

Report of the Board of Directors
Half Year Ended 27th July 2019

TAMWORTH CO-OPERATIVE SOCIETY LIMITED

Unaudited Interim Report

For the 26 weeks ended 27th July 2019

Report of the Board of Directors

Half Year Ended 27th July 2019

The Trading Surplus at £594,000 for the Half Year is slightly ahead of the figures for the equivalent 26 weeks of the prior year. There are a number of reasons for this. Overall our Food business has performed well, having achieved a trading surplus ahead of both the prior year and the budgeted target for the Division. During the first half there has been additional focus on the gross profit level following a decline last year. Improvements have resulted, especially from wastage levels and related controls. We were again affected by expense increases, particularly driven by changes in the National Living Wage. Our Funeral Department carried out a lower number of arrangements than in the equivalent period last year; however the decline seen in the Society volumes was lower than the reduction reported for the UK as a whole by the Office for National Statistics. The Funeral Division is a very specialist area and the number of arrangements carried out will vary between individual periods. At the end of the last financial year we closed the First Floor of the former Department Store premises and we now only trade from the Ground Floor, this mainly houses a vibrant fashion department. Because of the changes in the scope of the activities carried out in the store, year on year comparisons on performance are difficult. The store, however, continues to make a trading loss.

The total net takings for the Half Year ended 27th July 2019 were £12,915,000 this represent a (2.1)% decline on the equivalent interim figures for last year. Much of the decline is due to the Society withdrawing from selling Furniture in the Department Store. Overall Food Division VAT inclusive sales are 0.3% ahead of the prior year, this figure is a little disappointing, however the Division benefited greatly from the impact of the exceptionally hot summer in 2018 and the World Cup in that year. Trading conditions within the Tamworth Town Centre do remain challenging. As indicated above the main Society premises now trade solely from the Ground Floor and from the Church Street Food premises we have experienced a reduction in the level of sales being generated. Overall the Society exceeded its Food sales targets but this was the net of an over budget performance from the surrounding Convenience Stores and a lower level from the Town Centre premises.

Within the Food Division the key investment during the period has been a comprehensive re-fit and refurbishment of our Rosliston Convenience Store. The overall sales area is broadly the same but the layout has been changed very significantly and the Post Office has now been included within the main part of the Store, releasing the former area for some much needed ancillary warehousing support. All refrigeration has been replaced and the store has now become the second Society location to offer self-check-out equipment. The store closed for just over two and half weeks to enable the re-fit to take place and this also impacted the trading results in the Half Year. We have also made important investments in supporting activities for food operations, including improvements in branch data networks and the introduction of e-learning processes. Contractors have now been appointed for the development at the former Cuckoos Rest pub site in Dordon and it is hoped that work on that site will commence in the very near future to deliver a new Convenience Store in the second quarter of 2020.

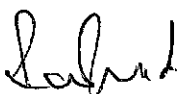
The Society's overall trading surplus is £594,000, 1.5% ahead of the equivalent interim period of last year of £585,000, and ahead of our budgeted expectations. The Society continues to expect increasing competition in all of our trading businesses and there remains uncertainty over the general economic climate with continuing political uncertainty particularly around Brexit. The Society's Balance Sheet for the Half Year shows the Society is in a good financial position with net assets that total £14,010,000 including cash in the bank of £3,218,000. The closing cash in hand figure is higher than we anticipated, due to timing of payments being later than originally envisaged and capital expenditure not taking place earlier in the financial year. As the Interim Statements indicate no provision has been made for Dividends, which are considered at the end of each year, or taxation. The Directors will also like to point that the full annual Accounts include any revaluation arising from the Society's investment property portfolio which is valued annually by an external professional.

The Society has been very pleased to complete a further round of donations under the Community Dividend Scheme during the Half Year. Under this programme each of our retail Branches is linked with a local Community Group. The Branch Managers gave donations to 13 local groups and the total amount issued was £10,000.

During the half year our senior manager for non-food, Mr Ron Constable, retired, and we are very grateful to Ron for the work he carried out for the Society since joining us in 2005. The Board would like to thank all of our customers and Members for their continued support and all of our staff for their hard work.

For and on the behalf of the Directors

R W Read
Chairman



Julian Coles
Chief Executive Officer

Report of the Board of Directors
Half Year Ended 27th July 2019

Interim statement of trading activities
For the 26 weeks ended 27th July 2019

Society Revenue Account

	26 weeks 27 th July 2019 (unaudited) £000	26 weeks 28 th July 2018 (unaudited) £000	52 weeks to 26 th Jan 2019 (audited) £000
Gross Takings	13,335	13,724	26,822
Less Concession Sales	(420)	(532)	(1,046)
Net Takings	<u>12,915</u>	<u>13,192</u>	<u>25,776</u>
Less Value Added Tax	(1,190)	(1,210)	(2,384)
Turnover	<u>11,725</u>	<u>11,982</u>	<u>23,392</u>
Less cost of Sales and Operating Expenses Net of Rent Receivable	(11,131)	(11,397)	(22,466)
Trading Surplus	<u>594</u>	<u>585</u>	<u>926</u>
Profit/(Loss) on disposal of Fixed Assets	-	-	-
Interest Received/(Paid) Net	11	7	12
Pension Financing	(89)	(88)	(167)
Impairment	-	-	42
Surplus prior to Distributions and Taxation	<u>516</u>	<u>504</u>	<u>813</u>

The interim statement has been prepared on the basis of the accounting policies set out in the 2018/2019 Statutory Accounts. The figures shown for the year to 26th January 2019 are extracted from the Audited Accounts for 2019.

The financial information does not constitute Statutory Accounts and is not audited.

The consolidated profit figures exclude share interest and other appropriations and taxation.

Gross Takings include cash sales, goods sold on credit and concessionaire sales inclusive of Value Added Tax.

Turnover represents gross takings excluding VAT and sales made by concessions but include fees received from concessionaires for sales made from the Society's premises. The Turnover is attributable to the principle activity of the Society.

Report of the Board of Directors
Half Year Ended 27th July 2019

Interim statement of trading activities
For the 26 weeks ended 27th July 2019

Society Balance Sheet

	26 th weeks to 27 th July 2019 (unaudited) £000	26 th weeks to 28 th July 2018 (unaudited) £000	52 weeks to 26 th Jan 2019 (audited) £000
Fixed Assets			
Tangible Assets	11,360	11,296	11,240
Intangible Assets	-	-	-
Investment Properties	6,564	6,485	6,564
Investments	<u>10,735</u>	<u>9,778</u>	<u>10,639</u>
	28,659	27,559	28,443
Cash at Bank and in hand	3,218	2,729	2,197
Stock	706	816	802
Debtors due after more than one year	1,268	1,320	1,268
Debtors due within one year	1,251	1,166	1,075
Creditors due within one year	(5,060)	(4,434)	(4,144)
Funeral Prepayment Plans	(9,304)	(8,569)	(9,321)
Deferred Tax	(87)	(75)	(87)
Pension Liability	<u>(6,641)</u>	<u>(6,908)</u>	<u>(6,552)</u>
Net Assets	<u>14,010</u>	<u>13,604</u>	<u>13,681</u>
Financed By:			
Profit and Loss Account	11,703	11,137	11,300
Share Capital	<u>2,307</u>	<u>2,467</u>	<u>2,381</u>
	<u>14,010</u>	<u>13,604</u>	<u>13,681</u>

At 27th January 2019 the Society's Investment Properties were revalued to market value.

The assets and liabilities at 27th July 2019 and 28th July 2018 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.

Report of the Board of Directors
Half Year Ended 27th July 2019

Society Cash Flow

	26 weeks 27 th July 2019 (unaudited) £000	26 weeks 28 th July 2018 (unaudited) £000	52 weeks to 27 th Jan 2019 (audited) £000
Cash inflow from Operating Activities	1,669	1,293	1,061
Net Interest Received	11	7	12
Benefits Paid to Members	(99)	(107)	(92)
Grants and Donations	2	(1)	(34)
Taxation Paid	-	-	-
Capital Expenditure	(392)	(445)	(697)
Sale of Fixed Assets	-	-	-
Net Purchase of Fixed Asset Investments	(96)	(231)	(180)
Movement in Share Capital	(74)	74	(12)
Increase/(Decrease) in Cash in the period	<u>1,021</u>	<u>590</u>	<u>58</u>
Net Cash at the start of the period	<u>2,197</u>	<u>2,139</u>	<u>2,139</u>
Net Cash at the end of period	<u>3,218</u>	<u>2,729</u>	<u>2,197</u>