

Tamworth Co-operative Society Limited

Directors' Report and Financial Statements

For the 52 weeks ended 23 January 2016



Tamworth Co-operative Society Limited

Society Information

CO-OPERATIVE MISSION STATEMENT

Our mission is to challenge conventional UK enterprise by building a commercially successful family of businesses that offers a clear co-operative advantage, the advantage being the provision of excellent products or services with distinct competitive benefits derived from our values and principles, our rewards for members and our commitment to the communities we serve.

Directors

Mrs A A Higginson *+^ox (Chairman)
Mrs D Trout *x^ (Vice Chairman)
Mrs A Brindley (appointed 29 April 2015)
Mr A M King *o+ (resigned 29 April 2015)
Mr A V King +^*o
Mrs S D Peale *+
Mrs S Preece *^ox
Mr R W Read ox
Mr K G Wood +o*

* Member of the Remuneration Committee
+ Member of the Search Committee
o Pension Fund Trustees
x Member Relations Committee
^ Member Health & Safety Committee
(Mr. Read served on the Health & Safety Committee as an Employee until his retirement on 30 November 2015)

Registered number

2582R

Registered office

5 Colehill
Tamworth
Staffordshire
B79 7HA

Management executive

Julian Coles FCCA ACIS - Chief Executive Officer and Secretary
Robert W. Read - Senior General Manager (Retired 30 November 2015)
Andrew N. Richardson ACMA - Deputy Chief Executive Officer (from 1 December 2015)
Ronald C. Constable – General Manager - Non Food
Amanda J. Woodward MBIE - General Manager – Funeral Services
Julie Gasper - Business Support Manager
Daniel Welsh - General Manager - Food (From 1 December 2015)

Independent auditors

Dains LLP
15 Colmore Row
Birmingham
B3 2BH

Bankers

National Westminster Bank Plc
8 Market Street
Tamworth
Staffordshire
B79 7LS

Solicitors

Dewes LLP
2 Bolebridge Street
Tamworth
Staffordshire
B79 7PA

Tamworth Co-operative Society Limited

Contents

	Page
Notice of meeting	1
Key performance indicators	2
Directors' report	3 - 10
Directors' responsibilities statement	11
Directors' attendance	12
Independent auditors' report	13
Revenue account	14
Statement of comprehensive income	15
Balance sheet	16
Statement of changes in equity	17 - 18
Statement of cash flows	19
Notes to the financial statements	20 - 42

Tamworth Co-operative Society Limited

Notice of Meeting
For the 52 weeks ended 23 January 2016

Annual General Meeting

Notice of Meeting


Notice is hereby given that the **Annual General Meeting (1)** of the Society will be held on:

The Second Floor
Tamworth Department Store
Church Street
Tamworth
B79 7HA

Wednesday 27th April 2016 at 7.15pm

(1) Admission on presentation of a Valid Pass Card

By Order of the Board



Julian Coles
Secretary

22 March 2016

Agenda

1. To confirm the Minutes of the Annual General Meeting held on 29th April 2015.
2. To elect scrutineers
3. To receive the Report of the Board of Directors.
4. To receive the Annual Report and Accounts of the society for the 52 weeks ended 23rd January 2016, together with the Report of the Auditors.
5. To confirm donations authorised by the Board of Directors
6. To declare the results of the election to the Board of Directors
7. To appoint Dains LLP as Auditors for 2016/2017.
8. Any other business

Tamworth Co-operative Society Limited

**Five year comparative statement
For the 52 weeks ended 23 January 2016**

Key performance indicators	2012*	2013*	2014*	2015^	2016
Return on capital employed.	3.6	7.3	6.0	5.9	6.1
Surplus before distribution and impairment charges as a percentage of sales.	1.2	2.9	1.7	3.5	3.0
Trading surplus after depreciation as percentage of sales.	2.6	4.6	3.6	3.6	3.9
Trading surplus before depreciation as percentage of sales.	6.1	7.8	6.9	8.4	6.7
Gearing percentage.	3.2	4.1	4.8	6.5	6.5
Interest cover (times).	19.1	46.1	41.8	4.4	20.2
Retention as percentage of sales.	0.9	0.0	0.6	2.2	2.0
Capital expenditure as a percentage of sales.	1.8	5.1	3.0	6.1	10.4
Total net assets (£000)	14,308	12,613	11,908	11,860	13,300
Represented by:					
Share capital (£000)	2,467	2,433	2,314	2,174	2,324
Reserves (£000)	11,841	10,180	9,594	9,686	10,976

Note: All figures have been calculated in line with current Co-operatives UK Recommendations, and updated where applicable.

* These figures are for the former group, prior to the Transfer of Engagement of TCS Estates Limited and have not been restated for any changes relating to FRS 102.

^ These numbers have been restated for the changes relating to FRS 102.

Financial review

The Society's Year End date was Saturday, 23rd January 2016 and consisted of 52 trading weeks. Whilst the Society continues to remain cautious regarding the state of the general economy your Board are pleased to advise that reasonable progress has again been made in the year under review.

The total trading surplus achieved of £808,000 exceeded that achieved in the prior year by £104,000 or 14.7%. The year was very busy for our Funeral Department with an increased number of funeral arrangements carried out. This was the largest reason for the increase in trading performance with our retail operations overall broadly producing similar results to the previous year.

The overall surplus before taxation is a lower level than that achieved in the previous year. Whilst there are a number of differences across the two years below the trading surplus line this is primarily from the significant gain from the sale of shares in the Co-operative Group pharmacy operations in the previous year. The total items below the trading surplus line last year was a negative of £8,000 and in the current year this is a more normal negative figure of £198,000 primarily from other finance costs in respect of the Pension Fund. After deducting for dividends and grants the surplus before taxation is £473,000 compared to £569,000 in the prior year.

There have been a number of important developments across the year to report. Overall our retail operations produced a similar level of trading income as indicated above. The performance of our Department Store did continue to improve against the previous year. Whilst the trading environment within the Town Centre remains challenging it is pleasing to report, that following stringent expense control The Department Store made a small contribution in the period.

Our Food Division had a very busy year with the opening of two new purpose built Convenience Stores at Dosthill and Glascote. Glascote was a re-location from a nearby much older location. Both of these developments have performed well for the Society since opening. In addition the Society has completely refurbished the Bolehall Convenience Store in Tamworth. In the previous year, we reported on the disposal of a smaller Convenience Store at Brownhills, and in the current year two Convenience Stores have been sold as going concerns located at Stanton near Burton and at Amington in Tamworth. Regrettably the Society was not able to achieve its financial targets on those operations and both Branches were sold as going concerns to third party operators.

On the Society property investments our total income received is slightly down on the previous year. During the year the Society has completed lettings of two flats following some building work on the first floor of the Kingsbury Convenience Store. At the end of the accounting period the Society also completed two lettings at the former Glascote Convenience location. Property income remains extremely important to the Society along with the results of the other trading departments.

As indicated above our Funeral Division has been extremely busy throughout the year and revenue from our funeral activities increased by 7% during the year. On the Food side the sales comparison is more difficult because of the changes in Branches that took place during the year. On a like for like basis food sales were adverse by (0.3)%. We do not normally report sales comparatives for the Department Store as the trading position there is influenced significantly by income from third party concession operators.

The Board would again like to draw your attention to the Pension Fund. A charge has been included in the Revenue Account of £293,000 which includes the interest cost on the net defined benefit liability and current service costs. These figures have been calculated by the Scheme Actuary under appropriate accounting standards. Overall the Society pension liability has reduced from £7,566,000 to £6,107,000, before a provision for deferred taxation. The last actuarial valuation was prepared as at 31 March 2013 and the next tri-annual valuation will take place as at 31st March 2016.

From the 1st April 2016 onwards, along with other employers in the UK, the Society will need to comply with new legislation in respect of the National Living Wage. The Society anticipates that this will affect our operating costs in the future and notes that the levels of the National Living Wage are likely to increase significantly across future years.

The accounts this year have been produced to comply with the requirements of the new financial reporting standard, FRS 102. A summary of the changes resulting from the transition to this standard are shown in note 30 to the financial statements. This year's information is presented in the new format and any comparative figures have been restated in order to allow for a like for like comparison.

Tamworth Co-operative Society Limited

Directors' Report

For the 52 weeks ended 23 January 2016

Dividend

The Board of Directors remains mindful of the importance of Dividends to our Members and the Board has again agreed to pay the same Dividend at 2% on all qualifying purchases.

The Dividend distributed is as follows:

	<u>Recommended April 2016</u>	<u>Paid April 2015</u>
Dividend Certificates	99,396	97,026
Waived Dividends to Charities	9,525	10,187
Dividend Vouchers not Redeemed	(10,000)	(10,000)
Total	<u>98,921</u>	<u>97,213</u>

Community Dividend 2015/2016:

Department Store	-	St Chad's Church Hopwas	£250
Tamworth Supermarket	-	Tamworth Area Medical Emergency Community First Responders	£1,819
Amington	-	Amington Fete	£250
Bolehall	-	Friends of Warwickshire Moor	£997
Dosthill	-	Dosthill Community Primary School	£922
Dordon	-	St Leonard's Church	£287
Glascote	-	Friends of St Gabriel's	£777
Kingsbury	-	1st Kingsbury Guides	£663
Lichfield	-	Jigsaw	£533
Polesworth	-	North Warwickshire Cricket Club	£1,460
Rosliston	-	Coton in the Elms Primary School	£510
Stretton	-	Claymills Victorian Pumping Station	£555
Whittington	-	Whittington Primary School	£250
Wood End	-	Hurley Primary School	£478
MOT and Service Centre	-	Tamworth Forever Fund	£250

For Financial Year 2016/2017 the following organisations have been selected:

Department Store	-	Thomas Barnes Primary School
Tamworth Supermarket	-	Heart of Tamworth
Bolehall	-	Friends of Warwickshire Moor
Dosthill	-	Dosthill Scout Group
Dordon	-	St Leonard's Church
Glascote	-	Friends of St Gabriel's
Kingsbury	-	Kingsbury Tumble Time
Lichfield	-	Queen's Croft High School
Polesworth	-	Nethersole C of E Academy
Rosliston	-	Seales and Lincoln Scouts
Stretton	-	351 (Burton-on-Trent) Squadron Air Training Corps
Whittington	-	Whittington Computer Group
Wood End	-	Hurley Primary School
MOT and Service Centre	-	Tamworth Forever Fund

Tamworth Co-operative Society Limited

Directors' Report For the 52 weeks ended 23 January 2016

Membership

Details of Membership are recorded below:

	Open Accounts	Suspended Accounts
Opening balance as at 25 January 2015	18,238	20,998
New Members during the year	1,028	-
Closed Accounts (Note 1)	(518)	-
Transfers from Suspended	179	(179)
Closing balance as at 23 January 2016	<u>18,927</u>	<u>20,819</u>

Note 1 - The introduction of the new members card has been more successful than we anticipated. From an administration perspective, members that had ceased to claim dividend have had to close their original share account and open a new account.

Search Committee

The Society has established a Search Committee comprising five Members of the Board of Directors, fully detailed on the society information page, and this is responsible for the following duties:

- Formulate plans for succession for members of the Management Executive.
- Regularly evaluate the balance of skills, knowledge and experience on the Board.
- Inform the Chief Executive of any skills deficiencies on the Board and ensure that the necessary training be provided.

Recommendations from the Search Committee are made to the full Board of Directors.

Remuneration policy

The Remuneration Policy set by the Board and individual Remuneration Packages for Executive Management are determined by the Remuneration Committee within the framework of its Policy.

Details of Directors who are Members of the Remuneration Committee during the period ended 23rd January 2016 can be found on the society information page of the Report.

The Remuneration Committee has access to independent advice where it considers it appropriate.

Formal terms of reference have been agreed by the Board of Directors and the Committee has met on two occasions since the last Annual General Meeting. Minutes of the Committee Meetings are provided to the Board of Directors at the Board Meeting following the Meeting of this Committee and the Board considers any recommendations made to it.

The duties of the Committee are to determine and agree with the Board the remuneration and contractual position of the Society's Chief Executive and other Members of the Executive Management.

They also recommend to the Board of Directors where they consider changes should be made to Director Remuneration.

In determining such policy, they take into account all factors which they deem necessary. The objective of such a policy is to ensure that Members of the Management Executive of the Society are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Society. They approve the design of, and determine targets, for any performance related Pay Schemes and approve the total annual payments made under such Schemes.

In determining such packages and arrangements, they give due regard to any relevant legal requirements and review and note annually the Remuneration trends across the Society.

Further details concerning Executive Remuneration can be found on page 29.

The Remuneration of Directors is linked to the Retail Price Index except when other proposals are placed before Members at an Annual General Meeting.

Member Relations

A Board Sub Committee concentrates on such matters and this Committee has met on four occasions during the year. Certain Employees also take part in Member Relations Meetings.

Retirements

The Society remembers Employees who have retired during the year and extends its very grateful and sincere thanks for the dedicated service provided over many years, wishing them a long, happy and healthy retirement.

Obituaries

The Board very much regrets the death of former Employees and their families and remembers them all with much affection and gratitude.

Social and Co-operative performance

As a Co-operative Society we have been asked to measure ourselves against a number of indicators of social, co-operative and environmental performance but because of the size and the nature of the Society we are unable to report in the depth that larger Societies can do because of their levels of resources. These are reported on as follows, unless they are separately covered elsewhere in this Report.

Member economic involvement

Member economic involvement indicates how well we are meeting our Members' needs and whether we are successful in recruiting new Members from our Customer base. For the 52 weeks ended 23rd January 2016 Members claimed Dividend on 21.8% of Society sales (as against 22.5% last year).

The Society recruited 1,028 (2015 – 2,055) either new members or members re-engaging with the society and requesting a members card.

Member democratic participation

The Society is democratically controlled by its Members. It is therefore important to measure the number of Members who become actively involved in the decision making and to encourage Members to participate to a greater extent.

The number of Members who attended the AGM in 2015 was 31 against 28 in 2014, 34 in 2013 and 38 in 2012.

Participation in training and education

All Employees are encouraged to actively undergo Training and regular Courses take place throughout the Organisation each year.

Staff injury and absentee rates

Staff injury and absentee rates provide the Society with an indication of how well we control the risks to the health, safety and wellbeing of our Employees. Staff are encouraged to report all accidents, no matter how minor, and these are recorded to ensure that safety standards are maintained and continuously improved. The Health & Safety Committee on which the Board and employees are represented reviews these accidents at every Meeting.

This year 77 accidents were reported across the Society of which 55 were Employees of the Society. 2 Employees had reportable accidents. The comparative figures for the previous year were 63 accidents including 50 to Staff, 8 of these incidents were reportable.

The average number of days lost per Employee through sickness and absenteeism was 6.2 days against 6.0 days the previous year.

Staff profile

The Society has a policy of promoting an environment free from discrimination, harassment and victimisation where everyone receives equal treatment regardless of their gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions are based solely upon work criteria and individual merit.

The Board is currently composed of four male and five female Directors. Senior Management is made up of four men and two women.

76.0% (2015 - 76.9%) of total Employees are women and 24.0% (2015 - 23.1%) men. 58.2% (2015 - 59.5%) of Employees are full-time and 41.8% (2015 - 40.5%) part-time.

Employee involvement

The society places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representations are consulted maintained its practice of consultation and communication with employees both by formal and informal methods. Employee representatives are consulted on a wide range of matters affecting their current and future interests.

Disabled employees

Applications for employment by disabled persons are always fully considered bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the society continues and that appropriate arrangements are made. It is the policy of the society that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Ethical Issues

As indicated within the Staff Profile paragraph above, the Society has a clear ethical policy in relation to Employee matters.

So far as procurement is concerned the Society operates a similar policy and procurement is made through whatever sources are best for the Society's business. The Society purchases all of its food through the Co-operative Retail Trading Group and follows the ethical practices conducted by that Group.

The Society has made no investments outside those offered by our Bankers during recent periods.

The Environment

The Society continues to purchase all of its energy via the Co-operative Power - the energy buying consortium run by The Co-operative Group. This is a collection of Co-operative Societies working together to ensure the best possible approach to the utility markets.

In the first half of 2015, the Society continued to purchase 100% Green electricity via the consortium – sourced from wind farms and small scale hydro plants'. The green credentials of this type 1 power made it exempt from the climate change levy tax (CCL), which is a standard tax all UK businesses are obliged to pay on every unit of standard energy they consume. Following changes announced at the budget, the cost of green electricity became higher than standard brown electricity and the Society elected to move the brown electricity to minimise cost.

Proportion of waste recycled/reused

We actively encourage the recycling of waste. Cardboard in particular is collected from all of our retail outlets, compacted in some cases, before being sent off for recycling. Unfortunately we do not have the means for producing figures indicating the tonnage of cardboard recycled.

Responsibilities of the Board of Directors

Co-operatives UK prepare a Corporate Governance Code for Consumer Co-operative Societies. This recognises a neglect of governance weakens the framework of accountability and carries multiple risks to the business and its strategy over time. Conversely good governance supports the Board in its task of creating and maintaining a strong and sustainable business that meets the needs of its Members. Co-operatives UK indicate that they understand that the Code needs to be flexible but indicate that Member Co-operatives should include statements in their annual reports disclosing the extent to which they have followed it during the reporting period.

The latest version of the Code was issued in November 2013 and the Society does comply with the majority of the recommendations but would comment on the following specific points.

Provision 34 indicates that in the event of a solvent dissolution then any surplus arising should be distributed in accordance with the International Co-operative Alliance statement of Co-operative identity. This is actually a matter that is dealt with in the Rules of the Society and The Society Rules indicate that any remaining assets after the satisfaction of all debts and liabilities should be distributed to local charitable organisations as determined by the Members. Reference has been made to this issue at recent Annual General Meetings whilst the Board feel the chances of this arising are remote it will be giving consideration the next time the Society Rules are being comprehensively considered.

Provision 50 of the Code indicates that Members of the Management Executive should not hold the position of Director. Mr R W Read acts as a Director and until 30th November 2015, he also served on the Executive as Senior General Manager. This is in accordance with the Rules and whilst these limit the total number of employees and former employees that can serve on the Board they do not indicate that any individual category of employee are not eligible to stand.

Provision 69 indicates that the maximum service of any Chair person may not exceed six years. Normally the Board elect a different Chairman every year but there is no limit on the number of times that a person could serve as a Chairman. In practice it is not believed that this has ever exceeded six occasions but in a similar way to later responses the Society does not believe it is appropriate to put a limit on any of these areas.

Provision 76 indicates that the position of Chief Executive and Secretary should not be held by one individual. The Society accepts that a number of recommendations on Corporate Governance make this recommendation. The Society does have the same individual carrying out both positions and believes that it is appropriate due to the size and structure of Tamworth Co-operative Society.

Provisions 82 and 83 of the Code refer to renewal of the Board and the Society ensures a balance of experienced and newly elected Board Members by advertising each year when nominations are able to be accepted. By the April 2016 Annual General Meeting Board Members will have served between one and seventeen years' service with an average of eight years.

The Code makes several recommendations regarding Board evaluation and the possibility of using an external facilitator to carry out a Board evaluation. The Board did trial this idea several years previously but has not decided to repeat the exercise. Because of the size of the Society and the need for Board Members to be appointed by the Members it is not felt that this is an appropriate suggestion for our organisation.

On Committees of the Board there are several recommendations regarding numbers that should comprise these Committees and how long individuals can serve on them. In a similar way to the comments made regarding the length of the service of the Chairman as indicated above the Society does not believe it is appropriate to put a maximum term on any such service commitments. The Society also feels that it needs to determine the ideal size of such Committees based on its own needs rather than any outside suggestions. At this point the entire Board serves as Audit Committee and does not satisfy the requirement of one Member of that Committee having recent and relevant financial experience as no professionally qualified accountants currently sit on the Board.

Going concern

After making all appropriate enquiries, the Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the Going Concern basis in preparing the Society's Accounts. In particular, the Society has cash of £1,740,000 at 23 January 2016.

Internal control

As previously mentioned, the entire Board sits as the Audit Committee, and as such meets the Auditor to have a full discussion. In addition the Management letter from the Auditors is also presented to the full Board.

The Board of Directors has continued to review and report upon internal financial controls.

The Society has continued with its work on establishing procedures necessary to comply with Legislation and the Corporate Governance Code of Best Practice and wherever possible additional Reports are made and controls implemented as is considered appropriate for a Society of this size.

The key elements of the Society's system of internal financial controls are as follows

(A) Control environment

The Society is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations.

The Society has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Society objectives. Lines of responsibility and delegations of authority are documented and reviewed at least annually at Strategy Meetings.

The annual budget and long term plan of the society and of each Division are reviewed and approved.

A full Society Strategy is in place and is reviewed at least on an annual basis and separate Board Meetings are convened for that purpose.

At 23 January 2016 the number of creditor days outstanding for the Society was 21 days (2015 - 21 days).

(B) Risk identification

Society Management continue to be responsible for the identification and evaluation of key risks applicable to their areas of Business. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe, and regulatory requirements.

(C) Information and communication

The Society's Businesses participate in periodic Strategic Reviews which include consideration of long term financial projections and the evaluation of Business alternatives with an in-depth analysis of past performance. Operating units prepare annual budgets and strategic plans. Performance against plan is actively monitored at the Board and Executive levels supported by regular forecasts and Meetings between Senior Management and the Board of Directors as considered appropriate. Forecasts and results are consolidated and presented to the Board on a regular basis.

Through these mechanisms, Society performance is continually monitored, risks identified in a timely manner, their financial implications assessed, control procedures re-evaluated and corrective actions agreed and implemented.

(D) Control procedures

The Society and its operating units have implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud.

(E) Monitoring and corrective action

There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Board of Directors meets regularly to review the effectiveness of the Society's system of financial controls. Monthly Management Accounts are considered in great detail and any appropriate action is taken whenever necessary.

Tamworth Co-operative Society Limited

**Directors' Report
For the 52 weeks ended 23 January 2016**

Post balance sheet events

There have been no significant events affecting the society since the year end.

Disclosure of information to auditors

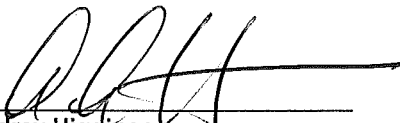
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the society's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the society's auditors are aware of that information.

Auditors

Dains LLP were reappointed as the Society's auditors at the 2015 Annual General Meeting and having expressed their willingness to continue in office will be proposed for reappointment at the Annual General Meeting to be held on 27 April 2016.

This report was approved by the board on 22 March 2016 and signed on its behalf.



Audrey Higginson
Chairman of the Board



Julian Coles
Chief Executive Officer

Tamworth Co-operative Society Limited

**Directors' Responsibilities Statement
For the 52 weeks ended 23 January 2016**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under applicable law the directors must not approve the financial statements unless 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:

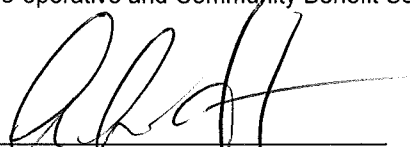
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The directors are responsible for keeping 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 also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Board Certification

The financial statements on pages 14 to 42 are hereby signed on behalf of the Board of Directors pursuant to Section 80 of the Co-operative and Community Benefit Societies Act 2014.



Audrey Higginson
Chairman of the Board



Julian Coles
Chief Executive Officer

22 March 2016

Tamworth Co-operative Society Limited

Directors' attendance

For the 52 weeks ended 23 January 2016

Name	Appointment expires	Possible attendances	Actual attendances
Mrs A A Higginson	2016	31	31
Mr K G Wood	2017	22	19
Mr A M King (2)	N/a	5	-
Mr A V King	2018	24	21
Mrs S Preece	2016	29	28
Mr R W Read	2017	21	20
Mr D M Rose	2018	26	26
Mrs D Trout	2016	25	18
Mrs S People	2017	18	14
Mrs A Brindley (1)	2018	10	9

(1) Mrs A Brindley was elected to the Board on 29 April 2015.

(2) Mr A M King retired from the Board on 29 April 2015.

We have audited the financial statements of Tamworth Co-operative Society Limited for the 52 weeks ended 23 January 2016, which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. 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'.

This report is made solely to the society's members, as a body, in accordance with section 87 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 23 January 2016 and of its surplus for the 52 weeks then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the Co-operative and Community Benefit Societies Act 2014.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where Co-operative and Community Benefit Acts 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the society in accordance with requirements of legislation;
- a satisfactory system of control over transactions has not been maintained by the society in accordance with the requirements of legislation;
- the financial statement are not in agreement with the books of account of the society; or
- we have not obtained all the information and explanations necessary for the purpose of our audit.



Mark Hargate FCA (Senior statutory auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

8 April 2016

Tamworth Co-operative Society Limited

Revenue account
As at 23 January 2016

		23 January 2016 £000	24 January 2015 £000
Gross takings		24,024	23,269
Less concession sales		<u>(1,432)</u>	<u>(1,528)</u>
Takings		22,592	21,741
Less value added tax		<u>(2,002)</u>	<u>(1,971)</u>
Turnover	3	20,590	19,770
Cost of sales		<u>(13,196)</u>	<u>(12,582)</u>
		7,394	7,188
Property income		460	501
Expenses		<u>(7,046)</u>	<u>(6,985)</u>
		(6,586)	(6,484)
Trading surplus	11	808	704
Interest receivable	5	10	11
Interest payable	6	(40)	(160)
Other finance costs	7	(240)	(307)
Profit on disposal of fixed assets		135	866
Net impairment of fixed assets	14,15	<u>(63)</u>	<u>(418)</u>
		(198)	(8)
Surplus for the period before distribution		610	696
Dividends paid	8	(97)	(82)
Grants and donations	9	<u>(40)</u>	<u>(45)</u>
Surplus before taxation		473	569
Tax on surplus	12	<u>(54)</u>	<u>(136)</u>
Retained surplus for the period		419	433

All amounts relate to continuing operating operations

The notes on pages 20 to 42 form part of these financial statements.

Tamworth Co-operative Society Limited
Statement of Comprehensive Income
For the 52 weeks ended 23 January 2016


	Note	2016 £000	2015 £000
Profit for the financial period		<u>419</u>	<u>433</u>
Other comprehensive income			
Remeasurement gain / (loss) on defined benefit pension scheme	27	1,315	(537)
Movement on deferred tax relating to pension (gains) / losses	23	<u>(414)</u>	<u>125</u>
Other comprehensive income for the period		<u>901</u>	<u>(412)</u>
Total comprehensive income for the period		<u><u>1,320</u></u>	<u><u>21</u></u>

Balance Sheet
As at 23 January 2016

	Note	23 January 2016 £000	24 January 2015 £000
Fixed assets			
Intangible assets	13	-	18
Tangible assets	14	11,124	10,448
Investments	16	5,599	4,989
Investment property	15	6,449	6,030
		<u>23,172</u>	<u>21,485</u>
Current assets			
Stocks	17	930	905
Debtors: amounts falling due after more than one year	18	1,251	1,714
Debtors: amounts falling due within one year	18	1,004	1,129
Cash at bank and in hand	19	1,740	2,239
		<u>4,925</u>	<u>5,987</u>
Creditors: amounts falling due within one year	20	(3,454)	(3,342)
Net current assets		<u>1,471</u>	<u>2,645</u>
Total assets less current liabilities		<u>24,643</u>	<u>24,130</u>
Creditors: amounts falling due after more than one year	21	(5,209)	(4,683)
Provisions for liabilities			
Deferred tax	23	(27)	(21)
Pension liability	27	(6,107)	(7,566)
Net assets		<u>13,300</u>	<u>11,860</u>
Capital and reserves			
Called up share capital	25	2,324	2,174
Profit and loss account	24	10,976	9,686
		<u>13,300</u>	<u>11,860</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2016.


Audrey Higginson
Chairman of the Board


Julian Coles
Chief Executive Officer

The notes on pages 20 to 42 form part of these financial statements.

Tamworth Co-operative Society Limited

Statement of Changes in Equity
As at 23 January 2016

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 25 January 2015	2,174	9,686	11,860
Comprehensive income for the period			
Profit for the period	-	419	419
Remeasurement gains on defined benefit pension scheme (net of deferred tax)	-	901	901
Other comprehensive income for the period	-	901	901
Total comprehensive income for the period	-	1,320	1,320
Contributions by and distributions to owners			
Share interest	-	(30)	(30)
Increase in share capital	150	-	150
Total transactions with owners	150	(30)	120
At 23 January 2016	2,324	10,976	13,300

Tamworth Co-operative Society Limited

Statement of Changes in Equity
As at 24 January 2015

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 26 January 2014	2,314	9,693	12,007
Comprehensive income for the period			
Profit for the period	-	433	433
Remeasurement losses on defined benefit pension scheme (net of deferred tax)	-	(412)	(412)
Other comprehensive income for the period	-	(412)	(412)
Total comprehensive income for the period	-	21	21
Contributions by and distributions to owners			
Share interest	-	(28)	(28)
Decrease in share capital	(140)	-	(140)
Total transactions with owners	(140)	(28)	(168)
At 24 January 2015	2,174	9,686	11,860

The notes on pages 20 to 42 form part of these financial statements.

Tamworth Co-operative Society Limited

Statement of Cash Flows
For the 52 weeks ended 23 January 2016

	23 January 2016 £000	24 January 2015 £000
Cash flows from operating activities		
Profit for the financial period	419	433
Adjustments for:		
Dividends and grants paid	(137)	(127)
Amortisation of intangible assets	18	13
Depreciation of tangible assets	554	555
Impairments of fixed assets	63	418
Pension charge	293	360
Profit on disposal of tangible assets	(135)	(866)
Increase in stocks	(25)	144
Interest paid	40	160
Interest received	(10)	(11)
Taxation	54	136
(Decrease)/increase in debtors	539	(215)
Increase in creditors	801	1,511
Decrease in net pension liability	(437)	(428)
Corporation tax	(167)	(26)
Net cash generated from operating activities	1,870	2,057
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,154)	(1,212)
Sale of tangible fixed assets	366	330
Purchase of investment properties	(49)	(3)
Sale of investment properties	125	260
Purchase of unlisted and other investments	(1,019)	(911)
Sale of unlisted and other investments	409	1,204
Co-op group interest received	4	4
Bank interest received	6	7
Net cash from investing activities	(2,312)	(321)
Cash flows from financing activities		
Movement of ordinary shares	120	(168)
Dividends and grants paid	(137)	(127)
Interest paid	(40)	(160)
Net cash used in financing activities	(57)	(455)
Net increase / (decrease) in cash and cash equivalents	(499)	1,281
Cash and cash equivalents at beginning of period	2,239	958
Cash and cash equivalents at the end of period	1,740	2,239
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	1,740	2,239
	1,740	2,239

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 30.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the society's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Going concern

After making all appropriate enquires, the Directors have a reasonable expectation that the society has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis in preparing the society financial statements.

1.3 Accounting date

The financial statements are in respect of the 52 week period ended 23 January 2016 with the comparative figures for the 52 week period ended 24 January 2015.

1.4 Gross takings

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

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the society and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the society has transferred the significant risks and rewards of ownership to the buyer;
- the society retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the society will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the society will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

1. Accounting policies (continued)

1.6 Property income

Income received from property is accounted for on an accruals basis for rents received.

1.7 Repairs

Repair expenditure is charged to the revenue account in the year that the cost is incurred.

1.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

1.9 Tangible fixed assets

Tangible fixed assets under the cost model, 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The society 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 society. 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold buildings	-	50 years
Leasehold buildings	-	over the unexpired period of the lease
Transport	-	over the expected working life or 4 years
Fixtures, fittings and plant	-	over the shorter of the expected working life or 10 years
Assets under construction	-	no depreciation is charged on assets under construction

1.10 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1. Accounting policies (continued)

1.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet 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 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. 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 balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.12 Investment property

Investment property is carried at fair value determined annually 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. No depreciation is provided. Changes in fair value are recognised in the Profit and loss account.

1.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted society shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the society's cash management.

1. Accounting policies (continued)

1.17 Financial instruments

The society only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the society would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.19 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1. Accounting policies (continued)

1.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.21 Pensions

Defined contribution pension plan

The society operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the society pays fixed contributions into a separate entity. Once the contributions have been paid the society has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the society in independently administered funds.

Defined benefit pension plan

The society operates a defined benefit plan for certain employees. The scheme was closed to future accrual in October 2009. The society no longer has any employees accruing future increases or benefits. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the society engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the society's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

1.22 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

1. Accounting policies (continued)

1.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the society a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the society becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.24 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and 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 balance sheet date in the countries where the society operates and generates income.

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

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

1.25 Funeral plan

Liabilities under the funeral plan are based on the total commitment at the balance sheet date.

Based on the society's experience of funerals handled under its pre-payment plan, the liability has been divided between the current liability for those plans which may be completed within one year, and the remainder, where the liability is classified as an amount falling due after one year. For funeral plans sold after 1 January 2002 amounts paid by customers have been applied towards contracts of Whole Life insurance on the life of the customer. The life insurance contracts have been arranged by the Royal London.

1.26 Share interest

The society's members' share capital maintains a fixed nominal value and attracts interest. Share interest is disclosed as a movement in equity and within the reconciliation of movements in members' funds.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the society's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods in the revision affects both current and future periods.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of plant and machinery, and have concluded that asset lives and residual values are appropriate.

Impairment of tangible fixed assets

The society conducts impairment reviews of assets when events of changes in circumstances indicate that their carrying amounts may not be recoverable annually in accordance with Financial Reporting Standard 102. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate.

Defined benefit pension scheme

The present value of the pension scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 1 February 2013 has been used by the actuary in valuing the pensions liability at 23 January 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Analysis of turnover

The whole of the turnover is attributable to the principal activity.

All turnover arose within the United Kingdom.

4. Auditors' remuneration

	2016	2015
	£000	£000
Fees payable to the society's auditor for the audit of the society's annual accounts	18	17
	<u>18</u>	<u>17</u>

5. Interest receivable

	2016	2015
	£000	£000
Bank interest	6	7
Co-operative group	4	4
	<u>10</u>	<u>11</u>
	<u>10</u>	<u>11</u>

Tamworth Co-operative Society Limited

**Notes to the Financial Statements
For the 52 weeks ended 23 January 2016**

6. Interest payable and similar charges

	2016 £000	2015 £000
Funeral prepayment plans	40	160
	<u>40</u>	<u>160</u>
	<u><u>40</u></u>	<u><u>160</u></u>

Prior to 2002 funeral bonds were underwritten by the society and the liability to cover the cost of these funerals rests with the society. With effect from 26th January 2014, the Directors implemented a policy of evaluating the potential liability of the remaining bonds annually. Interest is accrued in line with this revised policy.

7. Other finance costs

	2016 £000	2015 £000
Net interest on net defined benefit liability	(240)	(307)
	<u>(240)</u>	<u>(307)</u>
	<u><u>(240)</u></u>	<u><u>(307)</u></u>

8. Dividends paid

	2016 £000	2015 £000
Dividend to members	97	85
Waived dividend given to charity	10	7
Dividend vouchers not redeemed by members from prior years	(10)	(10)
	<u>97</u>	<u>82</u>
	<u><u>97</u></u>	<u><u>82</u></u>

9. Grants and donations

	2016 £000	2015 £000
Member relations committee	2	(1)
Employee related	38	46
	<u>40</u>	<u>45</u>
	<u><u>40</u></u>	<u><u>45</u></u>

The Society has reviewed its funding of the members relations committee. In future all costs will be charged to the profit and loss account in the year expenditure is incurred. No allowance will be made for potential income from events that are paid in advance of provisions for future expenditure.

10. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	3,768	3,794
Social security costs	229	230
Cost of defined contribution pension scheme	148	118
	<u>4,145</u>	<u>4,142</u>
	<u><u>4,145</u></u>	<u><u>4,142</u></u>

The average monthly number of employees, including the directors, during the period was as follows:

	2016 No.	2015 No.
Full time	118	127
Part time	168	173
	<u>286</u>	<u>300</u>
	<u><u>286</u></u>	<u><u>300</u></u>

Management executive remuneration

	2016	2015
	£000	£000
The total remuneration of the management executive was as follows:		
Salaries	407	393
Bonus	42	27
Taxable benefits	7	7
Pension contributions	23	22
	<u>479</u>	<u>449</u>
	<u><u>479</u></u>	<u><u>449</u></u>

On 30th November 2015 Mr R W Read retired. Mr D Welsh joined the executive as General Manager Food on 1st December 2015. Prior year comparatives have not been restated to reflect this change.

The emoluments of the Chief Executive Officer (who is also the highest paid employee) included above was as follows:

	2016	2015
	£000	£000
Salary and taxable benefits	111	109
Bonus	28	20
Pension contributions	6	6
	<u>145</u>	<u>135</u>
	<u><u>145</u></u>	<u><u>135</u></u>

11. Trading surplus

The trading surplus is stated after charging:

	2016	2015
	£000	£000
Depreciation of tangible fixed assets	554	555
Amortisation of intangible assets	18	13
Fees payable to the society's auditor for the audit of the society's annual accounts	18	17
Defined contribution pension cost	148	118
Operating lease rentals - other operating leases	16	17
Directors' fees	29	29
	<u>29</u>	<u>29</u>
	<u><u>29</u></u>	<u><u>29</u></u>

12. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	-	167
Adjustments in respect of previous periods	(1)	(8)
	<u>(1)</u>	<u>159</u>
Total current tax	<u>(1)</u>	<u>159</u>
Deferred tax		
Origination and reversal of timing differences	57	(23)
Changes to tax rates	(2)	-
Total deferred tax	<u>55</u>	<u>(23)</u>
Taxation on profit on ordinary activities	<u>54</u>	<u>136</u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2015 - higher than) the effective rate of corporation tax in the UK of 20.18% (2015 - 21.36%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>474</u>	<u>569</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.18% (2015 - 21.36%)	96	122
Effects of:		
Expenses not deductible for tax purposes	25	111
Adjustments to tax charge in respect of prior periods	(1)	(8)
Short term timing difference leading to an increase in taxation	-	29
Other timing differences leading to an decrease in taxation	(60)	(257)
Non-taxable income	(6)	-
Capital gains	-	141
Marginal relief	-	(2)
Total tax charge for the period	<u>54</u>	<u>136</u>

Tamworth Co-operative Society Limited
Notes to the Financial Statements
For the 52 weeks ended 23 January 2016

13. Intangible assets

	Goodwill £000
Cost	
At 25 January 2015	274
At 23 January 2016	<u>274</u>
Amortisation	
At 25 January 2015	256
Charge for the year	18
At 23 January 2016	<u>274</u>
Net book value	
At 23 January 2016	<u>-</u>
At 24 January 2015	<u>18</u>

Tamworth Co-operative Society Limited

Notes to the Financial Statements
For the 52 weeks ended 23 January 2016

14. Tangible fixed assets

	Freehold land and buildings £000	Leasehold land and buildings £000	Transport £000	Fixtures, fittings and plant £000	Assets under construction £000	Total £000
Cost or valuation						
At 25 January 2015	8,059	2	893	6,352	1,040	16,346
Additions	1,184	-	18	676	276	2,154
Transfer to investment properties	(210)	-	-	-	-	(210)
Disposals	(355)	-	(19)	(370)	-	(744)
Transfers between classes	899	-	-	417	(1,316)	-
At 23 January 2016	9,577	2	892	7,075	-	17,546
Depreciation						
At 25 January 2015	210	2	768	4,918	-	5,898
Charge owned for the period	123	-	64	367	-	554
Transfer to investment properties	(7)	-	-	-	-	(7)
Disposals	(11)	-	(19)	(348)	-	(378)
Impairment charge	-	-	-	355	-	355
At 23 January 2016	315	2	813	5,292	-	6,422
At 23 January 2016	9,262	-	79	1,783	-	11,124
At 24 January 2015	7,849	-	125	1,434	1,040	10,448

The original cost of freehold land included in the above figures, which is not depreciated is £3,154,000 (2015 - £2,935,000).

The freehold and leasehold land and buildings was valued on 24 January 2013 by Peter J Hicks FRICS of Peter J Hicks & Co. Chartered Surveyors on an existing use basis. These valuations have been used as the deemed cost following the transfer of engagement from TCS Estates Services Limited.

Tamworth Co-operative Society Limited
Notes to the Financial Statements
For the 52 weeks ended 23 January 2016

15. Investment property

	Freehold investment property £000
Valuation	
At 25 January 2015	6,030
Additions at cost	49
Disposals	(125)
Surplus on revaluation	292
Transfers from tangible fixed assets	203
At 23 January 2016	6,449

The 2016 valuations were made by Peter J Hicks FRICS of Peter J Hicks & Co. Chartered Surveyors, on an open market value for existing use basis.

The historic cost of investment properties included at valuation is £4,237,526 (2015 - £4,278,930).

16. Fixed asset investments

	Unlisted investments £000
Cost or valuation	
At 25 January 2015	4,989
Additions	1,019
Disposals	(409)
At 23 January 2016	5,599
At 24 January 2015	4,989

Unlisted investments principally relate to Royal London investments funeral prepayment plans.

Tamworth Co-operative Society Limited
Notes to the Financial Statements
For the 52 weeks ended 23 January 2016

17. Stocks

	23 January 2016 £000	24 January 2015 £000
Goods for resale	930	905
	<u>930</u>	<u>905</u>
	<u><u>930</u></u>	<u><u>905</u></u>

18. Debtors

	23 January 2016 £000	24 January 2015 £000
Due after more than one year		
Deferred tax asset	1,251	1,714
	<u>1,251</u>	<u>1,714</u>
	<u><u>1,251</u></u>	<u><u>1,714</u></u>

	23 January 2016 £000	24 January 2015 £000
Due within one year		
Trade debtors	854	895
Other debtors	-	3
Prepayments and accrued income	150	231
	<u>1,004</u>	<u>1,129</u>
	<u><u>1,004</u></u>	<u><u>1,129</u></u>

19. Cash and cash equivalents

	23 January 2016 £000	24 January 2015 £000
Cash at bank and in hand	1,740	2,239
	<u>1,740</u>	<u>2,239</u>
	<u><u>1,740</u></u>	<u><u>2,239</u></u>

Tamworth Co-operative Society Limited

Notes to the Financial Statements
For the 52 weeks ended 23 January 2016

20. Creditors: Amounts falling due within one year

	23 January 2016 £000	24 January 2015 £000
Trade creditors	1,302	1,035
Corporation tax	-	167
Taxation and social security	119	92
Funeral prepayments plans	919	826
Customer deposits	118	97
Dividends	59	53
Other creditors	-	8
Accruals and deferred income	937	1,064
	<u>3,454</u>	<u>3,342</u>

21. Creditors: Amounts falling due after more than one year

	23 January 2016 £000	24 January 2015 £000
Funeral prepayment plans	5,209	4,683
	<u>5,209</u>	<u>4,683</u>

22. Financial instruments

	23 January 2016 £000	24 January 2015 £000
Financial assets		
Financial assets measured at fair value through profit or loss	5,599	4,989
Financial assets that are debt instruments measured at amortised cost	854	898
	<u>6,453</u>	<u>5,887</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(7,447)	(6,787)
	<u>(7,447)</u>	<u>(6,787)</u>

Financial assets measured at fair value through profit or loss comprise fixed asset investments.

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, funeral prepayment plans, customer deposits and accruals and deferred income.

Tamworth Co-operative Society Limited
Notes to the Financial Statements
For the 52 weeks ended 23 January 2016

23. Deferred taxation

	Deferred tax
	£000
At 25 January 2015	1,693
Charged to the profit or loss	(55)
Charged to other comprehensive income	(414)
At 23 January 2016	1,224

The provision for deferred taxation is made up as follows:

	23 January	24 January
	2016	2015
	£000	£000
Accelerated capital allowances	(109)	(105)
Tax losses carried forward	3	-
Pension deficit	1,099	1,513
Other timing differences	79	84
Property gains and losses	152	201
	<u>1,224</u>	<u>1,693</u>
	<u><u>1,224</u></u>	<u><u>1,693</u></u>
Comprising:		
Asset - due after one year	1,251	1,714
Liability	(27)	(21)
	<u>1,224</u>	<u>1,693</u>
	<u><u>1,224</u></u>	<u><u>1,693</u></u>

24. Reserves

Revenue reserves

The revenue reserves represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties and fixed asset investments.

Tamworth Co-operative Society Limited

Notes to the Financial Statements

For the 52 weeks ended 23 January 2016

25. Share capital

	23 January 2016 £000	24 January 2015 £000
At start of period	2,174	2,314
Contributions	357	329
Interest	30	28
	<u>2,561</u>	<u>2,671</u>
Withdrawals	<u>(237)</u>	<u>(497)</u>
At end of period	<u>2,324</u>	<u>2,174</u>

Share capital is non equity share capital comprising £2,324,326 (2015 - £2,173,812) shares of £1 each, attracting interest of between nil and 2.25% per annum, depending on the balance held.

The share capital is withdrawable on periods of notice varying according to the amount involved, however this requirement can be waived by the Directors under Rule 7.9(b).

Each member is entitled to one vote.

The society rules indicate that on solvent dissolution or winding up that any remaining assets be distributed to local charitable organisations as determined at a meeting of members.

26. Capital commitments

At 23 January 2016 the society had capital commitments as follows:

	23 January 2016 £000	24 January 2015 £000
Contracted for but not provided in these financial statements	-	1,594
	<u>-</u>	<u>1,594</u>

Tamworth Co-operative Society Limited

**Notes to the Financial Statements
For the 52 weeks ended 23 January 2016**

27. Pension commitments

The society operates a Defined benefit pension scheme.

The Tamworth Co-operative Society Limited Employees Superannuation scheme which is based in the UK was closed for all future accruals on 31 October 2009 and has no active members. The pensions contributions payable by the society in the year amounted to £437,000 (2015 - £428,000).

A full actuarial valuation was carried out as at 31 March 2013 and updated to 23 January 2016 using the Projected Unit method, by an independent qualified actuary.

Reconciliation of present value of plan liabilities:

	23 January 2016 £000	24 January 2015 £000
At the beginning of the year	(20,962)	(19,067)
Current service cost	(53)	(53)
Interest cost	(669)	(833)
Actuarial gains/losses	2,448	(1,760)
Benefits paid	838	751
At the end of the year	(18,398)	(20,962)

Reconciliation of present value of plan assets:

	23 January 2016 £000	24 January 2015 £000
At the beginning of the year	13,396	11,970
Interest income	429	526
Remeasurement gains/losses	(1,133)	1,223
Contributions	437	428
Benefits paid	(838)	(751)
At the end of the year	12,291	13,396

	23 January 2016 £000	24 January 2015 £000
Fair value of plan assets	12,291	13,396
Present value of plan liabilities	(18,398)	(20,962)
Net pension scheme liability	(6,107)	(7,566)

Tamworth Co-operative Society Limited

**Notes to the Financial Statements
For the 52 weeks ended 23 January 2016**

27. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	23 January 2016 £000	24 January 2015 £000
Current service cost	53	53
Interest on obligation	240	307
Total	293	360
Actual return on scheme assets	(704)	1,748
	(704)	1,748

Reconciliation of fair value of plan liabilities were as follow:

	23 January 2016 £000	24 January 2015 £000
Opening defined benefit obligation	(20,436)	(19,067)
Current service cost	(53)	(53)
Interest cost	(240)	(307)
Actuarial gains and (losses)	2,448	(1,760)
Benefits paid	838	751
Closing defined benefit obligation	(17,443)	(20,436)

Reconciliation of fair value of plan assets were as follows:

	23 January 2016 £000	24 January 2015 £000
Opening fair value of scheme assets	12,870	11,970
Remeasurement gains and losses	(1,133)	1,223
Contributions by employer	437	428
Benefits paid	(838)	(751)
	11,336	12,870

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £689,000 (2015 - £626,000).

The society expects to contribute £384,960 to its Defined benefit pension scheme in 2017.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate at 23 January	3.70 %	3.25 %
Future pension increases	2.80 %	2.70 %
Future revaluation of pensions in deferment	1.30 %	2.40 %
	7.80	8.35

27. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Defined benefit obligation	(18,398)	(20,962)	(19,068)	(15,572)	(17,424)
Scheme assets	12,291	13,396	11,971	11,669	11,355
Surplus	(6,107)	(7,566)	(7,097)	(3,903)	(6,069)
Experience adjustments on scheme liabilities	2,448	(1,760)	(389)	(1,200)	(229)
Experience adjustments on scheme assets	(1,133)	1,223	46	294	387

28. Commitments under operating leases

The society had no commitments under the non-cancellable operating leases as at the balance sheet date.

29. Related party transactions

As a retail co-operative society, the society has many transactions with other Co-operative Societies. There are all commercial and at arms length. The most significant of these relates to the society's membership of the Federal Retail Trading Services (FRTS) by which purchases of stock for resale are made through the Co-operative Group Limited on terms negotiated with the third party suppliers by FRTS on behalf of its members. It is not considered that there are any related parties with the definition of FRS 102.

Other related party transactions

The total remuneration for key management personnel for the year totalled £508,000 (2015 - £478,000).

Tamworth Co-operative Society Limited

Notes to the Financial Statements For the 52 weeks ended 23 January 2016

30. First time adoption of FRS 102

	Note	As previously stated 26 January 2014 £000	Effect of transition 26 January 2014 £000	FRS 102 (as restated) 26 January 2014 £000	As previously stated 24 January 2015 £000	Effect of transition 24 January 2015 £000	FRS 102 (as restated) 24 January 2015 £000
Intangible assets		31	-	31	18	-	18
Tangible assets		10,197	-	10,197	10,448	-	10,448
Investment property		6,630	-	6,630	6,030	-	6,030
Investments		4,416	-	4,416	4,989	-	4,989
Current assets	1,3	3,014	1,564	4,578	4,273	1,714	5,987
Creditors: amounts falling due within one year	2	(2,429)	(55)	(2,484)	(3,287)	(55)	(3,342)
Net current assets		585	1,509	2,094	986	1,659	2,645
Total assets less current liabilities		21,859	1,509	23,368	22,471	1,659	24,130
Creditors: amounts falling due after more than one year		(4,245)	-	(4,245)	(4,683)	-	(4,683)
Provisions for liabilities	1,3	(5,706)	(1,410)	(7,116)	(6,085)	(1,502)	(7,587)
Net assets		11,908	99	12,007	11,703	157	11,860
Capital and reserves	3	11,908	99	12,007	11,703	157	11,860

Tamworth Co-operative Society Limited

Notes to the Financial Statements
For the 52 weeks ended 23 January 2016

30. First time adoption of FRS 102 (continued)

	Note	As previously stated 24 January 2015 £000	Effect of transition 24 January 2015 £000	FRS 102 (as restated) 24 January 2015 £000
Turnover		19,770	-	19,770
Cost of sales		(12,582)	-	(12,582)
		7,188	-	7,188
Expenses		(6,985)	-	(6,985)
Property income		501	-	501
Trading surplus		704	-	704
Interest receivable		11	-	11
Interest payable and similar charges		(160)	-	(160)
Other finance income	1	(219)	(88)	(307)
Profit on disposal		866	-	866
Impairment of fixed assets		(418)	-	(418)
Dividends paid		(82)	-	(82)
Grants and donations		(45)	-	(45)
Taxation	3	(193)	57	(136)
Profit on ordinary activities after taxation and for the financial period		464	(31)	433

Explanation of changes to previously reported profit and equity:

- 1 The adjustment relates to the pension deficit being accounted for under FRS 102 instead of FRS 17. This has resulted in the pension deficit being grossed up, therefore the deferred tax asset on the pension scheme is now separately shown. The scheme administration expenses are now processed separately within administrative expenses. The interest on obligation and the expected return have been replaced with the net interest cost on the defined benefit scheme.
- 2 Being the inclusion of a holiday pay accrual
- 3 The adjustment relates to the recognition of deferred taxation on property gains and losses.