

SCOTTISH MIDLAND CO-OPERATIVE SOCIETY LIMITED

ANNUAL REVIEW

& Summary Financial Accounts
for year ended 27 January 2024





Strong performance in tough trading conditions

Turnover £425m	Trading profit £4.3m	Net assets £121m
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Scotmid 

OUR CORE PURPOSE:
To serve our communities and improve people's everyday lives.

Winter Giving campaign donated to localised foodbanks, community pantries and hubs.	£295k raised for our charity of the year partners.	Community Connect Scheme awarded £168k shared between 24 good cause groups.
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The Society has held the Fair Tax Mark accreditation since 2016, demonstrating that we pay the right amount of tax in the right way at the right time.

For the 52 weeks ended 27 January 2024, the Society's trading profit was £4.3m, £1.3m better than the previous year. The cost-of-living crisis continued to be a dominating factor in UK retail with consumer confidence down because of soaring energy prices, high inflation and increased interest rates; a policy designed to subdue spending. The ongoing war in Ukraine and other geopolitical issues also continued to put pressure on our wider cost base. Despite these substantial headwinds, the Society pleasingly moved forward year-on-year thanks to a combination of controlling store costs, margin work, good early summer weather and a resilient property performance. Total Society turnover increased by £18.5m to £425m while net assets reduced to £120.8m due to property revaluation and pension movements.

Our food convenience division was impacted in the most significant way by cost challenges. Notably, there were significant increases in energy, wage costs, credit card commission and delivery charges. There was also a challenging balance to be struck between price, margin and volume impact. Semichem moved forward modestly despite this being the first year with no Covid rates relief support and absorbing similar increases to food. Property reported a record contribution benefitting from good commercial rent reviews and lower than expected bad debt levels. Funeral numbers flattened out as the year progressed, balancing out excess deaths in the first quarter, with the division conducting more funerals across the full year.

The Membership and Community Team continued to deliver funding in line with our core purpose. Significant donations were made to several national charities and good causes as well as substantial contributions to local food banks via the Winter Giving project.

Community Connect awards were also presented at our AGMs and OGMs. I'm proud to report that Society members, colleagues and customers raised the fantastic total of £295k for our 2022/23 charity partner, Guide Dogs. The Society is now supporting the Royal National Lifeboat Institution (RNLI) as charity partner for 2023/24.

The challenging trading environment which I previously highlighted unfortunately continued into 2023 with many headwinds facing the Society. The cost-of-living crisis, high interest rates and inflation, geopolitical tensions and a dip into technical recession at the year end all contributed to depressed consumer confidence resulting in comparatively low discretionary spend. Inflation in the market started to come down as the year progressed, however, the consumer confidence index remained firmly in negative territory. Despite these challenges, including a significant increase in energy costs, the Society's trading profit increased in the period.

The trading result indicates a resilience and, backed by a strong balance sheet, allows the Society to remain focused on our core purpose of serving our communities and improving people's everyday lives as we move into our 165th year of trading.

I will retire in August this year, so this is my final published Annual Review. I am proud to have led Scotmid as Chief Executive for the last 20 years as part of over 30 years' service with the organisation. The Society will undoubtedly continue to face challenges, but I'm pleased to leave Scotmid in good health with a strong balance sheet. I wish Karen Scott (CEO Designate), the rest of the senior team along with the Board, Regional Committees and colleagues all of the best and every success for the future.



FOOD RETAIL

The food retail sector was again posed with numerous challenges throughout 2023/24. External influences were key to these pressures with factors including the cost-of-living crisis, high interest rates and inflation, and geopolitical crises all having a negative effect on consumer confidence and, resultantly, discretionary spend. Despite these obstacles, Scotmid demonstrated resilience and adaptability, implementing strategic initiatives to drive growth, enhance operational efficiency and reduce costs. The first half of the year saw some exceptionally good weather in Scotland which boosted sales. While the weather worsened as the year progressed, the performance in the second half was resilient with customer numbers increasing year-on-year and basket spend

remaining robust. Like most grocery retailers, food inflation continued to be the main driver of sales growth, with overall volumes down year-on-year as consumers managed their budgets.

Inflation and the cost-of-living crisis continued to have an impact on the cost base of the food division. This was particularly evident with a further hike in energy costs as well as a substantial increase in wages. To mitigate some of the impact, focus was placed on initiatives aimed at improving operational efficiency. Savings were realised with the continued use of the Electronic Shelf Edge Label investment and a review of opening hours. Pleasingly, supply chain issues were much improved on the prior year with good availability during key training periods.

Capital spend in food was reduced due to the Scottish Government's decision to pause the Deposit Return Scheme (DRS), however, investment in the estate continued. One of the highlights was the opening of the new Heartlands store in Whitburn which was fitted out to include a refreshed look and feel, while showcasing core Scotmid offerings. Sustainable refrigeration upgrades continued, including seven Food to Go store refreshes and new hybrid tobacco gantries are now in all stores. Solar panels were also installed at the Bo'ness store, continuing sustainable investment with the benefit of reducing instore costs. The new range and

space system is also nearing the end of the development phase.

The Scotmid digital offering grew with more Snappy Shopper hubs opened as well as a new trial partnership with Just Eat. Local products also continued to be a focus with several Scottish suppliers awarded listings in stores. The food team was delighted to be recognised for its hard work during the year winning awards at the Scottish Grocer Awards and the Sammies. The team continues to address potential legislative impacts including DRS, High Fat, Salt and Sugar, and vaping and tobacco.

Opposite page and top right: The new Heartlands store in Whitburn.

Above left: The solar panels installed at Bo'ness.

Above right: A new trial partnership with Just Eat was launched.



"While customer spending appears to have been delayed in 2023, with much of Christmas shopping in the final weeks, this final push allowed the division to finish with festive performance in line with last year."

This year continued in a similar vein to prior periods for Semichem with customers having little confidence due to the cost-of-living crisis and market inflation, with footfall down significantly in shopping centres and high streets. Many of the supply chain issues which have been experienced in the aftermath of Brexit and the pandemic have started to recede, however, ongoing geopolitical tensions including the war in Ukraine and disruption to the Red Sea trade routes have resulted in a continually rising cost base. Despite these considerable impediments, Semichem moved forward year-on-year with the buying team continuing to work closely with suppliers, and the wider team maintaining a major focus on price management and key product lines.

As ever, festive trading is key to Semichem's profitability. This was particularly challenging in 2023 due to wetter than usual December weather discouraging customers from venturing to their local stores. The team

continued to focus on Seasonal products and pushed forward with early launch events. While customer spending appears to have been delayed in 2023, with much of Christmas shopping in the final weeks, this final push allowed the division to finish with festive performance in-line with last year. This year was also the first year with no legacy Covid support for rates relief with the business delivering a positive result despite these market challenges. Semichem was also successful in fully transitioning to the new warehouse in Livingston with no impact on the business.

Following the purchase of the new warehouse in 2022/23, investment in the Semichem estate was less this year, mainly directed to in-store development and maintenance including new fascias and the move of the Castlemilk store to an adjacent unit. During the year, Paypoint was added to all Semichem stores to provide an additional service to customers and drive store footfall.



FUNERAL



Scotmid Funerals conducted more funerals this year than in 2022/23. With a higher death rate in the first quarter, Scotmid carried out a significant number of funerals over the winter months in early 2023. This trend flattened as the year progressed, but these early funerals meant an overall increase in numbers. The proportion of direct cremation funerals increased year-on-year, likely the result of greater public awareness, substantial advertising spend by online providers and reduced customer budgets due to the cost-of-living crisis.

There were more funeral plans written in 2023/24, showing a demand from customers looking to plan ahead. Scotmid Funerals continues to work with Ecclesiastical Planning Services to offer the best possible and fully regulated service to clients. Together with Ecclesiastical, advertising campaigns have been published highlighting plans with new adverts played on radio and digital campaigns utilising social media.

Investment in the funeral estate in 2023/24 saw funeral home refurbishments and the purchase of two new vehicles; a Mercedes limousine and hearse. The funeral portacabin was moved from Prestonpans to Uddingston and is now situated in the food store car park where greater footfall is anticipated to boost commercial performance. Investment was also made in electronic labelling, refrigeration and the funeral website.

The Scotmid Funerals team continues to offer the best possible service to their clients while exploring ways to expand, modernise and differentiate the offer.

Above: The relocated funeral cabin at Uddingston.

Opposite page: The commercial unit at Bellshill, one of the properties to benefit from a rent review during the year.

PROPERTY



Scotmid Property again moved ahead year-on-year with the portfolio benefitting from better than expected commercial rent reviews, and lower than anticipated bad debts and voids. The result comes despite a challenging economic backdrop of sluggish growth, higher interest rates and a technical recession in the second half. These factors have not yet bitten the commercial nor residential market, with demand for both continuing to show signs of strength.

Commercial rental income growth made the most significant contribution to the overall year-on-year property improvement, which was driven by lettings and rent review increases. No commercial acquisitions were concluded during 2023/24, but the sale of two small non-core retail properties were completed. Substantial refurbishments were also completed in Glasgow and Edinburgh commercial units.

Residential rental income also moved ahead against 2022/23, albeit the pace of market rent increases continued to be impacted by the temporary rent control legislation introduced by the Scottish Government in September 2022. Residential voids remained low throughout the year with demand outstripping supply in the private rented sector. A flat in Edinburgh was purchased in an existing tenement stair where most flats were already owned by the Society. The sale of a non-core vacant flat in Montrose was also completed.

As anticipated, given economic conditions, the capital value of the Society's property portfolio at the year end reduced by £1.4m. This was driven predominantly by downward movement in commercial values while residential values, which were expected to reduce due to the cost-of-living crisis, remained largely flat against the previous year.

SOCIETY MATTERS & CENTRAL SUPPORT

At the year end, the Society's surplus before tax was £0.11m compared to £1.76m in 2022/23. While trading profit increased by £1.3m, this was not enough to offset additional interest charges and the downward movement in property revaluation; which reversed from an increase in value by £0.75m to a reduction in value by £1.4m driven by largely uncontrollable market conditions. Long-term interest rate expectations and general investment market performance resulted in an increase in the pension deficit by £923k. Overall, after tax, the Society's net assets reduced by £1.7m to £120.8m. Society net debt reduced by £3.7m to £22.2m in the year due to lesser capital spend and a tight cash flow management strategy given higher cost of capital.

Scotmid continues to hold complementary diversification investments in The Start-Up Drinks Lab (SUDL), Product Guru (PG) and the Alcoholic Water Company (AWC). SUDL recruited a new Managing Director and continued the transition to focus on 'Drinkubation' consultancy. The business has faced similar cost challenges to most, with soaring energy and staff costs. PG has continued to offer digital and in-person events to help retailers discover new brands for their stores and doubled its turnover, facilitating over 5,300 meetings. AWC continues its period of hibernation and has invested excess cash while the hard seltzer market matures in the UK.

The restructured Head Office departments continued to embed the new operating model with the People & Performance Team playing a key role in supporting all areas while focusing on streamlining tasks; ensuring the provision of an efficient service. The team also supported the phase one launch of myScotmid, the Society's new self-service people system. Learning & Development remains a key focus for the Society, and the new system makes training roadmaps available for store roles and gives visibility of eLearning completion. The

Wellbeing Team also utilised the platform to share key messages, with a focus on financial wellbeing, particularly gambling, while signposting help available. The Wellbeing Team was honoured with a national award for 'Best use of Tech' at the Great British Workplace Wellbeing Series Awards.

The Make it Simple Team implemented an additional 20 initiatives in Food and Semichem stores, including electronic refusal to sell and updates to the Digital Task Calendar. Phase one of a new membership system went live at the end of the year which will, in time, allow members to interact and update their accounts digitally. The Profit Protection Team supported our stores against a notable increase in crime with proactive measures taken to enhance security and reduce losses including trialling body-worn cameras. Alongside solar panel installation, the Sustainability Team has continued to work towards EV charging at some stores and other initiatives including fridge doors, LED lighting and voltage optimisation.

Scotmid's President, Jim Watson, will retire from the Society in May 2024. Jim was elected from Dalziel Coop onto the Society's West Area Committee in 1986 and onto the Board in May 2001. He has served for a year as President and 9 years as Vice President. Jim has built up many connections across the movement and after nearly 40 years of service we wish him a long and happy retirement.

After over 30 years with the Society and nearly 20 as Scotmid's Chief Executive, John Brodie will also retire in August 2024. John has been instrumental in Scotmid's growth, development and success over the last 20 years. He has led with intellect and strategic thinking through some of the most turbulent times in our history, including the financial crisis and Covid pandemic. John will be greatly missed and best wishes from all colleagues are extended. Karen Scott, Chief Operating Officer – Retail, will take over as Chief Executive.

GOVERNANCE, MEMBERSHIP & COMMUNITY



Graduates of the 2023 Grow Programme with Central support staff at Hillwood House.

The Directors of Scotmid are pleased to present a summary report on the Society's governance, membership and community activities for the year ended 27 January 2024.

Governance

Scotmid continues to evaluate its performance against the social responsibility indicators previously set by Co-operatives UK. Further details are provided in the Society's full annual report. The Society has established firm sustainability policies and is committed to advancing with a sustainable business model. A comprehensive sustainability roadmap, incorporating both new and existing initiatives, has been developed to help the Society achieve its carbon reduction targets by 2030. Training hours for colleagues and elected members have settled back down following a post-Covid spike but are in-line with expectations. Investment in training for colleagues in the current year has been in supporting the implementation of the Society's new operating model and the creation and tailoring of digital learning. Enhancing the digital learning offering is one of the Society's strategic aims.

Membership Development Community & Charity Activity

The Society continues to uphold its commitment to community-based funding and support in-line with its Core Purpose. The Society's Regional Committees backed a broad range of community organisations with support and community grants awarded to over 1,100 groups and charities during the year. At the AGM in April and OGM in October, hundreds of members came together. Votes from these events and in-store decided where Community Connect funding was awarded with a total of £168,000 granted to winners and shortlisted organisations.

Christmas initiatives included Giving Trees and a new campaign to 'Save a Christmas Jumper' where staff were encouraged to donate their beloved festive jumpers. Social Bite received ingredients for Christmas lunches along with a donation to their winter campaign, while Glasgow City Mission received a donation to

GOVERNANCE, MEMBERSHIP & COMMUNITY CONTINUED



provide festive meals, extending warmth and support throughout the season. Members were provided with complimentary access to various events, including visits to RNLI stations, a Christmas Crafts workshop, as well as remembrance and cooperation band Christmas concerts, fostering a sense of community.

The growing Scotmid Community Orchard project has already led to the establishment of approximately 80 micro-orchards, fostering community engagement, environmental improvement, and wildlife habitats. In collaboration with the Social Enterprise Academy, the Society launched the 'Scotmid Changemaker Fund' to bolster their established Social Enterprise Schools Programme. The Society



proudly supported the publication of 'Stories of Cancer & Hope,' a collection of narratives from individuals impacted by cancer.

Other Community and Charitable Activities

The Society again promoted a 'Winter Giving' campaign during the festive period in 2023, focusing on food poverty and supporting warm hubs. £50,000 funding provided through the sale of single use carrier bags was donated to local food banks, community pantries and hubs.

In further support, larger donations were made to several charities, including: Cruse Scotland (Early Support Bereavement Service), the Scottish SPCA (providing 500 Pet Aid boxes), The Cottage



Family Centre in Fife, Crisis, RNLI, Fairtrade, Poppy Scotland and St Andrew's First Aid.

£295,000 was proudly raised for Guide Dogs, charity partner for 2022/23, which will support the training of two skilled Guide Dog Mobility Specialists and three talented Habilitation Specialists. Additionally, funds raised marked the beginning of a transformative journey for an entire litter of Scotmid-named puppies. Fundraising by colleagues was fantastic as always and included in-store collections, Kilt Walks, walking football, a charity golf day and a walk across Edinburgh.

The Society announced the Royal National Lifeboat Institution (RNLI) as its charity partner for 2023/24. Funds raised will purchase a new Atlantic 85 lifeboat, enhancing the RNLI's relief fleet capabilities.

On behalf of the Directors, I would like to thank all members, customers and colleagues for their support over the year.

Signed on behalf of the Directors.

Jim Watson
Society President

Opposite page top: Society Director, Richard McCready with pupils at Kingspark High School in Dundee celebrating the launch of the Society's 'Changemaker Fund' in collaboration with Social Enterprise Academy.

Opposite page inset: The Society launched its new charity partnership with RNLI in August 2023. Above: The Society concluded its partnership with Guide Dogs with £295,000 raised for the charity.

COMMUNITY CASE STUDIES



SCOTLAND'S CHARITY AIR AMBULANCE

Following a Community Connect award of £15,000 at North AGM 2023, the country's only charity-funded air ambulance service has been able to purchase new mascots to support their fundraising and public engagement at events throughout Scotland.

The three paramedic bears and three helicopters are set to become firm favourites with children and adults alike at hundreds of public appearances throughout the year.

Ross Martin, SCAA's Corporate Partnerships Manager, said the charity owed a "huge debt of gratitude" to the Scotmid members who voted to support the life-saving service.

"Mascot costumes are a vital part of our community engagement work and help us to share the story of our charity with people in communities across Scotland," he said. "This team of six new 'recruits' will be working

alongside SCAA volunteer and fundraising teams at events, shows, fairs and promotions across Scotland and will hopefully become familiar and much-loved characters."

"SCAA relies entirely on the support and generosity of the people and businesses of Scotland to sustain our vital service and we are grateful to Scotmid and its members for their generous support which has allowed us to create our new mascot workforce."

"They might not be the lifesavers that our frontline helicopters, paramedics and pilots are, but they will help raise awareness of the charity and vital funds which will help ensure SCAA is there for those who need us most."

The six new mascots went into immediate service with SCAA, heading off to various parts of Scotland for their debut public appearances.

www.scaa.org.uk

UPWARD MOBILITY (UPMO)

Following the member vote, Upward Mobility (UPMO) were awarded £15,000 at the East AGM 2023. Their mission is to foster a more inclusive community throughout Edinburgh and the Lothians by providing assistance to adults and young people living with physical or learning disabilities or complex healthcare requirements.

Tailored support services and outdoor learning opportunities are extended to students, centred around Jock Tamson's Gairden in Duddingston. The funds are currently being used to enhance wheelchair accessibility along the pathways and construct additional raised beds, enabling students with mobility challenges to enjoy more of the garden. www.upmo.org



OLD KILPATRICK FOOD PARCELS

Old Kilpatrick Food Parcels received £15,000 Community Connect funding in Spring 2023. The organisation was formed with the specific aim of alleviating food poverty, in an inclusive and non-discriminatory fashion. The award is being used to fund the rapid increase in demand for their services, such as delivering food aid, funding their Chatty Café initiative, and hosting community groups and events. Such is the demand for their services that they have taken on the challenge of renovating a large semi-derelict building in the village to respond to the expanding needs of the community. www.okfp.org.uk

KESWICK YOUTH CLUB

Nestled at the heart of the community in Keswick, the club offers both junior and senior sessions each week, providing local young people with opportunities to enhance their independence, self-confidence, and form enduring friendships. Additionally, special summer holiday sessions offer a space for young individuals to connect during school breaks. In May 2023, the club received a £2,000 award from Community Connect funding, supporting their ongoing efforts and securing their future activities.

Despite the challenges posed by a previous building flood, the club has persevered with temporary facilities. Thanks to this funding, they've acquired a new town space, enabling them to welcome more young members and establish a robust foundation for further programme development. www.keswickycs.org



Summary Group Profit and Loss Account for the year ended 27 January 2024

This is a summary of the information in the Society's Annual Accounts

	2023-24 (52 Weeks)	2022-23 (52 Weeks)
	£000	£000
turnover	424,938	406,482
cost of sales	<u>(309,617)</u>	<u>(298,428)</u>
gross profit	115,321	108,054
other income	4,071	4,285
net expenses	<u>(115,109)</u>	<u>(109,307)</u>
trading profit	4,283	3,032
exceptional items	-	(1,543)
investment property revaluation	(1,408)	752
(loss)/profit on disposal of fixed assets	<u>(78)</u>	<u>765</u>
operating profit	2,797	3,006
net finance charges	<u>(2,075)</u>	<u>(643)</u>
surplus before distributions	722	2,363
distributions		
share interest	(52)	(52)
grants and donations	<u>(560)</u>	<u>(552)</u>
surplus before taxation	110	1,759
taxation	<u>8</u>	<u>(729)</u>
surplus for the financial year	<u>118</u>	<u>1,030</u>

Trading Profit is calculated by reference to Operating Profit but excluding exceptional items, surplus/loss on disposal of fixed assets and investment property revaluation. See accounting policy provided in the Society's annual report and financial accounts.

Summary Group Balance Sheet as at 27 January 2024

This is a summary of the information in the Society's Annual Accounts

	2023-24	2022-23
	£000	£000
fixed assets		
intangible assets	9,900	11,754
tangible assets	52,397	55,840
investment properties	101,666	102,276
investments	<u>1,786</u>	<u>1,820</u>
	165,749	171,690
current assets		
stocks - goods for resale	25,603	24,884
debtors and prepayments	14,191	11,790
cash at bank and in hand	<u>9,801</u>	<u>9,907</u>
	<u>49,595</u>	<u>46,581</u>
current liabilities		
amounts falling due within one year		
creditors	<u>(48,899)</u>	<u>(46,833)</u>
net current assets/(liabilities)	<u>696</u>	<u>(252)</u>
total assets less current liabilities	166,445	171,438
long term liabilities		
amounts falling due after more than one year		
creditors	(31,286)	(35,361)
provisions for liabilities and charges		
deferred taxation	(8,022)	(6,398)
other provisions	(201)	(2,030)
net assets excluding pension liability	<u>126,936</u>	<u>127,649</u>
net pension liability	(6,111)	(5,188)
net assets	<u>120,825</u>	<u>122,461</u>
financed by		
share capital	6,208	6,223
non-distributable reserve	41,328	42,951
revenue reserve	73,289	73,287
shareholders' funds	<u>120,825</u>	<u>122,461</u>

Summary Group Cash Flow Statement for the year ended 27 January 2024

This is a summary of the information in the Society's Annual Accounts

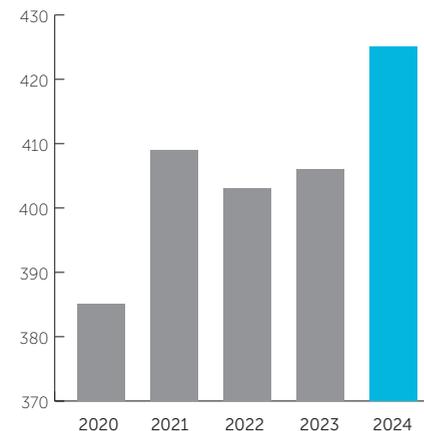
Group Five Year Summary

	2023-2024 (52 Weeks)	2022-23 (52 Weeks)
	£000	£000
net cash inflow from operating activities	13,007	7,599
cash flows from investing activities		
purchase of equipment	(6,456)	(15,379)
other investing activities	<u>(710)</u>	<u>250</u>
	(7,166)	(15,129)
cash flows from financing activities	<u>(5,947)</u>	<u>5,141</u>
	(5,947)	5,141
decrease in cash	<u><u>(106)</u></u>	<u><u>(2,389)</u></u>

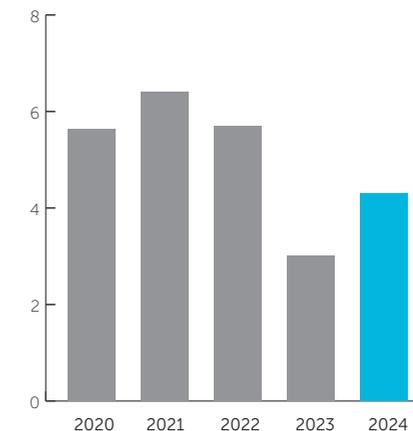
reconciliation of net cash flow to movement in net debt

decrease in cash for year	(106)	(2,389)
cash outflow/(inflow) from change in net debt and lease financing	3,813	(6,546)
movement in net debt for the year	<u>3,707</u>	<u>(8,935)</u>
opening net debt	(25,857)	(16,922)
closing net debt	<u><u>(22,150)</u></u>	<u><u>(25,857)</u></u>

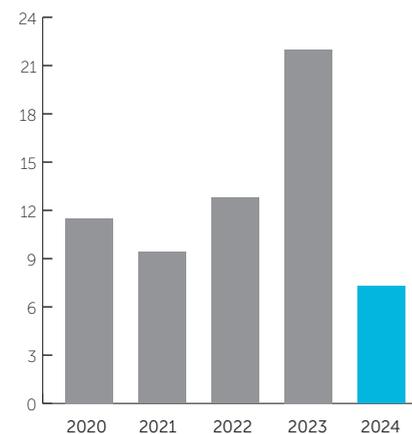
Turnover (£ millions)



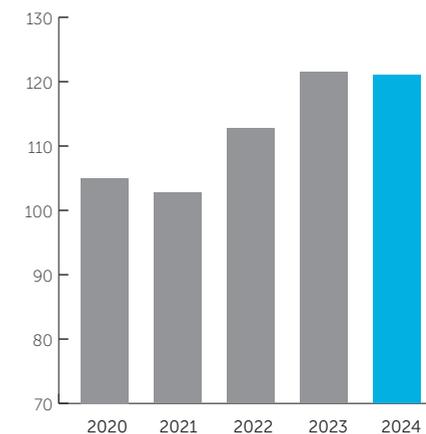
Trading profit (£ millions)



Purchase of fixed assets (£ millions)



Net assets (£ millions)



Statement of Directors' responsibilities in relation to the Summary Financial Accounts

The Summary Financial Accounts comprise the Summary Profit and Loss Account, Summary Group Balance Sheet and Summary Group Cash Flow Statement of Scottish Midland Co-operative Society Limited (the "Society").

The Summary Financial Accounts presented with the Annual Review do not constitute the full Financial Accounts of the Society for the financial years ended 27 January 2024 and 28 January 2023 but represent extracts from them. These extracts do not provide as full an understanding of the financial performance and position or the financial and investing activities of the Society as the full Financial Accounts of the Society.

The full Financial Accounts for those years have been reported on by the Society's independent auditor. The reports of the audit were:

- I. unqualified
- II. did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

The Directors of the Society have accepted responsibility for preparing the Annual Review and for preparing the Summary Financial Accounts included therewith by extracting the financial information included in the Group Balance Sheet and Group Cash Flow Statement for the year ended 27 January 2024 directly from the Society's full Financial Accounts. The full Financial Accounts are available on request. The Summary Financial Accounts were approved by the Board of Directors and signed on their behalf on 28 March 2024.

Independent auditor's statement to Scottish Midland Co-operative Society Limited

Opinion

We have examined the Summary Financial Accounts of Scottish Midland Co-operative Society Limited (the "Society") for the year ended 27 January 2024 set out on pages 14 to 16 of the Annual Review and Summary Financial Accounts.

On the basis of the work performed, in our opinion the Summary Financial Accounts included with the Annual Review have been accurately extracted from the full Financial Accounts of the Society's annual financial statements for the year ended 27 January 2024.

Basis of opinion

Our examination of the Summary Financial Accounts consists primarily of agreeing the amounts and captions included in the Summary Financial Accounts to the corresponding items within the full Financial Accounts of the Society for the year ended 27 January 2024.

We also read the other information contained in the Annual Review and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Accounts.

Respective responsibilities of Directors and Anderson & Brown Audit LLP

As explained more fully in the Statement of Directors' Responsibilities above, the Society's Directors have accepted responsibility for extracting the financial information within the Summary Financial Accounts.

Our responsibility is to report to the Society our opinion on the accurate extraction of the financial information within the Summary Financial Accounts from the full Financial Accounts of the Society.

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

This engagement is separate from the audit of the Financial Accounts of the Society and the report here relates only to the extraction of the Summary Financial Accounts and does not extend to the full Financial Accounts taken as a whole.

As set out in our audit report on the Financial Accounts, that audit report was made solely to the Society's members in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and, on terms that have been agreed. The audit work has been undertaken so that we might state to the Society's members those matters we were required or had agreed to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for the audit report, or for the opinions we have formed in respect of that audit. This statement is made solely to the Society on terms that have been agreed with the Society. Our work has been undertaken so that we

might state to the Society those matters we have agreed to state to it in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society for our work, for this statement, or for the opinions we have formed.

Andrew Shaw
(Senior Statutory Auditor)
For and on behalf of
Anderson & Brown Audit LLP
Statutory Auditor
81 George Street,
Edinburgh, EH2 3ES

28 March 2024

Board Members

Board Directors	Board	General Purposes	Audit	Remuneration	Search
Mr J Watson (P) (E 26/4/23)	11	1(C)		2	3(C)
Mr E Thorn (VP)	12	1	3(C)		
Mr H Cairney (P) (R 26/4/23) ♦	2				
Mr A Clark Hutchison	10		3		
Ms S Downie	11	1		3	
Mr I Gilchrist	11			1	1
Mrs K Harmon	12				4
Mr K Kelly	11				4
Dr R McCready	11			3(C)	
Mr D Paterson	11		3		
Mr M Ross	12	1	3		
Mr A Simm	11		1	1	
Mr B Weddell (E 26/4/23)	9				3
Total meetings held	12	1	3	3	4

Meetings held from 28 January 2023 to 27 January 2024

P President | VP Vice President | C Committee Chair | E Elected | R Retired

♦ On 26 April 2023, Harry Cairney retired as Society President with the thanks of the Board and Members for his long service.

The following changes to the composition of the Board committees took effect on 27 April 2023:

- Following his election as President, Jim Watson replaced Harry Cairney as Chair of the General Purposes Committee and the Search Committee. He was replaced as Chair of the Remuneration Committee by Richard McCready.
- Iain Gilchrist moved from the Search Committee to the Remuneration Committee.
- Andy Simm moved from the Remuneration Committee to the Audit Committee, having served his full term of office on the Remuneration Committee.

Jim Watson, David Paterson and Eddie Thorn are Directors of Scotmid Pension Trustee Limited, the sole trustee of the Scottish Midland Co-operative Society Limited Pension Plan. Eddie Thorn is a Director of Co-operatives UK. David Paterson is a Director and Chair of Co-operative News. David Paterson and Richard McCready are members of The Co-operative Group Member Council.

John Brodie is a Director of the Federal Retail Trading Services Limited, Edinburgh Children's Hospital Charity, Scotmid Pension Trustee Limited, Scotmid-Miller (Great Junction) Street Limited, Task Trading Limited, Independent Co-op Services Limited, The Alcoholic Water Company Limited and The Start Up Drinks Lab Limited.

Regional Committee Members

East Regional Committee		West Regional Committee		North Regional Committee	
Mr E Thorn (C 11/5/23)	8	Mr M Ross (C)	7	Mrs S Downie (C) ★	8
Mr D Paterson (VC) ★	8	Mr J Watson (VC)	7	Dr R McCready (VC)	8
Mrs R McCabe (MS 11/5/23) ★	8	Ms M Nolan (MS)	5	Mrs S McSorley (MS)	8
Mr H Cairney (R 26/4/23) ♦	2	Mr S Ballantyne ★	7	Ms E Farquhar ★	8
Mr J Baxter (E 26/4/23)	5	Mr S Curran ★	8	Mrs J Garnes ★	6
Mr D Costello	6	Mr I Gilchrist	6	Mr A Hutchison	5
Mr A Clark Hutchison	6	Ms K Harmon	5	Mr A MacLeish	8
Mrs H Dalley (E 26/4/23)	5	Mrs M Kane	6	Mr D Patterson	8
Mr C Henderson	5	Mr J Mills	8	Ms E Pipe	7
Mr J Hendrie ★	8	Mr G Randell ★	6	Mrs S Sandbach	6
Mrs L Hinds	8	Mrs K Scott	7	Mrs M Smith	8
Mr K Kelly ★	8	Mr C Sim	8	Mrs D Taylor	6
Mr J Mackenzie	7	Mr A Simm ★	8		
Mr B Weddell	8	Mr D Simpson	8		
Total meetings held	8	Total meetings held	8	Total meetings held	8

Meetings held from 28 January 2023 to 27 January 2024

C Committee Chair | VC Committee Vice Chair | MS Minute Secretary | E Elected | R Retired

★ Regional Committee Members whose terms of office will end at AGM 2024 and who have been nominated to serve a further term.

A Lakes & Dales Panel was formed in 2019 to consider applications for Community Grants and act as the Community Connect Selection Panel for the Lakes & Dales Region. The Panel is Chaired by Jim Watson with John Mills, Christopher Henderson and David Simpson co-opted to serve. They may attend either Regional Committee or Panel meetings



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