative Homes Limited; The Co-operative Loan Fund Limited; The Midcounties Co-operative Limited; West Oxfordshire Community Transport Limited. Employee of: The Phone Co-op Foundation for Co-operative Innovation Limited <i>By virtue of his role as a director of The Midcounties Co-operative Limited, Vivian Woodell holds numerous further directorships. The full list can be viewed here: www.uk.coop/woodell_directorships</i>

KPIs

Key performance indicators (KPIs) are set by our Board of Directors and performance is regularly reviewed by our Management Team. The KPIs demonstrate progress against core objectives of our three-year strategic plan.

Co-operatives UK is working to... Promote Develop Unite	2% increase in proportion of income not from retail society subscriptions 	5% increase in members participating in our governance 	19% increase in staff agreeing we have effective internal systems 
	7% increase in member participation in campaigning activity 	6% increase in member rating of our campaigning work 	Working with our members we have a track record of influencing policy to benefit co-ops 
	20% increase in members accessing advisory services 	11% increase in income from advisory services and projects 	We have developed advice services to enable a UK expansion of student housing co-ops 
	6% increase in membership of Co-operatives UK 	6% increase in number of non-member co-ops we communicate with 	88% of members renew their Co-operatives UK membership 
Our National Co-operative Development Strategy targets:			
8% increase in number of co-op start-ups and conversions. 	Year on year increase in number of members in UK co-ops. 		

The outcomes in 2018 were positive, with outstanding results in several areas, including member relations, policy impact and project activity. Our total membership grew to include more than 800 organisations in direct membership, while new three-year agreements were secured with independent retail societies.

We are a growing membership organisation, with a growing income, highly rated events and services with a proven track record as a voice for our members.

Since 2014, we have stressed income diversification as a strategy challenge and in 2018 made good progress – particularly around advice and projects.

There are two areas of concern. Member engagement in governance is low, so in 2019 we will take an in-depth look at our engagement and routes to participation. The target around start-ups and conversions also fell short, raising questions over how we support and help drive the creation of new co-ops.

Financial statements

Our financial performance in 2018 has delivered a pre-tax surplus from ordinary activities of £496,843. The overall surplus includes the receipt of equity investment funding from Power to Change under the Booster Project. Co-operatives UK has invested this funding in various Societies (See Note 7 for a complete list).

Income and expenditure remained in line with expectations and we saw a slight increase in both in 2018. Project income increased by £239,731 as we continued efforts to bring in funding which enables us to deliver better value for our members and emerging co-operatives and community enterprises.

Our Balance sheet remains stable with reserves of £1,844,831 (2017 – £1,357,532) and a healthy level of net liquid assets. The main item of note was our market investment which saw a capital loss of £16,769 (gain in 2017 – £30,294).

Statement of responsibilities of the Board (directors' responsibilities)

The Board is responsible for preparing the financial review and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under that law it has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) 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.

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

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

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

The Board is responsible for developing and deciding the strategy of Co-operatives UK, in consultation with the management team which is responsible for its implementation and delivery.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Co-operatives UK website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Board ensures that the controls and systems of risk management are robust and defensible.

Internal controls

The Board is ultimately responsible for Co-operatives UK's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Co-operatives UK's Audit & Risk Committee has reviewed and reported on internal controls in accordance with the Co-operatives UK Corporate Governance Handbook. The process used by the Board to review the effectiveness of the system of internal control includes the following:

- The effectiveness of risk management processes are reviewed at least annually by the Board and the Audit & Risk Committee.
- Considering reports from the management team, internal and external audit on the systems of internal control and any material control weaknesses.
- In line with our Internal Audit Policy, the Audit & Risk Committee oversees the audit of at least one business area each year. The policy, agreed by the Board in 2015, brings responsibility for compliance testing and continuous improvement activity in house.
- The Board receives a report of each meeting of the Audit & Risk Committee, including orally from its Chair, and directors have access to the minutes of all subcommittee meetings on a timely basis.
- A programme of governance process improvements has been implemented in order to ensure periodic review of policies and internal controls.

Co-operatives UK has adopted an internal control framework that contains the following key elements:

Control environment

- An organisational structure is in place with clearly defined lines of reporting, accountability and responsibility for planning, executing, controlling and monitoring business operations.
- The Board and staff team work together in developing the strategic objectives of the organisation to deliver on its mission. Employee engagement with, and understanding of, our strategic objectives are regularly monitored and operational planning ensures alignment between our strategy and day-to-day activity
- Co-operatives UK operates a detailed system of financial reporting.

- Annual budgets are reviewed by the Audit & Risk Committee and approved by the Board. Performance against budget and forecasts is reviewed at least quarterly by the Board and twice each year by the Audit & Risk Committee, with any significant variances considered and remedial action taken where appropriate.
- A schedule of matters reserved for decision by the Board is followed and provides limits to the spending and decision making delegated to the management team.
- During the induction process all employees are given adequate information and training on Co-operatives UK's strategic plan, internal controls and policies.
- Our code is put into everyday practice accompanied by supportive policies which enable employees to report any serious wrongdoing.

Risk identification

- Risk management is an important element of our internal controls and the Board is accountable for these processes. The management team has the primary responsibility for identifying the key risks to the business with each employee taking responsibility for raising any risks associated with their area of work. Risk processes embedded within the culture of the organisation involve regular consideration of risk.
- Risk management procedures include systems for the identification, evaluation and management of risks to the business. Each risk is allocated an owner and scored in terms of its likelihood and impact before and after documented mitigating actions. The most significant risks to the business have contingency plans in place.
- Details of our risk management and the principal risks to the business are regularly provided to the Board and the Audit & Risk Committee.

Control procedures

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

Information and communication

- Regular communication with our members uses a variety of channels including member groups, publications, social media, e-bulletins and our website (www.uk.coop).
- Co-operatives UK communicates with the staff team via regular meetings and email updates on strategic matters. Staff members use our intranet which provides a platform for our suite of applications, online learning resources, policies and procedures.
- A performance management scheme is in place for all employees, and includes monitoring alignment between individual roles and strategic objectives.

Monitoring

- There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit & Risk Committee meet at least twice a year and, within its remit, reviews the effectiveness of the system of internal financial controls.

- The Internal Audit Policy requires the audit of at least one business area each year. The programme of audits focuses on business risk and priority. The Society Secretary works collaboratively with members of staff to complete the required reviews of control procedures, compliance testing and recommendations for improvement. Responsibility and timescales for remedial actions are agreed with the management team and evidence of completion is provided to the Audit & Risk Committee.
- As part of its remit, the Audit & Risk Committee annually monitors and reviews the independence, objectivity and effectiveness of our internal audit approach.
- The Board monitors performance of the management team and delivery of operational and strategic plans. Progress is assessed against key performance indicators and financial targets agreed annually.

Creditor payment policy

It is the policy of Co-operatives UK to:

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

Disclosure of information to auditor

The directors who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Society's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make them self-aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

Auditors

Pursuant to S93(1) Co-operative and Community Benefit Societies Act 2014, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Going concern

The Board has prepared forecasts for the forthcoming 12 month period which indicate that Co-operatives UK has sufficient committed subscriptions and financial resources to meet its obligations as they fall due. Along with a prudent programme of cost management if necessary the Board considers they are well placed to manage its business risks, including the impact of Brexit, successfully in the current economic environment.

After making all enquiries, the Board has a reasonable expectation that Co-operatives UK has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis.

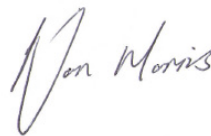
Board certification

The accounts and notes on pages 27 to 44 are hereby signed on behalf of the Board pursuant to the Co-operative and Community Benefit Societies Act 2014.


Nick Matthews, Chair



Don Morris, Vice Chair



Zena King, Society Secretary



20 March 2019

Auditor's report

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

Opinion

We have audited the financial statements of Co-operatives UK Limited ('the Society') for the year ended 31 December 2018 which comprise the Income statement, Balance sheet, Cash flow statement, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- Give a true and fair view of the state of the Society's affairs as at 31 December 2018 and of its surplus for the year then ended
- Have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Society in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other matter - The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Society's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Society's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Society or to cease its operations, and as they have concluded that the Society's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Society's business model, including the impact of Brexit, and analysed how those risks might affect the Society's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Society will continue in operation.

Other information

The directors are responsible for the other information, which compromises the finance review. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- We have not identified material misstatements in the other information
- In our opinion the information given in the other information for the financial year is consistent with the financial statements

Matters on which we are required to report by exception

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 require for our audit

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 20, the Society's directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

The purpose of our audit work and to whom we owe our responsibilities

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



Nicola Quayle (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

04 April 2019

Income statement

Year ended 31 December 2018

	Note	2018 £	2017 £
Income	2	3,224,614	2,957,264
Expenditure	2	(3,193,570)	(3,020,663)
Surplus/(deficit) before interest and taxation		31,044	(63,399)
Interest receivable and fair value movements on investments	7	24,438	65,826
Power to Change Equity Investment	7	441,361	477,805
Surplus before taxation		496,843	480,232
Surplus before Power to Change Equity Investment		55,482	2,427
Power to Change Equity Investment		441,361	477,805
Surplus after Power to Change Equity Investment		496,843	480,232
Taxation	9	(9,553)	402
Surplus and total comprehensive income transferred to reserves		487,290	480,634

The above relates entirely to continuing operations.

The statutory accounts are rounded to the nearest pound.

The notes on pages 31 to 44 form part of these financial statements.

Balance sheet

as at 31 December 2018

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	6		199,090		224,113
Investments	7		30,255		30,255
Power to Change Equity Investment	7		919,166		477,805
			1,148,511		732,173
Current assets					
Debtors	8	340,612		390,002	
Investments	7	1,422,456		1,239,225	
Cash at bank and in hand		249,404		152,835	
		2,012,472		1,782,062	
Current liabilities					
Creditors: Amounts falling due within one year	10	(1,296,385)		(1,146,489)	
Net current assets			716,087		635,573
Total assets less current liabilities			1,864,598		1,367,746
Non-Current liabilities					
Creditors : Amounts falling due after more than one year	10	(19,767)		(10,214)	
			(19,767)		(10,214)
Net assets			1,844,831		1,357,532
Financed by :					
Share capital	12		202		193
Reserves			1,844,629		1,357,339
			1,844,831		1,357,532

These financial statements were approved by the Board of Co-operatives UK on 20 March 2019 and were signed on its behalf by:



Chair: Nick Matthews
Reg. No 002783R

The notes on pages 31 to 44 form part of these financial statements.

Cash flow statement

Year ended 31 December 2018

	2018 £	2017 £
Cash flows from operating activities		
Surplus for the year	487,290	480,634
Adjustments for:		
Depreciation, amortisation and impairment	56,595	52,238
Interest receivable and similar income	(24,438)	(65,826)
Taxation	9,553	(402)
Decrease/(increase) in trade and other debtors	49,391	(175,746)
Increase in trade and other creditors	149,896	87,765
Net cash from operating activities	728,287	378,663
Cash flows from investing activities		
Interest received	24,438	65,826
Acquisitions of tangible fixed assets	(31,572)	(94,997)
Acquisitions of Power to Change Investments	(441,361)	(477,805)
Net cash from investing activities	(448,495)	(506,976)
Cash flows from financing activities		
From the issue of share capital	9	11
Movement in funds	-	(9,353)
Net cash from financing activities	9	(9,342)
Net increase/(decrease) in cash and cash equivalents	279,800	(137,655)
Cash and Cash equivalents at 1 January 2018	1,392,060	1,529,715
Cash and Cash equivalents at 31 December 2018	1,671,860	1,392,060

The notes on pages 31 to 44 form part of these financial statements.

Statement of changes in equity

	Called up Share Capital	Profit and Loss Account	Total Equity
Balance at 1 January 2017	182	876,705	876,887
Surplus	-	480,634	480,634
Total comprehensive income for the period	<u>182</u>	<u>1,357,339</u>	<u>1,357,521</u>
Issue of shares	32	-	32
Cancellation of shares	(21)	-	(21)
Balance at 31 December 2017	<u>193</u>	<u>1,357,339</u>	<u>1,357,532</u>

	Called up Share Capital	Profit and Loss Account	Total Equity
Balance at 1 January 2018	193	1,357,339	1,357,532
Surplus	-	487,290	487,290
Total comprehensive income for the period	<u>193</u>	<u>1,844,629</u>	<u>1,844,822</u>
Issue of shares	38	-	38
Cancellation of shares	(29)	-	(29)
Balance at 31 December 2018	<u>202</u>	<u>1,844,629</u>	<u>1,844,831</u>

The notes on pages 31 to 44 form part of these financial statements.

Notes

1. Statement of accounting policies

Basis of accounts

Co-operatives UK Limited (the "Society") is a society registered in the UK. The registered number is 002783R and the registered address is Holyoake House, Hanover Street, Manchester, M60 0AS.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

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

Measurement basis

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: fixed asset investments.

Going concern

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

After making all enquiries, the Board has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing its accounts.

Income

All income is shown exclusive of value added tax. Subscription income includes all amounts receivable for the year. Income from chargeable services represents the amount invoiced for services rendered during the year together with the cost value of uncompleted work not invoiced at the year-end.

Project income is not recognised until the conditions for its receipt have been complied with and there is reasonable assurance that the income will be received. Lettings income is accounted for on an accruals basis. Conference/event income and expenditure is not recognised until after the event has taken place.

Basic financial instruments

Trade and other debtors/creditors

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

Investments in preference and ordinary shares

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

Other investments are measured at cost less impairment. Under the Power to Change project, the Society receives external funding for investment in other co-operative and community benefit societies. On receipt of this funding a corresponding liability is recognised to reflect the restrictive nature of these funds, however there is no obligation for funds received to be refunded or withdrawn under any circumstances. Investment income is recorded at the point of making an equity investment in such a society. The equity investments are measured at cost and are subsequently assessed for impairment on an annual basis.

Cash and cash equivalents

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Society assesses at each reporting date whether tangible fixed assets are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Fixtures and fittings – five to 10 years
- Computer equipment – two to four years
- Motor vehicles – four years

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

Leased assets

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

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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

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

Repairs

Repair expenditure is charged to the Income Statement in the year that the cost is incurred or accrued.

Accounting estimates and judgements

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

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

The directors do not believe that there are any accounting policies that would be likely to produce materially different results should there be a change to the underlying judgements, estimates and assumptions.

Pensions

Co-operatives UK Limited is a participating employer within the Co-operative Group PACE scheme. Contributions are recognised by Co-operatives UK and charged through the income statement on a monthly basis. Employer contributions for the PACE Complete scheme were increased from 1 July 2014 by 2% up to 18%. The PACE Complete scheme was closed to future accruals from 28 October 2015. All employees were transferred to membership of the PACE defined contribution scheme from this date. The maximum contribution to the PACE defined contribution scheme for the employer has been set at 10% and each employee can opt to contribute within a range of 1% to 10% contribution.

Funds

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

2. Income and expenditure

	2018		2017	
	£	£	£	£
Income				
Subscriptions		1,393,247		1,377,640
Chargeable services		172,194		158,795
Projects (note 3)		1,176,403		936,672
Lettings		365,121		344,773
Conferences/events		112,363		137,084
Miscellaneous		5,286		2,300
Total Income		3,224,614		2,957,265
Expenditure				
Personnel costs (note 4)		1,116,959		1,099,704
Establishment:				
Rates and insurance	122,206		115,379	
Light, heat, cleaning	113,465		62,859	
Repairs, renewals	111,783		136,907	
		347,454		315,145
Administration:				
Postage, telephones	12,179		11,580	
Printing, stationery, publications	14,328		21,908	
Auditor's fees				
- for audit	18,150		16,700	
- for other work	4,120		4,700	
Professional fees	57,763		45,394	
Consultancy fees	132,451		246,304	
Travel costs	34,271		36,529	
Miscellaneous	14,780		7,622	
		288,042		390,737
Congress and committee expenses:				
Conferences/Events	106,332		121,657	
Board and committees	44,103		48,717	
		150,435		170,374
Grants and subscriptions (note 5)		57,682		55,793
Project expenditure (note 3)		1,176,403		936,672
Depreciation (note 6)		56,595		52,238
Total Expenditure		3,193,570		3,020,663

3. Project income

During the course of the year project income was received from a number of sources. Income and expenditure has been recognised on actual work completed to the end of December 2018. The balance of debtors carried forward (note 8) is included in trade debtors and is £155,517 (2017 - £207,271).

	Co-operative Employers Association £	The Co-operative Bank £	Power to Change £	Community Shares £	Empowering Places £	Miscellaneous Projects £	Total £
Income							
Deferred income b/fwd	17,565	169,351	133,936	22,461	-	1,023	344,336
Debtors b/fwd	(12,075)	(90,420)	(108,095)	-	-	(37,885)	(248,475)
Income received in year	233,245	359,197	222,125	54,250	331,621	105,511	1,305,949
Deferred income c/fwd	(11,157)	(260,838)	(50,602)	(22,330)	-	(35,997)	(380,924)
Debtors c/fwd	-	83,700	53,468	-	18,349	-	155,517
Total income	227,578	260,990	250,832	54,381	349,970	32,652	1,176,403
Expenditure							
Personnel costs	145,453	131,732	47,420	-	126,942	-	451,547
Consultancy	78,444	102,364	81,281	41,905	156,785	1,338	462,117
Meeting costs	551	9,906	1,389	606	40,443	208	53,103
Travel	3,130	4,174	1,857	2,136	16,620	31,106	59,023
Printing and stationery	-	5,609	24,338	9,734	9,180	-	48,861
Grants	-	7,205	94,547	-	-	-	101,752
Total expenditure	227,578	260,990	250,832	54,381	349,970	32,652	1,176,403
Net cost	-	-	-	-	-	-	-

The equity investment from the Power to Change was £441,361 (2017 - £477,805) see Note 7.

4. Employees

The average number employed by the Society was:

	2018 Number	2017 Number
Full time	29	28
Part time	5	5
	34	33

The costs incurred in respect of these employees were:

	2018 £	2017 £
Salaries	1,242,616	1,240,123
Special allowance	7,150	8,625
Social security costs	124,608	117,501
Pension costs	127,156	107,733
Other costs	66,976	6,418
	1,568,506	1,480,400
<i>Less charged to Projects</i>	(451,547)	(380,696)
	1,116,959	1,099,704

4. Employees (continued)

Management Team Remuneration

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

	Full Time Equivalent £	Basic Salary £	Benefits in kind £	2018 Total Remuneration £	2017 Total Remuneration £
Ed Mayo	139,378	125,441	7,150	132,591	134,803
Neil Turton (a)	80,141	44,061	-	44,061	67,261
Stuart Coe (b)	-	-	-	-	16,250
Michael Shepherd	59,885	59,885	-	59,885	59,885
Paul Murphy	46,888	46,888	-	46,888	44,961
Giles Simon (c)	43,320	5,471	-	5,471	34,447
Emma Laycock	45,049	41,188	-	41,188	39,249
Zena King	44,481	44,481	-	44,481	37,996
John Atherton	45,435	36,348	-	36,348	39,170
James de le Vingne (d)	41,189	41,189	-	41,189	n/a
Wendy Carter (e)	49,725	27,731	-	27,731	n/a

a) Leaver 30 June 2018

b) Leaver 31 March 2017

c) Leaver 21 Feb 2018

d) Joined Management Team July 2018

e) New Starter 11 June 2018

Tim Knowles is employed at senior management level although he is not a member of the Management Team. In 2018 he received remuneration of £75,933 and a travel allowance.

Pension details of the Management Team was as follows:

	Employers' contributions paid to DC section £	Employers' contributions paid to AVC section £
Ed Mayo	12,544	3,763
Neil Turton	-	-
Michael Shepherd	5,989	1,797
Paul Murphy	4,689	1,407
Giles Simon	164	-
Emma Laycock	4,119	1,236
Zena King	4,448	1,334
John Atherton	3,635	1,090
James de le Vingne	4,119	652
Wendy Carter	2,486	-

PACE has a defined contribution (DC) section and a defined benefit (DB) section (for eligible employees).

Actual contributions to the PACE DB scheme for its employees during 2018 were £Nil (2017 - £12,719).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The DB section closed for future benefit accrual in October 2015.

Total accrued DB pension at the end of the financial year assumes the pension accrued to that date increases at 5% pa calculated until normal retirement date at 65 years of age (i.e. as if the individual had left PACE at the end of the financial year and price inflation was 5% pa calculated until normal retirement date).

Members of the DB and DC PACE schemes have the option of paying additional voluntary contributions within the tax rules. Neither these contributions nor the benefits arising from them are shown in the figures on this page.

5. Grants and subscriptions

	2018	2017
	£	£
CECOP subs	6,462	6,227
Co-operatives Europe	2,000	-
Co-operative Educational Grant	40,003	42,000
Other grants and donations	9,217	7,566
	57,682	55,793

6. Fixed assets - tangible

	Land & Building: Freehold	Fixtures & Fittings	Total
	£	£	£
Cost			
1 January 2018	59,743	587,586	647,329
Additions	-	31,572	31,572
Disposals	-	-	-
31 December 2018	59,743	619,158	678,901
Depreciation			
1 January 2018	59,742	363,474	423,216
Charge for year	-	56,595	56,595
Disposals	-	-	-
31 December 2018	59,742	420,069	479,811
Net book value - 1 January 2018	1	224,112	224,113
Net book value - 31 December 2018	1	199,089	199,090

Capital Commitments

As at 31 December 2018 there were capital commitments of £nil (2017 -£nil).

Capital expenditure authorised but not committed amounted to £nil (2017 - £nil).

7. Investments

	The Co-operative Group	Other Co-operative Shares	Power to Change Equity Investments	Other Investments	Totals
Value brought forward	404,210	576,045	477,805	289,225	1,747,285
Additions	200,000	-	441,361	-	641,361
Disposals	-	-	-	-	-
Change in Market Value	-	-	-	(16,769)	(16,769)
Value carried forward	604,210	576,045	919,166	272,456	2,371,877
Interest Received	7,716	18,900	-	14,591	41,207
Fair value losses on investments	-	-	-	(16,769)	(16,769)
	7,716	18,900	-	(2,178)	24,438

The subsidiary companies of Co-operatives UK and any associated investments are as follows:

The registered address for all subsidiary companies is:
Holyoake House, Hanover Street, Manchester, M60 0AS

	Status	Investment (£)	% Holding
Co-operatives Wales	Dormant	-	100%
Co-operatives Scotland	Dormant	-	100%
Rochdale Equitable Pioneers Society Limited	Dormant	20	50%

Power to Change Equity Investments

	2018 £	2017 £
Leeds Community Homes Limited	100,000	100,000
Nenthead Chapel Enterprises Limited	13,805	13,805
Friends of Stretford Public Hall Limited	100,000	100,000
Bamford Community Society Limited	10,000	10,000
Friends of the Earth Birmingham Limited	100,000	100,000
Grimsby Community Energy Limited	23,525	23,525
Future Wolverton Limited Limited	50,000	50,000
Shotley Pier Heritage Group	62,015	62,015
Bythams Community Shop Limited	18,460	18,460
People, Places & Participation Limited	11,630	n/a
Nudge Community Builders Limited	100,000	n/a
Headingley Community Trust Limited	100,000	n/a
Sutton Community Farm Limited	48,731	n/a
Whistlewood Common Limited	81,000	n/a
Jubilee Pool Penzance Limited	100,000	n/a
	919,166	477,805

8. Debtors

	2018	2017
	£	£
Trade debtors	294,856	305,619
Prepayments	19,517	34,247
Other debtors	26,239	50,136
	340,612	390,002

Debtors are shown after making a provision for bad debts of £nil (2017 - £nil)

9. Taxation

	2018	2017
	£	£
Analysis of tax charge/(credit) for the period		
<i>Current tax</i>		
UK Corporation tax at 19.00% (2017 - 19.25%)	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	9,553	(402)
Adjustment in respect of previous periods	-	-
Effect of tax rate change on opening balance	-	-
Total deferred tax charge/(credit)	9,553	(402)
Tax on profit on ordinary activities	9,553	(402)
Provision for Deferred Tax		
Accelerated capital allowances	16,207	14,359
Short term timing differences	-	-
Tax losses carried forward	-	(11,029)
Unrealised capital gains on investments	3,560	6,884
Total deferred tax liability	19,767	10,214
<i>Movement in provision</i>		
Provision at start of period	10,214	10,616
Deferred tax credit to income statement for the period	9,553	(402)
Provision at end of period	19,767	10,214
Deferred tax (asset)/liability not recognised	-	-

There is a deferred tax liability of £19,767 consisting of a liability in respect of accelerated capital allowances of £16,207 and unrealised gains on investments of £3,560. These balances have been calculated at 17% as it is expected that this will be the rate at which these balances will reverse. The liability of £19,767 has been provided in the accounts and disclosed separately in the creditors disclosure note (see note 10).

There is a deferred tax credit in the period of £9,553 consisting of movement in timing differences of £9,553.

9. Taxation (continued)

	2018 £	2017 £
FRS 102 reconciliation of current tax (credit)/charge		
Surplus on ordinary activities before tax	496,843	480,233
Tax at 19.00%/19.25%	94,400	92,445
Other fixed asset differences, adjustments and movements	3,437	-
Expenses not deductible for tax purposes	-	433
UK dividend income not subject to tax	(2,772)	(1,600)
Income not subject to tax	(83,859)	(91,960)
Unrealised gains on investments	3,186	(5,832)
Depreciation in excess of capital allowances	2,017	1,161
Short term timing differences	-	-
Tax losses (utilised)/arising in the period	(16,409)	5,370
Current tax	-	-
Depreciation in excess of capital allowances for assets eligible for capital allowances	(2,017)	(1,161)
Tax losses arising/(utilised) in the period	16,410	(5,370)
Unrealised gains on investments	(3,716)	6,076
Effects of change in tax rate on deferred tax	(1,124)	53
Total tax	9,553	(402)

The primary reason for the difference between the expected current tax charge and the actual current tax charge is due to the Power to Change Equity Investment Grant receipt of £441,361 being non-taxable for corporation tax purposes. This receipt is included within the income statement. Brought forward trading losses are fully utilised in the period which also reduces the actual current tax charge.

Deferred Tax Provision

	Gross amounts £	Tax amount £	Deferred tax assets/ liabilities not recognised £	Provision required £
Closing provision at 17% liability/(asset)				
Fixed asset timing differences	95,334	16,207	-	16,207
Short term timing differences	-	-	-	-
Losses and other deductions	-	-	-	-
Unrealised capital gains on investments	20,941	3,560	-	3,560
	116,275	19,767	-	19,767
Opening provision at 17% liability/(asset)				
Fixed asset timing differences	105,950	18,012	-	18,012
Short term timing differences	-	-	-	-
Losses and other deductions	(86,363)	(14,682)	-	(14,682)
Unrealised capital gains on investments	40,497	6,884	-	6,884
	60,084	10,214	-	10,214
Movement - charge/(credit)				
Fixed asset timing differences	(10,616)	(1,805)	-	(1,805)
Short term timing differences	-	-	-	-
Losses and other deductions	86,363	14,682	-	14,682
Unrealised capital gains on investments	(19,556)	(3,324)	-	(3,324)
	56,191	9,553	-	9,553

10. Creditors

	2018 £	2017 £
Amounts falling due within one year		
Trade creditors	55,282	106,192
VAT	25,699	21,424
Income tax and social security	32,341	47,800
Accruals and deferred income	1,156,871	912,986
Grants	1,209	33,104
National Strategic Forum - UKCF	24,983	24,983
	1,296,385	1,146,489
Amounts falling due after more than one year		
Deferred tax	19,767	10,214

11. Funds

	2018 £	2017 £
Balance at 1 January	-	9,353
Income	-	-
Interest	-	-
	-	9,353
<i>LESS:</i>		
Expenditure	-	9,353
	-	-
Balance at 31 December	-	-

12. Share capital

	2018 £	2017 £
Balance at 1 January	193	182
Movements during year:		
Issued	38	32
Cancelled	(29)	(21)
	202	193
Balance at 31 December	202	193

The share capital represents shares with a nominal value of 25p each. Total number of members at the year end was 808 (2017 - 773).

13. Operating lease commitments

At 31 December 2018 Co-operatives UK Limited had total future commitments under non-cancellable operating leases in respect of plant and fixtures expiring as follows:

	2018	2017
	£	£
in year one	1,129	1,129
in the second to fifth year inclusive	5,645	5,645
above five years	-	-

14. Related party transactions

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

(a) Members of the Board of Co-operatives UK Limited

Co-operatives UK Limited Board members are entitled to a fee of £1,620 p.a. in 2018 (2017 - £1,575 p.a.). Radstock Co-operative chose to waive its entitlement to a board fee in the current and prior year.

The Chair received a sum of £3,850 in 2018 (2017 - £2,650 p.a.).

Board members, excluding the Co-operative Group, are also reimbursed for expenses incurred on Co-operatives UK Limited business. The Director nominated by Radstock Co-operative chose not to claim expenses in the current and prior year.

(b) Co-operative College Trust

Co-operatives UK Limited paid and received during the year a total of £42,683 and £82,829 respectively (2017 - £54,026 and £97,606) for grants and services supplied on normal commercial terms to/from the Co-operative College Trust. The balances owed by and to Co-operatives UK Limited at the year end were £12,000 and £6,093 respectively (2017 - £12,000 and £nil).

The Co-operative College Trust became a Charitable Incorporated Organisation in November 2014. Co-operatives UK ceased to be the sole corporate trustee for the Co-operative College Trust in April 2015.

(c) Control by Member Societies

The standard requires disclosures of any entity which exercises significant control over Co-operatives UK Limited. For this purpose significant control represents 20% or more of Co-operatives UK Limited voting rights. There is one member society, Co-operative Group Limited, which has total voting rights of 40%.

14. Related party transactions (continued)

Board Remuneration

The total remuneration of the members of the Board was £23,052 (2017 - £24,963).

Directors of Co-operatives UK as at 31 December 2018.

The data details the economic relationships between the directors' nominating organisation and Co-operatives UK during 2018.

Director	Nominating Organisation	Member	Delegate	Client	Supplier	Tenant	Investment
Robin Fieth	The Building Societies Association	Yes	Yes	-	-	-	-
Paul Singh	Central England Co-operative Limited	Yes	Yes	Yes	-	-	-
Mark Simmonds	Co-op Culture	Yes	Yes	-	Yes	-	-
Dan Crowe	Co-operative Group Limited	Yes	Yes	Yes	Yes	-	Yes
Eileen Driver							
Rebecca Hamilton							
Mary McGuigan							
Steven Nuttall							
Cheryl Barrott	Co-operative Party Limited	Yes	Yes	-	-	-	-
Emma Howard	East of England Co-operative Society	Yes	Yes	Yes	-	-	-
Nick Matthews	Heart of England Co-operative Society	Yes	Yes	Yes	-	-	-
Phil Hartwell	HF Holidays Limited	Yes	Yes	Yes	-	-	-
Vivian Woodell	The Midcounties Co-operative Limited	Yes	Yes	-	Yes	Yes	Yes
Don Morris	Radstock Co-operative Society Limited	Yes	Yes	Yes	-	-	-
Eddie Thorn	Scottish Midland Co-operative Society Limited	Yes	Yes	Yes	-	-	-
John Chillcott	Social Enterprise East of England (S.E.E.E.) Limited	Yes	-	-	-	-	-
Ross Hodgson	Triangle Wholefoods Collective Limited	Yes	Yes	Yes	-	-	-
Britta Werner	Unicorn Grocery Limited	Yes	Yes	Yes	-	-	-

Gender Pay Gap reporting

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

Gender Pay Gap reporting is a statutory requirement for businesses employing 250 people or more. Co-operatives UK employs around 35 people and is therefore under no statutory requirement to publish a snapshot of Gender Pay Gap data taken in April each year. However, the Board and Management Team has taken the decision to voluntarily report this data to members. Our Gender Pay Gap report does not form part of our audited financial statements.

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

Find out more about gender pay gap reporting at www.uk.coop/resources/gender-pay-gap-report

Gender Pay Gap

	2018 %	2017 %
Median pay gap in hourly rate	-17%	-15%
Average pay gap in hourly rate	-29%	-33%

Pay quartiles

Proportion of women employed in each pay quartile:

Top pay quartile	22%	11%
Upper middle pay quartile	78%	66%
Lower middle pay quartile	56%	66%
Lower pay quartile	50%	50%

No bonus payments were made in either 2018 or 2017 and there is therefore no data to report and no difference in bonus pay. No future bonus payments are planned.

At Co-operatives UK a single employee accounts for 3% of our data.

In businesses covered by the statutory regime a single employee accounts for a maximum of 0.4% of the data. Our data is therefore far more heavily impacted by single changes in role holder (entry or exit) or in pay.

Thousands of businesses, one network

Co-operatives UK is the network for Britain's thousands of co-operatives. We work together to promote, develop and unite member-owned businesses across the economy. From high street retailers to community owned pubs, fan owned football clubs to farmer controlled businesses, co-operatives are everywhere and together they are worth billions to the British economy.

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Co-operatives UK trades and is registered under the same address

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