

Consolidated income statement for the period ended 5 January 2013

	Period ended 5 January 2013			Period ended 31 December 2011 (restated)		
	Before significant items £m	Significant items £m	Total £m	Before significant items £m	Significant items £m	Total £m
Revenue	12,598	(150)	12,448	12,403	(90)	12,313
Operating expenses	(12,729)	(408)	(13,137)	(12,066)	(200)	(12,266)
Other income	154	-	154	248	80	328
Operating profit / (loss)	23	(558)	(535)	585	(210)	375
Finance income	47	-	47	75	-	75
Finance costs	(116)	-	(116)	(66)	-	(66)
Share of profit / (loss) of associates and joint ventures	5	-	5	(11)	-	(11)
(Loss) / profit before member payments	(41)	(558)	(599)	583	(210)	373
Member payments			(104)			(142)
(Loss) / profit before tax			(703)			231
Taxation			174			(49)
(Loss) / profit after tax but before profit on discontinued operations			(529)			182
Profit on discontinued operations, net of tax			10			26
(Loss) / profit for the period			(519)			208
Attributable to:						
Equity holders of the parent			(521)			205
Non-controlling interests			2			3
(Loss) / profit for the period			(519)			208

Additional profit analysis

	Period ended 5 January 2013			Period ended 31 December 2011		
	Trading Group	Banking Group	Total	Trading Group	Banking Group	Total
Underlying operating profit	311	(257)	54	350	176	526
Operating profit / (loss) before significant items	291	(268)	23	340	245	585
Profit / (loss) before member payments	63	(662)	(599)	235	138	373

Consolidated statement of comprehensive income

for the period ended 5 January 2013

	2012 £m	2011 £m
(Loss) / profit for the period	(519)	208
Other comprehensive (losses) / income:		
Changes in available for sale assets	50	(7)
Foreign exchange surplus transferred to the income statement	(2)	-
Actuarial losses on employee pension schemes	(30)	-
Restriction of pension surplus under IFRIC 14	(16)	-
Changes in cash flow hedges	(15)	24
Tax on items taken directly to consolidated statement of comprehensive income	3	(4)
Other comprehensive (losses) / income for the period net of tax	(10)	13
Total comprehensive (losses) / income for the period	(529)	221
Total comprehensive (losses) / income attributable to:		
Equity holders of the parent	(530)	218
Non-controlling interests	1	3
	(529)	221

Consolidated balance sheet

as at 5 January 2013

	2012 £m	2011 £m
Assets		
Trading Group assets		
Property, plant and equipment	2,440	2,511
Goodwill and intangible assets	1,518	1,520
Investment property	273	340
Investments in associates and joint ventures	59	67
Derivatives	82	79
Pension assets	426	431
Trade and other receivables	36	29
Deferred tax assets	133	133
Total Trading Group non-current assets	4,967	5,110
Inventories and biological assets	528	610
Income tax receivable	-	13
Trade and other receivables	666	478
Cash and cash equivalents	180	267
Assets held for sale	-	1
Total Trading Group current assets	1,374	1,369
Total Trading Group assets	6,341	6,479
Banking Group assets		
Cash and balances at central banks	5,429	6,696
Reclaim fund assets	435	315
Derivatives	819	981
Loans and advances to banks	1,904	2,007
Loans and advances to customers	33,406	33,782
Fair value adjustments for hedged risk	354	366
Investments	8,184	5,949
Investments in associates and joint ventures	4	3
Reinsurance contracts	67	71
Income tax	93	45
Intangible assets	303	401
Property, plant and equipment	163	202
Deferred tax assets	72	55
Prepayments and other receivables	412	332
Assets held for sale	24,013	24,266
Total Banking Group assets	75,658	75,471
Total assets	81,999	81,950

	2012 £m	2011 £m
Liabilities		
Trading Group liabilities		
Interest-bearing loans and borrowings	1,501	1,534
Trade and other payables	601	558
Derivatives	122	141
Provisions	290	303
Pension liabilities	228	253
Deferred tax liabilities	219	299
Total Trading Group non-current liabilities	2,961	3,088
Interest-bearing loans and borrowings	313	163
Income tax payable	86	-
Trade and other payables	1,356	1,444
Provisions	124	118
Total Trading Group current liabilities	1,879	1,725
Total Trading Group liabilities	4,840	4,813
Banking Group liabilities		
Amounts owed to credit institutions	3,625	3,328
Customer accounts	35,960	35,073
Capital bonds	888	1,430
Derivatives	968	1,091
Insurance and participation contracts	1,051	1,064
Debt securities in issue	4,714	4,165
Other borrowed funds	1,259	1,259
Income tax payable	-	30
Trade and other payables	255	428
Deferred tax liabilities	6	40
Pension liabilities	7	46
Provisions	187	111
Reclaim fund liabilities	361	241
Liabilities held for sale	23,353	23,775
Total Banking Group liabilities	72,634	72,081
Total liabilities	77,474	76,894
Equity		
Members' share capital	70	70
Retained earnings	4,145	4,703
Other reserves	275	248
Total equity attributable to equity holders of the parent	4,490	5,021
Non-controlling interests	35	35
Total equity	4,525	5,056
Total equity and liabilities	81,999	81,950

Consolidated statement of cash flows

for the period ended 5 January 2013

	2012 Trading Group £m	2011 Trading Group £m	2012 Banking Group £m	2011 Banking Group £m	2012 Total £m	2011 Total £m
Net cash from operating activities	442	562	1,105	4,161	1,547	4,723
Cash flows from investing activities						
Acquisition of property, plant and equipment	(378)	(375)	(33)	(54)	(411)	(429)
Proceeds from sale of property, plant and equipment	41	29	1	-	42	29
Purchase of intangible assets	(7)	-	(85)	(165)	(92)	(165)
Proceeds from sale / (acquisition) of investments	11	(4)	1	1	12	(3)
Internal dividends received / (paid)	-	72	-	(72)	-	-
Disposal of businesses, net of cash acquired	5	(51)	-	-	5	(51)
Acquisition of businesses, net of cash acquired	(25)	-	-	-	(25)	-
Proceeds from sale and maturity of investment securities	-	-	2,617	4,514	2,617	4,514
Purchase of investment securities	-	-	(4,961)	(3,668)	(4,961)	(3,668)
Net cash (used in) / from investing activities	(353)	(329)	(2,460)	556	(2,813)	227
Cash flows from financing activities						
Interest paid on borrowings	(112)	(77)	(87)	(67)	(199)	(144)
(Decrease) / increase in corporate investor shares	(5)	5	-	-	(5)	5
Preference dividends paid	-	-	(6)	(5)	(6)	(5)
Dividends paid to non-controlling shareholders in subsidiary undertaking	(1)	(1)	(1)	-	(2)	(1)
Member payments	(104)	(135)	-	-	(104)	(135)
Additional payments into pension schemes	(57)	(47)	-	-	(57)	(47)
Issue / (repayment) of borrowings, net of derivatives	109	(106)	(21)	171	88	65
Finance leases repaid	(6)	(5)	-	-	(6)	(5)
Net cash (used in) / from financing activities	(176)	(366)	(115)	99	(291)	(267)
Net (decrease) / increase in cash and cash equivalents	(87)	(133)	(1,470)	4,816	(1,557)	4,683
Cash and cash equivalents at beginning of period	267	400	8,218	3,402	8,485	3,802
Cash and cash equivalents at end of period	180	267	6,748	8,218	6,928	8,485
Analysis of cash and cash equivalents						
Cash and balances with central banks	-	-	5,429	6,696	5,429	6,696
Less mandatory deposits with the Bank Of England	-	-	(39)	(38)	(39)	(38)
Loans and advances to banks	-	-	851	1,020	851	1,020
Short-term investments	-	-	85	241	85	241
Cash held in Reclaim fund	-	-	435	315	435	315
Cash and cash equivalents per balance sheet	180	267	-	-	180	267
Amounts due to credit institutions	-	-	(13)	(16)	(13)	(16)
	180	267	6,748	8,218	6,928	8,485

1 General information and basis of preparation

The financial information, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows and related notes, is derived from the full Group financial statements for the 53 week period ended 5 January 2013, which have been prepared under European Union endorsed International Financial Reporting Standards (IFRS).

It does not constitute full accounts. The full annual report and financial statements for the period ended 5 January 2013 on which the auditors have given an unqualified report will be available for download on the Group's website, <http://www.co-operative.coop/corporate/Investors/Publications/Annual-Report-and-Accounts> on 8 April 2013.

2 Operating segments

	Revenue from external customers £m	Underlying segment operating profit £m	2012		
			Significant items (net) £m	Additions to non-current assets £m	Depreciation and amortisation £m
Food	7,442	288	(105)	194	(225)
Specialist Businesses (see below)	1,506	107	(8)	41	(61)
Estates	36	19	-	14	(2)
Federal	1,421	-	-	-	-
Corporate, group costs and other adjustments	(18)	(103)	(50)	136	(5)
Trading Group	10,387	311	(163)	385	(293)
Banking Group - core		120			
Banking Group - non-core		(377)			
Banking Group - total	2,211	(257)	(395)	118	(123)
Total	12,598	54	(558)	503	(416)

Federal relates to the activities of a joint buying group that is operated by the Group for other independent co-operative societies. This is run on a cost recovery basis and therefore no profit is derived from its activities.

	Revenue from external customers £m	Underlying segment operating profit £m	2011 (restated)		
			Significant items (net) £m	Additions to non-current assets £m	Depreciation and amortisation £m
Food	7,344	318	(70)	249	(219)
Specialist Businesses (see below)	1,516	99	(9)	35	(58)
Estates	36	20	-	80	(2)
Federal	1,314	-	-	-	-
Corporate, group costs and other adjustments	(21)	(87)	(24)	11	(7)
Trading Group	10,189	350	(103)	375	(286)
Banking Group - core		173			
Banking Group - non-core		3			
Banking Group - total	2,214	176	(107)	219	(135)
Total	12,403	526	(210)	594	(421)

A breakdown of the Group's Specialist Businesses division is as follows:

	2012					2011 (restated)				
	Revenue from external customers	Underlying segment operating profit	Significant items (net)	Additions to non-current assets	Depreciation and amortisation	Revenue from external customers	Underlying segment operating profit	Significant items (net)	Additions to non-current assets	Depreciation and amortisation
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Funeralcare	348	60	-	27	(19)	328	55	-	22	(17)
Pharmacy	764	28	6	9	(35)	754	30	(9)	7	(35)
Other specialist businesses	394	19	(14)	5	(7)	434	14	-	6	(6)
Specialist Businesses	1,506	107	(8)	41	(61)	1,516	99	(9)	35	(58)

2 Operating segments continued

A reconciliation between underlying segment operating profit and (loss) / profit before tax is provided below:

	Trading Group		Banking Group		Total	
	2012 £m	2011 £m	2012 £m	2011 £m	2012 £m	2011 £m
Underlying segment operating profit	311	350	(257)	176	54	526
Change in value of investment properties	(25)	9	-	-	(25)	9
Property disposal gains / (losses)	5	(19)	-	-	5	(19)
Financial Services Compensation Scheme levy	-	-	(26)	(17)	(26)	(17)
Fair value amortisation	-	-	15	86	15	86
Operating profit / (loss) before significant items	291	340	(268)	245	23	585
Significant items (net)	(163)	(103)	(395)	(107)	(558)	(210)
Underlying interest payable	(106)	(81)	-	-	(106)	(81)
Finance income	47	75	-	-	47	75
Non-cash finance (costs) / income	(10)	15	-	-	(10)	15
Share of profit / (loss) of associates and joint ventures	4	(11)	1	-	5	(11)
Profit / (loss) before member payments	63	235	(662)	138	(599)	373
Member payments					(104)	(142)
(Loss) / profit before tax					(703)	231

3 Revenue

	2012 £m	2011 £m
Trading Group:		
- Sale of goods	8,556	8,500
- Provision of services	428	396
- Federal sales	1,421	1,314
Banking Group:		
- Interest and similar income	1,380	1,369
- Fee and commission income	251	240
- Gross earned premiums	611	641
- Premiums ceded to reinsurers	(31)	(36)
Intercompany eliminations	(18)	(21)
Net revenue	12,598	12,403
Value Added Tax	877	864
Gross sales	13,475	13,267

4 Significant items

	2012 £m	2011 £m
Significant items within revenue are as follows:		
Provision for customer compensation relating to Payment Protection Insurance	(150)	(90)
Significant items within operating expenses are as follows:		
Integration and transformation costs	(57)	(90)
Restructuring and reorganisation costs	(76)	(93)
Impairment of non-current assets	(163)	(8)
Acquisition costs	(53)	(5)
Net loss on disposal of property, plant and equipment and other businesses	(56)	-
Other costs	(3)	(4)
Significant items within other operating income are as follows:		
Reclaim fund surplus	-	74
Pension curtailment	-	6
	(558)	(210)

Integration and transformation costs relate to the investment in Banking Group, following the merger with Britannia to integrate and develop the enlarged business. Restructuring costs comprise costs incurred modernising our food distribution network and significant reorganisations in our Food and Corporate central teams.

Impairment of non current assets consists mainly of a £150m write down of Banking Group costs previously capitalised as part of its strategic transformation programme.

Acquisition costs of £53m relate primarily to the Group's bid for the Lloyds Banking Group's Verde business. The net loss on disposal of property, plant and equipment of £56m relates to strategic one-off disposals in our family of businesses.