

**TAMWORTH CO-OPERATIVE SOCIETY LIMITED**

**Unaudited Interim Report**

**For the 26 weeks ended 23 July 2011**

## **Report of the Board of Directors**

Half Year Ended 23 July 2011

The total turnover for the Half Year ended 23 July 2011 amounted to £11,030,000 a decrease of 4.2% on the previous year. On a 'like for like' basis excluding Branches closed since the last Half Year there was a reduction of 3.3% in turnover. By segments of our Trading Businesses turnover in the Food Division decreased by 1.3%, Funeral turnover increased by 8.7%, whilst sales in our Non Food Branches reduced by 18.7%. The sales reduction comparison from Non Food excludes any concession income from certain partners. From February 2011 a new concession partner was introduced 'Leading Labels' reducing the area that the Society sells from directly. The Society discontinued the sale of petrol and fuel products in December 2010.

The overall profit after interest for the Half Year was an improvement on the prior year. For the 26 weeks this year the consolidated profit after interest reached £177,000 versus £63,000 reported for the prior period. The Board are satisfied with the continuing improvement in the overall profitability of the Society, against a very challenging economic environment.

Throughout the whole 6 month period overall sales figures for the Food Division have been at a lower level than for the equivalent period last year. Difficult economic pressures on our Customers mean they are considering very carefully the overall level of the shopping basket. Regrettably the Burntwood Convenience Store had never reached the necessary levels intended originally and the location was closed following a Staff Consultation process in April 2011. During the last 6 months a refurbishment has taken place at Stretton, streamlining the layout of the Convenience Store there and making a further separate Unit available for letting out. For the Half Year the Food Division has not achieved the budgeted target set at the start of the year but the first few weeks' sales of the period after 23 July 2011 suggests that some sales improvement is now coming through against the figures for the previous year.

Whilst the Society has carried out slightly fewer Funerals than in the equivalent period last year, the Funeral Division has produced improved profits. Expenses have been reduced against the prior year following the closure of the Branches at Atherstone and Cheadle. The Society has recently completed a full refurbishment of the Woodville Funeral location.

The Non Food Division has incurred losses but these have again been at a lower level than the equivalent period last year. Following a Consultation process the Society has recently announced that the Clothing Shop and Franchise Post Office in Swadlincote will close at the end of September 2011. Regrettably the location there had continued to incur losses and this position had existed for a number of years. For the first 6 months of the year the Non Food Division has traded at a slightly better level than the target set at the start of the year.

Property Income has remained broadly similar to the prior year and is running very slightly behind the level targeted at the start of the year.

In April 2011 the Society presented the first of the donations under the new Community Dividend programme, and that was from the first year of operating that initiative during the financial year ending January 2011. Over £10,000 was shared by a number of local Community Groups with Presentations being made by the Society's Branch Managers. The Scheme is now in its second year of operation and the Board are pleased with the way that it has been welcomed by a wide variety of different Groups.

For and on the behalf of the Directors

Alan M. King  
Chairman

Julian Coles  
Chief Executive Officer

## Interim statement of trading activities

For the 26 weeks ended 23 July 2011

<b>1. Consolidated sales</b>	26 weeks to 23 July 2011 (unaudited) £000	26 weeks to 24 July 2010 (unaudited) £000	52 weeks to 22 Jan 2011 (audited) £000
Gross Takings	11,606	12,240	24,016
Less Concession Sales	(576)	(730)	(1,486)
Turnover	<u>11,030</u>	<u>11,510</u>	<u>22,530</u>
Less Value Added Tax	(986)	(903)	(1,823)
Net sales	<u>10,044</u>	<u>10,607</u>	<u>20,707</u>
<b>2. Consolidated profit</b>	26 weeks to 23 July 2011 (unaudited) £000	26 weeks to 24 July 2010 (unaudited) £000	52 weeks to 22 Jan 2011 (audited) £000
Trading profit	307	397	758
(Loss)/Profit on disposal of Fixed Assets (inc Impairment) (1)	-	(30)	(16)
Interest Received Net	8	11	2
Pension Financing Cost	(137)	(195)	(372)
Co-operative Buying Group Re-charge -	-	(120)	(241)
Profit after interest	<u>177</u>	<u>63</u>	<u>131</u>
<b>3. Consolidated net assets</b>	As at 23 July 2011 (unaudited) £000	As at 24 July 2010 (unaudited) £000	As at 22 Jan 2011 (audited) £000
Trading activities			
Fixed assets	12,063	12,458	12,233
Goodwill	356	383	370
Net current assets	1,163	1,328	1,140
Long term liabilities	(7,915)	(7,845)	(7,734)
Investments and Investment Properties	9,440	8,749	9,033
Net assets	<u>15,107</u>	<u>15,073</u>	<u>15,042</u>

At 22 January 2011 the Society's Investment Properties were revalued to market value. A valuation of the Society's Freehold Land and Buildings in relation to Trading Properties was last undertaken on 23 January 2010.

<b>4. Current borrowings</b>	As at	As at	As at
	23 July 2011	24 July 2010	22 Jan 2011
	(unaudited)	(unaudited)	(audited)
	£000	£000	£000
	(439)	(367)	(405)
	<hr/>	<hr/>	<hr/>
<b>5. Share capital</b>	As at	As at	As at
	23 July 2011	24 July 2010	22 Jan 2011
	(unaudited)	(unaudited)	(audited)
	£000	£000	£000
	2,457	2,332	2,416
	<hr/>	<hr/>	<hr/>

## Notes

- (a) The interim statement has been prepared on the basis of the accounting policies set out in the 2010 Statutory Accounts subject to notes (b) and (c) below. The figures shown for the year to 22 January 2010 are extracted from the Audited Accounts for 2011. The financial information does not constitute Statutory Accounts and is not audited.
- (b) The consolidated profit figures exclude share interest and other appropriations and taxation.
- (c) The assets and liabilities at 23 July 2011 and 24 July 2010 shown in the consolidated net assets statement are after making estimated provisions for share interest and grants. No provision has been made for dividends, which traditionally have been declared following the results of the full 52 week period, or taxation.
- (d) The value shown for net assets is after allowing for the net pension liability, calculated in accordance with FRS 17.

	As at	As at	As at
	23 July 2011	24 July 2010	22 Jan 2011
	(unaudited)	(unaudited)	(audited)
	£000	£000	£000
Net pension liability	(4,298)	(4,577)	(4,364)

- (e) Gross Takings

Gross Takings include cash sales, goods sold on credit, concessionaire sales and television/video rental income inclusive of Value Added Tax.

- (f) Turnover represents gross takings excluding VAT and sales made by concessions but includes fees received from concessionaires for sales made from the Society's premises. The Turnover is attributable to the principal activity of the Society.

## **Independent Review Report by KPMG LLP to Tamworth Co-operative Society Limited**

### **Introduction**

We have been engaged by the Society to review the financial information set out on pages 2 to 3 for the six months ended 23 July 2011. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Society in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Society those matters we are required to state to it in this 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 review work, for this report, or for the conclusions we have reached.

### **Directors' responsibilities**

The half-yearly report, is the responsibility of, and has been approved by, the directors. As disclosed in note a), the annual financial statements of the Society are prepared in accordance with UK Accounting Standards. The financial information included in this half-yearly report has been prepared in accordance with the Statement *Half-Yearly Financial Reports* as issued by the UK Accounting Standards Board.

### **Our responsibility**

Our responsibility is to express to the Society a conclusion on the financial information in the half-yearly report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly report for the six months ended 23 July 2011 is not prepared, in all material respects, in accordance with the Statement Half-Yearly Financial Reports as issued by the UK Accounting Standards Board.

Karen MacKenzie  
Senior Statutory Auditor  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Registered Auditor  
One Snowhill  
Snow Hill Queensway  
Birmingham. B4 6GH

Date