

Tamworth Co-operative Society Limited

Annual Report and Financial Statements

For the 52 weeks ended 25 January 2014



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)
Mr D M Rose +ox^ (Vice Chairman)
Mr A M King *o+
Mr A V King +
Mrs S D Peaple *
Mrs A M Poulten (resigned 24 April 2013)
Mrs S Preece * (appointed 24 April 2013)
Mr R W Read ox
Mrs D Trout *x^o
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 serves on the Health & Safety Committee as an Employee).
(Mr. Rose joined Pension Fund Trustees on 21 May 2014)

Management executive

Mr J Coles FCCA ACIS - Chief Executive Officer and Secretary
Robert W. Read - Senior General Manager
Andrew N. Richardson ACMA - Financial Controller
Ronald C. Constable – General Manager - Non Food
Amanda J. Woodward MBIE - General Manager – Funeral Services
On 1st February 2014 Julie Gasper, Business Support Manager was appointed
Management Executive

Registered number

2582R

Registered office

5 Colehill
Tamworth
Staffordshire
B79 7HA

Independent auditors

Dains LLP
15 Colmore Row
Birmingham
B3 2BH

Architects

Bailey Design Limited 43a Mitchells Court Lower Gungate Tamworth B79 7AS	Ritchie & Ritchie The Manor House Lichfield Street Tamworth B79 7QF
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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 - 14
Revenue account	15
Statement of total recognised gains and losses	16
Balance sheet	17
Cash flow statement	18
Notes to the financial statements	19 - 35

Tamworth Co-operative Society Limited

**Notice of Meeting
For the 52 weeks ended 25 January 2014**

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 30th April 2014 at 7.15pm

(1) Admission on presentation of a Valid Pass Card

By Order of the Board

Julian Coles
Secretary

18 March 2014

Agenda

1. To confirm the Minutes of the Annual General Meeting held on 24th April 2013.
2. To elect scrutineers
3. To receive the Report of the Board of Directors.
4. To consider and adopt the accounts of the society for the 52 weeks ended 25th January 2014 and the Balance Sheet together with the Auditor's 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 Dains LLP as Auditors for 2014/2015.
8. Any other business

Tamworth Co-operative Society Limited

**Five year comparative statement
For the 52 weeks ended 25 January 2014**

Key performance indicators

	2010*	2011*	2012*	2013*	2014
Return on capital employed.	0.8	5.0	3.6	7.3	6.9
Surplus before distribution and impairment charges as a percentage of sales.	3.0	0.4	1.2	2.9	2.5
Trading surplus after depreciation as percentage of sales.	0.6	3.7	2.6	4.6	4.1
Trading surplus before depreciation as percentage of sales.	3.8	7.1	6.1	7.8	7.2
Gearing percentage.	2.2	2.6	3.2	4.1	4.8
Interest cover (times).	4.5	29.2	19.1	46.1	48.1
Retention as percentage of sales.	0.0	(0.5)	0.9	0.0	0.6
Capital expenditure as a percentage of sales.	8.2	3.5	1.8	5.1	3.0
Total net assets (£000)	15,118	15,022	14,308	12,613	11,908
Represented by:					
Share capital (£000)	2,302	2,416	2,467	2,433	2,314
Reserves (£000)	12,816	12,606	11,841	10,180	9,594

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.

The directors present their report and the financial statements for the period ended 25 January 2014.

Financial review

The Society's Year End date was Saturday, 25th January 2014 and this year was made up of 52 trading weeks, versus 53 in the prior year. Whilst the Society continues to remain cautious regarding the state of the economy your Board are pleased to advise that reasonable progress has again been made in the year under review.

At the end of the previous financial year the Society decided to bring the assets and liabilities from the Society's property investments directly into the main Society. Previously these were held in a separate Society called 'TCS Estates Services Limited'. Until 2013 the Society has prepared Group accounts and from this year onwards only accounts for the Society are required. Regrettably this causes some difficulties on the comparatives shown. The total surplus before taxation for the overall Group last year was £147,000 and this has grown to £201,000 in the current year. This is an increase of just over 36%. The comparatives shown on the Revenue Account are only for the activities of the Society. In the previous year, losses were incurred in other aspects of the Group's activities not detailed on the Society Revenue Account.

The Society largest business operation is in food which accounts for nearly 80% of the Society's total revenue. The largest Store investment during the year has been at our Whittington Convenience Store which has been extended and refurbished to a very high level. That location has recorded some significant sales increases for the Society since that point. A much smaller level of work was carried out at the Kingsbury Convenience Store. During the year the Society took the decision to close the small grocery Kiosk adjacent to the Department Store and transfer those operations into the main Town Centre Supermarket which was fully refurbished at the end of the prior year. On a like for like basis our Food operations recorded an overall sales increase against the prior year of 0.7%.

Towards the end of the financial year the Society made a significant investment in the operating systems at all of our Food locations with the introduction of a new EPOS computer system. This was a large project for a Food team and successfully completed during November 2013 across all Food locations. The new system also gives the Society the capacity to introduce a dividend card which is being made available for our Food locations from the 2014/2015 financial year.

The Funeral Division has once again had an extremely busy and successful year. Our sales in our Funeral locations increased by around 8%, despite the fact the previous year included an additional week.

The trading position at the Department Store in Tamworth has remained challenging. The Society continues to introduce changes into the Store and towards the end of the year the very successful Lifestyle and Mobility concession moved into a much larger unit. The Society is monitoring all expense levels very carefully and regrettably a further programme of redundancies was necessary during the course of the year. The Department Store has continued to incur losses for the Society and in the year under review these have slightly exceeded the level from the prior year.

Income from the Society's property investments have been slightly below the level targeted. Property investments are revalued annually and the overall position has been a reduction in value of £81,000 to £6,630,000. That movement has been included as part of the impairment charge in the Revenue Account.

The Board would also like to draw your attention to the Pension Fund. A charge has been included in the Revenue Account of £297,000 which includes other finance costs and current service costs, as calculated by the Actuary under accounting standards. Overall the Society's net Pension liability has increased from £6,903,000 to £7,097,000 before a provision for deferred taxation. An Actuarial valuation has just been agreed as at 31st March 2013 and that is intended to clear Pension Fund liabilities over a 14 year period.

Tamworth Co-operative Society Limited

Directors' Report For the 52 weeks ended 25 January 2014

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:

	Recommended April 2014	Paid during 2013
Dividend Certificates	83,700	85,297
Waived Dividends to Charities	<u>8,000</u>	<u>9,427</u>
Total	<u>91,700</u>	<u>94,724</u>

Community Dividend 2013/2014:

Department Store	-	Starfish Project	£250
Tamworth Supermarket	-	Coton Green Primary School	£1,396
Amington	-	Amington and District Pre-School	£298
Bolehall	-	Friends of Warwickshire Moor	£853
Brownhills	-	Watling Street Primary School	£276
Dordon	-	St Leonards Church	£581
Glascote	-	Manna House Community Coffee Shop	£732
Kingsbury	-	Kingsbury Village Pre-school	£875
Lichfield	-	Step Forward Stroke Support Group	£783
Polesworth	-	The Kangaroos Gymnastics Display Team	£1,292
Rosliston	-	Rosliston CE Primary School	£973
Stretton	-	William Shrewsbury Primary School Walking Bus	£734
Stanton	-	The Glebe Pre-school	£250
Wood End	-	Wood End Primary School	£786
Whittington	-	1st Whittington Brownies	£671
MOT and Service Centre	-	Tamworth Forever Fund	£250

For Financial Year 2014/2015 the following Organisations have been selected:

Department Store	-	SPIN (Special People in Need)
Tamworth Supermarket	-	Tamworth Rugby Union Football Club
Amington	-	Amington Heath Primary School
Bolehall	-	Friends of Warwickshire Moor
Brownhills	-	Rosedene
Dordon	-	North Warwickshire Retired Miners Club
Glascote	-	St Gabriel's School PTA
Kingsbury	-	Kingsbury Methodist Outreach Group
Lichfield	-	Wade Street Playgroup
Polesworth	-	Polesworth Pre-School Ltd
Rosliston	-	Seales and Linton Scout Group
Stanton	-	Stanton Primary School
Stretton	-	2nd Rolleston – Brownies
Whittington	-	Whittington Village Hall
Wood End	-	Hurley Primary School
MOT and Service Centre	-	Tamworth Forever Fund

Tamworth Co-operative Society Limited

Directors' Report For the 52 weeks ended 25 January 2014

Membership

Details of Membership are recorded below:

	Open Accounts	Suspended Accounts
Opening balance as at 27 January 2013	16,642	21,643
New Members during the year	571	-
Closed Accounts	(251)	-
Transfers from Suspended	235	(235)
Closing balance as at 25 January 2014	<u>17,197</u>	<u>21,408</u>

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.

The Search Committee has met on one occasion during the year.

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 26th January 2014 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 pages 24 and 25.

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 three 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 ending 25th January 2014 Members claimed Dividend on 19.5% of Society sales (as against 20.2% last year).

The Society recruited 571 (2013 – 288) new Members during the year.

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 2013 was 34 against 38 in 2012, 39 in 2011 and 39 in 2010.

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 the Trade Union are represented reviews these accidents at every Meeting.

This year 62 accidents were reported across the Society of which 41 were Employees of the Society. 3 Employees had reportable accidents. The comparative figures for the previous year were 79 accidents including 56 to Staff, 5 of these incidents were reportable.

The average number of days lost per Employee through sickness and absenteeism was 4.3 days against 5.7 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 five male and four female Directors. Senior Management is made up of four men and two women. This includes Mrs J Gasper who was appointed to the Senior Management Team on 1st February 2014.

79.0% (2013 - 79.4% of total Employees are women and 21.0% (2013 - 20.6%) men. 43.7% (2013 - 35.0%) of Employees are full-time and 56.3% (2013 - 65.0%) 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 currently purchases all of its energy via the Co-operative Group Energy Management Consortium. This is a collection of Co-operative Societies working together to ensure the best possible approach to the utility markets. The Consortium and therefore the Society has two electricity contracts, one administered by Scottish Power and the other by Scottish and Southern Energy. All of the electricity that is bought through the Consortium is 100% Type 1 green power. This can be defined as 'electricity that is only sourced from wind farms and small scale hydro plants'. The green credentials of this type 1 power make 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. The premium that is paid for receiving type 1 green electricity is cost neutral to the charge for the CCL so the privilege and benefit of having green energy does not cost the Society anything extra. This is very unique and many businesses have to pay a large premium to secure green electricity making the decision to use it too expensive and non-commercial. Alongside this, the Consortium has a very large proportion of the green electricity available in the country, again, making it very difficult for other retailers to secure sufficient green electricity for their requirements.

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.

Corporate Governance

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. At this time the Society Senior General Manager, Mr R W Read, also acts as a Director of the Society. 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 2014 Annual General Meeting Board Members will have served between one and seventeen years' service with an average of just under 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 £958,000 at 25 January 2014.

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.

The Society has spent considerable time and energy in updating its contracts with suppliers, particularly since the closure of Non-Food operations at the Co-operative Group Limited.

At 25 January 2014 the number of creditor days outstanding for the Society was 19.0 days (2013 - 18.0 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 25 January 2014

Provision 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 information needed by the society's auditors in connection with preparing their report and to establish that the society's auditors are aware of that information.

Auditors

Dains LLP were reappointed as the Society auditors at the 2013 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 30 April 2014.

This report was approved by the board on 18 March 2014 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 25 January 2014

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

Industrial and Provident Society law 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under applicable law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and 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 Industrial and Provident Acts. 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 may differ from legislation in other jurisdictions.

Board Certification

The financial statements on pages 15 to 35 are hereby signed on behalf of the Board of Directors pursuant to Section 3(5)(c) of the Friendly and Industrial and Provident Societies Act 1968.

Audrey Higginson
Chairman of the Board

Julian Coles
Chief Executive Officer

18 March 2014

Tamworth Co-operative Society Limited

Directors' attendances

For the 52 weeks ended 25 January 2014

Name	Appointment expires	Possible attendances	Actual attendances
Mrs A A Higginson	2016	34	31
Mr K G Wood	2014	24	23
Mr A M King	2015	24	20
Mr A V King	2015	17	15
Mrs S Preece (1)	2016	13	11
Mr R W Read	2014	24	23
Mr D M Rose	2015	34	32
Mrs D Trout	2016	33	29
Mrs S People	2014	18	17
Mrs A M Poulten (2)		8	8

(1) Mrs S Preece was elected to the board on 24th April 2013.

(2) Mrs A M Poulten retired from the board on 24th April 2013.

We have audited the financial statements of Tamworth Co-operative Society Limited for the 52 weeks ended 25 January 2014, which comprise the revenue account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 25 January 2014 and of its surplus for the 52 weeks then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- proper book 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, and the balance sheet 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

31 March 2014

Tamworth Co-operative Society Limited

Revenue account

For the 52 weeks ended 25 January 2014

	Note	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Gross takings	1	23,460	23,229
Less concession sales		(1,576)	(1,144)
Takings		21,884	22,085
Less value added tax		(2,009)	(1,975)
Turnover	1,2	19,875	20,110
Cost of sales		(12,665)	(12,792)
Gross profit		7,210	7,318
Property income		511	-
Expenses	3	(7,011)	(7,688)
		(6,500)	(7,688)
Trading surplus/(deficit)	11	710	(370)
Interest receivable	5	16	5
Interest payable	6	(17)	(20)
Other finance costs	7	(226)	(350)
Loss on disposal of fixed assets		(31)	(5)
Impairment of fixed assets	13,15	(121)	(173)
Dividends received		-	1,312
		(379)	769
Surplus for the period before distribution		331	399
Dividends paid	8	(95)	(97)
Grants and donations	9	(35)	(55)
		(130)	(152)
Surplus before taxation		201	247
Tax on surplus	12	(82)	(93)
Retained surplus for the period		119	154

All amounts relate to continuing operations.

The notes on pages 19 to 35 form part of these financial statements.

Tamworth Co-operative Society Limited

Statement of Total Recognised Gains and Losses
For the 52 weeks ended 25 January 2014

		52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
	Note		
Surplus for the period		119	154
Actuarial loss related to pension scheme	29	(343)	(906)
Deferred tax attributable to actuarial loss	29	(138)	87
		<hr/>	<hr/>
Total recognised gains and losses for the period		(362)	(665)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 19 to 35 form part of these financial statements.

Balance Sheet
As at 25 January 2014

	Note	£000	25 January 2014 £000	£000	26 January 2013 £000
Fixed assets					
Intangible assets	13		31		95
Tangible assets	14		10,197		10,406
Investment property	15		6,630		6,594
Investments	16		4,416		4,278
			<u>21,274</u>		<u>21,373</u>
Current assets					
Stocks	17	1,049		1,040	
Debtors	18	1,007		1,045	
Cash at bank and in hand		958		949	
		<u>3,014</u>		<u>3,034</u>	
Creditors: amounts falling due within one year	19	(2,429)		(2,868)	
Net current assets			<u>585</u>		<u>166</u>
Total assets less current liabilities			<u>21,859</u>		<u>21,539</u>
Creditors: amounts falling due after more than one year	20		(4,245)		(3,798)
Provisions for liabilities					
Deferred tax	21		(30)		(1)
Net assets excluding pension liabilities			<u>17,584</u>		<u>17,740</u>
Defined benefit pension liability	29		(5,676)		(5,316)
Net assets including pension liabilities			<u>11,908</u>		<u>12,424</u>
Financed by:					
Share capital			2,314		2,433
Revenue reserves	23		9,594		9,991
Members' funds	24		<u>11,908</u>		<u>12,424</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 March 2014.

Audrey Higginson
Chairman of the Board

Julian Coles
Chief Executive Officer

The notes on pages 19 to 35 form part of these financial statements.

Tamworth Co-operative Society Limited

Cash Flow Statement

For the 52 weeks ended 25 January 2014

	Note	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Net cash flow from operating activities	25	1,376	(190)
Returns on investments and servicing of finance	26	(1)	1,297
Taxation		(105)	(402)
Capital expenditure and financial investment	26	(1,107)	(1,572)
Cash inflow/(outflow) before financing		163	(867)
Financing	26	(154)	(75)
Increase/(Decrease) in cash in the period		9	(942)

**Reconciliation of Net Cash Flow to Movement in Net Funds/Debt
For the 52 weeks ended 25 January 2014**

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Increase/(Decrease) in cash in the period	9	(942)
Movement in net debt in the period	9	(942)
Net funds at 27 January 2013	949	1,891
Net funds at 25 January 2014	958	949

The notes on pages 19 to 35 form part of these financial statements.

1. Accounting Policies

1.1 Basis of preparation of financial statements

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards using the historical cost accounting convention modified to include the revaluation of investment properties.

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 25 January 2014 with the comparative figures for the 53 week period ended 26 January 2013.

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 Turnover

Turnover comprises gross takings excluding VAT and sales made by concessions, but includes fees received from concession for sales made from the society's premises. The turnover is attributable to the principal activity of the society.

1.6 Property income

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

1.7 Investment income

Interest receivable is accounted for on an accruals basis. Dividends are accounted for when received.

1.8 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised over a 20 year period being an estimate of its useful economic life.

1.9 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all assets other than freehold land, at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% per annum
Leasehold buildings	-	over the unexpired period of the lease
Transport	-	over the expected working life or 4 years
Fixtures, fittings and plant	-	over the expected working life or 10 years, whichever is the least
Rental assets	-	33.3% per annum

1. Accounting Policies (continued)

1.10 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.11 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to Financial Reporting Standard Number 15 - Tangible Fixed Assets, which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the society.

1.12 Operating leases

Rentals under operating leases are charged to the revenue account on a straight line basis over the lease term.

1.13 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.14 Repairs

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

1.15 Deferred taxation

Current

The charge for taxation is based on the taxable surplus for the year.

Deferred

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1. Accounting Policies (continued)

1.16 Pensions

On 31 October 2009 the defined benefit scheme was "frozen" following consultation with employees and was replaced on 1 November 2009 with a new stakeholder or "money purchase" scheme that has been made available to former members of the scheme. The cost of providing pension benefits is met by the society and charged to the revenue account, based on the advice of an independent actuary, so as to spread the cost over the expected average service lives of the employees. The pension costs are calculated in accordance with Financial Reporting Standard Number 17 - "Retirement benefits" (FRS17). FRS17 disclosures are also set out in note 29.

For defined benefit schemes, the amount charged to the revenue account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Defined benefit schemes are funded, with the assets held separately from the society in separate trustee administered funds. A liability is recognised in the balance sheet in respect of the defined benefit plan which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. A full valuation of the liability is calculated by an independent actuary every 3 years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in reserves in the year in which they arise. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

From 1 November 2009 a stakeholder or money purchase scheme is available to former members of the final salary scheme. The contributions payable to the schemes in respect of the accounting period are charged to the revenue account.

1.17 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 Co-operative Insurance Society Limited. For Lilywalk Limited plans arranged by Golden Charter were previously sold.

1.18 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. Turnover

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

All turnover arose within the United Kingdom.

Tamworth Co-operative Society Limited
Notes to the Financial Statements
For the 52 weeks ended 25 January 2014

3. Expenses

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Staff costs (Note 10)	4,186	4,184
Occupancy costs *	985	1,856
Depreciation and amortisation	669	529
Directors' fees	28	27
Other expenses	1,112	1,064
Taxation advice paid to KPMG LLP	14	12
Audit fees (Note 4)	17	16
	<u>7,011</u>	<u>7,688</u>

* Occupancy costs for 2013 includes £931,000 relating to rent charges to TCS Estates Limited which, following the Transfer of Engagement on 25 January 2013, are no longer payable.

4. Auditors' remuneration

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Fees payable to the society's auditor and its associates for the audit of the society's annual accounts	17	16
	<u>17</u>	<u>16</u>

5. Interest receivable

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Bank and other interest	10	-
Co-operative group	6	5
	<u>16</u>	<u>5</u>

6. Interest payable

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Funeral prepayment plans	16	20
Other	1	-
	<u>17</u>	<u>20</u>

Tamworth Co-operative Society Limited

Notes to the Financial Statements
For the 52 weeks ended 25 January 2014

7. Other finance costs

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Expected return on pension scheme assets	576	449
Interest on pension scheme liabilities	(802)	(799)
	<u>(226)</u>	<u>(350)</u>

8. Dividends paid

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Dividend to shareholders	86	90
Waived dividends given to charity	9	7
	<u>95</u>	<u>97</u>

9. Grants and donations

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Member relations committee	(9)	1
Employee related	44	54
	<u>35</u>	<u>55</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.

Tamworth Co-operative Society Limited

**Notes to the Financial Statements
For the 52 weeks ended 25 January 2014**

10. Staff costs

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

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Wages and salaries	3,829	3,886
Social security costs	229	239
Pension costs	128	59
	<u>4,186</u>	<u>4,184</u>

The average monthly number of employees, including the directors, during the 52 weeks was as follows:

	52 weeks ended 25 January 2014 No.	53 weeks ended 26 January 2013 No.
Full time	142	115
Part time	182	214
	<u>324</u>	<u>329</u>

Management executive remuneration

The total remuneration of the management executive was as follows:

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Salaries	353	343
Bonus	24	21
Taxable benefits	5	5
Pension contributions	20	19
	<u>402</u>	<u>388</u>

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

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Salary and taxable benefits	106	104
Bonus	15	7
Pension contributions	6	6
	<u>127</u>	<u>117</u>

Tamworth Co-operative Society Limited

**Notes to the Financial Statements
For the 52 weeks ended 25 January 2014**

The following number of executive management received remuneration (including taxable benefits) falling within the following ranges:

	52 weeks ended 25 January 2014 No.	53 weeks ended 26 January 2013 No.
£50,001 - £60,000	1	1
£60,001 - £70,000	2	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£110,001 - £120,000	-	1
£121,001 - £130,000	1	-

11. Trading surplus/(deficit)

The trading deficit is stated after charging:

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Amortisation - intangible fixed assets	24	24
Depreciation of tangible fixed assets:		
- owned by the company	645	505
Operating lease rentals:		
- other operating leases	24	947
Directors' fees	28	27
Impairment of fixed assets	121	173
	<u> </u>	<u> </u>

12. Taxation

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on profit for the period	35	92
Adjustments in respect of prior periods	(12)	(46)
	<u> </u>	<u> </u>
Total current tax	23	46
Deferred tax		
Origination and reversal of timing differences	(158)	-
Adjustment in respect of FRS 17	30	17
Adjustment in respect of previous period	11	40
Effect of tax rate change on opening balance	176	(10)
	<u> </u>	<u> </u>
Total deferred tax	59	47
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	82	93
	<u> </u>	<u> </u>

12. Taxation (continued)

Factors affecting tax charge

The tax assessed for the for the period is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 20% (2013 - 24%). The differences are explained below:

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Profit on ordinary activities before tax	201	247
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 24%)	40	59
Effects of:		
Fixed asset differences	47	39
Expenses not deductible for tax purposes (Depreciation in excess of capital allowances) / capital allowances in excess of depreciation	12	-
Adjustments to tax charge in respect of prior periods	(14)	19
Short term timing difference leading to a decrease in taxation	(12)	(46)
Other timing differences leading to a decrease in taxation	(6)	(2)
Marginal relief	(44)	(19)
	-	(4)
Current tax charge (see note above)	23	46

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Society's future current tax charge accordingly. The deferred tax liability at 25 January 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Please note that due to the Society's taxable profits for the period, it has been subject to corporation tax at the small company's rate of 20%.

The potential taxation liability, if all the Society's investment properties were disposed of at their revalued amount, has not been quantified because there is no intention to dispose of them. The maximum liability is estimated to be approximately £445,000 (2013: £530,000).

Tamworth Co-operative Society Limited

Notes to the Financial Statements
For the 52 weeks ended 25 January 2014

13. Intangible fixed assets

	Goodwill £000
Cost	
At 27 January 2013 and 25 January 2014	274
Amortisation	
At 27 January 2013	179
Charge for the period	24
Impairment charge	40
At 25 January 2014	243
Net book value	
At 25 January 2014	31
At 26 January 2013	95

14. Tangible fixed assets

	Freehold land and buildings £000	Leasehold land and buildings £000	Fixtures, fittings and plant £000	Transport £000	TV and video rental sets £000	Total £000
Cost						
At 27 January 2013	8,015	307	6,670	931	52	15,975
Additions	65	-	513	5	-	583
Disposals	-	-	(673)	(30)	(52)	(755)
Transfer between classes	(110)	-	-	-	-	(110)
At 25 January 2014	7,970	307	6,510	906	-	15,693
Depreciation						
At 27 January 2013	-	-	4,806	711	52	5,569
Charge for the period	105	9	451	80	-	645
On disposals	-	-	(636)	(30)	(52)	(718)
At 25 January 2014	105	9	4,621	761	-	5,496
Net book value						
At 25 January 2014	7,865	298	1,889	145	-	10,197
At 26 January 2013	8,015	307	1,864	220	-	10,406

The original cost of freehold land included in the above figures, which is not depreciated is £4,775,000 (2013 - £4,775,000).

The freehold and leasehold land and buildings was valued on 26 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 25 January 2014

15. Investment property

	Freehold investment property £000
Valuation	
At 27 January 2013	6,594
Additions at cost	7
Impairment charge	(81)
Transfers between classes	110
	<hr/>
At 25 January 2014	6,630
	<hr/> <hr/>

The investment property was revalued on 24 January 2014 by Peter J Hicks FRICS of Peter J Hicks & Co. Chartered Surveyors on an existing use basis.

The historic cost of investment properties included at valuation is £4,678,818 (2013 - £4,671,501).

16. Fixed asset investments

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost			
At 27 January 2013	383	3,895	4,278
Additions	-	772	772
Disposals	(383)	(251)	(634)
	<hr/>	<hr/>	<hr/>
At 25 January 2014	-	4,416	4,416
	<hr/>	<hr/>	<hr/>
Net book value			
At 25 January 2014	-	4,416	4,416
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 26 January 2013	383	3,895	4,278
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the year the society made an application for striking off of the dormant subsidiary Lilywalk Limited as part of a reorganisation.

Unlisted investments principally relate to CIS investments funeral prepayment plans.

17. Stocks

	25 January 2014 £000	26 January 2013 £000
Goods for resale	1,049	1,040
	<hr/> <hr/>	<hr/> <hr/>

Tamworth Co-operative Society Limited
Notes to the Financial Statements
For the 52 weeks ended 25 January 2014

18. Debtors

	25 January	26 January
	2014	2013
	£000	£000
Trade debtors	811	833
Other debtors	13	22
Prepayments and accrued income	183	190
	<u>1,007</u>	<u>1,045</u>
	<u><u>1,007</u></u>	<u><u>1,045</u></u>

19. Creditors:
Amounts falling due within one year

	25 January	26 January
	2014	2013
	£000	£000
Trade creditors	1,045	984
Amounts owed to group undertakings	-	382
Corporation tax	35	117
Social security and other taxes	65	70
Dividend	56	56
Funeral prepayment plans	606	543
Customer deposits	99	92
Other creditors	4	1
Accruals and deferred income	519	623
	<u>2,429</u>	<u>2,868</u>
	<u><u>2,429</u></u>	<u><u>2,868</u></u>

Funeral prepayment plans, none of which are secured, are repayable on demand with a floating rate of interest

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

	25 January	26 January
	2014	2013
	£000	£000
Funeral prepayment plans	4,245	3,798
	<u>4,245</u>	<u>3,798</u>
	<u><u>4,245</u></u>	<u><u>3,798</u></u>

21. Deferred taxation

	25 January	26 January
	2014	2013
	£000	£000
At beginning of period	1	(110)
Charge for the period	29	30
Transfer of engagement	-	81
	<u>30</u>	<u>1</u>
At end of period	<u><u>30</u></u>	<u><u>1</u></u>

Tamworth Co-operative Society Limited
Notes to the Financial Statements
For the 52 weeks ended 25 January 2014

21. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	25 January 2014 £000	26 January 2013 £000
Accelerated capital allowances	75	34
Other timing differences	(45)	(33)
	<u>30</u>	<u>1</u>

22. Share Capital

	2014 £000	2013 £000
At start of period	2,433	2,467
Contributions	467	566
Interest	35	41
	<u>2,935</u>	<u>3,074</u>
Withdrawals	(621)	(641)
	<u>2,314</u>	<u>2,433</u>

Share capital is non equity share capital comprising 2,313,762 (2013 - 2,432,602) 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 do not provide for the distribution of the surplus in the event of winding up but such dissolution would take place according to case law and the relevant Acts of Parliament applicable at the time.

23. Reserves

	Revenue reserves £000
At start of period	9,991
Surplus for the period	119
Share interest	(35)
Actuarial loss on pension scheme (net of deferred tax)	(481)
	<u>9,594</u>
At end of period	<u>9,594</u>

The closing balance of revenue reserves includes a £5,676,000 (2013 - £5,316,000) credit/debit, stated after deferred taxation of £1,421,000 (2013 - £1,587,000), in respect of pension scheme liabilities of the society's pension scheme.

Tamworth Co-operative Society Limited

Notes to the Financial Statements

For the 52 weeks ended 25 January 2014

24. Reconciliation of movement in members' funds

	25 January 2014 £000	26 January 2013 £000
Opening members' funds	12,424	86
Surplus for the period	119	154
Share interest	(35)	(41)
Decrease in share capital	(119)	(34)
Actuarial loss on pension scheme (net of deferred tax)	(481)	(819)
Transfer of engagement	-	13,078
	<u>11,908</u>	<u>12,424</u>
Closing members' funds	<u><u>11,908</u></u>	<u><u>12,424</u></u>

On 25 January 2013 the trade, assets and liabilities of TCS Estates Services Limited, a subsidiary society, were transferred to Tamworth Co-operative Society Limited by way of a Transfer of Engagement and TCS Estates Services Limited ceased to exist

25. Net cash flow from operating activities

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Trading surplus/(deficit)	710	(369)
Dividends and grants paid	(130)	(152)
Amortisation of intangible fixed assets	24	24
Depreciation of tangible fixed assets	645	505
(Increase)/decrease in stocks	(9)	109
Decrease/(increase) in debtors	38	(127)
Increase in creditors	470	242
Decrease in net pension assets/liabilities	(372)	(422)
	<u>1,376</u>	<u>(190)</u>
Net cash inflow/(outflow) from operating activities	<u><u>1,376</u></u>	<u><u>(190)</u></u>

26. Analysis of cash flows for headings netted in cash flow statement

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Returns on investments and servicing of finance		
Interest received	16	5
Interest paid	(17)	(20)
Dividends received	-	1,312
	<u>(1)</u>	<u>1,297</u>
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u><u>(1)</u></u>	<u><u>1,297</u></u>

Tamworth Co-operative Society Limited

Notes to the Financial Statements

For the 52 weeks ended 25 January 2014

26. Analysis of cash flows for headings netted in cash flow statement (continued)

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(583)	(949)
Sale of tangible fixed assets	4	23
Purchase of investment properties	(7)	-
Purchase of unlisted and other investments	(772)	(905)
Sale of unlisted and other investments	251	259
	<u>(1,107)</u>	<u>(1,572)</u>
Net cash outflow from capital expenditure	<u>(1,107)</u>	<u>(1,572)</u>
	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Financing		
Issue of ordinary shares	467	566
Purchase of ordinary shares	(621)	(641)
	<u>(154)</u>	<u>(75)</u>
Net cash outflow from financing	<u>(154)</u>	<u>(75)</u>

27. Analysis of changes in net debt

	27 January 2013 £000	Cash flow £000	Other non-cash changes £000	25 January 2014 £000
Cash at bank and in hand	949	9	-	958
Net funds	<u>949</u>	<u>9</u>	<u>-</u>	<u>958</u>

28. Capital commitments

At 25 January 2014 the society had capital commitments as follows:

	25 January 2014 £000	26 January 2013 £000
Contracted for but not provided in these financial statements	28	-
	<u>28</u>	<u>-</u>

29. Pension commitments

The society operates a defined benefit pension scheme ("Tamworth Co-operative Society Limited Employees Superannuation Fund") in the UK which was closed for all future accruals on 31 October 2009 and has no active members. The pension contributions payable by the company in the year amounted to £446,000 (2013 - £422,000).

A full actuarial valuation was carried out as at 31 March 2013 and updated to 25 January 2014 using the Projected Unit method, by an independent qualified actuary.

The amounts recognised in the balance sheet are as follows:

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Present value of funded obligations	(19,068)	(18,572)
Fair value of scheme assets	11,971	11,669
	<hr/>	<hr/>
Deficit in scheme	(7,097)	(6,903)
Related deferred tax asset	1,421	1,587
	<hr/>	<hr/>
Net liability	(5,676)	(5,316)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in profit or loss are as follows:

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Current service cost	(71)	-
Interest on obligation	(802)	(799)
Expected return on scheme assets	576	449
	<hr/>	<hr/>
Total	(297)	(350)
	<hr/> <hr/>	<hr/> <hr/>

Movements in the present value of the defined benefit obligation were as follows:

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Opening defined benefit obligation	18,572	17,424
Current service cost	71	-
Interest cost	802	799
Actuarial losses	389	1,200
Benefits paid	(766)	(851)
	<hr/>	<hr/>
Closing defined benefit obligation	19,068	18,572
	<hr/> <hr/>	<hr/> <hr/>

Tamworth Co-operative Society Limited

**Notes to the Financial Statements
For the 52 weeks ended 25 January 2014**

29. Pension commitments (continued)

Changes in the fair value of scheme assets were as follows:

	52 weeks ended 25 January 2014 £000	53 weeks ended 26 January 2013 £000
Opening fair value of scheme assets	11,669	11,355
Expected return on assets	576	449
Actuarial gains	46	294
Contributions by employer	446	422
Benefits paid	(766)	(851)
	<u>11,971</u>	<u>11,669</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £343,000 (2013 - £906,000).

The society expects to contribute £375,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equity securities	28.10 %	24.10 %
Bonds	52.30 %	59.00 %
Cash	19.60 %	16.90 %

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

	2014	2013
Discount rate	4.45 %	4.40 %
Expected return on scheme assets	5.20 %	4.50 %
Pension increases (RPI max 5%)	3.10 %	3.10 %

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

Defined benefit pension schemes

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	(19,068)	(18,572)	(17,424)	(16,267)	(16,099)
Scheme assets	11,971	11,669	11,355	10,290	9,845
Deficit	<u>(7,097)</u>	<u>(6,903)</u>	<u>(6,069)</u>	<u>(5,977)</u>	<u>(6,254)</u>
Experience adjustments on scheme liabilities	(389)	(1,200)	(229)	517	-
Experience adjustments on scheme assets	46	294	387	254	758

30. 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 Co-operative Retail Trading Group (CRTG) by which purchases of stock for resale are made through the Co-operative Group Limited on terms negotiated with the third party suppliers by CRTG on behalf of its members. It is not considered that there are any related parties with the definition of FRS8 Related Party Disclosures.