Annual Report and Financial Statements

52-week period ended 25 January 2026

The Southern Co-operative Limited
Registered Office: 1000 Lakeside, Western Road, Portsmouth, Hampshire, PO6 3FE Reg No. 1591R
(Co-operative and Community Benefit Societies Act 2014) England

Contents

1. CHAIR STATEMENT

Having completed my second full year as Chair of Southern Co-op, it has undoubtedly been the most consequential period of my tenure and one that has tested the Board's judgement, resolve and sense of responsibility to the Society and its Members in equal measure.

Throughout 2025, Southern Co-op had been operating in a very challenging environment. Rising employment costs, increasing energy prices, intense competition, the continued pressure on household budgets and a rise in retail crime all had an impact on the Group's performance. The impact of these difficult trading conditions, exacerbated by the Co-op Group cyber incident in May 2025, had meant that in the second half of the year Southern Co-op Group experienced a significant deterioration in its financial performance and available liquidity. This ultimately led to negotiating a transfer of engagements transaction with the Co-op Group which completed after the year end on 26 July 2026.

The decision to propose a transfer of Southern Co-op's engagements to the Co-op Group was not one the Board arrived at quickly or without significant deliberation. Our starting point was, as it always must be, the long-term interests of our stakeholders including Members, colleagues, customers, suppliers and the communities we serve. Over an extended period, the Board examined every credible path available to the Society including measures to strengthen performance and restructure costs and engagement with lenders. When it became clear that no alternative offered a sustainable long-term future for the Society as an independent organisation, the Board concluded, with considerable care, that a transfer of engagement represented the best available option for protecting what matters most.

Governance of that process was a responsibility the Board took seriously at every stage. We were determined that Members, the owners of this Society, would have meaningful opportunity to engage with the proposal, ask difficult questions and exercise their democratic rights. The strength of participation in the Special General Meetings process during May, and the clarity of the outcome, gave the Board confidence that Members understood both the gravity of the decision and the reasoning behind it. I am grateful to every Member who took part.

The Society received approval from the Financial Conduct Authority and formally transferred its engagements to Siena Co-operative Limited on 26 July 2026. This means the underlying business of the group continues to operate as a group under a new parent company, Siena Co-operative Limited, whereas our heritage Society Southern Co-op had ceased to trade at this point.

On behalf of the Board, I want to acknowledge the leadership shown by Ben, our Chief Executive, during what has been his extraordinary first year. Neither of us could have anticipated that our early time in our respective roles would involve guiding the Society through a decision of this magnitude. His calm and considered approach throughout has been invaluable. I would also like to thank the

Leadership Team and my fellow Board Directors, whose rigour and commitment during this period have been exemplary.

Co-operatives exist to serve their Members and communities, not just in favourable conditions, but especially in difficult ones. This year has demonstrated that principle in practice. The Board's task has been to ensure that Southern Co-op's ability to fulfil that purpose endures, and we believe the decision taken to join forces will provide the strongest possible foundation to do so.

Signed by:
Janet Paraskeva
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Janet Paraskeva, Chair of the Board

30-Jul-26 | 4:11 PM BST

2. CEO STATEMENT

When I joined Southern Co-op in August 2025, I did so because I saw a Society with a proud history, a clear sense of purpose and strong foundations on which to build. Having spent my career across retail, public service and purpose-led organisations, I was drawn to the unique role Southern Co-op, and co-operatives more broadly, play in the lives of Members, customers, colleagues and communities, and the opportunity to help shape the next chapter of a Society that had served its communities for more than 150 years.

The pace at which prevailing circumstances became more apparent during my first year was both unexpected and significant. Southern Co-op has weathered wars, recessions, changing consumer habits and profound social change throughout its existence, and independence has long been central to its identity. The proposal to transfer our engagements to Co-op Group post year end was therefore among the most consequential decisions in the Society's history and not one the Board reached lightly.

A challenging economic environment, including inflationary pressures, rising employment costs, retail crime, high street competitors and shifting consumer behaviour, has placed significant strain on our performance and long-term sustainability. In addition, the malicious cyber-attack on Co-op Group in April 2025 had a substantial impact on product availability across all our retail stores, in turn adding more challenges to our financial performance and resulted in the Society recording a trading loss of £38.7m for the financial year (2024/25 loss £6.7m). Included in that loss was a £15.7m impairment charge (2024/25: £0.8m) reflecting the fact that a large number of stores were no longer generating sufficient profitability to support the carrying value of store assets.

Towards the end of 2025, and despite the dedication of our colleagues, the strength of our brands and the loyalty of our Members, it became clear that the Society's financial position had deteriorated to a point where immediate action was required. The Group's liquidity has been severely impacted by the fall in trading performance, caused by deterioration in economic conditions and the cyber event at the Co-op Group. Despite the fact that several mitigating actions and cost saving measures were deployed, the Group could not secure adequate funding and maintain liquidity headroom. At as the year end our net debt position was £14.8m (2024/25: £13.7m), in addition we have deferred £7.0m of supplier payments to manage our liquidity pressures. Having thoroughly explored several viable options, the Board concluded that remaining independent was no longer financially sustainable.

The overwhelming support shown by our Members throughout the Special General Meeting process was a testament to the seriousness with which they approached this decision and their shared commitment to securing a sustainable future for the Society.

Since announcing our proposal to join forces with Co-op Group, our focus has been on protecting what makes Southern Co-op special: our colleagues, our services, our community presence, our Member value and our place within the wider co-operative movement.

While the financial challenges facing the Society have rightly received significant attention, they tell only part of the story of this year. The fuller story is one of resilience and it is one I have witnessed first-hand.

I have spent much of my first year travelling across our Society, meeting colleagues, listening to Members and visiting stores, funeral homes, crematoria and central support teams. Everywhere I have gone, I have seen people who care deeply about the communities they serve and about one another. I have seen professionalism in difficult circumstances, commitment during periods of uncertainty and a determination to continue delivering excellent service regardless of the pressures facing the Society.

The Member vote to join forces was with the long-term interests of the Society at heart, but I recognise that for some colleagues, the period of transition had brought questions and uncertainty. To all my colleagues who contributed to Southern Co-op during a demanding, and at times unsettling period, I want to express my gratitude and respect for the professionalism and commitment you showed.

To our Members, customers, partners and communities: thank you for your continued trust and loyalty.

Reflecting on the end of Southern Co-op as an independent Society, its heritage does not lie in its name. It lies in the generations of colleagues, Members and communities who shaped the Society and worked to uphold its values, its relationships and the community impact that defined us.

That is what will endure and I'm confident that those values will carry forward to shape what comes next as we become part of a bigger, stronger and more resilient co-operative.

Signed by:
Ben Stimson
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Ben Stimson
CEO

30-Jul-26 | 3:01 PM BST

3. FINANCIAL AND OPERATING REVIEW

Financial performance

Our 2025 financial year was characterised by a challenging consumer environment across the UK retail, funeral and hospitality sectors. While inflation moderated from the peaks experienced in previous years, household budgets remained under pressure from elevated living costs and continued economic uncertainty. Consumer confidence improved intermittently during the year but remained fragile, with spending decisions increasingly focused on value, convenience and trusted brands. Across all our sectors, ongoing cost pressures from wage inflation, employer National Insurance increases, energy costs and broader operating expenses were also evident.

As described in the Chair's and CEO's statements, during the year Southern Co-op has experienced a significant deterioration in its financial performance and available liquidity. This ultimately led to a transfer of engagements transaction with the Co-op Group which completed on 26 July 2026.

Rising employment costs, increasing energy prices, intense competition, the continued pressure on household budgets and a rise in retail crime have all had an impact on the Group's performance. The impact of these difficult trading conditions, exacerbated by the Co-op Group cyber incident in May 2025, has meant that 2025/26 retail revenue reduced by 3.9% to £447.5m. This reduction was partially offset by the comparatively stronger revenues from Cobra Coffee and funeral services. As a result, Group turnover reduced by 2.3% to £531.4m.

Gross margin percentage remained broadly flat at 31.6% (2024/25: 31.7%) supported by a strong performance from Cobra Coffee, Welcome franchise and funeral services which generated gross margins of 72.7% (2024/25: 71.6%), 45.7% (2024/25: 49.2%) and 63.4% (2024/25: 62.2%) respectively.

Administrative expenses increased from £179.0m to £206.7m, with most of the £27.7m increase in 2025/26 being attributable to:

- an impairment provision of £15.7m mainly in relation to 58 underperforming retail and Cobra Coffee stores, reflecting the fact that a large number of stores were no longer generating sufficient profitability to support the carrying value of store assets;
- a £6.0m increase in payroll costs driven by increases in New Minimum Wages and Employer National Insurance, and
- £4.1m closure costs of 26 retail stores.

The combined effect of reduced revenues and increased costs resulted in a £38.7m trading loss (2024/25: £6.7m loss). Group operating loss of £35.1m (2024/25: £2.6m loss) benefited from the funeral plans' revaluation gain of £3.2m (2024/25: £3.2m).

Interest payable increased to £2.4m during the year (2024/25: £1.8m) reflecting higher usage of the Revolving Credit Facility and overdraft facilities. After taking account of interest cost, loss before tax for 2025/26 was £36.8m (2024/25: £4.5m loss)

Net assets

Net assets decreased from £112.2m to £78.2m as a result of poor financial performance and Q4 liquidity pressures. Most of the net assets' decrease was due to the £20.5m increase in trade creditor balances impacted by payment delays and deferrals as the Group was carefully managing its liquidity position towards the end of the year. In addition, the fixed assets impairment provision for underperforming stores contributed £15.7m towards the net assets' reduction.

The above-mentioned liquidity pressures resulted in worsening Group's net debt position from £13.7m to £14.8m. In addition, our liquidity management measures meant that the deferred payments to suppliers at the year-end amounted to £7.0m.

FOOD RETAIL

Within food retail and convenience, Members and customers continued to prioritise essential spending while remaining highly price conscious as well as seeking local, accessible shopping options with greater flexibility in how and when they shop. Our investment in digital capabilities, including home delivery and loyalty propositions such as Member pricing and offers created sales opportunities in a market characterised by discretionary spending.

Store Openings

Our new store at Fontwell, Chichester opened in August 2025. This was the first new store to open with our ICA (International Co-operative Alliance) branding and new store format including Post Office.

Store Refits

Our Bradford on Avon and Clanfield food stores underwent re-formats including the adoption of ICA branding. Significant improvements were made to both store's layout, look, and feel, alongside comprehensive updates to equipment, enhancing both functionality and aesthetics.

Enhancements both internally and externally included energy-efficient LED lighting and shop floor refrigeration upgrades to deliver significant energy savings. This also aligned with our sustainability goals and regulatory requirements by reducing our reliance on F-gases (fluorinated greenhouse gases are potent contributors to global warming) and lowering the overall environmental impact.

Store Closures

To address several persistently loss-making stores, we made the decision during the year to divest of 26 retail sites. Within the year, and concluding by the end of the first quarter of 2026, most of these stores were sold as going concerns to Welcome franchisees or other third-party retailers. However, nine stores permanently closed following either failure to secure a suitable buyer or the lease ending.

Home Delivery

We experienced another year of strong growth in our home delivery service, with the introduction of Deliveroo alongside our established partnerships with Uber Eats and Just Eat. Over the course of the year, we expanded delivery availability across all three platforms to 143 stores, with the remaining locations offering a click-and-collect service.

Food to Go

Within our Food-to-Go offering, we launched a trial partnership with West Cornwall Pasty Company in seven stores, providing a premium hot food range. We also expanded our Rollover product range to five additional sites. The installation of five Tango Ice Blast machines had further diversified our frozen drinks offering, alongside the continued rollout of Slushy Jacks machines, giving brand choices to our members and customers.

In Post Lockers

During 2025, we introduced InPost lockers to 25 stores, which resulted in more than 370,000 utilisations and driving increased footfall to our food retail locations.

Local Flavours

In 2025, we launched over 700 new products, which strengthened the range through trusted partners and new collaborations. Curd & Cure, Hunt's Food Service, and CTC Wholesalers provided exceptional support during system and availability challenges following the Co-op Group's cyber-attack.

FRANCHISING

Cobra Coffee

In hospitality, the sector experienced a mixed trading environment. Consumer demand for social experiences and affordable treats remained evident, but we faced significant headwinds from higher employment costs, inflationary pressures and cautious discretionary spending. Coffee continues to demonstrate resilience as an accessible indulgence for consumers, although competition intensified as customers increasingly balanced value, quality and experience. The market also continues to evolve through greater demand for premium products, convenience, digital ordering and loyalty-led engagement. Focus was on maintaining a strong customer proposition while carefully managing costs and productivity.

We opened 8 new sites in the year including our 13th Drive Thru site in Crawley. We ended the financial year with 82 stores, following the closure of three High Street stores given the strategic focus on Drive-Thru and out of town locations.

Welcome

We continued to grow with 5 new Welcome stores opened in 2025, including our first store in Shropshire, a Welcome Texaco forecourt in Wem. At the close of the year, we had 30 franchise partners with 73 Welcome stores.

The Welcome brand was recognised at the Retail Industry Awards 2025 in London with the Highly Commended award for Best Symbol/Franchise of the Year ahead of many well-established chains.

END OF LIFE SERVICES

The funeral sector continued to operate against a backdrop of changing customer expectations and increasing cost pressures. Demand remained relatively stable given the essential nature of funeral services; however, the market continued to see a shift towards lower-cost options such as direct cremation and greater price transparency. Clients have increasingly sought personalised services while carefully managing expenditure. We also experienced rising costs associated with people labour, energy and fleet operations reinforcing the importance of service quality and community trust.

Funeral Plans

This year, funeral plan sales were up 45% year on year and we sold over 1,000 plans for the first time since 2018/19. The continued drive towards the lower cost option of Direct Cremation had seen 60% of plans sold being for this type of funeral.

Improving the client experience

We opened a brand-new funeral home in Highcliffe, Dorset, our first new home for 6 years. A redesigned funeral care website was also launched with improved navigation and accessibility for clients using our pre-need and at need services. We made significant investments in care facilities at our Hinton Park Woodland Burial Ground to create a modern, sustainable care centre for families in Hinton and the surrounding area.

The positive service we delivered is reflected in our Google review score at 4.7 stars. The team have continued to engage with communities supporting local events and building valued relationships.

Crematoria and Natural Burial Grounds

Year-to-date death rates across our trading areas have fallen significantly, down 4.5% versus the prior year; however, market share has increased by 1.5%.

In the reporting year, we carried out 4,454 cremations across The Oaks and East Devon Crematoriums. Across our burial grounds, we undertook over 700 interments through full burials or ashes interments.

In addition, following the completion of construction works, our joint venture investment at Tamar Valley Crematorium opened for services in the North of Plymouth in October 2025. The crematorium is located to serve both West Devon and East Cornwall and for many communities will be their nearest available facility.

Probate and Later Life Planning

Following expansion to our funeralcare offer including cremation and burial operations, we reviewed opportunities to diversify further within the market. This year, we launched Probate and Later Life Planning, which includes services including Wills and Lasting Power of Attorney.

We are encouraged by the positive engagement with our Probate and Later Life Planning service, reinforcing the importance of providing support to clients during key life stages. The response highlights the value of offering a comprehensive range of end-of-life planning services that help clients and their families navigate complex decisions with confidence.

Our Probate and Later Life Planning service continues to be available to all clients, creating further opportunities to deliver meaningful guidance, add value to client relationships, and support families when they need it most.

PEOPLE

Recruitment and attraction

In 2025, recruitment performed strongly, particularly during the high-volume peak period of July to September with an average time to offer of 21 days. During the year we received more than 44,000 applications and recruited just over 2,000 new colleagues.

Apprenticeships

This year saw a 43% increase on last year's best apprentice intake, bringing the total number of colleagues undertaking apprenticeships in 2025 to 70. 2025 has seen the highest number of completions and the lowest number of withdrawals, showing the overall quality of apprentices is improving.

Work Placements and Supported Internships

This year we have completed 109 placements in Retail across 54 of our stores.

Placements and supported internships are now managed via the same portal used for all Southern Co-op roles, allowing previous placement experience to be linked to future applications.

Pay, Reward and Gender Pay Gap

We strengthened the governance and consistency of our pay approach across the organisation. This included aligning any identified pay differentials and improving consistency of pay and reward practices across business areas.

We developed pay proposals that balanced cost control with fairness, addressed pay compression and inequalities, and supported the management of talent and retention risk, while recognising experience and contribution.

Wellbeing support

During the year, colleagues made use of a range of wellbeing and financial support services.

- 105 colleagues confidentially contacted The Aviva Employee Assistance Programme
- 343 colleagues registered for Our DigicareWork+ app – an on-demand access to 24/7 digital GP and wellbeing services
- 220 colleagues accessed services through The Money Co-op, supporting savings, affordable lending and financial resilience.
- 271 colleagues registered for MyEva, providing access to financial support and resources, reflecting growing awareness and engagement with inclusive wellbeing initiatives.

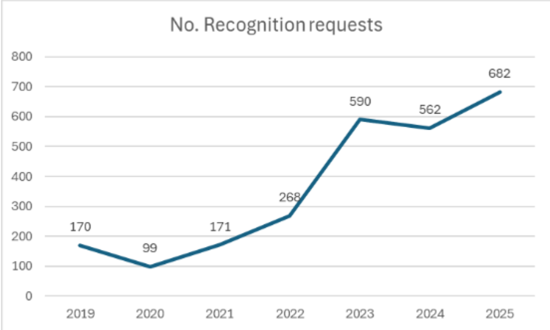
EV Car Salary Sacrifice Scheme

In collaboration with Octopus, we launched an EV car salary sacrifice scheme during the year, giving colleagues the option to exchange part of their salary for an electric vehicle. Five vehicles are already on the road, with one more on order, equating to approximately two tonnes of CO_2 emissions saved, or the equivalent of 1,024 trees.

Recognition

During 2025, we strengthened manager awareness and encouraged consistent use of the Recognising U tool across all businesses. Recognition plays an important role in shaping our culture, reinforcing our values and supporting colleague motivation, attraction and retention. Managers used the tool to acknowledge colleague contributions and behaviours aligned to our values, helping embed consistent, day-to-day recognition as part of effective leadership.

The graph below shows the results of this increased focus, demonstrating continued progress in supporting a culture of recognition across the organisation.



Academy onboarding

This year, we replaced our Welcoming U induction guide with modern, digital interactive learning guides designed to give every colleague a personalised introduction to Southern Co-op. The new guides are role-specific, mobile-friendly, and automatically updated by the Academy.

All new starters across Retail, ELS, and Central Support received these guides, and ensures every colleague starts their journey with clarity, confidence, and a strong connection to our culture and values.

Internal Promotions and Training

The Academy team worked closely with Area Managers and Store Manager Training Managers to provide the necessary promotional training to our Duty Manager colleagues who were deemed our next Store Managers. 14 colleagues successfully completed the Management Essentials Programme and are now running stores as a result.

Protecting Our People

As widely reported retail crime remains a significant challenge across the UK convenience and food retail sector. Organised retail crime, repeat offending and the targeting of high-value products remain a widespread issue, placing increased pressure on colleagues, operational resources and profitability. The impact extends beyond direct financial losses, with retail crime continuing to affect colleague wellbeing, customer experience and perceptions of safety within local communities.

We have continued to invest in colleague training, store security measures, technology solutions and partnerships with local police forces and community safety organisations. In 2025, the Academy team digitalised Protecting Our People (POP) training which resulted in a digital module that all colleagues not just store managers could undertake at any time in their working day.

We also piloted an externally run De-escalation and Personal Safety classroom sessions, led by specialists in their field. This was aimed at supporting those managers who work in high-risk stores. The course was an outstanding success and subsequently offered out to more stores.

While greater government, policing and industry focus on retail crime provided some positive momentum during the year, the operating environment remained challenging. We continued to advocate for stronger enforcement, more effective sanctions for repeat offenders and improved collaboration across the criminal justice system. Protecting colleagues, customers and community assets remained a key operational priority throughout the year, alongside efforts to reduce losses and maintain safe and welcoming retail environments.

CLIMATE ACTION

Carbon Emissions

Our scope 1 & 2 emissions for 2025/26 year were 12,220 tonnes. This is 16% lower than last year, and 35% down on our 2019/20 baseline. We are now 70% closer to achieving our near-term scope 1 and 2 target. (Scope 1 & 2 emissions includes refrigerant gas leaks, gas, company car travel and electricity)

Our refrigerant gas leak emissions are down 16% compared to last year. This has been driven by our obsolete refrigeration programme, and development of more granular monitoring of our F-gas refrigerant data.

In 2025:

- We invested in renewable energy, having entered into a corporate power purchase agreement sourcing electricity from the London Array wind farm. This will provide up to 5,900 MWh of energy for us annually (15% of our requirements), which is the equivalent to powering up to 40 retail stores per year.
- We upgraded refrigeration in 5 sites through our obsolete refrigeration programme. This ensures the refrigerant gas has a low environmental impact, and the refrigeration is more energy efficient. We have also started to use A2L refrigerants in new installations, which have a lower environmental impact and are helping to future-proof our refrigeration.
- New cremators were installed at The Oaks, which have saved up to 39% in gas and electricity usage compared to the previous cremators. These also have a capacity for hybrid cremation (electricity and gas).
- We upgraded the mortuary at Basingstoke Funeralcare home, making the mortuary more energy efficient.
- We installed Building Management Systems and Resource Data Management at 6 retail sites, optimising equipment energy efficiency.
- We piloted new LED lighting in 5 Cobra Coffee sites, which has saved up to 49% in electricity consumption on average per site.
- We reviewed our electricity meters and lowered their power capacity where possible, saving money on electricity bills.
- We engaged with colleagues in our retail stores on their energy use, through ‘Energy School’. This empowers colleagues to help their stores to save carbon and money from their

electricity use. We have developed E-learning, a colleague champion group and energy leaderboards to help embed the campaign.

Environmental Performance Data

KPIs	2019/20	2024/25	2025/26
Scope 1 GHG emissions fuel (tCO_2e)	843	830	647
Scope 1 GHG emissions Refrigeration (tCO_2e)	7832	5999	5030
Scope 1 GHG emissions Transport (tCO_2e)	540	383	384
Scope 2 GHG emissions Energy Electricity	9552	7361	6159
Total Scope 1 & 2 emissions (tCO_2e)	18,767	14,573	12,220
Carbon intensity (tCO_2e per £m sales)	40	35	23
Total energy consumption (kWH)	41,955,158	41,455,912	39,801,658

We have chosen voluntarily to align our carbon emissions reporting with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations) which implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). Reporting is in line with the GHG reporting protocol corporate standard and DEFRA's Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019. We have used DEFRA's greenhouse gas reporting conversion factors 2025, 2024 and 2019 to calculate our carbon footprint. We refer to 'carbon' and 'carbon reduction'. In all cases we are referring to our total greenhouse gas emissions expressed as their carbon dioxide equivalent.

COMMUNITY

This year we continued to support the creation of greener, safer and healthier communities through grant giving and donations. In 2025, we launched seven funds aligned to our strategy (Safer, Greener x 2, Wellbeing, Food, Wilder and Winter) which good causes and charities were able to apply for if they matched the criteria. Across the seven funds, we received 245 applications resulting in 136 charities and good causes receiving a share of £645,000.

Colleagues completing long service milestones can nominate a charity to which we make a donation. This year, we donated £1,300 to charities across the UK. We donated £4,305 of funds to support key charitable awareness days, including Baby Loss Awareness, Suicide Prevention, Macmillan Coffee Morning and Remembrance Day.

In a rolling 12 months, 45 charities have received £76,000 of donations via the metal recycling programme. Charity recipients included the Rowans Hospice, Riding School for the Disabled and CRUSE Bereavement.

We maintained our long-standing community relationships with corporate partners including Hampshire and IOW Wildlife Trust, Plunkett UK and Express FM via ongoing funding and wider support.

4. REPORT OF THE GOVERNANCE AND MEMBERSHIP COMMITTEE

Our Governance Structure

MEMBERS

As a co-operative, Southern Co-op were owned by its c.300,000 Members who were at the heart of everything it did. Profits were reinvested back into the business, utilised to improve operations, services, sustainability and to advance climate action. Profits were also shared to support trading communities and are shared with Members where surplus was available.

Members had a say in shaping the Society's future, and in electing the Board of Directors, enabling the achievement of business, community and wider goals.

OUR BOARD OF DIRECTORS

The Board of Directors consisted of ten Non-Executive Directors, including eight elected Members (two of which were Colleague Directors), and two Directors co-opted to fill key gaps (Board Chair position and Diversity). The Audit & Risk Committee was chaired by an Independent Non-Executive Director, who was not a member of the Board.

At the 2025 Annual General Meeting (AGM held on 11 June 2025), **Judith Feeney** and **John Harrington stood down** from the Board, and **Mindy Noble** and **Karen Allman** were elected as Non-Executive Directors.

The Board of Directors was responsible for maintaining a Board elected by Members that is individually and collectively qualified to lead an organisation of the size and complexity of Southern Co-op. Directors were required to have an appropriate balance of skills, experience and knowledge of Southern Co-op and its businesses to enable them to discharge their individual and collective duties and responsibilities effectively.

During the year, the Board held its regular scheduled meetings. Additionally, frequent Special Board Meetings were convened during and after the year end to enable discussions on viability options and considerations with respect to the transfer of engagements.

OUR CHIEF EXECUTIVE AND LEADERSHIP TEAM

The Board appointed a Chief Executive, who was responsible for conducting the day-to-day business of the Society.

Acting under the delegation of the Board, but together with the Leadership Team, the Chief Executive worked with the Board on the creation of strategies and policies.

The Governance and Membership Committee supported the Board in overseeing the Society's governance arrangements, Member engagement activities and democratic processes.

In line with its Terms of Reference (reviewed annually) during the year, the Committee considered matters relating to governance oversight, Member strategy and engagement including the new Retail App and the process of the two Special General Meetings in relation to the proposed transfer of engagements process.

Member Engagement

Membership continued to play a central role in how we grew loyalty, differentiated Southern Co-op in a competitive market, and brought customers closer to the values and impact of a member-owned organisation. Throughout 2025/26, we continued to focus on growing our membership base and increasing engagement of Members from both trading and democratic perspective.

By 5 January 2026, our membership base totalled 313,703 Southern Co-op Members. We welcomed over 79,000 new Members in 2025. The percentage of our Members actively transacting with Southern Co-op 2025/26 was 70.19% (2024/25 65.4%).

We continued to prioritise clear, everyday value for Members through essential lower prices and regularly refreshed Member offers. This approach remained the primary entry point into membership, supporting consistent growth while creating opportunities to engage more deeply over time.

2025/26 was designated the International Year of Co-operatives, and this provided an important platform for us to reinforce what it truly means to be part of a co-operative. Across our member engagement activity, we placed renewed emphasis on educating Members about co-operative principles, how their voice matters, and the tangible ways they can influence and support the Co-op way.

At the beginning of the year we delivered a membership survey to over 250,000 Members. More than 20,000 Members took the time to respond, providing rich insight into their understanding of membership, motivations for joining, and how they wanted to engage with Southern Co-op. These insights have been instrumental in shaping how we engage more meaningfully with Members going forward.

A highlight of the year was last summer’s Shine a Light initiative. Members were invited to nominate fellow Members who live our co-operative values and make a difference in their local communities. Nominations were reviewed by a panel of colleague Members, who selected five winners from across our trading area. This initiative was a genuine celebration of co-operation in action - by Members, for Members.

We also took membership engagement beyond our stores by participating in two external summer events, promoting membership to new audiences, alongside hosting in-store “Talk to Us” events. These sessions invited local Members to meet with leaders and directors, ask questions, and share feedback on membership and the wider business. The quality of these conversations proved invaluable, offering direct insight into how membership is perceived by both new and long-standing Members.

We continued to engage Members through our All Together newsletter, publishing four editions during the year. These communications played an important role in keeping Members informed about the performance, priorities and impact of the business, building trust, connection and engagement.

Additionally, thanks to our Members using their membership cards in-store, we have been able to donate £100,500 to food bank charities.

Special General Meetings

Post the year end, the Society convened two Special General Meetings (SGM) to enable Members to vote on the proposed Transfer of Engagements. In the lead up to the meetings, Members received communications by email and post setting out the Board's recommendation, details of the proposed Transfer of Engagements, information on how to vote, and the importance of participating. Key documents, FAQs, updates and supporting information were also made available on the Society's website throughout the process. Members were able to cast their vote by attending the meetings in person, participating online or appointing a proxy, ensuring a range of accessible voting options.

The resolution passed at both meetings.

First SGM: Yes 12,969 | No 392 | Withheld 133

Second SGM: Yes 15,734 | No 357| Withheld 223

The Board remained committed to maintaining appropriate Member engagement and transparent democratic processes throughout the proposed transfer of engagements process, which was supported by the appointment of independent scrutineers, Civica.

5. REPORT OF THE BOARD'S AUDIT AND RISK COMMITTEE

The Audit and Risk Committee provided independent oversight of financial reporting, internal controls and risk management. It operated under Board approved Terms of Reference, (reviewed annually), and reported regularly to the Board.

Its remit included review of financial statements and key judgements, oversight of internal and external audit, monitoring of internal controls and risk systems, and review of whistleblowing arrangements. It recommended the appointment and remuneration of the external auditor and monitored auditor independence.

The Committee was comprised of Board Members with relevant experience with an independent Chair providing additional external expertise.

During the year, the Committee considered reports from internal and external audit and received risk management updates.

Independent External Advice

The Committee met its internal auditor, KPMG, and external auditor, BDO, at each regular meeting and had the opportunity for discussion without management being present. Both the external and internal auditors had direct access to the Independent Chair of the Board and the Independent Chair of the Audit and Risk Committee at all times.

Enterprise Risk Management

The identification and management of risk reduced the uncertainty associated with Southern Co-op's business strategies and operations and allowed Southern Co-op to maximise opportunities that arose. Southern Co-op managed risks in a proactive and effective manner to provide assurance to the Board of Directors and stakeholders. It aimed to operate efficiently while meeting the required standards of accountability, compliance, and transparency.

To facilitate this commitment, the following principles underpinned the risk management objectives:

1. Alignment of risk management processes with Southern Co-op's core and main support activities, including strategic and business planning, decision-making, and policy governance
2. Identifying risks through a process of reviews at varying levels of the business
3. Ensuring that risk information is communicated through a clear and robust reporting structure
4. Ensuring that in managing risks, Southern Co-op fully complies with all relevant legislation, standards and regulations.

Risk Appetite

The Board established a number of risk categories, and it assessed risks against these. A risk appetite was defined by the Board in relation to each risk category. The Leadership Team used these risk appetites to plan its management of the identified risks accordingly. The risk categories and risk appetites were reviewed annually, or sooner if required, to ensure that they remained appropriate.

The Board sought to balance Southern Co-op's risk position between promoting innovation, creativity and investment to drive growth, with the need to maintain stability in the long term. The Board determined its risk appetite towards the middle of the risk-taking spectrum, taking an open stance to financial risks, an open/active stance to operational risks and a cautious approach to reputational, legal/regulatory and governance risks.

Where Southern Co-op applied a 'cautious' approach to risk, our preference was to adopt safe options that have a low degree of residual risk, accepting that this may limit opportunities and may create additional cost to the business.

Where we were 'open' to risk, we were willing to consider potential options and selected the one that was most likely to result in successful delivery while also providing an acceptable level of reward and value for money. In some areas of business there was a need to be innovative and to seek to capitalize on opportunities, despite that there may have been a greater inherent risk in doing so. In these instances, we adopted an 'active' risk position. In all cases, risk was assessed, and appropriate measures to mitigate risk within the risk appetite were determined by the Board.

Risk Identification

During 2025, Southern Co-op identified risks and opportunities through Directorate Risk Registers. The level of each risk was set by considering consequences and the likelihood of a risk materialising. Risk mitigation, along with metrics to determine the success of such mitigation, was also captured.

On completion of the Directorate Risk Registers, workshops were held with the Leadership Team to review and determine the key strategic risks.

In January 2026, the Board and Leadership Team determined six risks as a 'Very High' rating summarised as follows:

1. Financial resilience: cash flow

Towards the end of 2025 the Group's liquidity had been severely impacted by the fall in trading performance, caused by deterioration in economic conditions, mainly from increased employment cost (NIC and National Living Wage) from April 2025, the impact from the cyber event at the Co-op Group from May 2025 onwards and the normalising supplier payments from September 2025 onwards. Despite several mitigating actions including temporary overdraft extension and cost saving measures being deployed, the Group could not secure adequate funding and maintain liquidity headroom., Post year end the Society, formally transferred its engagements to Siena Co-operative Limited on 26 July 2026.

2.Cost base

Increases in energy costs, the National Living Wage, National Insurance costs, and environmental levies continued to have a significant impact on operating costs.

The Group continued to review its operating structures to ensure alignment with business needs and to gain maximum efficiency, utilising systems technology to enhance delivery and improve procurement processes for goods and services.

3. Consumer and Societal Change

The changing face of retail and consumer demand saw a move towards online and on-demand shopping. Outside of retail, and in response to consumer demand, a new probate service and a new online direct cremation service were launched, both designed to complement the existing end of life offer.

Further, due to societal challenges, we continued to see violence and aggression directed at frontline colleagues, particularly in our retail stores, for which we took a collaborative approach with external partners, including a dedicated Steering Group (Protecting our People) and a range of risk-based proactive and reactive strategies.

4. Third party dependency on supply chain

There was a range of controls to assess and mitigate the risk to the Society's supply chains. However, the cyber-attack on Co-op Group demonstrated the impact such disruption can have.

A renewed focus in 2025 saw additional mitigation to reduce the risk of supply chain failure across all areas of the Society. This included assessment of operational resilience, additional/increased insurance policies and onboarding of contingency suppliers.

5. Climate change and impact of global events (macro risk)

The external environment in which we operate was and continues to become more volatile and unpredictable. Climate change and global events impact the Society in both the short and long-term. Our Climate Action Group oversaw our sustainability strategy and our drive to net zero. New energy efficient cremators were installed in the Oaks in 2025, and the programme of refrigeration upgrades helped deliver this strategy.

6. Technology: cyber risk

Southern Co-op had a range of controls in place to mitigate the cyber security risk. A new IT strategy and structure was launched in early 2025. Additional measures to further strengthen security were taken following the cyber-attacks on Co-op Group, M&S and other retailers. The risk remained heightened given the voracity of current external threats and prevalence of attacks within the retail sector. Learnings from food outage continued to be applied to ensure greater resilience in the event of a similar occurrence in the future. We continued to mitigate cyber risks through a multifaceted approach to technical and administrative security configuration.

Prevention of Bribery, Money Laundering and Financial Crime

Southern Co-op maintained a zero-tolerance approach to bribery, money laundering, terrorist financing and other financial crime. Policies, training, proportionate risk assessments, supplier due diligence and reporting channels mitigated risk, with breaches treated as gross misconduct and appropriate action taken, including termination of relationships and reporting to authorities where required.

The Audit and Risk Committee and management were not aware of any instances of bribery, money laundering or terrorist financing during the year.

Internal Control

Southern Co-op applied the Co-operatives UK Corporate Governance Code of Best Practice and maintained a framework of internal controls and delegated authorities which covered financial, operational, and compliance risks.

The control environment operated within Board approved policies, with clearly defined organisational responsibilities and delegated authorities. Capital and operational expenditure thresholds, together with subsidiary oversight arrangements, were set within agreed limits, with larger transactions, including acquisitions and disposals, which required Board approval.

Financial performance was monitored through regular reporting of actual results against budget and forecast, alongside Board approval of annual budgets and forecast plans. This was independently overseen by the Audit and Risk Committee.

Control procedures included segregation of duties, physical and system controls, management review, and internal and external audit.

Monitoring

The Audit and Risk Committee reviewed annual internal and external audit plans and considered key findings from internal audit at each meeting. It also reviewed the external auditor's management letter and management responses.

The Board received all Audit and Risk Committee minutes, the external audit report and the external audit management letter.

Directors' Report

Going Concern

Upon completion of the transfer of engagements to the Co-operative Group Limited on 26 July 2026, the Southern Co-operative Limited ceased to trade. It is the intention of the Board to liquidate Southern Co-operative Limited shortly following due process. The transfer was effected in accordance with the Co-operative and Community Benefit Societies Act 2014 and confirmation of the transfer has been filed with the Financial Conduct Authority (FCA). Therefore, the Directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern.

A transfer of engagements is a mechanism available to Societies under co-operative law. The arrangement provides for the transfer of assets, liabilities and engagements and allows the continuation of ongoing trade without disruption to Members, customers, colleagues, suppliers and other stakeholders. Given the Society ceased trading at the point of transfer of engagement and the intention to liquidate the legal entity, the Directors have prepared these financial statements on a basis other than going concern. No adjustments were required to the financial statements as a result of preparing them on a basis other than going concern.

The transfer of engagements applies specifically to Southern Co-operative Limited. After the transaction, all other subsidiaries listed in Note 31 will remain under the control of the new parent entity, Siena Co-operative Limited.

Creditor Payment Policy

For trade creditors, it is Southern Co-op's policy to:

- agree the terms of payment at the start of business with that supplier
- ensure that suppliers are aware of the terms of payment and
- pay in accordance with its contractual and other legal obligations

Southern Co-op did not follow a standard or code which deals specifically with the payment of suppliers. Reflecting liquidity challenges, trade creditor days of the Group for the 52 weeks ended 25 January 2026 increased to 49 days (29 days for the 52-week period ended 26 January 2025). The calculation was based on the ratio of trade creditors at the end of the period to the amounts invoiced during the period by trade creditors.

Disclosure of Information to Auditor

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

Auditor

Due to the transfer of engagements to Siena Co-operative Limited and the intention to liquidate Southern Co-op Limited, the Society will not be re-appointing BDO LLP as its auditor.

Statement of Compliance with Code on Withdrawable Share Capital

Southern Co-op follows a Code of Practice in relation to its Withdrawable Share Capital. As such, it provides a statement to its Members of the nature of their shareholding investment and any changes affecting it. This can be found within the terms and conditions of membership on our website.

Members of Southern Co-op are shareholders and were required to hold just one £1 share. As the shares held by Members were risk capital, Southern Co-op did not encourage its Members to hold more than the minimum amount required under its Rules, although the Rules allowed it.

Board Certification

The Committee is satisfied that, taken as a whole, the Annual Report, Financial Statements and notes is fair, balanced and understandable and provides a clear and accurate presentation of the organisation's position. It is hereby signed on behalf of the Board of Directors pursuant to Section 80 of the Co-operative and Community Benefit Societies Act 2014.

6. REPORT OF THE BOARD'S REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee supported the Board in overseeing remuneration, succession planning, appointments and governance arrangements. It operated under Board approved Terms of Reference (reviewed annually) and reported regularly to the Board.

During the year, the Committee also considered leadership continuity, incentive and bonus schemes and organisational arrangements in the context of the proposed merger and transfer of engagements.

The Committee provided regular updates to the Board.

Remuneration Policies and Practices

Directors' fees were approved by Southern Co-op's Members. The current basis of fees was recommended to the membership and approved by them at their Annual General Meeting on 27 May 2021 following a detailed review which included an assessment of the responsibilities and time involved. Comparisons to fees paid by other co-operative societies and similar Boards were made during the review. The Members agreed that in the absence of a review which is planned to be held every three years, fees would increase annually on the date of the AGM, at the discretion of the Board, by the general percentage increase applied to the salaries of senior management of the Society in that year. A review was carried out in 2023 and the Board agreed to continue with the policy approach set out above. This was reconfirmed in January 2026. No increase was given to Board pay during the year in line with the approach.

Chief Executive and Leadership Team

In determining the remuneration policy for the Chief Executive, Secretary and Leadership Team, several factors are considered, including:

- the importance of attracting, retaining and motivating senior management of the appropriate calibre to further the success of Southern Co-op
- the linking of reward to both individual and business performance. There was no annual bonus incentive scheme in operation for the year 2025/26 or the previous two years.
- The current Long-Term Retention Plan is based on retention and meeting targets set by the Committee
- ensuring that the interests of senior management are aligned with those of Southern Co-op and its Members.

The latest policy was aimed to pay remuneration at a level close to the market median, subject always to personal performance, when compared with other businesses of comparable size and complexity, with regard to companies in the same business sector.

The Remuneration and Appointments Committee determined the remuneration of the Chief Executive, the Secretary and Leadership Team. The main components of remuneration are discussed below. In accordance with best practice, the actual remuneration paid to the Leadership Team is disclosed later in the report.

Service Contracts

It's the policy of Southern Co-op for the notice period in service contracts not to exceed one year. The notice period for the Chief Executive is 6 months. All members of the Leadership Team have notice periods of 3-6 months. In the event of termination, any payments due to a member of the Leadership Team would be based on the value of these notice periods together with the value of other contractual benefits.

Pay

The Committee reviewed the basic salaries of individuals under its remit on an annual basis. It was the Committee's policy to ensure that basic salaries were appropriate and competitive for the responsibilities involved. The Committee had regard to median salary data for organisations of a similar size within the retail sector, and for roles not related to retail general industry data, alongside retail co-operative data, and considered individual performance and the level of salary increases elsewhere in Southern Co-op.

Bonus Scheme

Annual bonus schemes, when available, were open to all colleagues in Southern Co-op. The structure of these aimed to ensure that the reward package had sufficient realistic value given current conditions. The variable pay opportunity offered was designed to feel fair for Southern Co-op, balancing affordability while creating an effective tool to incentivise performance.

In view of economic conditions, it was determined that no bonus scheme would operate for the financial year 2025/26.

Retention Plan

In 2024 the Remuneration and Appointments Committee established a Retention Plan which would cover a period of two years subject to similar targets as the prior plan, namely, strategic ESG goals relating to diversity and inclusion and climate action being met. Payments, if applicable, will be payable in 2026.

Given the financial context of the Society, the Remuneration & Appointments Committee decided in February 2026 not to make payments to the current Leadership Team in respect of the Retention Plan established in 2024.

Pensions

Southern Co-op closed the defined benefit (DB) pension scheme to future accrual on 31 May 2013 and for ex-members of the scheme, offered the opportunity to join a defined contribution (DC) Group Personal Pension Plan (GPPP). The Stakeholder pension scheme available to colleagues not participating in the DB scheme was also closed and these members were also offered membership of the GPPP. Ex-members of the DB scheme have retained the death in service insurance cover previously provided and in all other respects are now classified as deferred scheme members. The GPPP is managed by Legal and General. Ex-DB members receive a 10% employer contribution for a minimum 3.5%-member contribution; other GPPP members receive a matched employer contribution for up to 5% member contributions. All contribution rates are based on basic salary. GPPP members can take advantage of pension salary sacrifice arrangements.

A table detailing the pension contributions for the Leadership Team for the 52 weeks ended 25 January 2026 is provided later in the report.

Remuneration Paid during 52 weeks to 25 January 2026

The remuneration paid to the existing and previous Chief Executive and Leadership Team Directors in the year of reporting are set out below:

Name/Role	Date of Employment	Leave date	Basic Salary	Pension Allowance	Retention Payment £	One-Off Payment	Benefits in Kind P11D (as reported at end of Tax Year 25/26)	Car Allowance	Total Renumeration 25-26
Mark Smith CEO	5/5/05	4/7/25	313,509	31,350	200,000	-	3,387		544,246
Simon Eastwood COO Food Retail	14/3/16	20/2/26	256,707	12,835		-	4,245		273,787
Greg Wilkins Finance Director	23/12/11		173,309	-		-	3,160	3,503	181,972
Nicolas Smith Central Services Director	16/9/24		159,999	-		-	4,596	2,316	166,911
Ben Stimson CEO	18/8/25		168,131	3,076		-	1,615	5,280	178,102
Sarah Williams People Director	3/3/25		132,692	-		15,000	1,651	11,040	160,383

#Benefits in Kind includes medical insurance, critical illness cover, health screening, company car

**Car allowance for all directors is calculated by the remaining balance left from the company car allowance*

As stated above the Leadership Team will not receive any payment under the 2024 two-year Retention Plan in 2026. The People Director did receive a one-off payment in accordance with contractual terms in June 2025. The current Chief Executive will not receive a one-off signing on payment in 2026 in accordance with contractual terms given the financial context of the Society at the time of approval in February 2026. The outgoing CEO was awarded a retention bonus reflecting his commitment to extend his tenure for additional 12 months beyond his intended retirement date. This was to support the transition and onboarding of the new Chair who joined in 2024 and the CEO who joined in 2025.

The pension contributions paid to the existing and previous Chief Executive and Leadership Team Directors in the year of reporting are set out below:

Name	Position	Date of Employment	Deferred Member of DB scheme	Employer contribution paid to DC scheme / allow paid in FY £	Employer contribution paid to DC scheme as a % of basic salary
Mark Smith *	Chief Executive	05 May 2005	Yes	-	0%
Simon Eastwood *	COO – Food Retail	14 March 2016	No	-	0%
Greg Wilkins	Finance Director	23 December 2011	No	8,765	5%
Nicholas Smith	Central Services Director	16 September 2024	No	10,153	5%
Ben Stimson	Chief Executive	18 August 2025	No	13,846	10%
Sarah Williams	People Director	03 March 2025	No	6,634	5%

**A cash allowance for pension contributions is declared in the remuneration table above in lieu of employers contributions to the Society's Pension schemes*

The remuneration and expenses paid to Directors, in office during the year of reporting, are set out below:

Name	Date of Employment	Commenced in Current Role (Date)	Leave Date	Total Remuneration 2025 £	Total Expenses Claimed 2025 £	*Total Remuneration (exc expenses) 2025 £*
Janet Paraskeva	01/11/2023	02/06/2024		25,807	1,521	24,286
Joanne Gray	22/02/2018	22/02/2018		10,489	160	10,329
Helen Jackson	24/04/2018	24/04/2018		10,697	368	10,329
Anthony Scott	28/05/2021	28/05/2021		10,329	-	10,329
Olusoji John	21/02/2022	21/02/2022		10,613	842	9,771
John Harrington	27/05/2022	27/05/2022	11/06/2025	4,906	-	4,906
Judith Feeney	27/05/2022	27/05/2022	11/06/2025	4,471	381	4,090
Dominique Opperman	25/05/2023	25/05/2023		8,653	-	8,653
Alison Hesselberth	25/05/2023	25/05/2023		11,518	209	11,309
Jane Crathern	06/06/2024	06/06/2024		12,416	409	12,007
Karen Allman	12/06/2025	12/06/2025		4,551	169	4,382
Miranda Noble	12/06/2025	12/06/2025		4,527	145	4,382
Debbie Beaven	01/02/2025	01/02/2025		7,999	-	7,999

FURTHER REPORTING

Gender Pay Reporting

Pay for the largest proportion of our colleagues is determined by the rates set through the National Living Wage (NLW) and the National Minimum Wage (NMW). We published the periods Gender Pay Gap Report, which can be found on the government website https://gender-pay-gap.service.gov.uk/ and on the Southern Co-op website.

7. FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 JANUARY 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES THE SOUTHERN CO-OPERATIVE LIMITED

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 – The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Under Co-operative and Community Benefit Society law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

Due to the transfer of engagements of the Southern Co-operative Group to Co-operative Group Limited on 26 July 2026, the Directors do not consider the Southern Co-operative Limited to be a going concern and have prepared these consolidated financial statements on a basis other than going concern. For further detail please see the *Going Concern* section within the Note 1.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and 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 Cooperative and Community Benefit Societies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

On behalf of the Board:

Signed by: Janet Paraskeva
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Janet Paraskeva

Signed by: Anthony Scott
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Anthony Scott

30 July 2026

Signed by: Murshida Khan
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Society Secretary

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE SOUTHERN CO-OPERATIVE LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Society's affairs as at 25 January 2026 and of the Group's and the Society's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

We have audited the financial statements of The Southern Co-operative Limited ("the Society") and its subsidiaries ("the Group") for the 52 week period ended 25 January 2026 which comprise consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated group cash flow statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to Note 1 in the financial statements, which explains that upon completion of the transfer of engagements to the Co-operative Group Limited on 26 July 2026, Southern Co-operative Limited ceased to trade. Therefore, the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1. No adjustments were required to the financial statements as a result of preparing them on a basis other than going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, and Audit Committee;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Obtaining an understanding of the legal and regulatory framework in which the Group operates, including the Co-operative or Community Benefit Societies Act 2014, UK tax legislation, the Modern Slavery Act 2015, health and safety regulations, licensing and food handling regulations, FCA regulations and employee-related legislation such as the National Living Wage.

We considered the significant laws and regulations to be the applicable accounting framework such as UK tax legislation, employee-related legislation such as the National Living Wage, FCA regulation around funeral bonds and Community Benefit Societies Act 2014.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and food handling regulation and employment related legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations.
- Review of correspondence with regulatory authorities for any instances of non-compliance with laws and regulations.
- Review of financial statement disclosures and agreeing to supporting documentation.
- Review of legal expenditure accounts to understand the nature of expenditure incurred.
- Discussion with management, including consideration of known or suspected instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, Audit Committee, and internal audit regarding any known or suspected instances of fraud.
- Obtaining an understanding of the Group's policies and procedures relating to:
- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud.

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- Enquiry with management concerning actual and potential litigation and claims.
- Challenging assumptions made by management in their significant accounting estimates and assessing whether the judgements made in accounting entries are indicative of potential bias.

Based on our risk assessment, we considered the area's most susceptible to fraud to be management incentive and opportunities to manipulate the financial statements through unusual journal entries in order to improve turnover and earnings before interest, taxation, depreciation and amortisation (EBITDA), and through management bias in assessing accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias. This includes challenging managements assumptions on key accounting estimates.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:
Jo Jones
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Jo Jones (Senior Statutory Auditor) 30 July 2026 For and on behalf of BDO LLP, Statutory Auditor ,Southampton, UK.BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT
for the year ended 25 January 2026

	Note	**2026**	2025
		Total	Total
		£'000	£'000
Turnover	3	**531,436**	543,891
Cost of sales		**(363,518)**	(371,610)
Gross profit		**167,918**	172,281
Administrative expenses		**(206,662)**	(178,966)
GROUP TRADING (LOSS)	4	**(38,744)**	(6,685)
Other operating income	30	**312**	192
Change in fair value of investment property		**65**	664
Change in fair value of funeral plan assets	13	**3,241**	3,212
GROUP OPERATING (LOSS)	4	**(35,126)**	(2,617)
Investment income and interest receivable	6	**642**	198
Interest payable and similar charges	7	**(2,386)**	(1,777)
LOSS FOR THE PERIOD BEFORE DISTRIBUTIONS		**(36,870)**	(4,196)
Distributions	8	**93**	(339)
LOSS FOR THE PERIOD BEFORE TAXATION		**(36,777)**	(4,535)
Taxation credit / (charge)	9	**2,049**	(85)
LOSS FOR THE PERIOD AFTER TAX TRANSFERRED TO RESERVES		**(34,728)**	(4,620)

All results are derived from continuing operations.

The above results have been presented on a historical cost basis, with the exception of the revaluation of investment properties, investments (note 13) and funeral plan assets (notes 13 & 16).

The notes on pages 40-77 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 25 January 2026

	Note	**2026**	2025
		Total	Total
		£'000	£'000
Loss for the financial period		**(34,728)**	(4,620)
Unrealised gain arising from valuation in respect of retirement benefits	25	**860**	3,543
Pension fund related deferred tax movement		**(99)**	(751)
Other comprehensive profit for the period		**761**	2,792
TOTAL COMPREHENSIVE LOSS		**(33,967)**	(1,828)
Total comprehensive loss for the financial period attributable to:			
Of which attributable to members of the Society		**(33,967)**	(1,825)
Of which attributable to non-controlling interest		**-**	(3)
		(33,967)	(1,828)
Loss for the financial period attributable to:			
Of which attributable to members of the Society		**(34,728)**	(4,620)
Of which attributable to non-controlling interest		**(-)**	(3)
		(34,728)	(4,623)

The notes on pages 40-77 form part of these financial statements

CONSOLIDATED BALANCE SHEET
at 25 January 2026

	Note	2026 £'000	2025 £'000
Fixed assets			
Intangible assets	11	**16,755**	21,378
Tangible assets	12	**105,782**	120,791
Investments	13	**43,944**	41,734
		166,481	183,903
Current assets			
Stocks	14	**19,302**	18,104
Debtors			
- Due within one year	15	**23,011**	21,368
- Due after one year	15	**6,874**	2,783
Investments	13	**3,574**	3,313
Cash and cash receivables	16	**4,407**	-
		57,168	45,568
Creditors			
Cash and cash receivables	16	**-**	(156)
Amounts falling due within one year	17	**(101,489)**	(75,367)
		(101,489)	(75,523)
Net current liabilities		**(44,321)**	(29,955)
Total assets less current liabilities		**122,160**	153,948
Creditors			
Amounts falling due after more than one year	18	**(40,598)**	(38,241)
Provisions for liabilities			
Other provisions	22	**(4,666)**	(2,264)
Deferred tax provision	10	**(2,150)**	(4,391)
Net assets excluding pension surplus		**74,746**	109,052
Pension surplus	25	**3,477**	3,140
Net assets including pension surplus		**78,223**	112,192

The notes on pages 40-77 form part of these financial statements.

CONSOLIDATED BALANCE SHEET CONTINUED
at 25 January 2026

	Note	**2026** **£'000**	2025 £'000
Capital and reserves			
Called up share capital	27	**696**	698
Profit and loss account	28	**76,063**	110,030
Equity attributable to members of the Society		**76,759**	110,728
Non-controlling interests	24	**1,464**	1,464
		78,223	112,192

These financial statements of The Southern Co-operative Limited, registered number 1591R, were approved by the Board of Directors and authorised for issue on 30th July 2026.

Signed on behalf of the Board of Directors

Signed by:
Janet Paraskeva
0C87191C69A94CE...

Janet Paraskeva

Chair

Signed by:
Anthony Scott
431B79150A064AD...

Anthony Scott

Vice Chair

Signed by:
Murshida Khan
1A37B1B3DA58433...

Murshida Khan

Society Secretary

30 July 2026

The notes on pages 40-77 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 25 January 2026

	Share capital £'000	Profit and loss account £'000	Equity attributable to owners of the parent undertaking £'000	Non-controlling interests £'000	Total Equity £'000
At 26 January 2025	**698**	**110,030**	**110,728**	**1,464**	**112,192**
Comprehensive income for the year					
(Loss) for the year	**-**	**(34,728)**	**(34,728)**	**-**	**(34,728)**
Unrealised gain arising from valuation in respect of retirement benefits	-	860	860	-	860
Pension fund related deferred tax credit	-	(99)	(99)	-	(99)
Other comprehensive income for the year	**-**	**761**	**761**	**-**	**761**
Total comprehensive (Loss) for the year	**-**	**(33,967)**	**(33,967)**	**-**	**(33,967)**
Contributions by and distributions to members					
Issue of shares	-	-	-	-	-
The Southern Co-operative (SIP) Trustee Limited	-	-	-	-	-
Share withdrawals	(2)	-	(2)	-	(2)
Total contributions by and distributions to members	**(2)**	**-**	**(2)**	-	**(2)**
At 25 January 2026	**696**	**76,063**	**76,759**	**1,464**	**78,223**

The notes on pages 40-77 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 25 January 2026

	Share capital £'000	Profit and loss account £'000	Equity attributable to owners of the parent undertaking £'000	Non-controlling interests £'000	Total Equity £'000
At 28 January 2024	783	111,858	112,641	1,467	114,108
Comprehensive income for the year					
(Loss) for the year	-	(4,620)	(4,620)	(3)	(4,623)
Unrealised gain arising from valuation in respect of retirement benefits	-	3,543	3,543	-	3,543
Pension fund related deferred tax credit	-	(751)	(751)	-	(751)
Other comprehensive Profit for the year	-	2,792	2,792	-	2,792
Total comprehensive (Loss) for the year	-	(1,828)	(1,828)	(3)	(1,831)
Contributions by and distributions to members					
Issue of shares	7	-	7	-	7
The Southern Co-operative (SIP) Trustee Limited	(84)	-	(84)	-	(84)
Share withdrawals	(8)	-	(8)	-	(8)
Total contributions by and distributions to members	(85)	-	(85)	-	(85)
At 26 January 2025	698	110,030	110,728	1,464	112,192

The notes on pages 40-77 form part of these financial statements.

CONSOLIDATED GROUP CASH FLOW STATEMENT
for the year ended 25 January 2026

	Note	2026	2025
		£'000	£'000
Cash flows from operating activities	26	**10,633**	1,586
Net taxation (paid) / refunded		**(15)**	1,079
Net cash generated from operating activities		**10,618**	2,665
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**2,129**	2,186
Purchase of tangible fixed assets		**(12,543)**	(13,286)
Purchase of intangible assets		**(784)**	(851)
Drawn of funeral plan investments	13	**3,768**	3,122
(Increase) in asset investments	13	**(35)**	(2,069)
(Decrease) in funeral plan liabilities	19	**(3,743)**	(766)
Net cash (used in) investing activities		**(11,208)**	(11,664)
Cash flows from financing activities			
(Withdrawal) from share capital		**(2)**	(85)
Net interest paid		**(627)**	(251)
Net loan drawdowns		**5,689**	5,394
Distributions		**93**	(339)
Net cash from financing activities		**5,153**	4,719
Increase /(Decrease) in cash and cash equivalents		**4,563**	(4,280)
Cash and cash equivalents at start of period		**(156)**	4,124
Cash and cash equivalents at end of period		**4,407**	(156)
Cash at bank and in hand and cash receivables		**4,407**	(156)

CONSOLIDATED GROUP CASH FLOW STATEMENT
for the year ended 25 January 2026

Analysis of changes in net debt	At 26 January 2025	Cash Flows	Non Cash	At 25 January 2026
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents				
Cash at bank and in hand and cash receivables	(156)	4,563	-	**4,407**
	(156)	4,563	-	**4,407**
Borrowings				
Debt due within one year	(12,581)	(3,864)	-	**(16,445)**
Debt due after one year	(931)	(1,825)	-	**(2,756)**
Total	(13,668)	(1,126)	-	**(14,794)**

In addition, the deferred payments to suppliers as at the year-end amounted to £7.0m.

The notes on pages 40-77 form part of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

1. **ACCOUNTING POLICIES**

The Southern Co-operative Limited (the "Society") is a Registered Society under the Co-operative and Community Benefit Societies Act 2014. The address of the registered office is given on page 1.

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Society management to exercise judgement in applying Southern Co-op's accounting policies (see note 1).

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of The Southern Co-operative Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Going concern

Statement of Going Concern

Upon the completion of the transfer of engagements to the Co-operative Group Limited on 26 July 2026, the Southern Co-operative Limited ceased to trade. It is the intention of the Board to liquidate Southern Co-operative Limited shortly following due process. The transfer was effected in accordance with the Co-operative and Community Benefit Societies Act 2014 and confirmation of the transfer has been filed with the Financial Conduct Authority (FCA). Therefore, the Directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern.

A transfer of engagements is a mechanism available to Societies under co-operative law. The arrangement provides for the transfer of assets, liabilities and engagements and allows the continuation of ongoing trade without disruption to Members, customers, colleagues, suppliers and other stakeholders. Given the Society ceased trading at the point of transfer of engagement and the intention to liquidate the legal entity, the Directors have prepared these financial statements on a basis other than going concern. No adjustments were required to the financial statements as a result of preparing them on a basis other than going concern.

The transfer of engagements applies specifically to Southern Co-operative Limited. After the transaction, all other subsidiaries listed in Note [31] will remain under the control of the new parent entity, Siena Co-operative Limited.

Parental Guarantee

In accordance with Section 479A of the Companies Act 2006 The Southern Co-operative Limited has provided a statement of guarantee for its 100% owned subsidiaries to enable them to take the audit exemption. These subsidiaries are detailed in note 31.

Accounting date

The financial statements are made up for the 52 weeks ended 25 January 2026 with comparative figures for the 52 weeks ended 26 January 2025.

Revenue

Revenue includes cash sales, goods sold on credit, property rental, concession income and franchisee management fees.

Revenue from the sales of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Group defers recognition of revenue until the right to return has lapsed. However, where high volumes of sales are made to established wholesale and retail customers, revenue is recognised in the period where the goods are delivered less an appropriate provision for returns based on past experience.

Property rental income is recognised on a straight-line basis over the lease term. Funeral income is recognised on completion of the funeral service (burial or cremation). All revenue is shown net of value added tax.

Revenue from services performed is recognised when services have been delivered.

Investment properties

Investment property is carried at fair value determined by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset (see Note 2 C). No depreciation is provided and changes in fair value are recognised in profit or loss. These properties are held for income purposes and will continue to do so for the foreseeable future.

Valuation of investments

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are measured to Historical cost at each balance sheet date. Gains and losses on re-measurement if required are recognised in profit or loss for the period.

Investments in listed company shares, which have been classified as current asset investments, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

Tangible fixed assets

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

Tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Tangible fixed assets are depreciated by equal annual instalments over their estimated useful economic lives based on cost as follows:

Land and Buildings	
Freehold buildings	2.5% per annum
Plant and Fixtures	
Fixtures and fittings	8.3% per annum
Plant and machinery	8.3% per annum
Cremators	6.7% per annum
Computers	20.0% per annum
Systems Development	10.0% per annum
Vehicles	
Motor vehicles	25.0% per annum
Hearses	16.6% per annum
2nd hand hearses	33.3% per annum

Leasehold property is depreciated at 2.5% per annum or over the unexpired period of the lease, if shorter. Burial Land is depreciated based on consumption with no residual value.

Assets in the course of construction are stated at cost and are not depreciated. Assets are capitalised and transferred to their category once completed.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

1. Accounting Policies (Continued)

Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in 'intangible assets'. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment charges. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 5 years. Goodwill is being amortised over periods ranging from 3 to 20 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

(b) Research and development costs

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it's incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their expected useful economic lives, which range from 3 to 6 years.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

(c) Licences

Post office licences are amortised by equal annual instalments over their estimated useful lives at a rate of 5.0% per annum.

Coffee trading licences are amortised by equal annual instalments over their estimated useful lives at a rate of between 5% and 20% per annum.

(d) Software

Software is initially measured at acquisition costs or costs incurred to develop the asset. Subsequently it is then carried at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis at 25% per annum.

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit) (CGUs), to which the asset has been allocated, is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. This year end the recoverable amount is the Fair Value of the assets less cost to sell, which reflects the value in use (VIU) at the point of the forthcoming transfer of engagement. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Financial liabilities and equity

Financial liabilities (funeral plans, loans, overdrafts and creditors) and equity are classified according to the substance of the financial instruments' contractual obligations, rather than the financial instrument's legal form.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity, is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where Southern Co-op's subsidiaries operate and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1. ACCOUNTING POLICIES (continued)

Stocks

Retail stocks are valued at purchase price less provisions for slow moving and obsolete stock. Other stock, including stock not for resale, is valued at the lower of cost or net realisable value.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its net realisable value less costs. The impairment loss is recognised immediately in profit or loss.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of obligations under the lease.

Funeral plan schemes

(a) Funeral plan - Assets

When a customer takes out a funeral plan, the monies are invested in whole of life policies whereby value changes over time until redemption. At acquisition, the Society recognised it as an asset within the balance sheet. These are measured at fair value with movements in the investment carrying value brought into the income statement as finance income as they arise.

Monies received in respect of funeral prepayments plans are invested under the terms of custodian arrangements in individual whole of life insured arrangements with the Royal London Insurance Group. Interest earned on such investments is reinvested. An appropriate proportion of the investments (including accrued interest) is withdrawn when each funeral plan is invoked by the client's representative.

(b) Funeral plan - Deferred Income & Revenue Recognition

Funeral plan liabilities (deferred income) are accounted for in line with FCA regulations. Payments received in advance of the delivery of a funeral are treated as a financing transaction, such that the payments received from the customer grow over time by a rate which reflects a financing rate between the Society and the customer. This accounting judgement is reflected for the whole back book of unredeemed plans. These financing charges are included on the face of the P&L under the "Interest payable and similar charges" header.

Revenue for redeemed funeral plans is recognised as the amounts we receive and accrued from the customer rather than current retail price of a funeral. Under this policy, payments which are received from the customers in advance of a funeral being performed along with the accumulated effective interest charge on the monies received from a customer is recognised as revenue when the plan is redeemed and the funeral service is conducted.

Leased assets: Lessor

Where assets are leased to a third party that give rights approximating to ownership (finance leases), the assets are treated as if they have been sold outright. The amount removed from the fixed assets is the net book value on disposal of the asset. The profit on disposal, being the excess of the present value of the minimum lease payments over net book value is credited to the income statement.

Lease payments are analysed between capital and interest components so that the interest element of the payment is credited to the income statement over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.

Incentive payments to new tenants to occupy the Group's investment properties are treated as a reduction in revenue and initially recorded as prepayments. The payments are charged to the income statement over the term of the lease. Where such prepayments relate to investment properties, the properties are carried at open market value less the amount of the unamortised incentive.

All other leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

For leases entered into on or after 1 January 2012, reverse premiums and similar incentives received to enter into operating lease agreements are released to the income statement over the term of the lease.

Pension costs

For defined benefit schemes the amounts charged to the income statement are the current service costs and gains and losses on settlements and 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 finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

Following consultation with active members, the final salary scheme was closed to future benefit accrual with effect from 1 May 2013. See note 25 for further details.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

Defined benefit schemes are funded, with the assets of the scheme held separately from those of Southern Co-op, in separate trustee administered funds. 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 at least 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 employer costs are charged to the revenue account in the period in which they are incurred.

Distributions

Distributions to and on behalf of members, including colleague and member share of profits, grants and donations, are recognised when approved by members in general meetings and are treated as an application of profits in line with Southern Co-op's rules. Where payments to employee members in their capacity as employees are non-contractual and distinguishable from the operating activities of the business and payment is dependent on, and subject to, member approval in a general meeting, these payments are termed 'Distributions'. Prior year member share of profits vouchers that are unredeemed and have time elapsed are forfeited and written back to the Society's Income statement.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the balance sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 25 January 2026

2. JUDGEMENTS IN APPLYING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The basis of preparation of the financial statements for the year ended 25th January 2026 is that of other than a Going Concern.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

A. Basis other than going concern

The basis of preparation of the financial statements for the year ended 25 January 2026 has been assessed taking into account post year end events as detailed in note 32 and concluded to be on a basis other than a Going Concern. An entity ceasing to be a going concern is considered an indicator of impairment; as such assets where applicable have been reassessed to ensure they are not recognised at a value higher than their recoverable amount.

B. Impairment of tangible and intangible fixed assets

Determine whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future cash flow of that unit. This includes the use of forecast and projected EBITDA's for Cash Generating Unit's and projected growth rates. Assessment of assets and liabilities and their recoverability have been made and are inclusive of an assessment of deferred tax carrying asset and liability amounts on the balance sheet, specifically in relation to the expectation of future profits of which assets can be utilised against.

Southern Co-op prepares cash flow forecasts derived from the most recent financial budgets approved by the Board. The rate used to discount the forecast cash flows is 9.06% (2024/25: 8.41%).

C. Investment property valuation

Investment properties, both residential and commercial, have been valued using the judgement of external valuation experts to provide a market value, based upon market conditions of future rental income and property yields on a site-by-site basis.

D. Pension scheme assets

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 at least triennially and are updated at each balance sheet date. The directors recognise that small changes in the assumptions could have a significant impact on the liabilities in the scheme. Note 25 includes details of the impact of changes in both the discount rate and RPI inflation.

E. Funeral plan scheme

Revenue from Funeral plans and valuation of Funeral Plan Deferred income

The Society is an authorised provider of funeral plans by the FCA (Financial Conduct Authority).

The Society recognises payments received from the customers in advance of a funeral being performed and applies the accumulated effective interest charges on those monies received in each year from inception until the plan is redeemed. These charges are recognised in the income statement under the header of "Interest payable and similar items" on an annual basis.

Revenue for redeemed funeral plans is recognised as the amounts we receive and accrued from the customer rather than current retail price of a funeral as at the point of redemption. Under this policy, payments which are received from the customers in advance of a funeral being performed along with the accumulated effective interest charge on the monies received from a customer is recognised as revenue when the plan is redeemed, and the funeral service is conducted.

A significant accounting estimate is present in deriving a suitable financing rate to apply to the monies received from a customer. This financing rate is fixed for the duration of the funeral plan. The rate applied is based on an estimated borrowing rate between the customer and the Society at the point the contract is entered and reflects the security over our customers' plans through the whole of life policies we have in place with Royal London Mutual Insurance Society Limited.

Determination of interest rate: Funeral prepayment plans

As noted above, a significant accounting estimate is present in deriving a suitable interest rate to apply to the monies received from a customer when they purchase a funeral plan. The interest rate is required to reflect the borrowing rate that would be applied between the Society and the customer in a separate financing transaction reflecting similar credit characteristics and similar security at the point the contract is entered into. These rates are then fixed for the duration of the funeral plan. We derive the relevant interest rates by reference to the current 5 year gilt rate from the BOE plus a 1% illiquidity premium.

Funeral plan assets

When a customer takes out a funeral plan, the monies are invested in whole of life policies whereby value changes over time until redemption. Therefore, investment gains or losses from the movement in plan values are recognised as finance income or expense in the income statement as they are marked to market at each year end.

F. Stock provision

Each stock count, stock loss at cost is compared with the sales value of the cash generating unit for the same period of time expressed as a percentage. The provision made in the accounts on a monthly basis is the average percentage loss from the last 3 stock counts carried out, multiplied by the sales made since the last stock count result. All new stores are given a 1.5% (2024/25: 1.5%) stock provision (company average) until they receive their first stock count results.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

2. ANALYSIS OF TURNOVER

Results for the period are attributable to retail and concession agreements, funeral services, coffee outlets and property rental. The origin and destination of the revenue is wholly within the United Kingdom.

Analysis by class of business:

	2026 **£'000**	2025 £'000
Retail	**447,539**	465,492
Funeral services	**21,503**	21,163
Coffee Outlets	**55,705**	50,122
Property rental	**2,607**	2,619
Franchise	**4,082**	4,495
	531,436	543,891

3. OPERATING (LOSS)

	2026 **£'000**	2025 £'000
Personnel expenses	**93,416**	87,389
Occupancy costs	**22,263**	23,961
Depreciation		
- tangible assets	**11,243**	12,776
- amortisation Intangible assets	**2,954**	2,819
Losson disposal of fixed assets	**1,013**	90
Impairment charge		
- on goodwill and software	**2,431**	304
- on tangible assets	**13,255**	521
Operating leases:		
- land and buildings	**17,765**	17,103
- plant and machinery	**1,258**	1,113
Change in fair value of investment property	**65**	664
Change in fair value of funeral plan assets	**3,241**	3,212
- fees payable to the Society's auditors for the audit of the Society's annual financial statements	**224**	175
- fees payable to the Society's auditors for non-audit services	**47**	91
Strategy and Options related costs and fees	**1,017**	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

Personnel expenses per the above exclude the costs of operational staff in our funeral business. This cost is recognised in the Financial Statements within cost of sales as this better represents the driver of these costs. The value of this movement from operating costs to cost of sales is £5,528,000.

5. EMPLOYEES (including Directors)

	2026 No.	2025 No.
The average number employed by The Southern Co-operative and its subsidiaries was:		
Head office	**215**	214
Retail	**3,171**	3,285
Funeral	**231**	229
Cobra Coffee	**890**	845
	4,507	4,573

The costs incurred in respect of these employees were:	**£'000**	£'000
Wages and salaries	**88,291**	85,647
Social security costs	**8,649**	5,731
Cost of defined contribution scheme	**2,004**	1,398
	98,944	92,776

Of the above salaries £5,528,000 (2025: £5,387,000) is included in cost of sales, relating to operational staff within the funeral business.

There was no current service pension cost incurred in respect of defined benefit schemes during the period.

The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £2,004,000 (2025: £1,398,000).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

6. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2026	2025
	£'000	£'000
Share Interest receivable	16	31
Interest on net defined benefit pension surplus	208	27
Other interest receivable	418	140
	642	198

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2026	2025
	£'000	£'000
Bank overdraft, other interest and commission	932	419
Interest charge on deferred income on funeral plans	1,288	1,093
Onerous contract interest	166	265
	2,386	1,777

8. DISTRIBUTIONS

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

	2026	2025
	£'000	£'000
Customer members share of profits (forfeited)	**(346)**	-
Donations	**95**	110
Pensioners' welfare	**12**	13
Corporate partnerships	**2**	16
Food Donations	**-**	5
Work hours donated to community projects	**110**	84
Community investment	**22**	98
Fundraising Support	**12**	13
	(93)	339

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

9. TAXATION

Current tax	**2026**	2025
	£'000	£'000
UK corporation tax: 2026: 25.00% (2025: 25.00%)	**-**	59
Adjustments in respect of prior period	**-**	-
Total current taxation (credit) / charge	**-**	59
Deferred tax		
Timing differences, origination and reversal (e)	**(2,863)**	(994)
Adjustments in respect of prior period	**526**	837
Losses carried forward at 25%	**-**	-
Defined benefit pension scheme	**192**	74
Revaluation of investment properties	**96**	109
	(2,049)	26
Total tax (credit) / charge for the period	**(2,049)**	85

The tax assessed for the period is higher (2025: higher) than that resulting from applying the standard rate of corporation tax in the UK: 2026: 25.00% (2025: 25.00%). Deferred tax assets from trading losses have been de-recognised in the year due to the uncertainty over future taxable profits.

	2026	2025
	£'000	£'000
Loss on ordinary activities before tax	**(36,777)**	(4,535)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 25% (2025: 25.00%)	**(9,194)**	(1,134)
Effects of:		
Expenses not deductible for taxable purposes (c)	**255**	166
Fixed asset differences (d)	**1,008**	630
Timing Differences (e)	**-**	(356)
Deferred tax assets not recognised on current year losses (f)	**3,993**	-
De-recognition of deferred tax assets (g)	**1,287**	-
Investment Property Revaluation Disposal	**76**	(58)
Adjustment in respect of prior period- deferred tax (b)	**526**	837
Total tax (credit)/charge for period	**(2,049)**	85

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

The Group's tax charge is lower than the UK headline rate of 25.00% primarily due to:

a. **Prior Period Adjustment Current Tax** – adjustments to tax charges in earlier years arise because the tax charge in the financial statements is an estimate that is prepared before the detailed tax calculations are required to be submitted to HMRC, which is 12 months after the year end. Also, HMRC may not agree with a tax return some time after the year end and differences for a prior period may arise as a result.

b. **Prior Period Adjustment Deferred Tax -** The adjustment in respect of prior period for deferred tax relates to fixed asset timing differences of £526,000 (2025: 837,000) The fixed asset timing differences relate to enhanced capital allowance claims differing between preparation of the financial statements and finalisation of the tax return. The movement in deferred tax on the defined benefit pension scheme is where deferred tax has been calculated on the difference between cash contributions and the income/ charge recognised in the consolidated income statement.

c. **Expenses not deductible for tax** – some expenses incurred by the Group may be entirely appropriate charges for inclusion in its financial statements but are not allowed as a deduction/ provide relief against taxable income when calculating the Group's tax liability. Examples of these include Entertaining, Abortive capital transaction costs, Property Disposals and Fines.

d. **Fixed asset differences -** capital expenditure is "pooled" into categories and relevant capital allowances relief rates are applied e.g. General, Special Rate and Enhanced Capital Allowances. This future tax relief will be recognised in annual instalments over the estimated useful economic lives of the assets. The future tax relief of each asset is estimated to be fully realised between 1 and 20 years.

e. **Timing differences –** Timing differences – a deferred tax credit is included here in relation to re-submitted historical CT returns and the amended treatment of funeral plan gains in specific relation to funeral plan contracts pre-2015. These gains may not have been subject to corporation tax and a restated CT submission was made to HMRC in this respect.

f. **Deferred tax assets not recognised on current year losses**- Corporation tax losses that would have been recognised as a deferred tax asset have been de-recognised in full due to the uncertainty of future taxable profits.

g. **De-recognition of deferred tax assets -** Deferred tax assets resulting from prior year losses have been de-recognised due to uncertainty around the recoverability from future taxable profits.

10. DEFERRED TAX PROVISION

	Accelerated capital allowances £'000	Tax loss to carry forward £'000	Investment property revaluations £'000	Total £'000
Provision as at 26 January 2025	5,828	(2,004)	567	4,391
Charged/(utilised) to Income Statement	(3,740)	(3,801)	96	(7,445)
Movement on investment Property disposals	-	-	(76)	(76)
Corporation tax losses carried forward capped	-	3,993	-	3,993
De-recognition of carrying deferred tax asset	-	1,287	-	1,287
Provision as at 25 January 2026	2,088	(525)	587	2,150

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

a. **Accelerated Capital allowances** - capital expenditure is “pooled” into categories and relevant capital allowances relief rates are applied e.g. General, Special Rate and Enhanced Capital Allowances. This future tax relief will be recognised in annual instalments over the estimated useful economic lives of the assets. The future tax relief of each asset is estimated to be fully realised between 1 and 20 years.

b. **Pension Contribution timing –** Deferred tax on the difference between the cash contributions and the profit and loss account income/charge of the scheme. This will be unwound as the scheme matures and is expected to be more than 5 years after the balance sheet date. This provision movement is recognised within the Pension Surplus in the Balance Sheet and for the current year is a Income Statement charge of £192,250.

c. **Investment Property –** deferred tax for investment property revaluations compared with its original cost for tax purposes will be unwound as properties are disposed of and this is expected to be more than 5 years after the balance sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

d. **Tax losses –** deferred tax credits are recognised on trading losses at the prevailing rate of deferred tax. These losses are to be utilised and unwound against future taxable profits. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

11. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Licences and lease premiums £'000	Computer software £'000	Total £'000
Cost or valuation				
As at 26 January 2025	39,749	11,143	9,857	60,749
Transfers in year	-	-	767	767
Disposals	(1,037)	-	(199)	(1,236)
As at 25 January 2026	**38,712**	**11,143**	**10,425**	**60,280**
Accumulated Amortisation				
As at 26 January 2025	26,196	4,006	9,169	39,371
Provided this year	2,040	361	553	2,954
Impairment movement	2,431	-	-	2,431
Disposals	(1,032)	-	(199)	(1,231)
As at 25 January 2026	**29,635**	**4,367**	**9,523**	**43,525**
Net book value at 25 January 2026	**9,077**	**6,776**	**902**	**16,755**
Net book value at 26 January 2025	13,553	7,137	688	21,378

Goodwill is being amortised over periods ranging from 3 to 20 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Licences are being amortised over periods ranging from 5 to 20 years. This estimate is based on a variety of factors such as the expected useful life of the cash generating units, any legal, regulatory, or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

12.TANGIBLE FIXED ASSETS

	Investment properties £'000	Land and buildings £'000	Plant & fixtures £'000	Vehicles £,000	Assets in course of construction £,000	Total £'000
Cost or valuation						
As at 26 January 2025	**20,410**	**46,648**	**178,921**	**4,001**	**9,411**	**259,391**
Additions	-	-	-	-	13,327	13,327
Transfers in year	-	154	9,451	189	(10,561)	(767)
Revaluation	65	-	-	-	-	65
Disposals	(481)	(1,527)	(12,298)	(81)	-	(14,387)
As at 25 January 2026	**19,994**	**45,275**	**176,074**	**4,109**	**12,177**	**257,629**
Accumulated Depreciation						
As at 26 January 2025	**-**	**9,049**	**126,328**	**3,096**	**127**	**138,600**
Provided this year	-	1,168	9,711	364	-	11,243
Impairment movement	-	331	12,552	-	372	13,255
Disposals	-	(750)	(10,420)	(81)	-	(11,251)
As at 26 January 2025	**-**	**9,798**	**138,171**	**3,379**	**499**	**151,847**
Net book value at 25 January 2026	**19,994**	**35,477**	**37,903**	**730**	**11,678**	**105,782**
Net book value at 26 January 2025	20,410	37,599	52,593	905	9,284	120,791

The depreciation, impairment charge and impairment reversals are recognised in administrative expenses in the profit and loss account.

Included within fixed assets are assets with a net book value of £5,675,494 (2025: £1,878,594) which are provided as security for asset backed bank loans.

An impairment charge of £13,255,000 was made in the period, following an impairment review of trading sites (2025: impairment charge of £521,000), as a result of stores having a lower recoverable amount.

Assets in the course of construction carried forward are projects which have not been completed at the period end and include assets which belong to all of the classes shown above. Once the projects are completed, the assets are then transferred out to their respective classes. In addition, assets that are purchased in the year as part of a cross category project are included as additions within the "assets in course of the construction" asset class and are then transferred out to their respective classes during the period.

Included within fixed assets are assets which have a nil net book value but are currently used within the business. The original cost of these assets is £90,086,383 (2025: £74,728,721).

Investment properties

The valuations in the year ended January 2026 of residential properties and investment commercial properties were performed independently by Chapplins and Primmer Olds respectively, based on open market values.

Land and buildings

The net book value of land and buildings comprises:

	2026	2025
	£'000	£'000
Land	**8,401**	8,871
Freehold buildings	**25,532**	27,138
Long leasehold buildings	**1,544**	1,591
Net book value	**35,477**	37,600

The leases of land and buildings are subject to rent reviews.

Capital Commitments

There are capital commitments contracted for, amounting to £2,581,853 (2025: £5,007,475), which have not been provided for in these accounts.

13. FIXED AND CURRENT ASSET INVESTMENTS

Fixed Asset Investments

	Funeral plans £'000	Other investments £'000	Total £'000
Cost or valuation			
At 26 January 2025	40,774	960	41,734
Value of plans redeemed	(3,768)	-	(3,768)
Investment change	3,241	-	3,241
New plans in the year	2,963	-	2,963
Additions	-	35	35
Transfer to current asset investments	(261)	-	(261)
As at 25 January 2026	**42,949**	**995**	**43,944**
Net book value at 25 January 2026	**42,949**	**995**	**43,944**
Net book value at 26 January 2025	40,774	960	41,734

Current Asset Investments	**Funeral plans £'000**	**Other investments £'000**	**Total £'000**
Cost or valuation			
At 26 January 2025	3,313	-	3,313
Transfer from fixed asset investments	261	-	261
As at 25 January 2026	**3,574**	**-**	**3,574**
Net book value at 25 January 2026	**3,574**		**3,574**
Net book value at 26 January 2025	3,313	-	3,313

Total Asset Investments			
Net Book value at 26 January 2025	**46,523**	**995**	**47,518**

Net book value at 26 January 2025	44,087	960	45,047

Funeral Plan assets within fixed investment amounts are held with third party investment managers which are readily available but not accessible within twenty-four hours.

Investments held within the Funeral Plan Scheme have been measured at fair value. The increase in value recognised on those investments in the period was £3,241,000 increase (2025: £3,212,000 increase). The core purpose of funeral prepayment plans where the Society accepts risk from another party (the policyholder), is to compensate the policyholder in respect of an uncertain future funeral.

Funeral plan investments are held as assets in the balance sheet, apportioned between fixed and current assets based upon past periods' experience of redemptions expected in the coming 12 months.

14. STOCKS

	2026 **£'000**	2025 £'000
Finished goods and goods for resale	**19,302**	18,104
	19,302	18,104

Stock is stated after provision of £2,700,000 for slow moving stocks and stock leakage (2025 - £3,400,000.)

15. DEBTORS

	2026	2025
	£'000	£'000
Falling due within one year:		
Trade debtors	**14,858**	14,701
Other debtors	**646**	479
Prepayments and accrued income	**7,507**	6,188
	23,011	21,368
Falling due in more than one year;		
Loan	**6,874**	2,783

Debtors falling due in more than one year includes a long-term interest-bearing loan of £6.874m to a joint venture associate entity at Tamar Valley Crematorium, (2025; £2.783m), which is interest bearing at a rate of the Bank of England base rate +1.75%.

16. CASH AND CASH RECEIVABLES

	2026	2025
	£'000	£'000
Cash at bank and in hand / (overdrafts)	**804**	(4,357)
Cash receivables	**3,603**	4,201
	4,407	(156)

Cash Receivables represents cash in transit for the time taken for cash and credit card sales to receipt within the bank account.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2026	2025
	£'000	£'000
Bank loans and overdrafts (note 20)	**16,445**	12,581
Trade creditors	**55,485**	34,946
Taxation and social security	**4,817**	2,829
Funeral plan liability - deferred income (note 19)	**3,036**	3,043
Accruals and other deferred income	**20,666**	20,118
Corporation Tax	**27**	42
Other creditors	**1,013**	1,808
	101,489	75,367

The bank loans and overdraft represent the amount drawn down from a facility with Barclays Bank as well as asset backed loan agreements. The sums drawn from the Revolving Credit Facility have various maturity dates all of which are within twelve months from the period end. The monies are secured on a number of freehold properties. The asset backed loan agreements are repayable on a monthly instalment basis over four or five years and are secured on specific tangible fixed assets. Interest is payable based on the SONIA interest rates plus a margin.

Funeral Plan scheme payments in advance are recorded as a deferred income, apportioned between amounts due within one year and after more than one year, based upon past periods' experience of redemptions expected in the coming 12 months.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2026	2025
	£'000	£'000
Bank loans and overdrafts (note 20)	**2,756**	931
Funeral Plan scheme deferred income (note 19)	**37,842**	37,310
	40,598	38,241

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

FUNERAL PLAN LIABILITIES- DEFERRED INCOME

	Funeral Plan long term £'000	Funeral Plan short term £'000	Total £'000
Valuation			
At 26 January 2025	37,310	3,043	40,353
Value of plans redeemed	(3,743)	-	(3,743)
Deferred liability – new plans added	2,980	-	2,980
Interest change	1,288	-	1,288
Transfer current asset liabilities	7	(7)	-
As at 25 January 2026	**37,842**	**3,036**	**40,878**
Net book value at 25 January 2026	**37,842**	**3,036**	**40,878**
Net book value at 26 January 2025	37,310	3,043	40,353

19. DEBT FINANCE

The maturity of sources of debt finance are as follows:

	2026 £'000	2025 £'000
Loans and overdrafts:		
In one year or less, or on demand	**16,445**	12,581
In more than one year, but not more than five years	**2,756**	931
	19,201	13,512

	2026	2025
	£'000	£'000
Net Debt Position:		
Cash and cash receivables	**4,407**	(156)
Loans and overdrafts	**(19,201)**	(13,512)
	(14,794)	(13,668)

In addition, the deferred payments to suppliers as at the year-end amounted to £7.0m.

Liquidity risk:

Borrowing requirements are managed in line with the short, medium and long term cash flow forecast regularly and reviewed against the Society's debt facility.

Interest rate risk:

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

20. FINANCIAL INSTRUMENTS

The Group's financial instruments may be analysed as follows:

	2026	2025
	£'000	£'000
Financial assets		
Financial assets measured at fair value through the income statement	**47,518**	44,087
Financial liabilities		
Financial liabilities measured at fair value through the income statement	**40,878**	40,353

Financial assets measured at fair value comprise of funeral plan scheme fixed assets and other investments.

Financial liabilities measured at fair value comprise funeral plan scheme liabilities.

Credit risk:

Credit risk arises from the possibility of customers failing to meet their obligations to the Society. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. The Society does not require collateral in respect of financial assets. The

Society considers that it is prudent in its impairment provisioning, and it has no significant customer credit risk.

Foreign currency risk:

The Society has no exposure to foreign currency risk.

21. OTHER PROVISIONS

	Onerous leases £'000	**Dilapidation Provision £'000**	**Total £'000**
As at 26 January 2025	1,640	624	2,264
Expensed to Income Statement	1,995	407	2,402
As at 25 January 2026	**3,635**	**1,031**	**4,666**

22. COMMITMENTS UNDER OPERATING LEASES

The Group had minimum lease payments under non-cancellable operating leases as set out below:

	2026 £'000	2025 £'000
Not later than 1 year	**17,123**	17,614
Later than 1 year, but not later than 5 years	**49,111**	51,281
Later than 5 years	**37,585**	34,275
	103,819	103,170

23. MINORITY INTEREST

	2026 £'000	2025 £'000
As at beginning of year	**1,464**	1,467
Transfer from profit and loss reserve	**-**	(3)
As at end of year	**1,464**	1,464

24. PENSION SCHEME

Southern Co-op sponsors a funded defined benefit pension plan, The Southern Co-operative Limited Group Pension Scheme (the “Scheme”). The disclosures below are in respect of the whole Scheme.

The level of benefits provided by the Scheme depends on a member’s length of service and their salary at their date of leaving the Scheme. The Scheme was closed to new members on 1 December 2002 and closed to future benefit accrual on 31 May 2013.

The last funding valuation of the Scheme was carried out by a qualifying actuary as at 30 January 2024 and contributions of £Nil are expected to be paid by Southern Co-op to the Scheme during the year ending on 31 January 2027.

The results of the latest funding valuation at 30 January 2024 have been adjusted to the balance sheet date taking account of experience over the period since 30 January 2024, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method.

The principal assumptions used to calculate the liabilities under FRS102 are set out below:

	2026	**2025**	**2024**	2023	2021
	%	**%**	**%**	%	%
Discount rate	**5.5**	5.5	5.10	4.50	2.20
Rate of increase in salaries	**N/A**	N/A	N/A	N/A	N/A
Rate of increase in deferred pensions - RPI	**2.90**	3.20	3.00	3.00	3.30
Rate of increase in deferred pensions - CPI	**2.50**	2.70	2.50	2.50	2.70
Rate of increase in pensions in payment accrued from April 1997 to 5 April 2005	**2.90**	3.10	2.90	2.90	3.20
Rate of increase in pensions in payment accrued before 6 April 1997 and after 5 April 2005	**2.10**	2.20	2.10	2.10	2.20

Discount rates and inflation RPI inflation modelling has taken place and sensitivity analysis has been performed. The results of a 1% increase in either of these having a 10% and 3% impact on pension obligations accordingly.

25.PENSION SCHEME (continued)

Main demographic assumptions

	2026	2025
Life expectancy for male currently aged 65	**20.4**	20.4
Life expectancy for female currently aged 65	**22.2**	22.1
Life expectancy at 65 for male currently aged 45	**22.2**	22.1

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Life expectancy at 65 for female currently aged 45	**23.5**	23.4

Mortality assumption 116% males / 123% females of the S3PxA tables with improvements in line with the CMI 2022 projections and a long-term rate of improvement of 1.0% pa (2023 - 116% males/123 % females of the S3PxA tables with improvements in line with the CMI 2022 projections and a long-term rate of improvement of 1.0% pa).

Scheme asset allocation

	2026		2025	
	£'000	**%**	£'000	%
Growth funds	**18,980**	**22**	19,473	22
Matching funds	**68,151**	**78**	68,894	78
Property	**196**	**0**	736	1
Other	**476**	**0**	(218)	(1)
Total	**87,803**	**100**	88,885	100

None of the Scheme assets are invested in Southern Co-op's financial instruments or in property occupied by, or other assets used by, Southern Co-op.

Southern Co-op's contributions for the period ended 25 January 2026 amounted to Nil (2025: £229,000).

25.PENSION SCHEME (continued)

The assets in the scheme were:

	2026	2025	2024
	£'000	£'000	£'000
Equities and property	**18,980**	19,473	19,280
Gilts and bonds	**68,151**	68,894	73,030
Other	**672**	518	1,460
Total market value of assets	**87,803**	88,885	93,770
Present value of scheme liabilities	**(83,166)**	(84,877)	(93,036)
Surplus in scheme	**4,637**	4,008	734
Related deferred tax (liability)	**(1,160)**	(868)	(184)
Net pension surplus	**3,477**	3,140	550

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

The scheme surplus at 25 January 2026 after deferred tax was identified of £3,477,000. This surplus has been recognised as an asset (2025: £3,140,000 was recognised as an asset).

Analysis of amount recognised in Income Statement

	2026	2025
	£'000	£'000
Administration expenses	**439**	525
Interest receivable on net defined benefit surplus	**(208)**	(27)
Pension charge recognised in the income statement	**231**	498

Analysis of amount recognised in Statement of Comprehensive Income

	2026	2025
	£'000	£'000
Return on pension scheme assets	**94**	3,987
Gain arising from changes in assumptions underlying the scheme liabilities	**(954)**	(7,530)
Total amount recognised in Statement of Comprehensive (Loss)	**(860)**	(3,543)

Reconciliation of the present value of the defined benefit obligation

	2026	2025
	£'000	£'000
Present value of the defined benefit obligation at the beginning of the year	**84,877**	93,036
Movement in year:		
Interest cost	**4,523**	4,236
Benefits paid	**(5,280)**	(4,865)
Actuarial (gain) on scheme liabilities	**(954)**	(7,530)
	83,166	84,877

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

Reconciliation of the fair value of scheme assets

	2026 £'000	2025 £'000
Fair value of scheme assets at the start of the year	**88,885**	93,770
Movement in year:		
Interest Income on scheme assets	**4,731**	4,263
Scheme administrative costs	**(439)**	(525)
Return on scheme assets	**(94)**	(3,987)
Employer contributions	**-**	229
Benefits paid	**(5,280)**	(4,865)
	87,803	88,885

Defined contribution scheme

For new employees, Southern Co-op provides a Group Personal Pension or the UK Government back NEST Scheme to which it contributes. The cost to Southern Co-op in the period ended 25 January 2026 was £2,004,000 (2025: £1,398,000). The amount payable to the scheme at the end of the period was £ Nil (2025: £Nil).

26. CASH FLOWS FROM OPERATING ACTIVITIES

	2026 £'000	2025 £'000
Net loss after tax	**(34,728)**	(4,620)
Distributions	**(93)**	339
Depreciation of tangible fixed assets	**11,243**	12,776
Amortisation of intangible fixed assets	**2,954**	2,819
Impairment charge on intangibles	**2,431**	304
Impairment charge on owned assets	**13,255**	521
Net fair value (gain) of funeral plan investment recognised	**(3,241)**	(3,212)
Net fair value (gain) of investment properties recognised	**(65)**	(664)
Other provision movement	**2,402**	(164)
Net interest payable	**1,744**	1,581
Taxation (credit) / charge	**(2,049)**	85
Losson sale of fixed assets	**1,013**	90
(Increase) / decrease in stocks	**(1,198)**	2,077
Increase in trade and other debtors	**(5,316)**	(3,823)
Increase/ (decrease) in trade and other creditors	**22,281**	(6,523)
Net Cash inflow from Operating Activities	**10,633**	1,586

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

27.SHARE CAPITAL

	2026	2025
	£'000	£'000
Allotted, called up and fully paid		
696,000 ordinary shares at £1 each	**696**	698
	696	698

Zero ordinary shares were issued during the year (2025: 7,000).

All the ordinary shares carry equal participation in assets, rights to dividends and voting power.

28. RESERVES

The Society's capital reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of shares issued.

Profit and Loss account

The profit and loss account represents cumulative profit and losses, net of dividends paid and other adjustments.

29. RELATED PARTY DISCLOSURE

Controlling parties

The directors do not consider there to be an ultimate controlling party. The Southern Co-operative Limited has taken advantage of the exemption conferred by FRS 102 Section 33 'Related party disclosures' not to disclose transactions with its wholly owned subsidiaries.

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group can be found within the Remuneration Report.

Southern Co-op has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent for the period was £ 37,954,000 from Southern Co-op (2025 loss: £6,190,000).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

29. RELATED PARTY DISCLOSURE (continued)

Related party transactions

At the year end, there is an amount owing by the Society to its 91% subsidiary Society, Southern Co-operative Dairies Limited of £15,154,372 (2025: £15,153,176). Southern Co-op has charged a Management Fee to Southern Co-operative Dairies Limited of £nil (2025: £25,000)

30. OTHER OPERATING INCOME

	2026	2025
	£'000	£'000
Funeral Plan Administrative Income	**312**	192
	312	192

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

31.SUBSIDIARIES

The financial statements consolidate the results of Southern Co-op and the following subsidiaries, all of which are incorporated in Great Britain and have a year end of 31 January 2026.

Subsidiary	Registered No.	Type of registration	Activity	Percentage of shares held %	Net profit £'000
Southern Co-operative Dairies Ltd	24986R	Registered Society	Property Management	91	1
Mutual Associates Ltd *	02207748	Limited Company	Property investment	100	696
Mutual Services (Portsmouth) Ltd *	05904980	Limited Company	Funeral furnishing	100	59
Southern Co-operative Retailers Ltd*	02301593	Limited Company	Property investment and management	100	(94)
SCL (Members) Trustee Ltd	3397456	Limited Company	Trustee	100	-
East Devon Crematorium Ltd*	07158852	Limited Company	Crematorium	99	424
J. Edwards & Son (Funeral Directors) Ltd	1256971	Limited Company	Non-trading	100	-
Southern Co-operative Funerals Ltd*	00382640	Limited Company	Funeral furnishing	100	1,823
Southern Co-operative Properties Ltd *	05016485	Limited Company	Property management	100	2,299
Co-operative Franchising Ltd*	06492138	Limited Company	Grocery retail licensing agent	100	(1,178)
Cooperative Independent Living Ltd	06538560	Limited Company	Non-trading	100	-
Caring Ladies Funeral Directors Ltd	03102001	Limited Company	Non-trading	100	-
Caring Lady Funeral Directors Ltd	08159436	Limited Company	Non-trading	100	-
South of England Funeral Partners Ltd *	06961496	Limited Company	Investment	100	1,480
South of England Natural Burials Ltd	08322729	Limited Company	Non-trading	100	-
Sussex Woodlands Limited*	06542570	Limited Company	Natural Burial Ground	100	311
Cobra Coffee Limited*	08549511	Limited Company	Coffee Retailer	100	(5,929)
Crossco (1442) Ltd	11758613	Limited Company	Non-Trading	100	-
Cobra Coffee South West Ltd*	8576967	Limited Company	Coffee Retailer	100	137
Natural Burial Grounds Limited*	13689312	Limited Company	Natural Burial Ground and Funerals	100	127
The Southern Co-operative Pension Trustee Ltd	10365510	Limited Company	Non-trading	100	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 25 January 2026

*Subsidiaries taking advantage of the exemption from the requirement to have their own accounts audited in accordance with s479A of the Companies Act 2006. Copies of financial statements for The Southern Co-operative Limited can be obtained from the Society Secretary at 1000 Lakeside, Western Road, Portsmouth, Hampshire, PO6 3FE.

Year ending January		**2026 52 Weeks**	**2025 52 Weeks**	**2024 52 Weeks**	**2023 52 weeks**	**2022 52 weeks**
Membership ('000)		314	300	196	173	139
£'000						
Turnover		531,436	543,891	545,750	515,407	494,090
Depreciation and amortisation		14,197	15,676	16,390	15,215	15,189
Group Operating (Loss)/Profit		(35,126)	(2,617)	(752)	(1,252)	4,337
Retained profit/(deficit)		(34,728)	(4,620)	(3,570)	(2,290)	1,505
Fixed assets		166,481	183,903	185,594	184,655	184,357
Net current (liabilities)		(44,321)	(29,955)	(27,987)	(22,969)	(16,774)
Total assets less current liabilities		122,160	153,948	157,607	161,686	167,583
Long term liabilities including pension liabilities		(40,598)	(38,241)	(37,324)	(38,793)	41,917
Net assets including pension surplus/deficit		78,223	112,192	114,108	118,446	134,009
Share capital		696	698	783	822	747
Reserves		78,223	110,030	111,858	116,156	131,815
Minority interest		1,464	1,464	1,467	1,468	1,447
Total retail sales area (sq. ft. '000)		478	504	497	498	519

32. POST BALANCE SHEET EVENTS

Post the year end, the Society convened two Special General Meetings to enable Members to vote on a proposed Transfer of Engagements. The resolution passed at both meetings.

On 26 July 2026 Southern Co-operative Limited completed a total transfer of engagements (all assets and liabilities) to Siena Co-operative Limited. All subsidiaries previously owned and controlled by Southern Co-operative Limited transferred under the ownership and control to Siena

Co-operative Limited, a 100% subsidiary of Co-operative Group Limited, which was newly created for the purposes of the transfer of engagements.

The transfer was effected in accordance with the Co-operative and Community Benefit Societies Act 2014 and confirmation of the transfer has been filed with the Financial Conduct Authority (FCA).

Employees of The Southern Co-operative Limited have had their employment transferred to Siena Co-operative Limited via a TUPE arrangement at the same time. The DB pension scheme and its net assets and liabilities form part of the transfer of engagements and have also transferred in full to Siena Co-operative Limited.