annual report & financial accounts

for the year ended 30 January 2010

SCOTTISH MIDLAND CO-OPERATIVE SOCIETY LIMITED

SCOTMID
co-operative

TURNOVER ON CONTINUING ACTIVITIES UP

£21m to £354m

OPERATING SURPLUS ON CONTINUING ACTIVITIES BEFORE EXCEPTIONALS UP

18% to £10.2m

NET ASSETS OF

£90m

INVESTMENT IN BUSINESS

£14m

Contents

Directors, Officers & Advisors

President....................Mr H Smallman

Vice President....................Mr H Cairney

Directors

Mr J Anderson, Mr I Bailey, Mr J Gilchrist, Mr J Hill, Mr D Jamieson,

Mr T McKnight, Mr D Paterson, Mr J Watson, Miss A Williamson

Management Executive

Chief Executive Officer ....John Brodie

Head Of Corporate Communications ....Malcolm Brown

Chief Financial Officer & Secretary ....John Dalley

Head Of Property & Development Services ....Adrian Lorimer

Head Of Human Resources ....Steve McDonald

Chief Operating Officer ....Colin McLean

Advisors and Registered Office

Independent Auditors ....Deloitte LLP

Bankers ....The Royal Bank of Scotland plc

Solicitors ....Anderson Strathern WS

Registered Office ....Hillwood House, 2 Harvest Drive,
Newbridge, EH28 8QJ

Overview

It is pleasing to report further progress at Scotmid, with the Society breaking through the £10m trading profit barrier for the first time, despite the recession and a generally unfavourable economic background. It is particularly fitting that we can report these record results in the year of our 150th anniversary. The 52 week period to 30 January 2010 saw us deliver an operating surplus before exceptionals of £10.2m compared to £9.2m in the 53 weeks last year.

Our results on a continuing basis, excluding the M&S Toiletries business sold in 2008, show an increase in turnover of £21m to £354m and an improvement in operating surplus before exceptionals of 18%, from £8.7m to £10.2m. This strong performance was driven by our Retail and Property businesses reacting positively to the challenging conditions and delivering encouraging underlying profit growth.

Bottom line surplus after tax was £4.3m, down £2.2m on last year, as a result of £3m of exceptional costs relating to the Somerfield acquisition recharged by the Co-operative buying group (CRTG), and no significant joint-venture income this year. The Society is underpinned by a strong balance sheet with net assets remaining at £90m, despite absorbing the impact of a £3.4m increase in our pension deficit in the year.

Our convenience food stores remained a major driver for the business with a first class performance, despite significantly increased costs passed on through the Co-operative supply chain. Semichem, our leading discount retailer of branded health and beauty products, continued to grow with 15 new stores opening in the year, including 10 in the North of England. Comparable net income from our Property business increased and investment property values were maintained, a significant achievement in such challenging times for the property market.

In addition to record results, our 150th year also saw some significant changes to our democratic structure and corporate governance. Member democracy has been enhanced by the introduction of a new regional committee structure.

Despite these good results, we must sound a note of caution for next year. We acknowledge that the prospects for growth in 2010 may be constrained by the uncertainties in the market; the impact of the increase in VAT and the ongoing pressure on our costs. While we remain cautious, the business is in a strong position to meet the challenges ahead and there is a real sense of purpose in the Society which gives us a solid platform for growth.

"In addition to record results, our 150th year also saw some significant changes to our democratic structure and corporate governance. Member democracy has been enhanced by the introduction of a new regional committee structure."

Directors' Report
continued

Food Retail

Our Scotmid and Morning Noon & Night convenience business had a very successful year, driving forward sales and profit despite a significant increase in Co-op supply chain costs. The ongoing focus on continuous improvement has again brought reward with the delivery of further improvements in store standards and effective management of controllable costs. In addition, investment in our core estate and the acquisition of new stores helped to further enhance this performance.

The cost pressure in the Co-op supply chain included a substantial increase in distribution case rates, changes in payment terms and margin loss during the move to net pricing. In addition there was a £3m exceptional charge from CRTG relating to the Co-operative Group's acquisition of Somerfield. As a consequence, Scotmid can look forward to improved buying terms going forward as CRTG leverage the benefit of significantly increased buying power.

Our store format programme continued, with a further 25 refits being carried out over the period. In addition we opened 5 new stores in Stenhousemuir, Barlanark, Hallhill, Livingston and Stockbridge. A total of 73 stores are now in the new format, representing 55% of our store estate. We will continue to invest in our estate in the year ahead, both through our refit programme and by opening new stores.

The new Scottish Government licensing legislation came into effect from September 1, 2009, placing restrictions on the sale and display of alcohol. While we support effective and appropriate measures to address the issue of alcohol abuse, some of the imposed changes were poorly targeted and bureaucratic and have had no discernable impact, apart from placing additional strain on our branch staff. The problems of implementation have been exacerbated by inconsistencies in interpretation of the new legislation by the newly established Licensing Boards. We will continue to work closely with the various trade associations to help understand the impact of future planned alcohol legislation. We will also closely monitor the Government proposals to restrict the display of tobacco products from 2011.

"The ongoing focus on continuous improvement has again brought reward with the delivery of further improvements in store standards and effective management of controllable costs."


SCOTMID
co-operative


Seasonal
savings
WALKERS

Directors' Report
continued

Semichem

Semichem, our discount retailer of branded health and beauty products, continued to grow and improve. During the year, in line with our strategy for growth, we embarked on a new store opening programme, a modernisation of the Semichem branding and the development of a new website. These factors aided sales growth, despite another poor summer and difficult weather conditions during the festive period.

The benefit from the temporary reduction in VAT rates was reinvested in a competitive pricing proposition, including "deals of the week" and other market leading offers. With the weak pound relative to the euro, a number of our stores in Northern Ireland also benefited from an increase in cross-border trade for most of the year.

Additional investment allowed the store acquisition and refit programme to forge ahead. This included the opening of 15 new stores, mostly in the North of England, ranging from Carlisle in the North West to Ashington in the North East.

During the year, we also completed 5 store relocations and drove sales in the fragrance category with new fragrance counters in a number of stores. The Semichem online business continued to grow and will focus on fragrance and skincare going forward.

In a very competitive high street, Semichem raised its profile through a new television advertising campaign shown in Scotland, England and Northern Ireland. To supplement the TV advertising, we also used press, radio and a PR campaign that included co-sponsorship of the prestigious "Women of the Year" event in Northern Ireland. At the recent Scottish Retailer of the Year awards Semichem was specially commended in the category for multiple store operators.

"Additional investment allowed the store acquisition and refit programme to forge ahead. This included the opening of 15 new stores, mostly in the North of England."


semichem


semichem
fragrances


semichem


semichem

Directors' Report
continued

Property and Development

Against a background of continuing economic recession and rising unemployment, our Property and Development division turned in a strong performance. However, despite a number of positive indicators that the economy was improving as 2009 progressed, there is still uncertainty in the market about the year ahead. Capital values have started to grow again in the prime commercial asset sectors due to institutions entering the market, but secondary assets (where the Scotmid portfolio sits) have remained flat. In the commercial sector prospective rental growth is still weak, reflecting the general economic outlook.

Residential capital values have stabilised and it is encouraging to note a distinct improvement in demand for lettings, if not an increase in values, during the second half of the year. The shortage of affordable lending will continue to restrain both residential and commercial property markets in the near future. However, we are pleased to report that overall the Society's property portfolio value has grown in the year.

Our main investment property activity in the year related to the completion of a 20,000 sq ft office building adjacent to our Head Office in Newbridge, Edinburgh. This development was completed in June. The first tenant took possession in August and, subsequently in March 2010, lease terms have been agreed with a second tenant.

Our proposed development site in Armadale, linked to creating a new home for Armadale Thistle Football Club, is now at the outline planning stage and awaiting a decision by the local authority. In general, however, this has been a year of consolidation for our property development activities in line with continuing difficult market conditions. We will monitor the market closely to ensure we identify the best time to embark on new development opportunities.

Funeral

Our Funeral division has achieved a good underlying performance given the backdrop of the declining death rate. A focus on incremental services and cost control has enabled the division to deliver a trading performance in line with last year. The business continues investing, to improve and enhance our service to customers.

Examples of this investment included 8 new funeral and support vehicles, an improved range of coffins and new signage for our funeral homes. We also continue to foster closer links with our communities. A number of new initiatives have been introduced such as an annual memorial service in Edinburgh, a charity car wash and memorial Christmas trees.

The Fragrance House

During the year we launched a new retail format called "The Fragrance House", starting with 2 stores in Livingston and Dundee. The concept is aimed at fine fragrance with a focus on well-known and prestige brands such as Versace, Jean Paul Gaultier, Gucci, Vera Wang and Armani. Based on the lessons learned from the 2 pilot stores, we plan to open further Fragrance Houses in the year ahead.

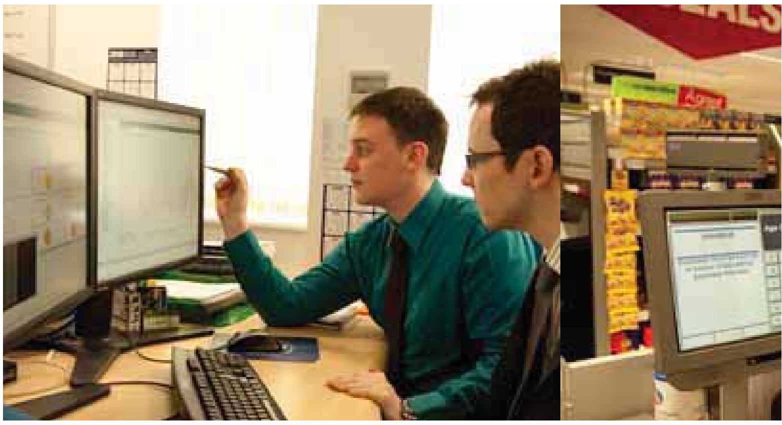

Thomas
BROWN


SF09 CWJ


fragrance
HOUSE


fragrance
HOUSE
fragrance
HOUSE

Directors' Report
continued



Corporate Matters and Central Service Departments

Central support teams continue to play a key role in helping the Society to deliver improved performance. Our Human Resources team oversaw the creation and opening of the Training Academy with almost 1,000 delegates being trained since it opened in May 2009. During the year a new Staff Benefits Booklet, an updated Staff Handbook and a "Pulse" staff survey were also introduced.

Cross functional teams have been responsible for the implementation of a number of IT system improvements in the year. These included the implementation of a new warehouse management system for the Semichem supply chain (introducing voice picking technology), a new HR system and an upgraded membership system. All of the central departments have also been heavily involved in supporting the retail store opening and refit programme.

In 2009/10, the Society's final salary pension scheme has again been impacted by the UK recession and the generally volatile markets. Despite the Society making an additional contribution of £1.8m, the net deficit measured on an FRS17 basis increased by £3.4m to £11.5m. This was mainly due to a significant reduction in the discount rate used to calculate the estimated present value of future pension liabilities payable by the scheme.

During the year the Society completed the first stage of our Constitutional Review. Members were consulted on the proposed changes to our democratic structure and rules at a meeting in August. The resulting feedback from members and the Area Committees was incorporated in the finalised recommendations which were subsequently approved at Members' Meetings in September and October. The main changes agreed by members were as follows:

- The creation of three new Regional Committees to represent the North, East and West of Scotland. These committees replace the former Area Committees and Member Relations Committee. The new Regional Committees have responsibility for membership and community development in their region and will manage the regional community grants and donations.

- Improvement in the democratic process with members now responsible for direct election of Board Directors. Prospective Directors are nominated for election by and from the Regional Committees. In addition, enhanced qualifying criteria now apply for both Regional Committee members and Board Directors to ensure elected members have sufficient knowledge and understanding of the Society to fulfil their duties.

- Reduction in the size of the Board and Regional Committees to 12 members.

- Increase in the age rule for elected representatives from 70 to 72 years of age.

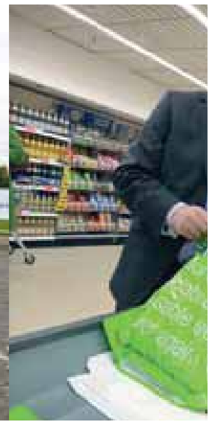
- Adoption of transitional rules and arrangements to enable the smooth transition from one democratic structure to another.

As a result of the changes, former members of Area and Member Relations Committees who opted not to stand for the new Regional Committees were offered a Loss of Office payment. Robert Brown, Christine Kerr and Margaret Hume, members of the Board; Stewart Kerr, Tracy McEleney, David McGrouther, Anne Milne and Mary Ross, Area Committee members; and Helen Anderson, Raymond Carse, David Hop and Betti Swift, members of the Member Relations Committees, left the service of the Society on 30 November 2009. Our heartfelt thanks go out to them for their long and valued service.

Further details of the rule changes with explanations of the rationale for the changes are available on our website www.scotmid.co.uk. The Society aims to complete the Constitutional Review in 2010 by presenting the second stage recommendations to members at the AGM in April.


The Academy

Directors' Report
continued



Membership Development

Implementation of our strategy to promote membership development continued during the year in parallel with the member and democratic matters in the Constitutional Review. Two further editions of "Jigsaw", our members' magazine, were issued in the year. The latest edition included a feature on our most famous ex-employee, Sean Connery, and members received a voucher offer to help celebrate our 150th anniversary.

The Secretarial and Membership teams have been heavily involved in the Constitutional Review, helping to facilitate and support the Board and the Committees as they worked through stage one of the process. More recently, the teams focussed on the establishment of the rules and processes to support the new Regional Committees with the first meetings held in February 2010. To support the new Regional Committees going forward, the Membership and Community team has been restructured. A new Membership and Community Officer for the North Region was appointed on 8 March 2010 and a similar appointment for the West Region will be announced shortly. As a result of the implementation of changes resulting from the Constitutional Review and, with a new Membership & Community team in place, we will revisit the Membership Development Strategy to ensure that further progress is made in what promises to be an exciting next phase of our membership strategy.

Community and Charitable Activities

Throughout the year the Society has been celebrating its 150th anniversary with a series of events involving all areas of the business. This included a successful charity ball, a civic reception given to the Society by the City of Edinburgh Council, the publication of a commemorative brochure, and a DVD which looked back on the last 150 years.

The Society's community involvement included activities from street football through to providing help for campaigns to prevent racial abuse. The Society continued to support several major Fairtrade events and started work on a Dental Health Book featuring primary schoolchildren's healthy recipes.

Throughout our 150th year, community activity involving our members, customers and staff has raised over £150,000 for five major charities (Cystic Fibrosis, CLIC Sargent, Leukaemia Research, Cash for Kids and Alzheimer's). This charitable activity varied from local store-based schemes through to sponsorship and participation in Scotland's largest fundraising event – Pedal for Scotland.

Political Donations

Donations to the Co-operative Party amounted to £12,000. A Donation of £20,000 was made to the Scottish Midland Co-operative Party Council.

Appreciation

The Directors would like to thank our members, customers and staff for their contribution to a successful 150th anniversary year. It is thanks to the dedication and commitment of all our stakeholders that the Society is well placed to meet the challenges arising from the difficult economic environment.

Signed on behalf of the Directors

Hollis Smallman – President
Harry Cairney – Vice President

18 March 2010


Welcome to
HOLY ISLAND
Please use the visitors

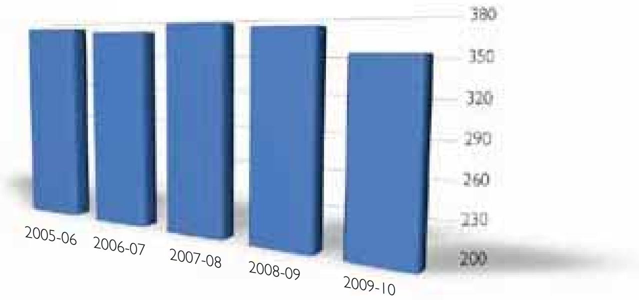

£70000
£35000
£54000

Group Five Year Summary

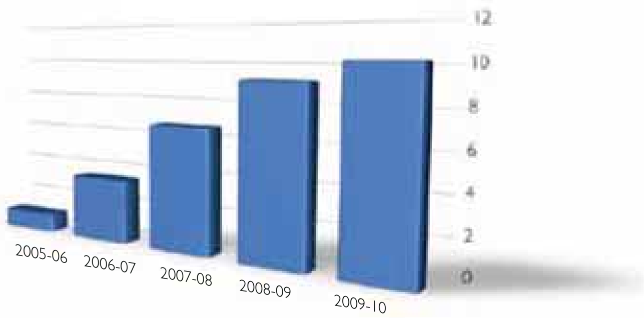
	2009-10	2008-09	2007-08	2006-07	2005-06
	52 weeks	53 weeks	52 weeks	52 weeks	52 weeks
number of members	239,749	238,791	237,176	235,819	235,739
	£000	£000	£000	£000	£000
turnover	353,934	374,304	377,737	371,199	373,960
operating surplus before exceptionals	10,236	9,235	6,698	3,513	1,078
operating surplus/(loss) after exceptionals	7,504	11,924	6,219	2,325	(19,874)
surplus/(loss) before tax	5,561	9,085	3,016	114	(22,751)
retained surplus/(loss)	4,284	6,501	1,047	(1,640)	(19,080)
depreciation	7,846	7,333	7,246	7,482	7,397
net finance costs	1,333	2,231	2,720	3,160	3,559
purchase of fixed assets	13,712	14,854	7,793	3,753	15,659
fixed assets	141,191	136,622	142,367	143,366	152,274
net current liabilities	(10,725)	(17,787)	(2,593)	(2,680)	(17,639)
total assets less current liabilities	130,466	118,835	139,774	140,686	134,635
less long term liabilities	28,456	19,723	33,230	38,630	38,314
less provision for liabilities and charges	416	862	1,826	2,638	3,101
less pension liability	11,509	8,140	8,775	7,514	9,774
net assets	90,085	90,110	95,943	91,904	83,446
share capital	5,094	5,021	5,015	4,952	4,874
revenue reserves	54,470	54,420	48,163	44,861	35,024
revaluation reserve	30,521	30,669	42,765	42,091	43,548
net assets	90,085	90,110	95,943	91,904	83,446

Group Five Year Summary

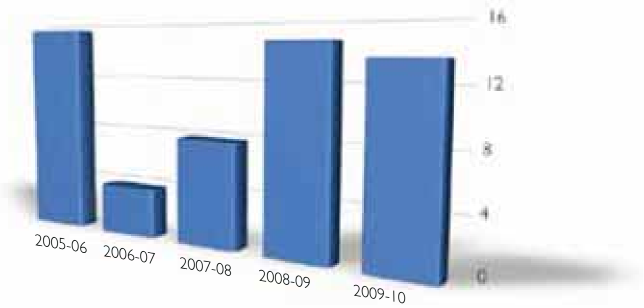
turnover
(£ millions)



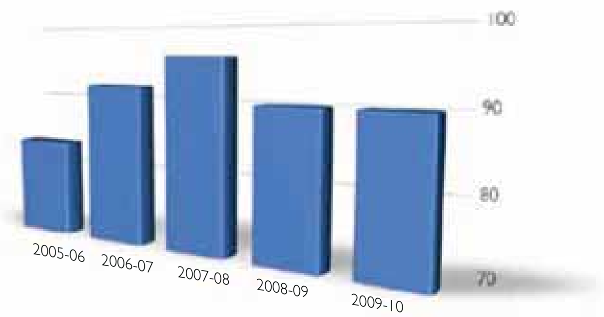
operating surplus
before exceptionals
(£ millions)



purchase of fixed assets
(£ millions)



net assets
(£ millions)



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Industrial and Provident Society law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. The financial statements are required by the Industrial and Provident Societies Acts 1965 to 2002 to give a true and fair view of the state of affairs of the group and of the profit or loss of the group for the period. In preparing those 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 accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002. They are also responsible for the system of internal control, for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The Society's business activities, together with the factors likely to affect the future development, performance and position of the Society, are set out in the Directors' Report on pages 3 to 13. The Board remains satisfied with the Society's funding and liquidity position. The Society meets its funding requirements through a combination of term loans and an overdraft facility (renewable annually). At 30 January 2010, the Society had substantial undrawn facilities and had significant headroom with respect to the financial covenants of these facilities.

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

Code of Best Practice

The Society substantially complies with the Co-operatives UK Code of Best Practice. In addition, the detailed recommendations of the Code were used as guidance for the Constitutional Review rule changes approved by members at the OGM in October 2009. The Code is comprehensive in scope and Co-operatives UK have recognised that co-operative societies differ in scale, size and resources and it is inevitable that levels of compliance will differ for acceptable reasons. The approach to assessing compliance is that societies should review their rules, practices and policies, in the context of what is appropriate for their circumstances, and provide explanations where these do not comply strictly with the code. The following explanations are therefore provided:

1) Age rule: Directors retire at age 72 rather than the Code of Best Practice recommended age of 68. The Society believes that with advances in healthcare and individuals living longer, fuller lives it is appropriate to adopt a higher age limit. During the year Scotmid members confirmed their support for the contribution made by more experienced Directors by approving an increase in the upper age limit from 70 to 72;

2) Percentage of Employee Directors on the Board: the recently amended rule is more restrictive than the recommended rule providing enhanced protection to the Society i.e. 25% of the total membership of the Board compared to the Code of Best Practice recommended limit of 33%;

3) Interim Accounts: the Society produces a summary report on unaudited interim results rather than full interim accounts, this report is published but not audited; and

4) Publicising the AGM: the Board considers the current notification periods and methods to be the most appropriate for our members. The date of the next AGM/OGM is provided on the Notice of Meeting posted in-store and on the Society's website thereby giving a notice period of approximately 5 months. The Notice of Meeting is posted in store 8 clear days before a General Meeting.

In each case the Board has satisfied itself that the Society is better served by these specific rules and that they comply with the spirit of the Code.

Membership Matters

Co-operatives are member-owned democratic organisations, and the Board recognise the need to encourage members to play their part in the governance of the Society and to improve membership participation. Members were invited to participate in a consultation event in August 2009 at which the Board's proposed amendments to the Constitution and Rules were presented. An update on the progress of the membership strategy, membership development activities and Constitutional Review is provided in the Directors' Report. Other member related information is provided in the section on Corporate Social Responsibility.

Regional Democracy

One of the main changes arising from the Constitutional Review was the creation of 3 new Regional Committees (to replace the Area and Member Relations Committees) to serve the members in that geographic region. The new Regional Committees commenced in February 2010. Once fully established, each Regional Committee will consist of 12 members. As a transitional arrangement the East and North Regions will operate on combined basis until a separate North Regional Committee can be established.

Members' meetings are advertised in our stores, on our website and in the local press. Until the North Regional Committee is established, they will be held in two locations within the Regional constituencies served. A Regional Committee member is voted onto the Committee for a period not exceeding three years, after which they have to be re-elected by the members in their Region in order to retain their position. Regional Committee members who meet the qualifying criteria are elected by the membership at the Members' Meeting in the Region.

Board's Role

Directors' responsibilities are set out in the Society's Rules which are available to all members. Any changes to the rules must be agreed by a majority vote at a Members' Meeting. The Board of the Society consists of 11 Directors appointed by the former Area Committees. In future the Board members will be nominated by the Regional Committees and directly elected by the membership within their respective Regions. There is currently one vacancy on the Board. One recently retired employee serves on the Board, three retired employees are Board members and no Board member is employed by the Society.

Internal Control Framework

The Board is ultimately responsible for the Society's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Co-operatives UK Corporate Governance Code of Best Practice requires Directors to review the effectiveness of the Society's system of internal controls. The review covers all material controls including financial, operational, compliance and risk management systems in compliance with the Turnbull guidance. Key elements in the Society's adopted internal control framework are detailed as follows. These are considered to be appropriate to the current size and complexity of the Society.

Control Environment

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

Information and Communication

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

Statement of Directors' Responsibilities
continued

Board Committees

In 2009 there were four Board Committees (Audit, Risk, Remuneration and Search), each of which has terms of reference as recommended in the Code. In addition, there was also a General Purposes Committee to provide a forum for addressing matters not specified in the terms of reference of the above committees. The General Purposes Committee has continued its work on the Constitutional Review during the year. The Committee (with additional co-opted Directors as required) has the responsibility to consider and recommend to the Board proposed changes to the Society's democratic structure and constitution.

A review of the responsibilities of the Audit and Risk Committees was undertaken in 2009 with a view to establishing a closer link between the two Committees. The Board decided that the two Committees should merge in early 2010 with the Audit Committee assuming responsibility for monitoring internal controls and risk management. The new Audit Committee will be chaired by a Director who is not the President, will consist of 4 Directors and is scheduled to meet three times in 2010.

As a result of the changes implemented by the Constitutional Review reducing the Board size to 12, together with the changes to the Audit Committee, the composition of Board Committees was reviewed, taking into consideration the skills required for each committee and to ensure consistency in composition.

Audit

The Society has an Internal Audit Department reporting directly to the Chief Executive. An annual report for 2009/10 has been produced and audit plan for 2010/2011 agreed with the Audit Committee. Any control weaknesses identified are highlighted to management and the Audit Committee which monitors Internal Audit activity and ensures that appropriate actions are taken.

The Audit Committee comprised 4 Directors and was chaired by a Director who is not the President of the Society. It met three times during 2009/10.

The terms of reference agreed by the Board include:

- Consideration of the appointment of the external auditor and the scope of the audit;
- Review of the financial statements and auditors' management letter; and
- Review of the internal audit programme and internal audit reports.

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

The Audit Committee has established a policy of rotating the audit partner every five years. The present audit partner is due to be replaced in 2011. The external audit contract was last put out to tender in 2006.

Risk Management

The Board and Management Executive are responsible for the identification and evaluation of key risks applicable to the Society. These risks may be associated with a variety of internal or external sources, including control breakdowns, credit and liquidity risks, disruption of information systems, competition, natural catastrophes and regulatory requirements. Risk registers are maintained which highlight the likelihood and impact of risks occurring. These registers are updated at least twice a year and actions necessary to mitigate those risks are considered. This process enables resource to be focussed on key risk areas, helping to prioritise activities. The Risk Committee comprised four Directors and reviewed the risks facing the Society biannually to determine if adequate controls are in place. During 2009, the Risk Committee reported to the Board and to the Audit Committee on the risks facing the Society and from early 2010 its responsibilities were undertaken by the Audit Committee.

Remuneration

The Board determines executive remuneration annually on the recommendation of the Remuneration Committee. During 2009 it consisted of three Directors, none of whom were employees, recently retired employees or the President of the Society. External advice is sought by the Remuneration Committee to ensure that the remuneration is appropriate to the scale and scope of the business. Advice is currently obtained from an independent advisor "mflhr". The Remuneration Committee is also responsible for making recommendations to the Board for the level of Directors' remuneration and expenses. Note 2 to the financial statements gives details of the remuneration of Directors and the Management Executive. The salary information in the bandings in Note 2 provides appropriate disclosure of Board and Management Executive remuneration for Scotmid Society although not in the format recommended in Co-operatives UK's best practice.

The Profit Related Pay scheme ensures that there is a link between performance and reward and that the interests of management and staff are aligned with those of the Society and members. All employees are included in the scheme. The importance of attracting, retaining and motivating senior management of appropriate calibre was considered when the scheme was designed.

In respect of the Management Executive a summary of the performance-related bonus schemes is provided below:

1. Annual Incentive Scheme

All members of the Management Executive are eligible to participate in an annual performance-related bonus scheme. The committee reviews bonus targets and levels of eligibility annually. There is a maximum bonus potential of 50% of base salary for exceeding targets determined by the Board. For Management Executive members with trading unit responsibilities, a significant proportion of the annual incentive is derived from trading unit performance. Targets in the bonus year 2009/10 related to financial performance measured by Society profit and divisional trading profit, as appropriate to the individual's area of responsibility. A discretionary element, based on personal objectives, is also included within the annual bonus scheme, and is part of the maximum bonus potential.

2. Long-Term Incentive Plan (LTIP)

An LTIP was introduced in 2007/08 for the Management Executive in order to align these executives with the Society's longer-term interests. The scheme sets cumulative targets across a three-year period. Each year the committee reviews actual performance compared to target for the latest three year scheme maturing and sets targets for the next three-year period. The maximum payment level under the scheme is 35% of base salary for outperforming targets. Base salary is taken as the salary at year one of the three-year period. The performance measure selected by the committee is average return on capital employed, derived from the Society's three-year business plan.

Search

The Search Committee consists of four Directors. It is responsible for establishing a process to evaluate the balance of skills and effectiveness of the Board, to consider Director succession planning and the composition of Board committees. The Search Committee is also responsible for membership matters including membership strategy and development.

During the year, the Search Committee considered the impact of the changes to the democratic structure of the Society resulting from the Constitutional Review. As a result of those changes and the merger of the Audit and Risk Committees, the Search Committee reviewed the composition of the Board Committees. Accordingly, the membership of the General Purposes, Remuneration and Search Committees was changed to ensure that all Committees had the required skills, knowledge and experience to undertake their role.

In taking into consideration the recommendations of the Constitutional Review, the Search Committee reviewed the existing Membership Strategy in light of the role and responsibilities of the new Regional Committees in assisting with its delivery. A revised Membership Strategy will be developed to meet the needs of the Society as the membership in each Region develops.

The Search Committee recommended to the Board the minimum acceptable training requirements for Regional Committee members wishing to progress onto the Board. In addition, the Committee conducted a review of the training programme for 2009/10 and agreed a training programme for 2010/11 based on the skills needing to be developed or refreshed in light of the new governance structure. The Board Skills process was undertaken by self-assessment with Directors evaluating their individual skills and collective board skills. The assessment was carried out by questionnaire and the results evaluated by the Committee and reported to the Board.

For and on behalf of the Board

Hollis Smallman – President
John Brodie – Chief Executive Officer
John Dalley – Secretary

Corporate Social Responsibility

Scotmid was founded on the values and principles of the Co-operative movement, with a clear focus on social responsibility embedded in our constitution and rules. To provide a balanced measure of performance, each year the Society reports on social responsibility using the 10 Key Social and Co-operative Performance Indicators recommended by Co-operatives UK. Scotmid has a diverse range of operations so these measures are not always readily available or the most relevant for all our individual businesses. To overcome this, estimates are used where appropriate or we use sample data from our Food Convenience business, our most significant trading division.

Member Economic Involvement

An exit survey was conducted in eight stores to determine an estimate of our member economic involvement. The survey was conducted by an independent agency (George Street Research). Based on the sample selected, member involvement as a percentage of sales was 10% (2008/09 - 9%). The membership drive, supported by the regular issue of the Jigsaw magazine, is continuing to develop and engage our members.

Member Democratic Participation

101 (2008/09 - 106) members attended the Annual General Meeting on 4 May 2009. 89 (2008/09 - 105) attended the Ordinary General Meeting on 5 October 2009. There were no contested elections during the year ended 30 January 2010.

Staff and Member Training

This year around 38,300 hours (2008/09 - 40,400) of formal staff training took place, an average of 9.4 hours per employee (2008/09 - 10.1). During the year we continued our programme of in-store e-learning and the total above includes an estimate of 3,685 hours (2008/09 - 9,600) delivered by this method. The e-learning route was used extensively to formally retrain existing staff in key areas in 2008/09 and this was essentially a catch-up exercise so was not repeated this year. The main emphasis this year was on training to ensure compliance with the new licensing regime which came into effect in September 2009.

Members actively participated in a total of 310 hours of training compared to last year's total of 550. This equates to 3.1 hours (2008/09 - 5.2 hours) of training per "active" member (where active membership for training purposes has been defined as the number of members attending the AGM). Total training hours reduced in the year as a result of the Board's decision to suspend the development of new training courses during the Constitutional Review transitional period. This allowed time to create a new training plan for 2010 taking into account the changes in Regional Committee responsibilities.

Staff Injury and Absentee Rates

Staff injury and absentee rates provide the Society with an indication of how well we control the risks to the health, safety and wellbeing of our employees. Staff are encouraged to report all accidents, no matter how minor, and these are recorded to ensure that safety standards are maintained and continuously improved. This year we had 23 (2008/09 - 20) reportable accidents equating to 0.6% (2008/09 - 0.5%) of the average total workforce. There were also 139 minor injuries (2008/09 - 160), which equates to 3.4% of the average total workforce. This gives a combined total of 4.0% (2008/09 - 4.6%).

This year 21,475 days were lost through absenteeism (2008/09 - 19,470), an average of 5.3 days per employee (2008/09 - 4.9 days). Although a slight increase is reported, this figure falls well below the average of 6.4 days per employee for private sector services (CIPD June 2009).

Staff Profile

Scotmid had an average of 4,083 employees in 2009/10 compared to 3,887 in 2008/09. The staff profile by gender at the year-end was 73% female and 27% male in line with the prior year. Our staff profile by ethnicity is based on a sample of the workforce that responded to a 2006 survey, adjusted for subsequent starters and leavers.

Ethnic Origin	% of workforce
Asian	3.1
Black	0.3
Mixed	0.3
Other	0.1
White	96.2
Total	100.0

To put this in context the 2001 census shows 98% as the proportion from a white ethnic background in the total population of Scotland. We also asked for disability status and found that 1% of staff surveyed classify themselves as disabled.

Customer Satisfaction

The Co-operative UK's definition of customer satisfaction is included in our regular customer surveys conducted by Harris International Marketing (HIM). In the course of their independent survey, HIM carried out 619 shopper interviews in a sample of 50 of our stores across our trading area. This was part of a wider Convenience Tracking Programme covering 14,235 shoppers. The survey was conducted between February and April 2009. The proportion of shoppers classified as "very satisfied" was 81% (2008/09 - 87%), and as "satisfied" was 97% (2008/09 - 94%). In common with the results for the convenience sector as a whole, the reduction in our "very satisfied" score is likely to be an effect of the recession impacting customers' perception of price, resulting in lower scores for the value for money section of the survey. Nevertheless, we remain well ahead of our convenience sector peers with a score of 81% of our customers classified as "very satisfied" exceeding the overall survey result of 77%. In addition, it is encouraging to see an increase in the number of "satisfied" customers in our business, with a score that exceeds both the "all co-op" and "all shopper" average of 96%.

Ethical Procurement

The majority of the Society's purchases are through the Co-operative Retail Trading Group (CRTG) and therefore we continue to benefit from their purchasing policies. CRTG is committed to the principles of sound sourcing, animal welfare, food integrity and health and ecological sustainability.

Investment in Community & Co-operative Initiatives

A total of £229,000 (2008/09 - £222,000) was spent on investment in both community and co-operative initiatives, amounting to 4.1% of our pre-tax profit (2008/09 - 2.4%). Examples of projects benefiting from our investment in the community are provided in the Directors' Report. Next year, as a result of the Constitutional Review, the new Regional Committees will have responsibility for community grants and donations in their local area. This should help to ensure even closer links with our local communities and improved targeting of funds to the most appropriate projects.

The Society chose to support five charities for their 150th anniversary year. These charities included Cystic Fibrosis Trust, CLIC Sargent, Leukaemia Research, Cash for Kids and Alzheimer's. The total raised by staff and members was over £150,000.

The Environment

This year we are reporting on total Greenhouse Gas (GHG) produced to give a more complete indication of our environmental impact. In previous years the conversion was only available for CO2 produced. Carbon Dioxide (CO2) emissions are produced as a direct result of burning fossil fuels. GHG includes CO2, CH4 (methane) and N2O (nitrous oxide). For the year ended 30 January 2010 the Society produced an estimated 3,160 tonnes of GHG from on-site operations. On the same basis, the overall GHG emission last year would have been 3,100 tonnes. This year's total equates to 0.77 tonnes of GHG per employee (2008/09 - 0.80 tonnes of CO2 restated on GHG basis).

Our carbon footprint for electricity is neutral as all electricity is sourced from pure green renewable energy sources. From next year the rule is changing and all of our electricity may not qualify as renewable energy. In the year we continued to focus on energy reduction as part of the store refurbishment programme and we are starting to benefit from the use of electrical smart meters to better manage our electricity usage. We are also looking at installing smart meters for gas usage and have issued "Switch Off" stickers to our stores to highlight awareness of electrical consumption to staff.

Proportion of Waste Recycled/ Reused

Our waste uplift amounted to 2,402 tonnes (2008/09 - 2,973 tonnes). CRTG vehicles collect cardboard and plastic from our Food outlets for recycling and have provided a percentage of the total amount of recycled waste attributable to Scotmid. Semichem outlets backload cardboard to our distribution warehouse for recycling. Our Head Office recycles cardboard, paper and plastic through our waste uplift provider. As a result we estimate that we have recycled 1,652 tonnes of cardboard and 53 tonnes of plastic/paper. These figures indicate that the proportion of waste recycled is in the region of 42% (2008/09 - 37%) of our total waste.

Independent Auditors' Report to Scottish Midland Co-operative Society Limited

We have audited the financial statements of Scottish Midland Co-operative Society Limited for the 52 weeks ended 30 January 2010 which comprise the statement of accounting policies, the group revenue account, the group statement of total recognised gains and losses, the group note of historical cost profits and losses, the group balance sheet, the group cash flow statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Society, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 auditors' 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.

Respective Responsibilities of the Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002.

We also report if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Society has not kept proper accounting records, if a satisfactory system of control over transactions has not been maintained, or if we have not received all the information and explanations we require for our audit.

We review whether the Society's statement on the Code of Best Practice reflects the Society's compliance with the five provisions of the Co-operatives UK Corporate Governance Code of Best Practice (updated in May 2005) specified for our review, and we report if it does not. We are not required to consider whether the Society's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Society's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Society's affairs as at 30 January 2010 and of its surplus for the period then ended; and

- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002.

Deloitte LLP
Chartered Accountants and Statutory Auditors
Edinburgh, UK
18 March 2010

Basis of Accounting

The accounts are prepared under the historical cost accounting convention as modified by the annual revaluation of investment properties, and under applicable United Kingdom accounting standards. The principal accounting policies are summarised below and have been applied consistently throughout the current and preceding year. The Society's business activities, together with the factors likely to affect its future prospects, are discussed in the Directors' Report on pages 3 to 13. After making enquiries, the Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Accounting Date

The accounts are prepared for the 52 weeks to 30 January 2010 (2009 - 53 weeks to 31 January 2009).

Turnover

Turnover includes cash sales, goods sold on credit and property rental income inclusive of value added tax.

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Investment Income

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

Goodwill

Purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years with no charge for amortisation in the year of acquisition. Provision is made for any impairment.

Tangible Fixed Assets and Depreciation

No depreciation is provided on freehold land and assets in the course of construction. For all other tangible fixed assets, depreciation is calculated to write down their cost or valuation to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, which are considered to be:

Buildings - 40 years.
Plant, transport and fixtures - between 3 and 10 years.

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve except that a deficit which is expected to be permanent or the reversal of such a deficit, is charged (or credited) to the revenue account. On disposal of investment properties, any related balance remaining in the revaluation reserve is transferred to the revenue reserve. Depreciation is not provided in respect of investment properties. The Directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 "Accounting for investment properties". The financial effect of this departure is shown in the note of historical cost profit and loss.

Assets Leased to the Society

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

Assets Leased by the Society

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

Capitalisation of Interest

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

Stocks

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

Debtors

Credit account balances are included at gross value, after providing for bad debts.

Consolidated Financial Statements

The group financial statements consolidate those of the Society and its subsidiary Society and companies. In accordance with FRS 9, the group's interest in joint ventures is accounted for using the gross equity method of accounting.

Statement of Accounting Policies
continued

Derivatives

The Society holds derivative financial instruments to reduce exposure to interest rate movements. The Society does not hold or issue derivative financial instruments for speculative purposes.

Derivatives entered into include interest rate swaps, caps and floors. The fair value of interest rate derivatives is the estimated amount that the Society would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current credit worthiness of the swap counterparties.

Interest payments or receipts arising from interest rate swaps are recognised within net finance charges in the period in which the interest is incurred or earned.

Taxation

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. No provision is made for taxation on capital gains deferred under the rollover provisions of the Taxation of Chargeable Gains Act 1992. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension Costs

The Society operates a defined benefit funded pension scheme and also contributes to a number of defined contribution schemes.

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

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

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

Share Based Payment

The Society has applied the requirements of FRS 20 "Share Based Payment". The Society issues equity-settled share-based payment to employees who opt to join the all employee share option plan. Equity-settled share-based payments are measured at fair value at the date of the grant. This is expensed in the revenue account.

Group Revenue Account

for the year ended 30 January 2010

	notes	2009-10 (52 weeks) total £000	2008-09 (53 weeks) continuing £000	discontinued £000	total £000
turnover		353,934	332,725	41,579	374,304
value added tax		(31,596)	(31,975)	(5,888)	(37,863)
sales	23	322,338	300,750	35,691	336,441
cost of sales		(217,653)	(204,614)	(30,679)	(235,293)
gross profit		104,685	96,136	5,012	101,148
net expenses	1	(97,417)	(87,469)	(4,444)	(91,913)
operating surplus	23	7,268	8,667	568	9,235
operating surplus excluding exceptional expenses		10,236	8,667	568	9,235
exceptional operating expenses	3	(2,968)	-	-	-
operating surplus		7,268	8,667	568	9,235
surplus on disposal of division	3	-	-	407	407
share of joint venture operating surplus	3	6	2,857	-	2,857
surplus/(loss) on disposal of fixed assets	3	230	(575)	-	(575)
surplus before finance charges		7,504	10,949	975	11,924
net finance charges	4	(1,333)			(2,231)
surplus for year before distributions		6,171			9,693
distributions					
share interest		(96)			(187)
grants/donations	5	(514)			(421)
surplus for the year before taxation		5,561			9,085
taxation	6	(1,277)			(2,584)
surplus for the year	16	4,284			6,501

Group Statement of Total Recognised Gains and Losses and Group Note of Historical Cost Profits and Losses

for the year ended 30 January 2010

	2009-10 (52 weeks) £000	2008-09 (53 weeks) £000
group statement of total recognised gains and losses		
surplus for year	4,284	6,501
actuarial (loss)/gain relating to the pension scheme (net of tax) (note 19)	(4,280)	11
movement in deferred tax on pension deficit	-	(248)
unrealised loss on investment properties revaluation	(102)	(12,103)
total gains and losses recognised since last annual report	(98)	(5,839)
group note of historical cost profits and losses		
surplus for year before taxation	5,561	9,085
realisation of property revaluation gains/(losses) of earlier years	46	(7)
historical cost surplus for year before taxation	5,607	9,078
historical cost surplus for year after taxation	4,330	6,494

Group Balance Sheet
as at 30 January 2010

	notes	2009-10 £000	2009-10 £000	2008-09 £000	2008-09 £000
fixed assets					
intangible assets	7		13,279		13,635
tangible assets	8		126,581		121,705
investments	9		1,331		1,282
			141,191		136,622
current assets					
stocks - goods for resale		24,794		21,273	
debtors and prepayments	10	6,130		6,461	
cash at bank and in hand		3,870		3,830	
		34,794		31,564	
current liabilities					
amounts falling due within one year					
bank overdraft (secured)		(3,955)		(1,038)	
creditors	11	(41,564)		(48,313)	
		(45,519)		(49,351)	
net current liabilities			(10,725)		(17,787)
total assets less current liabilities			130,466		118,835
long term liabilities					
amounts falling due after more than one year					
creditors	12		(28,456)		(19,723)
provisions for liabilities					
deferred taxation	14		(416)		(862)
net assets excluding pension liability			101,594		98,250
pension liability	19		(11,509)		(8,140)
net assets	23		90,085		90,110
financed by					
share capital	15		5,094		5,021
reserves	16		84,991		85,089
shareholders' funds	17		90,085		90,110

On behalf of the board of directors

Hollis Smallman President
Harry Cairney Vice President
John Dalley Secretary

18 March 2010

Group Cash Flow Statement

for the year ended 30 January 2010

	notes		2009-10 (52 weeks)		2008-09 (53 weeks)
		£000	£000	£000	£000
net cash inflow from operating activities	20		13,425		11,794
dividends from joint ventures and associates					
dividends from joint venture			6		2,857
returns on investment and servicing of finance					
interest and dividends received		185		348	
interest paid		(960)		(2,063)	
share interest paid, grants and donations		(610)		(608)	
net cash outflow from returns on investment and servicing of finance			(1,385)		(2,323)
taxation					
corporation tax paid			(2,173)		(2,752)
capital expenditure and financial investment					
sale of fixed asset investments		(8)		1	
receipts from sales of tangible fixed assets		1,257		879	
payments to acquire tangible fixed assets		(13,712)		(14,854)	
			(12,463)		(13,974)
acquisitions and disposals					
disposal of division		-		9,269	
acquisitions		(682)		(1,513)	
			(682)		7,756
net cash (outflow)/inflow before financing			(3,272)		3,358
financing					
bank loans advanced		11,000		1,500	
repayment of bank loans		(9,375)		(6,250)	
members share capital issued net of withdrawals		73		6	
repayment of finance leases		(1,262)		(2,044)	
(receipt)/repayment of interest in joint venture		(41)		24	
net cash inflow/(outflow) from financing			395		(6,764)
decrease in cash	21		(2,877)		(3,406)

	2009-10	2008-09		
	total £000	continuing £000	discontinued £000	total £000
1. net expenses				
personnel costs	43,296	40,579	2,335	42,914
occupancy costs (excluding depreciation)	17,018	15,361	650	16,011
depreciation of owned assets	6,538	5,503	74	5,577
depreciation of assets held under finance leases	1,308	1,745	11	1,756
amortisation of goodwill	846	823	-	823
operating lease rentals - equipment and vehicles	306	302	293	595
fees - directors and committee members	134	148	-	148
expenses and delegations - directors and committee members	73	81	-	81
auditors' remuneration	65	73	-	73
other expenses	24,865	22,854	1,081	23,935
	94,449	87,469	4,444	91,913
exceptional items - other costs note 3	2,968	-	-	-
	97,417	87,469	4,444	91,913

Included within expenses is £6,143,000 relating to operating lease rentals for land and buildings (2008-09 - £5,943,000).

auditors' remuneration - other services	2009-10 £000	2008-09 £000
tax services	154	75
corporate finance services	35	121
pension scheme audit	4	4
other services	3	-
	196	200

	2009-10	2008-09		
	total	continuing	discontinued*	total
2. employees				
	number	number	number	number
the average number employed was:				
full time	1,195	1,049	141	1,190
part time	2,888	2,691	6	2,697
	4,083	3,740	147	3,887

* average number of employees has been calculated up to date of disposal.

the costs incurred in respect of these employees were	£000	£000	£000	£000
wages and salaries	40,273	37,622	2,090	39,712
social security costs	2,477	2,317	204	2,521
other pension costs	546	640	41	681
	43,296	40,579	2,335	42,914

Notes to the Group Accounts

continued

2. employees - continued

	2009-10	2008-09
directors' emoluments	£000	£000
the total remuneration of the directors for their board and committee duties was		
fees and delegations	126	132
redundancy	58	-

	number	number
the average number of directors whose emoluments fell into each £2,500 bracket was		
£2,501 - £5,000	-	1
£5,001 - £7,500	4	4
£7,501 - £10,000	7	8
£10,001 - £12,500	2	-
£12,501 - £15,000	-	1
£17,501 - £20,000	1	1
	14	15

	£000	£000
management executive emoluments		
the total remuneration of the management executive was		
wages & salaries	971	878
taxable benefits	78	74
pension costs	170	155
profit-related pay and long-term incentive scheme	475	299
	1,694	1,406

the number of management executives whose emoluments, excluding pension and benefits fell in each £10,000 bracket was

	number	number
£ 70,001 - £ 80,000	-	1
£100,001 - £110,000	1	1
£120,001 - £130,000	1	1
£140,001 - £150,000	1	-
£190,001 - £200,000	-	1
£240,001 - £250,000	1	-
£270,001 - £280,000	-	1
£310,001 - £320,000	1	-
£410,001 - £420,000	-	1
£510,001 - £520,000	1	-

3. exceptional items

	2009-10 £000	2008-09 £000
business integration costs	(2,968)	-
	(2,968)	-
gain on disposal of division	-	407
share of joint venture operating surplus	6	2,857
gain/(loss) on sale of fixed assets	230	(575)
	(2,732)	2,689

Exceptional costs relate to our share of the costs of the integration of Somerfield by the Co-operative Group, which will be recharged. The Society expects to realise significant benefits from enlarged distribution capability following the integration.

The share of joint venture operating surplus relates to the exceptional surplus on completion of the new office block development at our former Head Office at Fountainbridge.

4. net finance charges

	£000	2009-10 £000	£000	2008-09 £000
interest payable				
bank overdraft and loan	852		1,905	
finance leases	47		116	
other interest	61		42	
interest cost on pension scheme liabilities	2,600		2,835	
		3,560		4,898
less - interest receivable and investment income				
expected return on pension scheme assets	2,042		2,319	
listed investments	-		1	
unlisted investments	80		88	
other interest	70		259	
joint venture	35		-	
		2,227		2,667
		1,333		2,231

5. grants / donations

	2009-10 £000	2008-09 £000
member relation activities & grants	448	348
donations	66	73
	514	421

Notes to the Group Accounts
continued

6. taxation

	2009-10 £000	2008-09 £000
current taxation		
UK corporation tax charge for the year	1,642	2,175
adjustment in respect of prior years	(273)	65
joint venture	-	820
total current taxation	1,369	3,060
deferred taxation		
deferred tax on pension scheme	354	-
origination and reversal of timing differences	(340)	(227)
adjustment in respect of prior years	(106)	(251)
adjustment due to change of tax rate to 28%	-	2
total deferred taxation	(92)	(476)
total taxation charge	1,277	2,584

factors affecting tax charge for the year

	2009-10 £000	2008-09 £000
surplus before tax	5,561	9,085
tax on surplus at standard rate of corporation tax in the UK of 28.0% (2008-09 28.33%)	1,556	2,574
factors affecting charge for the year		
expenses not deductible for tax	468	584
capital allowances in excess of depreciation	305	245
movement in short term timing differences	(547)	(268)
income not taxable for tax purposes	(269)	(149)
chargeable gains	129	9
adjustments to tax in respect of prior years	(273)	65
current tax charge for the year	1,369	3,060

No provision has been made for deferred tax on revaluing property to its market value. The tax on the gains arising from the revaluation would only become payable if the property were sold without rollover relief being available. These assets are expected to be used in the continuing operations of the business and, therefore, no tax is expected to be paid in the foreseeable future.

Additionally, no deferred tax has been provided in respect of certain historical gains on disposal of fixed assets as such tax would only become payable if the replacement asset is sold without rollover relief being obtained. The tax which would be payable in such circumstances has not been quantified in the absence of March 1982 values.

7. intangible assets

goodwill	£000
cost	
31 January 2009	31,747
additions	490
disposals	(561)
30 January 2010	31,676
amortisation	
31 January 2009	18,112
provided for the year	846
disposals	(561)
30 January 2010	18,397
balance sheet value at 30 January 2010	13,279
balance sheet value at 31 January 2009	13,635

Additions in the year relate to the difference between the consideration paid and the fair value (which is assessed by the Directors as being open market value on the basis of existing use) of assets acquired.

8. tangible fixed assets

	land & buildings £000	investment properties £000	plant transport & fixtures £000	total £000
cost or valuation				
31 January 2009	36,498	63,634	89,236	189,368
additions	275	1,972	11,604	13,851
disposals	-	(303)	(6,837)	(7,140)
reclassification	(91)	81	10	-
revaluation	-	(102)	-	(102)
30 January 2010	36,682	65,282	94,013	195,977
depreciation				
31 January 2009	10,952	-	56,711	67,663
provided for the year	832	-	7,014	7,846
disposals	-	-	(6,113)	(6,113)
reclassification	(3)	-	3	-
30 January 2010	11,781	-	57,615	69,396
balance sheet value at 30 January 2010	24,901	65,282	36,398	126,581
balance sheet value at 31 January 2009	25,546	63,634	32,525	121,705

The net book value of the Society's fixed assets includes £2,000,000 (2008-09 - £3,500,000) in respect of assets held under finance leases. All assets under finance leases are held within plant, transport & fixtures.

Investment properties were valued independently as at 30 January 2010 at open market value on the basis of existing use by D M Hall Chartered Surveyors. The valuation was arrived at on the basis of an inspection and survey of a sample of the Society's total investment properties.

Notes to the Group Accounts
continued

9. fixed asset - investments

	2009-10		2008-09	
	shares £000	loans £000	shares £000	loans £000
unlisted				
C W S Ltd	1,252	-	1,252	-
other I & P Societies	1	-	1	-
others	18	-	6	4
joint ventures	52	-	11	-
	1,323	-	1,270	4
listed				
others	8	-	8	-
	1,331	-	1,278	4
	-		4	
	1,331		1,282	

The market value of the listed investments at 30 January 2010 was £23,000 (2008-09 - £24,000).

During the year £4,000 was received in relation to the repayment of loans (2008-09 - £1,000).

The group has an interest in three joint ventures. The principal activity of these companies is property development and they are incorporated in Great Britain and registered in Scotland.

Scotmid - Miller (South Queensferry) Limited is now a dormant company. The Society's investment in this joint venture represents 50% of the equity share capital at cost as shown below. The Society's investment in Scotmid - Miller (Great Junction Street) Limited and Scotmid - Bett (Fountainbridge) Limited represents 50% of assets in the balance sheets also shown below.

	shares £
Scotmid - Miller (South Queensferry) Limited	50

	Scotmid - Miller (Great Junction Street)		Scotmid - Bett (Fountainbridge)	
	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000
gross assets	24	28	469	55
gross liabilities	(14)	(17)	(427)	(55)
net investment	10	11	42	-

On 30 January 2003 the Society entered into certain guarantees in respect of obligations of Scotmid - Miller (Great Junction Street) Limited under its financing arrangements. In the event of a failure by Scotmid - Miller (Great Junction Street) Limited to meet certain obligations the guarantees require the Society (along with its joint venture partner) to meet any shortfall in interest payments, to fund any project cost overruns and to procure the completion of the project.

Notes to the Group Accounts
continued

10. debtors and prepayments due within one year

	2009-10 £000	2008-09 £000
trade debtors	359	517
sundry debtors	5,771	5,944
	6,130	6,461

11. creditors falling due within one year

	£000	£000
trade creditors	16,197	18,257
holiday pay	709	1,005
VAT	1,211	454
other sundry creditors	3,517	1,966
accrued charges	17,150	14,207
PAYE and social security	701	704
bank loan (see note 12)	1,500	9,375
obligations under finance leases (see note 12)	300	1,262
corporation tax	279	1,083
	41,564	48,313

12. creditors falling due after more than one year

	£000	£000
bank loans	27,375	17,875
obligations under finance leases	-	300
other creditors	1,081	1,548
	28,456	19,723

borrowings are repayable as follows:

bank loans		
between one and two years	1,500	1,500
between two and five years	15,500	4,500
after five years	10,375	11,875
	27,375	17,875
on demand or within one year	1,500	9,375
	28,875	27,250
finance leases		
between one and two years	-	300
on demand or within one year	300	1,262
	300	1,562
total borrowings including finance leases excluding bank overdraft		
between one and two years	1,500	1,800
between two and five years	15,500	4,500
after five years	10,375	11,875
	27,375	18,175
on demand or within one year	1,800	10,637
	29,175	28,812

The above loans are secured by a bond and floating charge over all the assets of the Society.
The finance leases are secured on the assets to which they relate.

Notes to the Group Accounts

continued

13. derivatives

The following table sets out the fair value for those derivatives that have not been included in the financial statements at fair value

	book value		fair value	
	2009-10	2008-09	2009-10	2008-09
derivative financial instruments held to manage interest rates	£000	£000	£000	£000
interest rate derivatives	-	-	(325)	(523)

The Society's interest rate derivatives have been taken out to hedge interest rate risk on the bank loan. The Society does not enter into derivatives for speculative purposes.

14. deferred taxation

	£000
balance at 31 January 2009	862
revenue account charge	(446)
balance at 30 January 2010	416

	2009-10	2008-09
the provision for deferred tax consists of the following amounts	£000	£000
capital allowances in excess of depreciation	759	1,170
other timing differences	(343)	(308)
	416	862

15. share capital

	£000	£000
at beginning of year	5,021	5,015
interest	257	181
contributions	155	145
	5,433	5,341
withdrawals	339	320
at end of year	5,094	5,021

(i) share capital comprises 5,094,000 shares of £1 attracting interest at 2%.(2008-09 - 4%).

(ii) shares are withdrawable on periods of notice in accordance with Rule 21, however, the directors retain the right to refuse notice of redemption.

(iii) each member is entitled to one vote.

In previous years, share interest was disclosed in other sundry creditors and then applied in the following year. In 2009-10, current year interest has been included in share capital. Interest for both years (2009-10 - £84,000 and 2008-09 - £161,000) are included as interest shown above.

16. movement on reserves

	revenue reserve £000	revaluation reserve £000	total £000
at 31 January 2009	54,420	30,669	85,089
surplus for year	4,284	-	4,284
transfer of realised revaluation arising on disposal of properties	46	(46)	-
loss on revaluation of properties	-	(102)	(102)
actuarial loss relating to the pension fund	(4,280)	-	(4,280)
at 30 January 2010	54,470	30,521	84,991

17. reconciliation of movements in shareholders' funds

	2009-10 £000	2008-09 £000
surplus after taxation	4,284	6,501
other recognised losses relating to year	(102)	(12,103)
contributions and interest less withdrawals of members' capital during year	73	6
actuarial (loss)/gain relating to the pension fund	(4,280)	11
movement in deferred tax on pension deficit	-	(248)
	(25)	(5,833)
opening shareholders' funds	90,110	95,943
closing shareholders' funds	90,085	90,110

18. financial commitments

	£000	£000
future capital expenditure contracted for but not provided for	1,343	2,074

This relates to refit work on stores.

Notes to the Group Accounts
continued

19. accounting for pension costs

The Society contributes to a number of defined contribution pension schemes. The assets of these schemes are held separately from those of the Society in independently administered funds. The costs relating to these schemes of £108,000 (2008-09 - £114,000) are included within note 2.

The Society operates a defined benefit (final salary) funded pension scheme, the Scottish Midland Co-operative Society Pension Plan. The plan is open to new entrants. The most recent full actuarial valuation was carried out at 26 January 2008. The actuarial valuation method used was the projected unit method. The actuarial assumptions which had the most effect on the result of the valuation were those relating to the rate of return on investments and the rate of increases in salaries and pensions. It was assumed that the investment return would be 6.9% pre retirement and 5.2% post retirement per annum, that the rate of salary growth would be 4.75% per annum, and the rate of pension increase for service between 05/04/97 and 05/04/05 would be 3.25% per annum, and from 06/04/05 would be 2.5% per annum.

At the date of review, the market value of the funds' assets was £33,800,000 and the actuarial value of the assets represented 72.5% of the actuarial value of all benefits accrued to members at that date, after allowing for future wage increases.

Employer contributions made in respect of the accounting period amounted to £2,267,000 (2008-09 - £1,924,000) which includes a special contribution of £1,800,000 (2008-09 - £1,000,000) in line with the agreed Schedule of Contributions from the 26 January 2008 valuation. Employer contributions for 2010-11 are currently estimated to be £2,289,000.

This valuation has been updated by the actuary to 30 January 2010 in order to comply with FRS 17.

the major assumptions used by the actuary were		at 30 Jan 2010	at 31 Jan 2009	at 26 Jan 2008
rate of increases in salaries		4.70%	4.50%	4.60%
rate of increases in pensions accrued post 05/04/97	LPI	3.20%	3.00%	3.10%
	RPI (maximum)	2.50%	2.50%	2.50%
rate of increase in deferred pensions		3.20%	3.00%	3.10%
discount rate		5.50%	6.90%	6.30%
inflation assumption		3.20%	3.00%	3.10%
expected return on the scheme assets		7.48%	6.92%	6.39%
life expectancy	male	85.2 years	85.2 years	84.8 years
	female	88.3 years	88.3 years	87.6 years

The fair value of the assets in the scheme, the present value of liabilities in the scheme and the expected rates of return at each balance sheet date were

	2009-10		2008-09		2007-08	
	expected long term rate of return	fair value	expected long term rate of return	fair value	expected long term rate of return	fair value
	%	£000	%	£000	%	£000
equities	8.00%	16,058	8.25%	11,615	7.50%	17,164
bonds	5.50%	19,103	6.90%	15,596	6.30%	16,760
other	1.50%	(63)	1.50%	(21)	4.50%	(205)
total market value of assets	6.65%	35,098	7.48%	27,190	6.92%	33,719
present value of scheme liabilities		(51,083)		(38,495)		(45,907)
deficit in scheme		(15,985)		(11,305)		(12,188)
related deferred tax asset		4,476		3,165		3,413
net pension liability		(11,509)		(8,140)		(8,775)

In setting the expected return on the assets as at 30 January 2010, we have taken into account the yields on government bonds and quality corporate bonds and the views of JLT in-house investment consultancy practice.

19. accounting for pension costs - continued

analysis of the movement in the scheme deficit in the year	2009-10	2008-09
	£000	£000
opening deficit in the scheme	(11,305)	(12,188)
current service cost	(445)	(540)
contributions	2,267	1,924
net financing charge	(558)	(516)
actuarial (loss)/gain	(5,944)	15
closing deficit	(15,985)	(11,305)

amounts included within operating surplus	£000	£000
current service cost	445	540

amounts included in other finance costs	£000	£000
expected return on pension scheme assets	(2,042)	(2,319)
interest cost on pension scheme liabilities	2,600	2,835
net finance cost	558	516

reconciliation of present value of scheme liabilities	£000	£000
opening defined benefit obligation	38,495	45,907
service cost	445	540
interest cost	2,600	2,835
contributions by employees	468	485
actuarial losses/(gains)	11,599	(8,446)
benefits paid	(2,524)	(2,826)
closing defined benefit obligation	51,083	38,495

reconciliation of present value of scheme assets	£000	£000
opening fair value of the scheme assets	27,190	33,719
expected return	2,042	2,319
actuarial gains/(losses)	5,655	(8,431)
contributions by employer	2,267	1,924
contributions by employees	468	485
benefits paid	(2,524)	(2,826)
closing fair value of the scheme assets	35,098	27,190

actual return on scheme assets	7,697	(6,112)

Notes to the Group Accounts
continued

19. accounting for pension costs - continued

history of experience gains and losses

	2009-10		2008-09		2007-08		2006-07		2005-06	
	%	£000	%	£000	%	£000	%	£000	%	£000
defined benefit obligation		(51,083)		(38,495)		(45,907)		(48,029)		(49,944)
scheme assets		35,098		27,190		33,719		37,294		35,981
deficit		(15,985)		(11,305)		(12,188)		(10,735)		(13,963)
actual return less expected return on pension scheme assets	16.1%	5,655	31.0%	(8,431)	13.8%	(4,662)	0.3%	129	10.9%	3,935
experience gains and losses arising on the scheme liabilities	0.4%	202	11.6%	4,484	0.9%	(424)	1.5%	729	2.3%	(1,132)
changes in assumptions underlying the value of scheme liabilities	23.1%	(11,801)	10.3%	3,962	8.0%	3,687	5.6%	2,705	14.2%	(7,065)
actuarial (loss)/ gain before tax	11.6%	(5,944)	0.0%	15	3.0%	(1,399)	7.4%	3,563	8.5%	(4,262)

amounts taken to the statement of total recognised gains and losses	2009-10 £000	2008-09 £000
actual return less expected return on pension scheme assets	5,655	(8,431)
experience gains arising on the scheme liabilities	202	4,484
changes in assumptions underlying the value of scheme liabilities	(11,801)	3,962
actuarial (loss)/gain before tax	(5,944)	15
net cumulative actuarial losses since 25 January 2003	(12,846)	(6,902)

20. cash flow statement : reconciliation of surplus

on ordinary activities to net cash inflow from operating activities	2009-10 £000	2008-09 £000
operating surplus	7,268	9,235
depreciation charges	7,846	7,333
amortisation of goodwill	846	823
increase in stocks	(3,468)	(5,186)
decrease in debtors	331	8,255
increase/(decrease) in creditors	2,424	(7,282)
movement in pension liability	(1,822)	(1,384)
net cash inflow from operating activities	13,425	11,794

21. cash flow statement : reconciliation of net

cash flow to movement in net debt	£000	£000
decrease in cash for year	(2,877)	(3,406)
cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(363)	6,794
movement in net debt for the year	(3,240)	3,388
opening net debt	(26,020)	(29,408)
closing net debt	(29,260)	(26,020)

22. cash flow statement : analysis of net debt

	at 31 Jan 2009	cashflow	other non-cash changes	at 30 Jan 2010
	£000	£000	£000	£000
cash at bank and in hand	3,830	40		3,870
bank overdraft	(1,038)	(2,917)		(3,955)
		(2,877)		(85)
debt due after 1 year	(17,875)	(11,000)	1,500	(27,375)
debt due within 1 year	(9,375)	9,375	(1,500)	(1,500)
finance leases	(1,562)	1,262	-	(300)
		(363)		(29,175)
total	(26,020)	(3,240)	-	(29,260)

Notes to the Group Accounts
continued

23. segmental reporting

	sales		operating surplus		net assets	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
class of business	£000	£000	£000	£000	£000	£000
retail / wholesale	317,718	296,117	5,595	6,989	24,803	26,476
property	4,620	4,633	1,673	1,678	65,282	63,634
continuing	322,338	300,750	7,268	8,667	90,085	90,110
discontinued	-	35,691	-	568		
	322,338	336,441	7,268	9,235		

"discontinued" are the results of the M&S Toiletries division which was sold on 8 September 2008.

24. operating lease commitments

At 30 January 2010 the commitment to make payments during the next year in respect of operating leases was as follows

	land & buildings	plant, transport & fixtures	land & buildings	plant, transport & fixtures
	2009-10	2009-10	2008-09	2008-09
leases which expire	£000	£000	£000	£000
within one year	219	193	854	44
within two to five years	1,956	127	1,328	255
after five years	4,032	-	3,632	-
	6,207	320	5,814	299

Notice of Meeting and Agenda of Business

Notice is hereby given that an Annual General Meeting of the Society will be held on Monday, 26 April 2010 at 7.00 p.m. at the following places: The Hilton Edinburgh Grosvenor Hotel, Grosvenor Street, Edinburgh and Cairn Hotel, Blackburn Road, Bathgate.

Agenda of business

1. Synopsis of Minutes of Ordinary General Meetings and Special Members' Meetings held on 5 October 2009
2. Obituary References
3. Appointment of Tellers
4. Constitutional Review update including consideration of:
   i) the adoption of revised Rules arising from the recommendations from the Constitutional Review;
   ii) the adoption of a completely new rule book;
   iii) a 6 month extension of the terms of office for Directors to enable elections at the OGM
5. Directors' Report/Annual Accounts
6. Nominations for West Regional Committee: 2 unfilled nominations for 8 Committee Member positions due for re-election
7. Elections for Regional Committees:
   East Region 2 Members to serve for 3 years, 4 Members to serve for 2 years and 1 Member for 1 year;
   North Region 1 Member to serve for 3 years and 2 Members to serve for 2 years;
   West Region 4 Members to serve for 3 years and 4 Members to serve for 2 years
8. Elections for the Board (only required if the extension to Directors' term of office is not approved)
   East Region 3 Members to serve for 6 months;
   North Region 1 Member to serve for 6 months;
   West Region 3 Members to serve for 6 months
9. Synopses of Minutes of Board Meetings
10. Consideration of remuneration for Office Bearers and Directors
    Present remuneration (per annum)
    President £9,750; Vice President £6,950; Directors £4,800;
    Regional Committee Chairman £2,400; Vice Chairman £1,975; Treasurer £1,850;
    Minute Secretary £1,750; Committee Members £1,650; Tellers £5
11. Consideration of the creation of a £35 Attendance Payment and the scale of Directors' Delegations
    Present Scale: Day Payment £105; Part Day Payment £65
12. Consideration of Remuneration for Auditors
13. Membership & Community Development Report
14. Society Co-operative Party Council Report
15. Reports by Members' Delegates on attendance at Scottish Co-operative Party Conference.
16. General business

Admission to General Meeting

Members will be admitted to the General Meeting by presenting their Share Book. Members will be eligible to vote if they have held a minimum shareholding of £1.00 for a qualifying period of 6 calendar months from the date of their admission to membership. Only Members whose principle residential address lies within the geographic boundaries of that region will be entitled to vote for individuals to represent that region unless approval is granted by the Secretary in advance of the meeting.

The next General Meeting (Ordinary General Meeting) will be held on Monday, 4 October 2010 at Edinburgh and Bathgate.

Board and Committee Members

Board Directors	Board	General Purposes	Audit	Risk	Remuneration	Search
Mr H Smallman (P)	14	12				4 (C)
Mr H Cairney (VP) ~	11	10			2(C)	
Mr J Anderson ~	13	10	3			
Mr I Bailey ~	12		3			4
Mr R Brown (R 30/11/09)	11					3
Mr J Gilchrist ~	14	2			2	
Mr J Hill È	10	8		1(C)		
Mrs M Hume (R 30/11/09)	10			2		
Mr D Jamieson	13					4
Mrs C Kerr (R 30/11/09)	10					3
Mr T McKnight	13	9	2			
Mr D Paterson	14			2		
Mr J Watson È	13	9	3(C)	2		
Miss A Williamson È	13	11			2	
Total Meetings held	**14**	**12**	**3**	**2**	**2**	**4**

Key P = President VP = Vice President MS = Minute Secretary T= Treasurer C = Committee Chair VC = Vice Committee Chair
A = Appointed R = Resigned

Mr Bailey and Mr McKnight were appointed to the Audit Committee on 19 March 2009. As a result of the reduction in the size of Board and Committees recommended by the Consitutional Review, 3 Directors, 6 Area Committee members and 3 members of the Member Relations Committee resigned on 30 November 2009. In addition, the Board approved the merger of the Audit and Risk Committees with effect from 1 February 2010. As a result of the reduced number of elected representatives and, in order to maintain an appropriate level of experience on the Committees, the Board approved the rotation of a selective number of Directors on 10 December 2009: Mr Paterson joined the Remuneration Committee, Mr Hill joined the Search Committee and Mr Hill and Mr Watson resigned from the General Purposes Committee.

The total number of meetings of the General Purposes Committee shown above, includes 10 meetings relating to the Consitutional Review. Following his appointment as Vice President, Mr Cairney was appointed to the General Purposes Committee on 10 March 2009. Mr Gilchrist was co-opted onto the General Purposes Committee on 10 March 2009 on a temporary basis and was replaced on 18 June 2009 by Tom McKnight following his appointment as Chairman of the West Area Committee

Mr Anderson is a Director of Co-operatives UK. Mr Smallman, Mr Cairney, Mr Jamieson and Mr Paterson are Trustees of the Scottish Midland Co-operative Pension Plan Limited.

Board and Committee Members
continued

East Area Committee		West Area Committee		Member Relations Committee	
Miss A Williamson (C)	12	Mr T McKnight (C - 16/4/09) #	12	Mr J MacKenzie (C) *	8
Mr J Hill (VC) #	11	Mr J Watson (VC) #	12	Mrs H Anderson (R 30/11/09)	3
Mr J Anderson (MS) *	13	Mr M Ross (MS - 16/4/09) *	12	Mrs C Bartholomew	8
Mr D Jamieson (T)	12	Mr J Gilchrist (T)	13	Mr R Carse (R 30/11/09)	7
Mrs A Anderson #	13	Mr I Bailey	11	Mr D Hop (R 30/11/09)	8
Mr R Brown (R 30/11/09)	9	Mr P Devenney	12	Mr K Kelly	11
Mr H Cairney	12	Mrs M Hume (R 30/11/09)	11	Mr D Reid *	10
Mrs C Kerr (R 30/11/09)	9	Mr R Kelt #	13	Mrs M Scott (R 7/2/09)	0
Mr S Kerr (R 30/11/09)	10	Mrs T McEleney (R 30/11/09)	10	Mrs B Swift (R 30/11/09)	9
Mr J Miller *	11	Mr D McGrouther (R 30/11/09)	11		
Mr D Paterson #	11	Ms A Milne (R 30/11/09)	10	**Co-opted Observers**	
Mrs J Reid	11	Mr D Muirhead *	11	Miss A Williamson	9
Mrs G Smallman *	13	Mrs M Ross (R 30/11/09)	10	Mrs A Milne (R 30/11/09)	7
Mr H Smallman *	13				
Mrs M Smith *	8				
Total Meetings held	13		13		11

Regional Committees

* Members due to retire by rotation in May 2009, whose term of office was extended by the Constitutional Review and are eligible for election

Regional Committee Members due to retire by rotation in May 2010 and are eligible for election

Directors

È Directors due to retire by rotation in May 2009, whose term of office was extended by the Constitutional Review and are eligible for nomination

~ Directors due to retire by rotation in May 2010 and are eligible for nomination

SCOTTISH MIDLAND CO-OPERATIVE SOCIETY LIMITED

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1859 2009

SCOTMID

at the heart of
Scottish communities

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