Annual Return (AR30) form

Section 1 – About this form

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965) or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1969). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuals Public Register https://mutuals.fca.org.uk. Our privacy notice explains how and why we use personal data: https://www.fca.org.uk/privacy.

For guidance on our registration function for societies under the Co-operative and Community Benefit Societies Act 2014, which includes guidance on the requirement to submit an Annual Return, please see here: https://www.handbook.fca.org.uk/handbook/RFCCBS

Section 2 – About this application

Society name	Kenmare Estates Limited
Register number	30170R
Registered address	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick
Postcode	CV34 6DA

2.1 What date did the financial year covered by these accounts end?

2	8	0	1	2	0	2	3

Section 3 – People

3.1 Please provide the names of the people who were directors of the society during the financial year this return covers. Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

Name of director	Month and year of birth	
SEE APPENDIX (for point 3.1)		

Continue on to a separate sheet if necessary.

3.2 All directors must be 16 or older. Please confirm this is this case:

All directors are aged 16 or over ☒

3.3 Societies are within the scope of the Company Directors Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:

No director is disqualified ☒

3.4 Please state any close links which any of the directors has with any society, company or authority. 'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

SEE APPENDIX (for point 3.4)

3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers. Societies must have a secretary.

Name of secretary	Month and year of birth	
Edward Geoffrey Parker	October	1967

Section 4 – Financial information

4.1 Please confirm that:

accounts are being submitted with this form ☒

the accounts comply with relevant statutory and accounting requirements ☒

the accounts are signed by two members and the secretary (3 signatures in total) ☒

4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.

Number of members	**17**
Turnover	**24,775,319**
Assets	**194,745,465**
Number of employees (if any)	**-**
Share capital	**21**

Highest rate of interest paid on shares (if any)	**N/A**

4.3 What Standard Industrial Classification code best describes the society's main business? Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes here: **http://resources.companieshouse.gov.uk/sic/**

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Section 5 – Audit

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance: https://www.handbook.fca.org.uk/handbook/RFCCBS

5.1 Please select the audit option the society has complied with:

Full professional audit ☒

Auditor's report on the accounts ☐

Lay audit ☐

No audit ☐

5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

We have complied with the audit requirements ☒

5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

Yes ☐

Not applicable ☒

The information below impacts the level of audit required of the society's accounts. Please provide answers to the following questions.

5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?

Yes ☐

No ☒

5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.

Not applicable ☒

OSCR number:	

5.6 Is the society a housing association?

No ☒ Go to **section 6**

Yes ☐ Go to question **5.7**

5.7 Please confirm which housing regulator you are registered with, and provide the registration number they have given you:

		Registration number
Homes and Communities Agency	☐	
Scottish Housing Regulator	☐	
The Welsh Ministers	☐	
Department for Communities (Northern Ireland)	☐	

Section 6 – Subsidiaries

6.1 Is the society a subsidiary of another society?

Yes ☒

No ☐

6.2 Does the society have one or more subsidiaries? (As defined in sections 100 and 101 of the Act)

Yes ☐ Continue to question 6.3

No ☒ Continue to Section 7

6.3 If the society has subsidiaries, please provide the names of them below (or attach an additional sheet)

Registration Number	Name
N/A	N/A

6.4 Please provide below (or on a separate sheet) the names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions: (the society must have written authority from us to exclude a subsidiary from group accounts)

Registration Number	Name	Reason for exclusion
N/A	N/A	N/A

Section 7– Condition for registration

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); **or**
- are conducting business for the benefit of the community ('community benefit society').

A society must answer the questions set out in either Section 7A or Section 7B of this form, depending on which condition of registration it meets.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance:
https://www.handbook.fca.org.uk/handbook/RFCCBS

Section 7A - Co-operative societies

Co-operative societies must answer the following questions in relation to the financial year covered by this return.

7A.1 What is the business of the society? For example, did you provide housing, manufacture goods, develop IT systems etc.

The society is a trading subsidiary of The Midcounties Co-operative Limited, a registered co-operative society with reg no: 19025R. The Midcounties Co-operative Limited is a retail co-operative society, trading and administering its business through its subsidiaries.

7A.2 Please describe the members' common economic, social and cultural needs and aspirations. In answering this question, please make sure it is clear what needs and aspirations members had in common.

The society is a trading subsidiary of The Midcounties Co-operative Limited, a registered co-operative society with reg no: 19025R. Members of The Midcounties Co-operative share common co-operative values which are brought to life with four key values: Democracy, Openness, Equality, Social Responsibility (DOES).

7A.3 How did the society's business meet those needs and aspirations? You have described the society's business answer to question 7A.1, and in question 7A.2 you have described the common needs and aspirations of members. Please now describe how during the year that business met those common needs and aspirations.

The Midcounties Co-operative Limited meets those needs and aspirations by enabling members to i) share in its profits, ii) participate in member activities and getting involved with the community iii) engage democratically by voting in its annual elections and attending its AGMs and Half Year Meetings.

7A.4 How did members democratically control the society? For example, did the members elect a board at an annual general meeting; did all members collectively run the society.

The society is a trading subsidiary of The Midcounties Co-operative Limited, a registered co-operative society with reg no: 19025R. Members of The Midcounties Co-operative vote and elect the directors of the Board; and approve distributions, at the Society's AGM, to key stakeholders.

7A.5 What did the society do with any surplus or profit? For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

The society is a trading subsidiary of The Midcounties Co-operative Limited, a registered co-operative society with reg no. 19025R. The Midcounties Co-operative's members approve distributions to key stakeholders by way of i) share of profits payment to members (each member receives an amount based on how much they have traded with the Society in any given year), ii) a distribution to colleagues and iii) distributions to fund, for example, membership activity, co-operative development activity and community support.

Section 7B - Community benefit societies

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

7B.1 What is the business of the society? For example, did you provide social housing, run an amateur sports club etc.

N/A

7B.2 Please describe the benefits to the community the society delivered? Here we are looking to see *what* the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

N/A

7B.3 Please describe how the society's business delivered these benefits? The business of the society must be conducted for the benefit of the community. Please describe *how* the society's business (as described in answer to question 7B.1) provided benefit to the community.

N/A

7B.4 Did the society work with a specific community, and if so, please describe it here? For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

N/A

7B.5 What did the society do with any surplus or profit? For instance, did you donate the money; did money get reinvested in the business; put into reserves; used for some other purpose?

N/A

7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest. Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

N/A

Section 8– Declaration

The secretary of the society must complete this section.

Name	**Edward Geoffrey Parker**
My signature below confirms that the information in this form is accurate to the best of my knowledge	
Signature	
Position	**Secretary & Head of Governance**
Date	30/08/2023

Section 9 – Submitting this form

Please submit a signed, scanned version of this form along with your accounts and any auditor's report by email to: mutualsannrtns@fca.org.uk.

Or you can post the form to:

Mutual Societies
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

This form is available on the Mutuals Society Portal:
https://societyportal.fca.org.uk

Registered as a Limited Company in England and Wales No. 1920623. Registered office as above.

Point 3.1 - People (Directors of the society during the financial year)

Note - Same address for all directors: c/o The Midcounties Co-operative Limited, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick CV34 6DA

Name	Month of birth	Year of birth	
Barbara Ann Rainford	September	1955	
Bernadette Connor	February	1953	
Clive Leon Booker	September	1944	Resigned October 2022
Evelyne Godfrey	May	1969	
Eleanor Boyle	January	1989	
Fiona Ravenscroft	May	1962	
Harvey Griffiths	September	1968	Appointed October 2022
Heather Adele Richardson	December	1976	
Helen Rita Wiseman	June	1965	
Irene Louise Kirkman	March	1953	
Matthew David Nigel Lane	July	1985	
Nicholas Milton	December	1966	
Olivia Birch	June	1967	
Paul Mather	April	1959	
Stephen Hawksworth	June	1959	Appointed October 2022
Vicky Green	October	1970	
Vivian Stanley Woodell	May	1962	
Wendy Willis	May	1962	Resigned October 2022

Point 3.4 - Director	External Directorship	
Barbara Ann Rainford	Director, Co-operative Futures Limited	
	Elected Parish Councillor for Prees, Shropshire	
	Director, BCRS Ltd	
	Trustee, Shropshire Climate Action	
Evelyne Godfrey	Director, Uffington Heritage Watch Limited	
	Secretary, Oxford City of Sanctuary Limited	
Fiona Ravenscroft	Director, Ravenscroft Ltd	
	Director, Osney Island Boat Club Ltd	
	Trustee, Long Mead Foundation	
	Director, Co-operatives UK	
Harvey Griffiths	Director, Anglo Chesham Management Limited	Appointed October 2022
	Director, Anglo Industrial Holdings Ltd	
	Director, Broadgate Freeholds Limited	
	Director, Energy Capital Advisers Ltd	
	Secretary, Grip Star Holdings Limited	
	Director, Horizon (GP) Limited	
	Director, Horizon Development Capital Limited	
	Director, Horizon Development Finance Limited	
	Director, Horizon Housing REIT Plc	
	Director, Horizon Hudson Holdings	
	Director, Horizon Infrastructure Partnership Limited	
	Director, Horizon Investment Holdings (One) Limited	
	Director, Horizon Investment Holdings (Two) Limited	
	Director, Horizon Investments (One) Limited	
	Director, Horizon Investments (Two) Limited	
	Director, Horizon Scotland (GP) Limited	
	Director, Housing Investment Finance Ltd	
	LLP Designated Member, Infrastructure Partnership LLP	
	Secretary, Just Property Management Ltd	
	Director, Sustainable Infrastructure Partnership Ltd	
	Non-executive director, West Hertfordshire Teaching Hospitals NHS Trust	
	Adviser – Everton Football Club Company, Everton Stadium Development Limited, Blue Heaven Holdings Limited, Blue Horizon Investments Limited, Bluesky Capital Limited	
Heather Richardson	Owner, Kestrel Equine and Gun Dogs	
	Chief Risk Officer, Bromford Housing Group	
Helen Rita Wiseman	Club Welfare Officer, Bourton & Sherbore Hockey Club	
Irene Louise Kirkman	Chair and independent member, Council of Buckinghamshire New University Council	
	Local Authority Governor for the Cherwell School Council	
Matthew David Nigel Lane	Director, BeerBods Ltd	
	Director, Drink Beta Ltd	
	Director, MDNL Ltd	
	Director, WOO Cooking Oils Ltd	
	Director, Perfectdraft UK Limited	
Olivia Birch	Director, Revolver Co-operative Limited	
	Director, Revolver World Limited	
	Director & Secretary, Revolver Music Limited	
	Director, Heavy Metal Records Limited	
	Director, FM-Revolver Records Limited	
	Trustee, Revolver World Foundation	
	Committee member, Wolverhampton City Planning	
Paul Mather	Director, Co-operative Futures Limited	
	Director, Industrial Common Ownersip Fund PLC	
	Director, Industrial Common Ownership Finance Limited	
Nicholas Milton	Director, Co-operative Press Limited	
Stephen Hawksworth	Director, S.C. Hawksworth Ltd	Appointed October 2022
	Colleague, Asda Stores Ltd	
Victoria Green	Council Member, Co-op Group's National members council	
Vivian Stanley Woodell	Director, West Oxfordshire Community Transport Limited	
	Director, Lawrence Home Nursering Team Limited	
	Director, Student Co-operative Homes Limited	
	Director, The Co-operative Loan Fund Limited	
	CEO and Secretary, The Phone Co-op Foundation for Co-operative Innovation Limited	
	Director, Westmill Wind Farm Co-operative Limited	
	Director, Cooperatives Europe asbl	

REGISTERED SOCIETY NUMBER: 30170R

KENMARE ESTATES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 28 JANUARY 2023

Kenmare Estates Limited

Directors' report and financial statements for the 53 weeks ended 28 January 2023

Kenmare Estates Limited

Directors' report for the 53 weeks ended 28 January 2023

The directors take pleasure in presenting their annual report and the financial statements for the 53 weeks ended 28 January 2023.

Principal activity

The principal activity of the Society is property management on behalf of fellow Group companies.

Review of the business

The directors consider that the results for the period and the period end financial position are satisfactory and expect that the present level of activity will be sustained for the foreseeable future.

The Midcounties Co-operative Limited ("The Group") is the ultimate holding Society of Kenmare Estates Limited

Dividends

The directors have proposed a final ordinary dividend in respect of the current financial year of £2,500,000 (2022: £10,350,000).

Political donations

The Society made no political donations during the period (2022: £nil).

Charitable donations

The Society made no charitable donations during the period (2022: £nil).

Modern Slavery Act

For the Society's Modern Slavery Act Disclosure go to www.midcounties.coop.

Directors

The directors of the Society as at 28 January 2023, all of whom had held office for the whole of the period unless otherwise stated, were:

H R Wiseman	H Richardson	V S Woodell	O Birch
E Boyle	B Connor	E Godfrey	V Green
H Griffiths	S Hawksworth	I Kirkman	M Lane
P Mather	N Milton	F A Ravenscroft	B Rainford

S Hawksworth - appointed 19 October 2022

H Griffiths - appointed 19 October 2022

C Booker - resigned 19 October 2022

W Willis - resigned 19 October 2022

Principal risks and uncertainties

The principal risks are the market yield on the rental of the Society's property portfolio and vacant properties. The directors monitor market yields and take action to rent vacant properties.

Disclosure of information to auditor

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

Approved by the Board of Directors and signed on behalf of the Board

Edward Parker

Secretary

25 August 2023

Kenmare Estates Limited

Statement of Directors’ Responsibilities in respect of the Directors’ Report and the Financial Statements

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 101 Reduced Disclosure Framework.

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;
- assess the Society’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Society, or to cease operations, or have no realistic alternative but to do so.

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

On behalf of the Board.

Helen Wiseman, President | **Heather Richardson, Vice-Preisdent** | **Vivian Woodell, Vice-President**

Edward Parker,
Secretary

25 August 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENMARE ESTATES LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 28 January 2023 and of its profit for the 53 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

We have audited the financial statements of Kenmare Estates Limited ("the Society") for the 53 week period ended 28 January 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 101 Reduced Disclosure Framework, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENMARE ESTATES LIMITED

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 information given in the Report of the Board for the financial period for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Society; or
- a satisfactory system of control has not been maintained over transactions; or
- the Society financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require 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 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 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:

We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of acts by the entity which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with the Co-operative and Community Benefit Societies Act 2014 and accounting standards.

We communicated key estimate and judgements, relevant identified laws and regulations, and potential fraud and irregularity risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We designed audit procedures to respond to these matters.

We focussed on areas that could give rise to a material misstatement in the entities Financial Statements. Our testing included, but was not limited to:

- Enquiries of management;
- Review of minutes of Board meetings throughout the period;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Identifying and testing a sample of journal entries, to identify any outside of the normal course of business or indicative of manipulation of the financial statements;
- Challenge of key estimates and judgements, applied by management in the financial statements to check that they are free from management bias;
- Consideration of management's assessment of related parties and any other unusual transactions and evaluated the process for identifying and monitoring any such transactions;
- Consideration of the total audit adjustments and unadjusted audit differences for indications of bias or deliberate misstatements; and
- Testing supplier payment detail irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENMARE ESTATES LIMITED

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 is available on the Financial Reporting Council's website at: https://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 Society's members, as a body, in accordance with Chapter 3 of Part 16 of 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 and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Laurie Hannant

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Laurie Hannant (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham, UK
Date: 25 August 2023
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Kenmare Estates Limited
Statement of Comprehensive Income for the 53 weeks ended 28 January 2023

	Note	2023	2022
		£	£
Turnover	2	**24,775,319**	20,264,701
Cost of sales		**-**	-
Gross Profit		**24,775,319**	20,264,701
Other operating income		**84,008**	104,534
Operating expenses	3	**(12,436,393)**	(11,471,073)
Operating profit		**12,422,934**	8,898,162
Loss on sale of fixed assets		**(6,550,551)**	(8,482,333)
Net interest payable	6	**(2,860,119)**	(1,788,236)
Gain recognised on measurement to fair value		**8,310,055**	3,146,943
Profit before taxation		**11,322,319**	1,774,536
Taxation	7	**(2,091,802)**	(2,885,707)
Profit / (loss) for the financial period and other comprehensive income / (loss)		**9,230,517**	(1,111,171)

The Society has no other comprehensive income or other gains and losses.

The results for 2023 and 2022 relate to continuing operations.

The notes on pages 10 to 22 form an integral part of the financial statements.

Kenmare Estates Limited
Statement of Financial Position as at 28 January 2023
Registered no. 30170R

	Note		2023		2022
			£		£
Fixed assets					
Investment properties	8		124,308,771		121,004,108
Right of use assets	9		47,235,545		46,387,350
			171,544,316		167,391,458
Current assets					
Debtors	10	12,550,560		1,684,947	
Assets held for sale	11	10,650,589		18,669,121	
		23,201,149		20,354,068	
Current liabilities					
Creditors	12	(119,798,359)		(127,976,203)	
Lease Liabilities	13	(3,719,037)		(3,404,353)	
		(123,517,396)		(131,380,556)	
Net current liabilities			(100,316,247)		(111,026,488)
Total assets less current liabilities			71,228,069		56,364,970
Long term liabilities					
Amounts falling due after more than one year:					
Provision for liabilities and charges	14	(10,930,278)		(6,519,187)	
Lease Liabilities	13	(49,152,768)		(45,431,277)	
			(60,083,046)		(51,950,464)
Net assets			11,145,023		4,414,506
Capital and reserves					
Share capital	15		21		21
Retained Earnings			10,683,006		3,952,489
Other reserve			461,996		461,996
Members' funds			11,145,023		4,414,506

The notes on pages 10 to 22 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 24 August 2023 and were signed on its behalf by:

Helen Wiseman
Director
25 August 2023

Kenmare Estates Limited
Statement of Changes in Equity for the 53 weeks ended 28 January 2023

	Share capital	Other reserve	Retained earnings	**Total**
	£	£	£	**£**
Balance at 23 January 2021	**21**	**521,996**	**15,353,660**	**15,875,677**
Loss for the period	-	-	(1,111,171)	**(1,111,171)**
Total other comprehensive loss for the period	-	-	(1,111,171)	**(1,111,171)**
Dividends	-	-	(10,350,000)	**(10,350,000)**
Reserves transfer on property disposal		(60,000)	60,000	**-**
Balance at 22 January 2022	21	461,996	3,952,489	4,414,506
Profit for the period	-	-	**9,230,517**	**9,230,517**
Total other comprehensive income for the period	-	-	9,230,517	**9,230,517**
Dividends	-	-	(2,500,000)	**(2,500,000)**
Reserves transfer on property disposal		-	-	**-**
Balance at 28 January 2023	**21**	**461,996**	**10,683,006**	**11,145,023**

The notes on pages 10 to 22 form an integral part of the financial statements.

The ‘other reserve’ relates to historical unrealised profits created by the disposal of properties to other group undertakings as part of a group reorganisation in 2006. Profits are realised on disposal of the properties by the other group companies to external third parties and are transferred from other reserve to the profit and loss account reserve. The transfer in the year represents disposals to external third parties to the balance sheet date.

1.Accounting policies

Basis of preparation

i) Statement of compliance

Kenmare Estates Limited is a Co-operative Society domiciled in the United Kingdom. The financial statements for the period ended 28 January 2023 have been prepared in accordance with UK Accounting Standards – Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

ii) Basis of preparation

The financial statements are presented in pounds sterling (GBP), which is the Society's functional currency. All financial information presented in GBP has been rounded to the nearest pound.

The financial statements are prepared on a going concern basis. The Society has reported a profit for the period of £11.0m for the year to 28 January 2023 (2021/22: loss £1.1m) and has net assets of £12.9m (2021/22: £4.4m) as at 28 January 2023.The Society is part of the ultimate parent Society, The Midcounties Co-operative Limited ("the Group") group banking facility and the cash headroom is connected to the Group forecast. As a result the Society cash flow and headroom has been considered as part of the overall review of the Group facilities and the overall Group going concern assessment. The Group meets its day to day working capital requirements from a series of committed, bank facilities comprising a fixed term loan, revolving credit facilities and overdrafts in addition to cash balances maintained. As of 28 January 2023, the Group had total drawings of £57.3m under its bank loans and revolving credit facilities. Throughout the financial year these bank facilities were subject to continued compliance with both financial and administrative covenants. The Group had bilateral and syndicated club facilities amounting to £105.9m with its three long-term partner banks.

These credit facilities were due to mature in August 2023. Subsequent to the year end, on 22 February 2023, the Society executed a new threeyear £112.6m Revolving Facility Agreement replacing all previous arrangements. As per the previous facilities, the new arrangement is subject to ongoing compliance with specific financial, operational and sustainability covenants which are measured on a quarterly basis.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Society and Group can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

As part of the Society's Strategic Planning Cycle, detailed annual budgets and 5-year plans have been prepared through to January 2028. These plans inform the Going Concern assessment alongside a rigorous assessment of current and future trading and consideration of the current economic environment together with the Society's Principal Risks. The scenarios outlined below are deemed to represent a severe and plausible test on the Society's ability to continue to adopt the going concern basis.

Following this analysis, the directors have concluded that the Society has adequate resources and will comply with its covenant requirements, to allow it to continue in operational existence for the period of the going concern assessment. Whilst the Directors consider there are uncertainties, we do not consider the uncertainties to be material uncertainties that may cast significant doubt on the Society's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

Macro-Economic Factors

Cost of living

The ongoing cost of living crisis driven by high inflation, interest rate rises and the conflict in Ukraine triggering higher energy costs and supply chain challenges continues to influence property management. As a society our investments in energy efficiency programmes such as new refrigeration and LED lighting lessened some of the impact of rising energy costs in 2022 and with the programmes rolling out further in 2023, we'll see additional financial and sustainability benefits.

1. Accounting policies (continued)

iii) Use of estimates and judgements

The preparation of financial statements in conformity with applicable accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

Valuation of investment properties (note 8)

iv) UK Accounting Standards – Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) - exemptions

The Society's ultimate parent undertaking, The Midcounties Co-operative Limited includes the Society in its consolidated financial statements. The consolidated financial statements of The Midcounties Co-operative Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Secretary, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA. Society financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

In these financial statements, the society has applied the exemptions available under FRS 101 in respect of the following disclosures:

(a) a Cash Flow Statement and related notes;

(b) comparative period reconciliations for tangible fixed assets and intangible assets;

(c) disclosure in respect of transactions with wholly owned subsidiaries;

(d) disclosures in respect of capital management;

(e) the effects of new but not yet effective IFRSs;

(f) disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of The Midcounties Co-operative Limited include equivalent disclosures, the Society has also taken the exemptions under FRS 101 available in respect of the following disclosures:

(a) certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Society in prior periods including the comparative period reconciliation for goodwill;

(b) disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations.

(c) certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets.

(d) certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures* .

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

1. Accounting policies (continued)

Turnover

Turnover represents property rentals receivable, exclusive of value added tax. Rental income is recognised on a straight-line basis over the life of the operating lease.

Investment properties

Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business. Investment properties are measured at fair value with any change in value recognised in the income statement. Investment property additions/ disposals are recognised when there has been an unconditional exchange of contracts. When the use of a property changes such that it is reclassified as property, plant and equipment its fair value at the date of reclassification becomes its cost for subsequent accounting.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Society. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Capital grants

Capital based grants are included within creditors in the balance sheet and credited to the revenue account over the estimated useful lives of the assets for which the grant was made.

Right of Use Assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Rightof-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Society is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The Society has used a range of discount rates in between 2.0% to 4.3% dependent on the length of lease remaining and the quality of the asset being leased. The discount rates were provided by independent professional advisors who took into consideration market factors and the Society's incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Society has also used the assumption that no lease break clauses will be applied, therefore assets and liabilities have been calculated on the full term of each lease.

Lease Liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating a lease, if the lease term reflects the Society exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Society has used a range of discount rates in between 2.0% to 4.3% dependent on the length of lease remaining and the quality of the asset being leased. The discount rates were provided by independent professional advisors who took into consideration market factors and the societies incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Society applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1. Accounting policies (continued)

Taxation

Income tax expense comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity through other comprehensive income, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not recognised: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and the differences relating to the investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. 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.

Non-derivative financial instruments

Trade and other debtors

The carrying value of trade and other receivables classified at amortised cost approximates fair value. The Society applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

Trade and other creditors

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing liability is replaced by the same counterparty on substantially different terms or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability is recognised, with any difference in carrying amounts recognised in the income statement.

2. Turnover

Turnover consists entirely of income from group property rentals arising in the United Kingdom. Property rentals are recognised on a straight line basis over the lease term.

3. Operating expenses

	2023	2022
	£	£
Hire of land and buildings - operating leases	**4,659,779**	4,032,939
Depreciation of assets under right of use	**6,193,035**	4,625,837
Other expenses	**1,583,579**	2,812,297
	12,436,393	11,471,073

The audit fee is borne by the ultimate parent undertaking.

4. Directors' remuneration

The directors receive remuneration from The Midcounties Co-operative Limited in respect of their services to the Society and receive no emoluments from the Society. Their remuneration is reflected in the group financial statements of The Midcounties Co-operative Limited.

5. Employees

The Society has no employees.

6. Finance costs and finance income

	2023	2022
	£	£
Total interest income on financial liabilities amortised at cost	-	(14,929)
Interest expense in respect of IFRS 16	2,860,119	1,803,165
	2,860,119	1,788,236

Of the above amount £nil (2022: £14,929) was receivable from group undertakings.

7. Taxation

	2023	2022
	£	£
Recognised in the profit and loss account		
UK corporation tax		
Current tax on income for the period	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	3,499,146	1,466,050
Adjustments in respect of prior periods	(1,407,344)	26,578
Effects of change in tax rate	-	1,393,079
Total deferred tax	2,091,802	2,885,707
Taxation on profit / (loss)	2,091,802	2,885,707

Adjustments in respect of prior periods relate to the decision of the Directors to change the basis of group relief allocation across the group in January 2023 to more efficiently utilise available tax losses. The change in the group relief allocation did not impact the corporation tax payable or receivable in any entity in the group.

7. Taxation (continued)

Reconciliation of effective tax rate

	2023	2022
	£	£
Profit / (loss) for the year	**9,230,517**	(1,111,171)
Tax charge	**2,091,802**	2,885,707
Profit excluding taxation	**11,322,319**	1,774,536
Tax using the UK corporation tax rate of 19.00% (2022: 19.00%)	**2,151,241**	337,162
Non-deductible expenses	**4,365,964**	1,620,593
Effect of gains and losses from the sale of properties	**(381,635)**	1,011,751
Effects of change in tax rate	**-**	1,393,079
Effects of transfer pricing adjustments	**(1,302,419)**	(1,053,079)
Recognition of previously unrecognised tax losses	**-**	26,578
Inter group dividend	**(475,000)**	(1,966,500)
Adjustments in respect of prior periods	**(1,407,344)**	-
Group relief surrendered for nil payment	**(859,005)**	1,516,123
Total tax charge	**2,091,802**	2,885,707

Factors affecting future tax changes

The March 2020 Budget announced the UK corporation tax rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The March 2021 Budget announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 and therefore deferred tax has been calculated at a rate of 25%.

The Society will respect all tax laws and will not structure transactions in a way which does not reflect genuine commercial reasons. This includes establishing operations in other jurisdictions for the purpose of evading or avoiding the tax laws of the United Kingdom.

8. Investment properties

	2023	2022
	£	£
Cost or valuation:		
At start of year	**121,004,108**	129,427,108
Transfer to Assets held for sale	**(2,473,088)**	(3,594,119)
Transfer to Right of Use assets	**-**	(598,535)
Fair value adjustments	**8,310,055**	3,146,943
Disposals	**(2,532,304)**	(6,762,098)
Transfer to The Midcounties Co-operative Investments Limited	**-**	(615,191)
At end of year	**124,308,771**	121,004,108

Valuations

The property valuations undertaken in December 2022 were valued assuming vacant possession on a “Fair Value” basis as defined in the RICS Valuation - Global Standards January 2017 incorporating the IVSC International Valuation Standards as: The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (IFRS 13). The valuations were carried out by Chartered Surveyors, CBRE (formerly VSL and Partners) (2021/22: VSL and Partners).

The properties are valued individually and yields are therefore varying on a property-by-property basis. Yields range from 2.3% to 9.2% (2021/22 : 5.5% to 10.0%), with a mean yield of 5.7% (2021/22 : 8.1%) before costs.

The fair value of investment property is categorised as fair value measurement (level 2 inputs)

Upon valuation gains and losses are taken directly to the income statement unless there has been a change in use of the asset and reserves had accumulated whilst the property was deemed to be Property, Plant and Equipment, in such circumstances losses are taken against the reserve balance until it is fully utilised and then subsequent gains and losses are taken the profit and loss. No gains once the asset is considered investment property add to any revaluation surplus.

9. Right of use assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Society is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment The Society has used a range of discount rates in between 2.0% to 4.3% dependent on the length of lease remaining and the quality of the asset being leased. The discount rates were provided by independent professional advisors who took into consideration market factors and the societies incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

9. Right of use assets (continued)

	Properties
Cost	£
At 23 January 2021	55,947,108
Additions	9,132,739
Impairment	80,783
Transfers	598,535
Disposals	(7,964,906)
Effects of modification of lease terms	2,059,701
At 22 January 2022	59,853,960
Additions	6,801,976
Impairment	239,254
At 28 January 2023	**66,895,190**
Accumulated depreciation	
At 23 January 2021	9,649,175
Provided in the period	4,625,836
Disposals	(808,401)
At 22 January 2022	**13,466,610**
Provided in the period	6,193,035
At 28 January 2023	**19,659,645**
Carrying amount	
At 22 January 2022	46,387,350
At 28 January 2023	**47,235,545**

The table below states the details of the type, the number and the term of leases held by the Society.

	Properties
Number of leases at 22 January 2022	155
Number of leases at 28 January 2023	**147**
Material of Subleased Leases at 22 January 2022	1
Material of Subleased Leases at 28 January 2023	**1**
Term of leases 22 January 2922	2 to 1000 years
Term of leases 28 January 2023	**2 to 1000 years**

9. Right of use assets (continued)

Income from material subleased finance leases

The Society also sub-leases some of its non-occupied leased properties. The Society classifies the sub-lease as a finance lease, where the period of the sublease is for substantially the remaining term of the head lease. The following table sets out a maturity analysis of material sublease receivables, showing the present value lease payments to be received after the reporting date**.**

	Properties 2023 £	Properties 2022 £
6 months or less	-	10,197
6-12 months	-	10,197
1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-
Total Present value of minimum lease payments receivable	-	20,394
Of which are:		
Current Lease receivables	-	20,394
Non-Current Lease receivables	-	-
	-	20,394

10. Debtors

	2023 £	2022 £
Trade debtors	-	20,394
Prepayments	**3,105,868**	1,563,347
Amounts owed by group undertakings	**9,444,692**	101,206
	12,550,560	1,684,947

Amounts due from group undertakings are repayable on demand however the Society does not expect full repayment in the next 12 months. The Society's ultimate parent undertaking, The Midcounties Co-operative Limited, has undertaken to support all intercompany positions in the group as they fall due.

Debtors impairment provision was £nil for 2023 (2022:£nil)

11. Assets held for sale

	2023	2022
	£	£
Land and buildings	**10,650,589**	18,669,121

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Society's accounting policies. Thereafter the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro-rata basis. No loss is allocated to stocks, financial assets, deferred tax assets, pension assets and investment property, which continue to be measured in accordance with the Society's accounting policies.

Impairment losses on initial classification as held for sale, and subsequent gains or losses on remeasurement, are recognised in the income statement.

Gains are not recognised in excess of any cumulative impairment loss

12. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	**59**	59
Accrued charges	**342,635**	498,385
Other creditors	**394,406**	275,702
Amounts owed to group undertakings	**119,061,259**	127,202,057
	119,798,359	127,976,203

Amounts owed to group undertakings are repayable on demand however the Society does not expect full repayment in the next 12 months. The Society's ultimate parent undertaking, The Midcounties Co-operative Limited, has undertaken to support all intercompany positions in the group as they fall due.

13. Lease Liabilities

	Land & Buildings
	£
At 23 January 2021	50,333,303
Additions	9,132,739
Interest expense	1,803,165
Lease payments	(8,674,578)
Transfers	598,535
Disposals	(6,417,235)
Effects of modification of lease terms	2,059,701
At 22 January 2022	48,835,630
Additions	6,801,976
Disposals	-
Interest Expense	2,860,119
Lease Payments	(5,625,920)
At 28 January 2023	52,871,805
Of which are	
Current Lease liabilities	3,719,037
Non-Current Lease Liabilities	49,152,768
	52,871,805

14. Provisions for liabilities and charges

	2023	2022
	£	£
Grants (childcare)	**-**	714,692
Leasehold dilpidations	**3,033,982**	-
Deferred tax	**7,896,296**	5,804,495
	10,930,278	6,519,187

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. Dilapidation provisions accrue from the point at which the Society realises a cost to return a property to its original state will arise based on reasonable estimates.

	Leasehold dilpidations	**Total**
	£	**£**
At 23 January 2021	-	-
	-	-
At 22 January 2022	-	**-**
Transfer from other Group entity	3,033,982	-
At 28 January 2023	3,033,982	**-**

14. Provisions for liabilities and charges (continued)

Deferred tax assets and liabilities

28 January 2023	Assets	Liabilities	Net
	£	£	£
Accelerated capital allowances	**-**	**(9,426,856)**	**(9,426,856)**
Other	**79,110**	**-**	**79,110**
Losses	**1,451,450**		**1,451,450**
Net tax liabilities	**1,530,560**	**(9,426,856)**	**(7,896,296)**

22 January 2022	Assets	Liabilities	Net
	£	£	£
Accelerated capital allowances	-	(5,883,605)	(5,883,605)
Other	79,110	-	79,110
Net tax liabilities	79,110	(5,883,605)	(5,804,495)

There are £nil unrecognised deferred tax liabilities (2022: £nil).

The March 2020 Budget announced the UK corporation tax rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The March 2021 Budget announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 and therefore deferred tax has been calculated at a rate of 25%.

15. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid:		
21 Ordinary shares of £1 each	**21**	21

Share capital is comprised entirely of equity shares of £1 each (as defined by UITF 39).

16. Contingent liability

The Society has given a guarantee in respect of the bank borrowings of a fellow subsidiary, which amounted to £52,326,000 at 28 January 2023 (2022: £49,958,000). The guarantee is secured by a charge on the Society’s freehold property. Details of group bank borrowings are disclosed in the group accounts of The Midcounties Co-operative Limited, copies of which may be obtained from the Secretary, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA

17. Rental income

The Society leases out its investment property. The Group classifies some leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets or are short term (less than 12 months) or have low rental income value (£5,000 or less). The remaining leases are seen as finance leases as substantially all of the risks and rewards incidental to the ownership of the assets are transferred to the lessee.

18. Immediate and ultimate parent undertaking and related party transactions

The immediate parent undertaking is The Midcounties Co-operative Investments Limited. The Midcounties Co operative Limited is the ultimate parent and ultimate controlling entity. Copies of the parent's consolidated financial statements may be obtained from the Secretary, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.

As the Society is a wholly owned subsidiary of The Midcounties Co-operative Limited, the Society has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.