

Tamworth Co-operative Society

Annual Report & Accounts - 26 January 2008



www.tamworth.coop

Over 120 years
serving the local
community



It's your
Co-operative
Society



Our Mission is to Challenge

Our commitment is to the communities we serve

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.

A commercially
successful family
of businesses

Richard Hughes
Chief Executive Officer



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Notice of Meeting

Remember
the AGM on the
16th April...

ANNUAL GENERAL 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.**

Wednesday 16th April 2008 at 7.15 p.m.

⁽¹⁾Admission on presentation of a valid Pass Card.

AGENDA

1. To confirm the Minutes of the Annual General Meeting held on 18th April 2007.
2. To elect Scrutineers.

3. To receive the Report of the Board of Directors.
4. To consider and adopt the accounts of the Group for the 52 weeks ended 26th January 2008 and the Balance Sheet together with the Auditors' Report thereon.
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 Auditors.
8. Any other business as necessary.

By Order of the Board

Richard A. Hughes, Secretary.
11th March 2008.

Directors

BOARD OF DIRECTORS

Graham W. Johnson *†●★▲ - Chairman

Alan M. King * - Vice Chairman

Philip A. Buckley (Resigned May 2007)

Audrey A. Higginson *†▲

E. Margaret Johnson *●★

Audrey M. Poulten *†●★

Robert W. Read ●★

Diane Trout ●★▲

Kevin G. Wood †●

- * Member of the Remuneration Committee.
- † Member of the Search Committee.
- Pension Fund Trustees.
- ★ Member Relations Committee.
- ▲ Member Health & Safety Committee

Graham Johnson - Chairman (right)

Alan King - Vice Chairman (left)



Management Executive

Executive Officers and General Managers



Richard A. Hughes
Chief Executive Officer & Secretary



Robert W. Read
General Manager - Food



Ronald C. Constable
General Manager - Non Food



Julian Coles FCCA, ACIS
Deputy Chief Executive Officer



Sandra Park
General Manager - Financial Services



Amanda J. Woodward M.B.I.E.
General Manager - Funeral Services

Advisers

To Tamworth Co-operative Society

AUDITORS

KPMG LLP, 2 Cornwall Street,
Birmingham B3 2DL.

BANKERS

National Westminster Bank plc
8, Market Street, Tamworth B79 7LS.

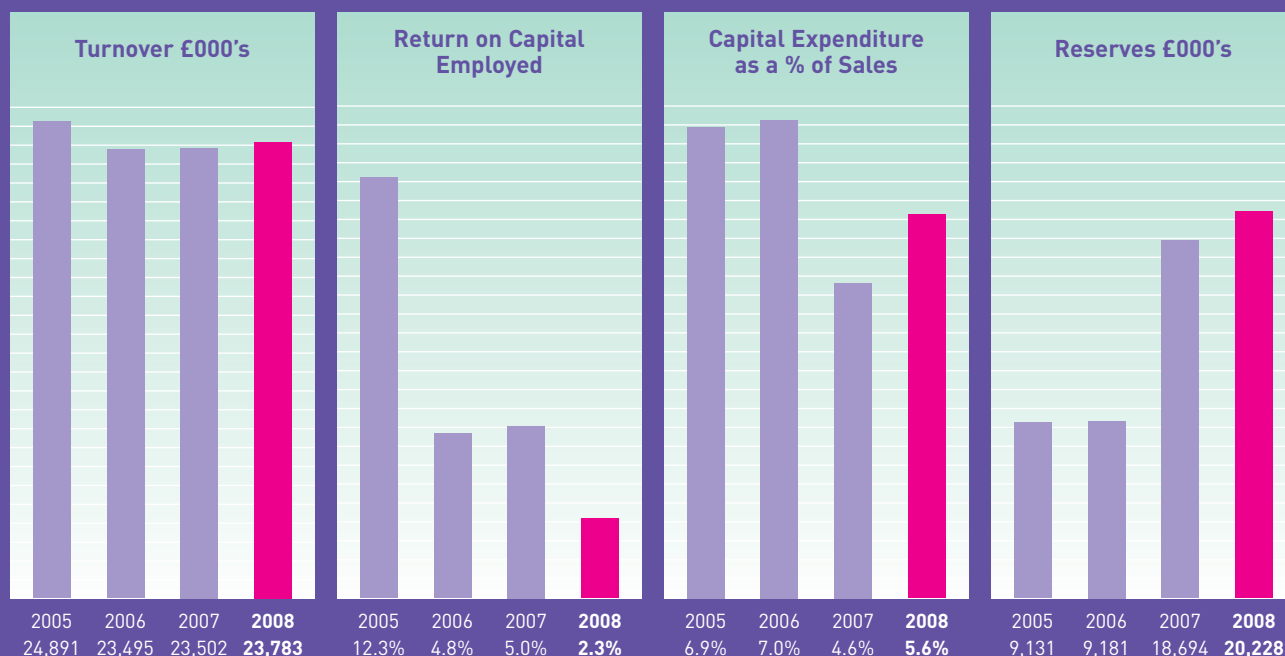
SOLICITORS

Dewes Sketchley,
10 Colehill, Tamworth B79 7HE.

REGISTERED OFFICE

5 Colehill, Tamworth B79 7HA.
Registered Number 2582R

Bar Charts & Key Performance Indicators



KEY PERFORMANCE INDICATORS

Year Ended 26th January 2008

	2004	2005	2006	2007	2008
Return on Capital employed as a %	11.6	12.3	4.8	5.0	2.3
Net Profit as a % of Sales	1.4	2.1	1.0	(0.2)	0.9
Trade Profit after Depreciation as a % of Sales	1.3	1.9	1.6	0.4	1.9
Trade Profit before Depreciation as a % of Sales	3.8	4.4	4.4	3.5	5.2
Gearing %	0.5	(0.9)	6.1	9.2	11.0
Interest Cover (times)	(33.2)	(19.5)	50.4	1.4	7.6
Retention as a % of Sales	0.2	1.1	0.2	(1.9)	(1.4)
Capital Expenditure as a % of Sales	7.7	6.9	7.0	4.6	5.6
Total Net Assets (£000's)	12,681	11,631	11,856	21,270	22,739
Represented by:					
Share Capital (£000's)	2,099	2,500	2,675	2,576	2,511
Reserves (£000's)	10,582	9,131	9,181	18,694	20,228

NOTE:

All figures have been calculated in line with current Co-operatives^{UK} Recommendations, and updated where applicable. The figures for 2005, 2006 and 2007 reflect a change in pensions accounting in accordance with FRS 17 rather than SSAP 24.

Report of the Board of Directors

Principal Activities and Financial Review for 2008



Principal Activities

Tamworth Co-operative Society Limited was formed in 1886 by the residents of Tamworth in order to provide a Co-operative alternative method of trading in a small range of commodities. In the period since then the Society has substantially increased the variety of goods sold and will continue to do so wherever it is felt it would be in the Members' interests.

The Society continues to maintain its strong belief in the philosophy of the Co-operative Movement as outlined in the Mission Statement on the inside of the front cover of this Report.

The Society currently operates retail shops in both Food and Non Food, has a comprehensive Funeral Division and provides Post Office Services for Members in various locations.

The Society also provides vehicle services for the Society's internal fleet and provides our Members with full MOT services as well as having a petrol station from which Members can buy petrol and ancillary products on which they can claim dividend in the usual manner.

During the last few years, the Society has built up a significant property portfolio for investment purposes.

The Society currently operates in the areas of South and East Staffordshire, Warwickshire and South Derbyshire.

The Directors consider that the Society should endeavour at all times to take a totally non-political stance.

Report of the Board of Directors (continued)

Financial Review

The Society's total turnover for the year amounted to £23,782.767 which was an increase of 1.2% on the previous year. However, on a like for like basis, the increase amounted to 1.62%.

The year started off positively with sales on the increase following on from a reasonably successful Christmas period which we reported last year. However, there is no doubt that as the Bank of England increased the base rates this impacted on consumer spending, particularly on Non-Food. Unfortunately, it is far more difficult to regain consumer confidence than it is to deflate the economy and we are likely to see a continued difficult period for some time to come.






Our own turnover figures are also affected by the continued use of a growing number of Concessions within the Tamworth Department Store and the Invite Stores in Burton and Swadlincote. Not all of these Concession sales are included in the Society's figures as it depends on the accounting treatment which follows the terms negotiated between the various parties.

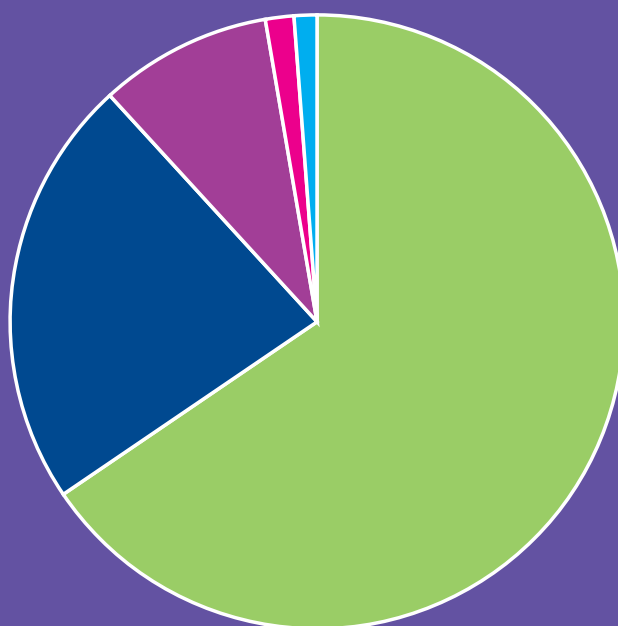
The Food Division had a year with some sales growth and the Funeral Division produced a substantial increase in profits which were at the highest level ever recorded for the Society. Further details on departmental trading can be found on subsequent pages.

We are pleased to report that the trading surplus was up by nearly 300% due to increased margins and firm control of expenses. However, we have had to pay out extra in interest charges and other finance costs have also affected the figures, particularly those associated with the pension fund. In addition we have again had to account for some Fixed Asset impairment charges this year amounting to £203,000, and we have also made a provision for current and potential corporation tax.

We are pleased to report that a re-valuation of the Investment Properties shows a total of £9,145,000 which is £15,000 higher than the previous year. This is due to a substantial increase in value of one property offsetting fluctuating values in others, and is particularly creditable during a declining market. We have taken great care with our policy of not overvaluing properties which stands us in good stead when this market is proving difficult.

Society Trade Balance

	Food Division	67.0%
	Non Food Division	20.8%
	Funeral Services	9.8%
	Motor	1.6%
	Sundry	0.8%



After deduction of the pension liability, total net assets have risen to £22,739,000 and this represents a new record for the Society



During the year we spent £1,162,000 on capital expenditure and after accounting for the impairment charge and higher depreciation costs, the net book value of the tangible fixed assets is now £17,174,000, a new record.

We are pleased to report that the Society's pension liability has reduced during the year following a slight out performance of a buoyant market coupled with a review of the assumptions used by the actuary.

The Society's total net assets have therefore risen to £22,739,000 after deduction of the pension liability and this again represents a new record for the Society.

Dividend

The Board of Directors remains mindful of the importance of dividend to our Members and following on from last year's decision to maintain the level of dividend at 2% despite a disappointing trading performance, the Board has again agreed to pay the same dividend at 2% on all qualifying purchases.

Major donations were made to the following organisations during the year:

Age Concern South Staffordshire
Tamworth Community Transport Services
Action United Kingdom
Pathway Project
Piccadilly Community Association Mining Heritage
R.N.L.I. Tamworth
Tamworth Credit Union Ltd.

The Board recommends a distribution of surplus for the forthcoming year as follows:

Dividend Certificates	£105,000
Waived Dividends to Charities	£5,000
Total	£110,000

Membership

The Society is pleased to welcome a further 291 Members into the Society during the year and hopes that they will fully utilise the facilities on offer and in time will involve themselves in the democratic processes.

Deaths and removals have accounted for a closure of 66 accounts which leaves a total Membership now amounting to 37,282.

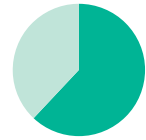
Auditors

In accordance with the Industrial & Provident Societies Act 1968 a Resolution for the re-appointment of KPMG LLP as Auditors to the Society is to be proposed at the forthcoming Annual General Meeting.

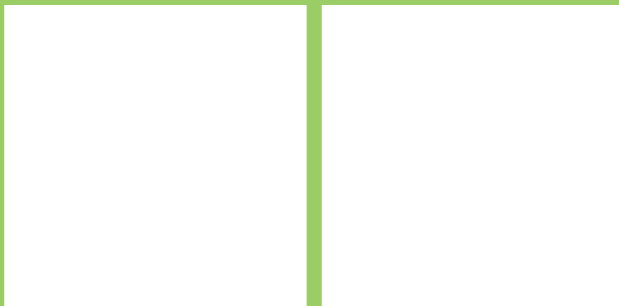
Food Division

Supermarket & Convenience Stores

Food Division now accounts for 67% of the Society's total trade balance



Following on from last year when the Food trade showed a 5.1% increase, we are pleased to report that a further 3.5% increase in trade was made this year which is significantly more than the increase in retail prices during that period and means that we have increased our market share. All branches except Stanton and Stretton provided an increase in turnover and particularly strong performances were made by Wood End, Polesworth, Rosliston and Lichfield. In addition the store at Brownhills also gained momentum as the year progressed and ended up with more trade than Amington which has been in the Society's ownership for many decades.



Above: The Society's Convenience Stores at Wood End (left) and Burntwood (right) showing the new fascia

Last year, however, we reported that this Division had endured a significant reduction in net profit. We are pleased to report that this year there has been a marked improvement as costs have been controlled and margins have slightly improved.

As a result, and to show the Board's confidence in this Division, we are pleased to report that we were able to purchase a further Convenience Store, this time in Burntwood. The premises which were purchased freehold had not previously been operated as a Convenience Store and this was reflected in the price. Trading has now commenced at the store and is slowly building up from a nil start and we are hopeful that it will prove to be a worthwhile purchase.

Regretfully we have still been unable to persuade the authorities that our plans for a new store at Rosliston are acceptable. This is extremely unfortunate as the present premises are deteriorating and cannot be

maintained in the long term. The loss of these premises to that area would be catastrophic as not only does it contain the only Convenience Store in the vicinity but also the Post Office which we have been able to maintain open despite national cut backs in that area. A further planning application has been submitted together with the evidence which we have gathered through specialist companies to support our submission.

Re-fits and improvements

During the year we have been delighted to be able to complete the re-fit of our Wood End Convenience Store using the new national co-operative logo and this has been extremely well received by our Members in that area. Members will be interested to know that we have fitted the new store at Burntwood in a similar manner. These fit-outs have included complete re-fixturing, new frontages, ceilings where appropriate, refrigeration and air conditioning. The Wood End store has also had a re-surfacing of the forecourt. We are pleased to also report that we have increased the ambience for both Members and employees by the addition of air conditioning to all Convenience Stores.

We continue to be concerned about the activities of the criminal fraternity who seem to think that shops are an easy target and have no hesitation in utilising methods to cause maximum trauma to our employees. We continue to seek ways of preventing such crimes and more of our stores have been fitted with smoke alarms, additional and improved burglar alarms and close circuit television. We have also suffered, like many other businesses and organisations, with the theft of lead from some of the roofs of our premises as the price of heavy metal has soared recently. Attempts have been made to make such thefts as difficult as possible.

We are now operating from 15 food stores, a number which we seem to be increasing annually now, and we look forward to further premises as they become available to strengthen the offering to our Members and to assist in our drive to increase the total membership in this region.



Once again we can report that Food trade has shown significant gains over previous years' figures



The Society now trades from 14 Convenience Stores



Fresh produce and service with a smile from the recently re-fitted Convenience Store at Burntwood

Society Trading Area



Tamworth Co-operative Society Limited

Registered Office:

5 Colehill, Tamworth, Staffordshire B79 7HA

Telephone: **01827 63711**

Fax: **01827 62999**

Website: **www.tamworth.coop**

Registered number: **2582R**

