

**TAMWORTH CO-OPERATIVE SOCIETY LIMITED**

**ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE 52 WEEKS ENDED 21 JANUARY 2012**

**Registered Number 2582R**

## 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.

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## Officials, Advisers & Notice of Meeting

### Board of Directors

Alan M. King <sup>\*o</sup> - Chairman  
Diane Trout <sup>x^o</sup> - Vice Chairman  
Audrey A. Higginson <sup>\*+^ox</sup>  
Alan V. King <sup>+</sup>  
Sheree D. Peale <sup>\*</sup>  
Audrey M. Poulten <sup>\*+ox</sup>  
Robert W. Read <sup>ox</sup>  
David M. Rose <sup>+x^</sup>  
Kevin G. Wood <sup>+o\*</sup>

\* 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).

### Management Executive

Julian 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

### Auditors

KPMG LLP  
1 Snowhill,  
Snow Hill Queensway,  
Birmingham.  
B4 6GH

### Bankers

NatWest,  
8 Market Street,  
Tamworth.  
B79 7LS.

### Architects

Bailey Design Limited and Ritchie & Ritchie,  
The Manor House,  
Lichfield Street,  
Tamworth.  
B79 7QF

### Solicitors

Dewes LLP,  
2 Bolebridge Street,  
Tamworth.  
B79 7PA.

### Registered Office

5 Colehill, Tamworth.  
B79 7HA.

Registered Number 2582R

## **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.**

Wednesday 18 April 2012  
at 7.15 p.m.

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

By Order of the Board

Julian Coles  
Secretary  
13 March 2012

### **Agenda**

1. To confirm the Minutes of the Annual General Meeting & Special General Meeting held on 13 April 2011
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 21 January 2012 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 2012/2013.
8. Any other Business as necessary.

## FIVE YEAR COMPARATIVE STATEMENT

### Key Performance Indicators

52 Weeks Ended 21 January 2012

	2008	2009	2010	2011	2012
Return on Capital employed.	2.3	0.0	0.8	5.0	3.6
Net Profit as a % of Sales.	0.9	(1.2)	3.0	0.4	1.2
Trade Profit after Depreciation as % of Sales.	1.9	0.0	0.6	3.7	2.6
Trade Profit before Depreciation as % of Sales.	5.2	3.4	3.8	7.1	6.1
Gearing %	11.0	3.2	2.2	2.6	3.2
Interest Cover (times)	7.6	0.3	4.5	29.2	19.1
Retention as % Sales.	(1.4)	(3.7)	0.0	(0.5)	0.9
Capital Expenditure as a % of Sales.	5.6	1.2	8.2	3.5	1.8
Total Net Assets	22,739	18,195	15,118	15,022	14,308
Represented by:					
Share Capital	2,511	2,297	2,302	2,416	2,467
Reserves	20,228	15,898	12,816	12,606	11,841

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

## **REPORT OF THE BOARD OF DIRECTORS**

### **Financial Review:**

The Society's Year End date was Saturday, 21<sup>st</sup> January 2012. The state of the general UK economy was summarised by media reports in the week following, of a contraction in the size of economic activity of 0.2% in the three months to December 2011, and renewed speculation on a "double dip recession".

Against that complicated economic position the Board believe that reasonable progress has again been made in the year under review. All main Trading Divisions achieved the budgets set at the start of the period, and the Society posted a pre-Tax surplus of £66,000 which is the best result overall for 7 years, excluding exceptional gains from non trading matters. The group revenue account reflects a taxation credit of £120,000 giving a retained surplus for the period of £186,000.

It has still been a challenging year for the Society however. The Burntwood Convenience Store ceased trading in April 2011 and the Swadlincote Clothing Store in September 2011. The Swadlincote Post Office Franchise was subsequently transferred to another Operator on January 19<sup>th</sup> 2012. These accounts include redundancy and asset write off costs of £66,309 in respect of these Branches. The building at Swadlincote has been leased to a Third Party with a sale of the Freehold scheduled for Autumn 2012.

The Society was pleased to celebrate its 125<sup>th</sup> year of trading during the period. Society Branch Managers presented the first Community Dividend Awards during the year, to a total of just over £10,000.

In terms of accounting policies there are some important changes that the Board want to draw your attention to. The Society has an Investment Property Portfolio and derives property rental income from this. In prior years this has been dealt with on a cash received basis but the Society has determined that this should now be dealt with on an accruals basis. Property rental income has therefore been dealt with in the Accounts for the year under review in a revised way and this has actually reduced the income shown from property rentals by around £56,000. There was no material impact on the prior year revenue account. In addition in 2004 Goodwill was recognised on a Masonry acquisition made at the same time the Lilywalk (Halliwell) Funeral operations were purchased by the Society. This had been written down over subsequent years but upon an impairment review in 2011 the Board determined to write the remaining value of the Goodwill off and have therefore charged the Profit & Loss Account with £32,000. The Board believe that these adjustments are prudent and appropriate.

On capital investments we have carried out work at the Stretton Convenience Store and this has enabled a further separate investment Unit to be made available there. Authority has been given for a project to take place at the Polesworth Convenience Store, enlarging that location, and that work was commenced before the end of the Financial Year and completed in March 2012.

The Report at the Half Year point indicated that sales at our Food Business were broadly flat against the prior six month period. Sales have improved over the second half of the year. For the full year our Convenience Stores have reported like for like sales increases of 2.6%, our Funeral Division similarly reported a like for like sales increase of 2.6%, and our Non Food operations showed a reduction in sales of 21.4%. For Non Food a greater proportion of our sales area is now concessioned and the focus of the Board is on managing the overall result of that Division. Overall losses from Non Food have continued to reduce during the year. The budget for 2012/2013 will reflect concern at on-going economic conditions but will still target improvements in all of the Society's trading operations.

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

Dividend Certificates	£ 98,000
Waived Dividends to Charities	£ 10,000
Total	£108,000

## **Community Dividend 2011/2012:**

		<b><u>Amount:</u></b>
Department Store	- St. John Ambulance Wilnecote.	£250
Swadlincote The Delph	- Swadlincote Pre-School.	£250
Tamworth Supermarket	- 1 <sup>st</sup> St. Edithas Brownies.	£1,305
Amington	- St. Edithas Church on the Green.	£368
Bolehall	- Anker Moor Primary School.	£739
Brownhills	- Watling Street Primary School.	£450
Burntwood	- Chase Terrace Primary School P.T.A.	£250
Dordon	- North Warwickshire Retired Miners Leisure Club.	£526
Glascote	- Argyle Pre-School Nursery.	£738
Kingsbury	- Kingsbury 1 <sup>st</sup> Playgroup.	£1,003
Lichfield	- Boley Park Pre-School Playgroup.	£418
Polesworth	- Polesworth Pre-School.	£1,042
Rosliston	- Coton-in-the-Elms Widows/Widowers & Old Folks Association.	£764
Stanton	- Stapenhill Post 16 Centre.	£277
Stretton	- Stretton Baby & Toddler Group.	£545
Whittington	- Whittington Football Club.	£855
Wood End	- Wood End Village Hall.	£719

## **For Financial Year 2012/2013 the following Organisations have been selected:**

Department Store	- Tamworth Stroke Patient & their Carers Group.
Tamworth Supermarket	- S.P.I.N. (Special People in Need).
Amington	- Amington Community Fete Committee.
Bolehall	- Friends of Warwickshire Moor.
Brownhills	- Watling Street Primary School.
Dordon	- North Warwickshire Retired Miners Leisure Club.
Glascote	- Dun-Roamin Rehoming.
Kingsbury	- Kingsbury Methodist Outreach Group.
Lichfield	- Saxon Hill Community School.
Polesworth	- 1200 (Polesworth) Squadron, Air Training Corps.
Rosliston	- Rosliston-in-Bloom.
Stanton	- Stanton Primary School.
Stretton	- St. Aidans Brownie Unit.
Whittington	- Whittington Community Primary School.
Wood End	- Wood End School.

## **REPORT OF THE BOARD OF DIRECTORS (continued)**

### **Membership:**

Details of Membership are recorded below:

	<u>Open Accounts.</u>	<u>Suspended Accounts.</u>
Opening balance as at 22/1/12	15,917	21,943
New Members during the year	317	-
Closed Accounts	(90)	-
Transfers from Suspended	110	(110)
	—————	—————
	16,254	21,833
	—————	—————

### **Auditors:**

Following a tender process the Board are putting a Resolution for the appointment of Dains LLP as Auditors to the Society at the forthcoming Annual General Meeting. The Society greatly appreciates the work that KPMG LLP have done as Auditors over many years.

### **Search Committee**

In accordance with the recommended practice advised by the Corporate Governance Code of Best Practice dated May 2005 the Society has established a Search Committee comprising five Members of the Board of Directors, fully detailed on page 1, 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 21 January 2012 can be found on page 1 of the Report.

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



## **REPORT OF THE BOARD OF DIRECTORS (continued)**

### **Remuneration Policy (continued)**

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 32 and 33.

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

### **Member Relations**

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

### **Retirements**

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

### **Obituaries**

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

## **SOCIAL AND CO-OPERATIVE PERFORMANCE**

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

### **Member economic involvement**

Member economic involvement indicates how well we are meeting our Members' needs and whether we are successful in recruiting new Members from our Customer base. For the 52 weeks ending 21 January 2012 Members claimed Dividend on 22.5% of Society sales (as against 21.2% last year).

The Society recruited 317 (2011 – 273) 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 2011 was 39 against 39 in 2010, 38 in 2009 and 46 in 2008.

### **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 well being 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 83 accidents were reported across the Society of which 64 were Employees of the Society. 5 Employees had reportable accidents. The comparative figures for the previous year were 91 accidents including 62 to Staff, 2 of these incidents were reportable.

The average number of days lost per Employee through sickness and absenteeism was 7.7 days against 6.3 days the previous year.

## **SOCIAL AND CO-OPERATIVE PERFORMANCE (continued)**

### **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 one woman.

79% of total Employees are women and 21% men. 34% of Employees are full-time and 66% part-time.

### **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. Insisting we are only supplied with pure green electricity will encourage greater investment in renewal energy generation projects, and in turn help towards reducing overall carbon emissions.

### **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**

The Board of Directors is ultimately responsible for the Society's system of internal control and reviewing its effectiveness. The position of a Director within the Society carries many demanding and important responsibilities which include statutory, fiduciary and operational responsibilities and others provided for under the Rules. A system of internal control has to be designed to manage rather than to eliminate the risk of failure to achieve Business objectives, and can provide only reasonable and not absolute assurances against material misstatement or loss.

The Co-operatives<sup>UK</sup>'s Corporate Governance Code of Best Practice was amended in May 2005 and has a requirement that the Directors review the effectiveness of the Society's system of internal controls. This has considerably extended the requirements for Directors to maintain controls over financial, operational, compliance and risk management.

It continues to be the objective of the Board to comply with the Code of Best Practice as far as is practicable in the Society's particular circumstances.

The Board recognises that a Code of this significance requires a great deal of thought and work for the whole of the new Code to be adopted, but a significant start has been made and appropriate decisions and actions have been taken wherever possible.

Within the new Code, recommendations include formation of Sub-Committees and Reports of these Committees can be found elsewhere in this document. The Board does not agree that a separate Audit Committee should be established but has decided that the entire Board should stand as the Audit Committee with the Vice Chairman Chairing those Meetings. This enables all Directors to directly question the Auditor where appropriate.

The Society does not currently utilise internal Auditors due to its size and allied costs. Instead the Society has internal procedures in place to satisfy the Board of Directors and the Management Executive that sufficient resources are maintained to ensure control effectiveness and thereby reduce key Business risks.

The new Code recommends that procedures should be in place to ensure the regular renewal of the Board and includes the option of an age rule or the imposition of a mandatory break in service for Directors. The Board does not agree with these recommendations.

The Rule changes made in 2008 make it possible for the Society to appoint co-opted Directors – the position is fully detailed in the Rules but co-opted Directors must always be in a minority, are appointed for a fixed period, and must seek Election at the next Annual General Meeting following co-option.

The Board agrees that we should encourage diversity on the Board and as a consequence the Board holds its Meetings on days and at times that will be conducive to those Directors that work full-time and all Meetings are made as accessible as is practical. All expenses are reimbursed.

No Director holds any external Directorship at the present time.

A Code of Conduct for Directors has been introduced with effect from February 2009.

## **CORPORATE GOVERNANCE (continued)**

The Society has not had the need to comply with Code A2.4 on the disposal of significant assets but will consider it if necessary in the future.

The Directors consider that the Board is supplied with sufficient information to carry out its duties and that this is received in a timely manner in order for them to fully discharge their responsibilities as Directors.

It is the Policy of the Board of Directors that all Directors should receive appropriate training and this should be undertaken wherever possible through the Co-operative College.

### **GOING CONCERN**

After making all appropriate enquiries, the Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the Going Concern basis in preparing the Society's Accounts. In particular, the Society has cash of £1,049,000 at 21 January 2012.

### **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 Group 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.

## **CORPORATE GOVERNANCE (continued)**

### **(A) CONTROL ENVIRONMENT (continued)**

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 21 January 2012 the number of creditor days outstanding for the Society was 17.0 days (2011 - 17.1 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.

For and on behalf of the Directors.

Alan M. King Chairman of the Board.

Julian Coles, Chief Executive Officer.

13 March 2012

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Annual Report and the Group 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 UK Accounting Standards.

The Group financial statements are required by Law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in Business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that its financial statements comply with the Industrial and Provident Society Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **DISCLOSURE OF INFORMATION TO AUDITORS**

The Directors who held Office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Society's Auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's Auditors are aware of that information.

## **BOARD CERTIFICATION**

The financial statements on pages 17 to 39 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.

**Alan M. King**

Chairman of the Board.

**Julian Coles**

Chief Executive Officer.

13 March 2012

## DIRECTORS' ATTENDANCES

Name	Appointment Expires	Possible Attendances	Actual Attendances
Mrs.A.A.Higginson	2013	30	29
Mr.K.G.Wood	2014	21	21
Mr.A.M.King	2012	20	19
Mr.A.V.King	2012	15	15
Mrs.A.M.Poulten	2013	25	23
Mr.R.W.Read	2014	22	20
Mr.D.M.Rose	2012	23	20
Mrs.D.Trout	2013	28	23
Mrs.S.Peaple	2014	11	9 Appointed
Mr.G.W.Johnson	-	7	7 Retired



## **Independent Auditor's Report to the members of Tamworth Co-operative Society**

We have audited the financial statements of Tamworth Co-operative Society for the 52 week period 21<sup>st</sup> January 2012 set out on pages 17 to 37. The financial reporting framework that has been applied in their preparation is applicable Law and UK Accounting Standards (UK 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 auditor's 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 more fully explained in the Statement of Directors' Responsibilities set out on page 13 the Society's Directors are responsible for the preparation of financial statements which 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Society's affairs as at 21<sup>st</sup> January 2012 and of its surplus for the period then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following.

Under the Industrial and Provident Societies Acts 1965 to 2003 we are required to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

**Independent Auditor's Report to the members of Tamworth Co-operative Society (continued)**

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

2012

## **Statement of Accounting Policies**

### **In respect of the Accounts for the period ended 21 January 2012**

#### **1. Basis of Accounting**

The Accounts are prepared in compliance with all current accounting standards using the historical cost accounting convention modified to include the revaluation of investment properties and under the historical cost accounting rules, modified to include the revaluation of land and buildings. Going concern considerations are detailed in the Directors' report. The Directors' believe it is appropriate to prepare the financial statements on a going concern basis.

#### **2. Accounting Date**

The Accounts are in respect of the 52 week period ended 21 January 2012 with comparative figures for the 52 week period ended 22 January 2011.

#### **3. Basis of Consolidation**

The Group accounts consolidate the accounts of the Tamworth Co-operative Society Limited and the wholly owned subsidiaries, TCS Estates Services Limited, McGregor Co-operative Society Limited and Lilywalk Limited. The results of businesses which may have been acquired or sold during the year are included in the Group Accounts from or to their respective dates of acquisition or disposal.

#### **4. Gross takings**

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

#### **5. Turnover**

Turnover represents gross takings excluding VAT and sales made by Concessions but includes fees received from Concessionaires for sales made from the Society's premises. The turnover is attributable to the principal activity of the Society.

#### **6. Investment Income**

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

#### **7. Goodwill**

Goodwill arising on consolidation (representing the excess and the fair value of the consideration given over the fair value of the net assets acquired) is capitalised and amortised over a period of 20 years being an estimate useful economic life.

## Statement of accounting policies (continued)

### 8. Tangible Fixed Assets and Depreciation

No depreciation is provided on freehold land. The cost of tangible fixed assets used for trading purposes less their estimated residual value, is depreciated over their expected working lives by equal annual instalments at the following minimum rates:

<b>Freehold Buildings</b>	-	2.5% per annum
<b>Leasehold Buildings</b>	-	over the unexpired period of the lease
<b>Fixtures &amp; Fittings and Plant</b>	-	over the expected working life or 10 years, whichever is the least
<b>Transport</b>	-	over the expected working life or 4 years
<b>Rental Assets</b>	-	33.3% per annum

Investment Properties are included in the Accounts at professional valuation in accordance with Statement of Standard Accounting Practice No.19 and the aggregate surplus or deficit is transferred to a Revaluation Reserve. No depreciation is provided in respect of Freehold Investment Properties. The Directors consider that this Accounting Policy results in the Accounts giving a true and fair view. These Properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate.

### 9. Assets Leased to the Group

Rentals due under Operating Leases are charged to Revenue Account in the year that the cost accrues.

The future commitment relating to Operating Leases is based on the minimum amounts payable to the end of the Lease term.

### 10. Taxation

Current:

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

Deferred:

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 11. Stocks

Stocks are valued at the lower of cost and net realisable value.

### 12. Repairs

Repair expenditure is charged against profits in the year that the cost is incurred.

## **Statement of accounting policies (continued)**

### **13. Funeral Plan**

Liabilities under the Funeral Plan are based on the total commitment at the Balance Sheet date.

Based on the Group'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 1 year, and the remainder, where the liability is classified as an amount falling due after 1 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 Ltd. For Lilywalk Limited Plans arranged by Golden Charter were previously sold.

### **14. Pensions**

The Society operates a Final Pay Pension Scheme covering service until 31 October 2009 at which point the Scheme was closed to future accrual. The Funding for past service is invested externally through the Scheme's Trustees. Pension Scheme assets are measured using market values. Pension Scheme liabilities are measured using a projected unit method and are discounted at the rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Pension Scheme deficit is recognised in full. The movement in the deficit is split between operating charges, finance items, and in the statement of total recognised gains and losses. From 1 November 2009 a new Stakeholder or "Money Purchase" Scheme has been made available to former Members of the Final Salary Pension Scheme.

### **15. Property income**

Income received from property is accounted for on an accruals basis for rents received only. The change has become effective in the current year. Previously property income was accounted for at the time of receipt. There was no material impact on the prior year revenue accounts.

**GROUP REVENUE ACCOUNT**

52 Weeks Ended 21 January 2012

		2012		2011	
	NOTES	£'000	£'000	£'000	£'000
<b>Gross Takings</b>		22,974		24,016	
Less Concession Sales		(1,105)		(1,486)	
<b>Net takings</b>			21,869		22,530
Value Added Tax			(1,953)		(1,823)
<b>Turnover</b>			19,916		20,707
Cost of sales			(12,760)		(13,249)
Gross profit			7,156		7,458
Expenses less income from property	1		(6,639)		(6,700)
<b>Trading surplus</b>			517		758
<b>Surplus before Interest, Pension &amp; Asset Sales</b>			517		758
(Loss) on disposal of fixed assets			(23)		(16)
Co-operative Group – Buying Recharge			-		(241)
Interest receivable	2		24		28
Interest payable	3		(27)		(26)
Other finance costs	20		(258)		(372)
<b>Surplus for period before distribution and impairment charges</b>			233		131
Impairment of land and buildings			-		(55)
Surplus for period before distribution			233		76
Dividend	4	(108)		(111)	
Grants	5	(59)		(46)	
Surplus/(Deficit) for period before taxation			(167)		(157)
Taxation Credit /(Charge)	6		66		(81)
<b>Retained Surplus/(Deficit) for period</b>			120		(26)
			186		(107)

**GROUP BALANCE SHEET**

52 Weeks Ended 21 January 2012

		2012		2011	
	NOTES	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Intangible assets	7		311		370
Tangible assets	8		11,320		12,233
Investment Properties	9		6,863		6,435
Fixed Asset Investments	10		3,249		2,598
			21,743		21,636
<b>Current Assets</b>					
Stocks	11	1,149		1,122	
Debtors and prepayments	12	950		975	
Cash at Bank and in hand		1,049		1,311	
		3,148		3,408	
<b>Current Liabilities</b>					
Amounts falling due within one year					
Creditors – Trade	13	(2,218)		(1,802)	
Dividend		(52)		(58)	
Other		(3)		(3)	
		(2,273)		(1,863)	
Loans	14	(470)		(405)	
		(2,743)		(2,268)	
<b>Net current assets</b>			405		1,140
Total assets less current liabilities			22,148		22,776
Deferred taxation asset	16		-		(553)
Funeral prepayment plans			(3,288)		(2,837)
<b>Net assets before pension</b>			18,860		19,386
Pension liability	20		(4,552)		(4,364)
<b>Net assets</b>			14,308		15,022
Financed by:					
Share capital	17		2,467		2,416
Revaluation reserves	18		8,195		8,406
Revenue reserves	18		3,646		4,200
Members Funds			14,308		15,022

Company Registration Number 2582R

**GROUP CASHFLOW STATEMENT**

52 Weeks Ended 21 January 2012

	NOTES	<b>2012</b> <b>£'000</b>	2011 £'000
<b>Cash inflow from Operating Activities</b>	21(a)	972	639
<b>Returns on Investments and Servicing of Finance</b>	21(b)	24	27
<b>Benefits paid to Members</b>		(108)	(111)
<b>Grants and Donations</b>		(59)	(46)
<b>Taxation paid</b>		(98)	(146)
<b>Capital expenditure and financial investment</b>	21(c)	(1,003)	(1,125)
<hr/>			
<b>Cash (outflow) before use of liquid resources and financing</b>		(272)	(762)
<b>Management of liquid resources</b>	21(d)	-	-
<b>Financing</b>	21(e)	10	75
<hr/>			
<b>Decrease in cash in the period</b>		(262)	(687)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS**

52 Weeks Ended 21 January 2012

	NOTES	<b>2012</b> <b>£'000</b>	2011 £'000
<b>Decrease in cash in the period</b>		(262)	(687)
<hr/>			
<b>Change in net cash resulting from cash flows</b>	21(f)	(262)	(687)
Net cash at the start of the period	21(f)	1,311	1,998
<hr/>			
<b>Net cash at the end of the period</b>	21(f)	1,049	1,311



**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

52 Weeks Ended 21 January 2012

	NOTES	<b>2012</b> <b>£'000</b>	2011 £'000
Surplus/(Deficit) for period		66	(107)
Unrealised deficit on revaluation of investment properties	18	(172)	(9)
Actuarial loss on Pension Fund (net of deferred tax)		(738)	(55)
<b>Total recognised losses relating to the period</b>		<b>(844)</b>	<b>(171)</b>

**NOTES OF HISTORICAL COSTS, PROFITS AND LOSSES**

52 Weeks Ended 21 January 2012

	<b>2012</b> <b>£'000</b>	2011 £'000
Surplus/(Deficit) on ordinary activities before taxation	66	(81)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	39	40
Realisation of property revaluation gains of previous periods	-	-
<b>Historical cost surplus/(deficit) on ordinary activities before taxation</b>	<b>105</b>	<b>(41)</b>
<b>Historical cost surplus/(deficit) for the period retained after taxation and distribution</b>	<b>88</b>	<b>(224)</b>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

52 Weeks Ended 21 January 2012

	<b>2012</b> <b>£'000</b>	2011 £'000
Surplus before distribution and taxation	233	76
Distributions and taxation	(47)	(183)
<b>Surplus/(Deficit) after distributions and taxation</b>	<b>186</b>	<b>(107)</b>
Revaluation deficit arising in the period on investment properties	(172)	(9)
Contributions and interest less withdrawals during the period	51	114
Actuarial loss (net of deferred tax)	(738)	(55)
Share Interest	(41)	(39)
<b>Movement in period</b>	<b>(714)</b>	<b>(96)</b>
<b>Opening Shareholders' Funds</b>	<b>15,022</b>	<b>15,118</b>
<b>Closing Shareholders' Funds</b>	<b>14,308</b>	<b>15,022</b>

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

<b>1</b>	<b>Expenses</b>	<b>2012</b>	2011
		<b>£'000</b>	£'000
	Personnel costs	4,320	4,431
	Occupancy costs	1,065	994
	Depreciation	642	687
	Audit fees paid to KPMG LLP	42	35
	Taxation Advice fees paid to KPMG LLP	9	20
	Directors' fees	28	21
	Other Expenses	938	985
	Income from property	(464)	(499)
	Amortisation of goodwill	59	26
		6,639	6,700
<b>2</b>	<b>Interest Receivable</b>	<b>2012</b>	2011
		<b>£'000</b>	£'000
	Co-operative Group	6	6
	Bank and Other Interest received	18	22
		24	28
<b>3</b>	<b>Interest Payable</b>	<b>2012</b>	2011
		<b>£'000</b>	£'000
	Bank	-	1
	Funeral Prepayment plans	23	25
	Other	4	-
		27	26
<b>4</b>	<b>Dividend</b>	<b>2012</b>	2011
		<b>£'000</b>	£'000
	Dividend to Shareholders	98	101
	Waived Dividends given to Charity	10	10
		108	111
<b>5</b>	<b>Grants and Donations</b>	<b>2012</b>	2011
		<b>£'000</b>	£'000
	Member Relations	1	1
	Employee related	58	45
		59	46

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

<b>6(a) Taxation Charge</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
UK Corporation Tax:		
Current tax on surplus/deficit for the period	(473)	(98)
Adjustment in respect of prior periods	32	-
Deferred Tax:		
Origination (reversal of timing differences)	582	63
Adjustments in respect of FRS 17	(24)	(73)
Adjustment in respect of prior period	3	82
	<hr/>	
	120	(26)

**6(b) Factors affecting tax charge for period**

	<b>2012 £'000</b>	<b>2011 £'000</b>
Profit/(Loss) on ordinary activities before tax.	66	(81)
	<hr/>	
Profit/(Loss) on ordinary activities multiplied by expected rate of corporation tax in the UK of 26.3% (2011:28.0%)	17	(22)
Effects of:		
Expenses not deductible for tax purposes	72	36
Short term timing differences	567	136
Capital allowance in excess of depreciation	(29)	29
Difference between small companies rate (20%) and standard rate (27%)	(2)	(6)
FRS17 Adjustments	(152)	(75)
Current tax charge for period	<hr/> 473	<hr/> 98

**6(c) Deferred taxation**

	<b>2012 £'000</b>	<b>2011 £'000</b>
Accelerated Capital Allowance	44	32
Other timing differences	(76)	521
	<hr/>	
	32	553

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

**6(c) Deferred taxation** (continued)

**Factors affecting the future tax charge.**

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. The first reduction in the UK corporation tax rate from 26% to 25% was substantively enacted on 5<sup>th</sup> July 2011 and will be effective from 1 April 2012. A further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the Society's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the further 3% rate reduction, although this will further reduce the Society's future current tax charge and reduce the Society's deferred tax liabilities/assets accordingly.

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 £620,000 (2011: £670,000).

**7 Intangible Assets- Goodwill**

	£'000
<b>Cost</b>	
At start of period	536
	————
At end of period	536
	=====
<b>Amortisation</b>	
At start of period	166
Charged in period	27
Write down of Lilywalk Masonry Goodwill	32
	————
At end of period	225
	=====
<b>Net book value at 21 January 2012</b>	<b>311</b>
	=====
Net book value at 22 January 2011	370
	=====

During the Year Ended 21<sup>st</sup> January 2012, the Society decided to write off the remaining value of Goodwill associated with the purchase of the Lilywalk Masonry Business in 2004. This write off was deemed appropriate based on current trading results within that area of operation.

Goodwill on the remaining operations continues to be amortised over a period of 20 years.

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

<b>8 Tangible Assets</b>	Freehold Land & Buildings	Leasehold Buildings	Fixtures & Fittings, Plant	Transport	TV & Video Rental Sets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at start of period	9,711	380	7,609	1,020	55	18,775
Additions	77	-	230	6	-	313
Disposals	-	-	(453)	(57)	(3)	(513)
Reclassification to Investment Properties	(562)	-	-	-	-	(562)
<b>Cost or valuation at end of period</b>	<b>9,226</b>	<b>380</b>	<b>7,386</b>	<b>969</b>	<b>52</b>	<b>18,013</b>
<b>Accumulated Depreciation:</b>						
At start of period	122	55	5,656	654	55	6,542
Charge for period	117	9	422	94	-	642
Reclassification to Investment Properties	(6)	-	-	-	-	(6)
Disposals	-	-	(425)	(57)	(3)	(485)
<b>At end of period</b>	<b>233</b>	<b>64</b>	<b>5,653</b>	<b>691</b>	<b>52</b>	<b>6,693</b>
<b>Net book value</b>						
At 21 January 2012	8,993	316	1,733	278	-	11,320
<b>Net book value</b>						
At 22 January 2011	9,589	325	1,953	366	-	12,233

The original cost of land included in the above figures which is not depreciated is £500,000.

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

**8 Tangible Assets** (continued)

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 15 *Tangible fixed assets*.

**Freehold Land and Buildings**

	<b>2012</b> <b>£'000</b>	2011 £'000
At existing use value:	9,233	9,711
<hr/>		
Net book value	9,233	9,711
<hr/>		
	<b>2012</b> <b>£'000</b>	2011 £'000
Historical cost of revalued assets	6,139	6,513
Aggregate depreciation thereon	(2,318)	(2,407)
<hr/>		
Historical cost net book value	3,821	4,106
<hr/>		

The last Valuations of the Society's Freehold Land and Buildings in relation to Trading Properties at existing use value was 23 January 2010.

The Valuations were performed by P.J. Hicks & Co., Chartered Surveyors.

The Directors are not aware of any material change in value and therefore the valuation set out above has not been updated.

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

**9 Investment Properties**

Freehold Investment Property

	£'000
Valuation at start of period	6,435
Additions	44
Reclassification from Tangible Assets	556
Revaluation Deficit	(172)
<hr/>	
<b>Valuation at end of period</b>	<b>6,863</b>

**10 Fixed Asset Investments**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Co-operative Group: Shares	100	100
CIS Investment re: Funeral Plans	3,146	2,495
Other I & P Societies: Shares	3	3
<hr/>		
	3,249	2,598

**11 Stocks**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Goods held for resale	1,149	1,122

**12 Debtors**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Customer accounts	713	824
Prepayments	205	151
Deferred tax asset (see note 16)	32	
<hr/>		
	950	975

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

<b>13</b>	<b>Creditors Falling Due Within 1 Year</b>	<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
	Trade creditors	936	964
	Accrued charges	651	564
	Customer deposits	70	71
	Corporation Tax	473	98
	Other Taxation and Social Security	88	105
		<hr/>	<hr/>
		2,218	1,802

<b>14</b>	<b>Loans Falling Due Within One Year</b>	<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
	Funeral prepayment plan	470	405
		<hr/>	<hr/>
		470	405

**15**    **Capital Commitments**

Further capital expenditure authorised and contracted for £139,000 (2011 £130,000).

<b>16</b>	<b>Provisions for deferred taxation</b>	<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
	Balance to commence (liability)	553	697
	Transfer to Revenue Account	(585)	(144)
	Balance to end((asset)/liability)	(32)	553



**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

<b>17 Share Capital</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Balance to commence	2,416	2,302
Contributions	509	530
Interest	41	39
	2,966	2,871
Withdrawals	(499)	(455)
	2,467	2,416

Share Capital is Non Equity Share Capital comprising 2,467,434 shares of £1 each, attracting interest currently between Nil and 2.75% per annum depending on the balance held.

Shares are 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 provide that any surplus assets remaining on winding-up of the Society shall be distributed to local charitable organisations as determined by the members at an ordinary or special members meeting.

<b>18 Reserves</b>	<b>Revaluation</b>	<b>Revenue</b>
	<b>reserves</b>	<b>reserves</b>
	<b>£'000</b>	<b>£'000</b>
At 22 January 2011	8,406	4,200
Retained surplus for the period	-	186
Share Interest	-	(41)
Unrealised deficit on revaluation of investment properties	(172)	-
Current year actuarial loss on pension scheme (net of deferred tax)	-	(738)
Transfer of historical cost	(39)	39
<b>At 21 January 2012</b>	<b>8,195</b>	<b>3,646</b>

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

**19 Average Staff Numbers**

	<b>2012</b>	2011
Full time	120	126
Part time	230	238
	<hr/> 350	<hr/> 364

The total employment costs of the Society for the period were:	<b>2012</b>	2011
	<b>£'000</b>	£'000
Salaries and wages	3,912	4,042
National Insurance	251	272
Pension Fund contributions	64	68
Other (inc. Training, Protective Clothing/Redundancy).	93	49
	<hr/> 4,320	<hr/> 4,431

**Management Executive remuneration**

The total remuneration of the management executive was as follows:

	<b>2012</b>	2011
	<b>£000</b>	£000
Salaries	353	341
Taxable benefits	4	4
	<hr/> 357	<hr/> 345
Pension contributions	18	18
	<hr/> 375	<hr/> 363

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

	<b>2012</b>	2011
	<b>£000</b>	£000
Salary	101	98
Taxable Benefits	-	-
Pension Contributions	5	5
	<hr/> 106	<hr/> 103

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

**19 Staff** (continued)

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

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
£ 40,001 - £ 50,000	1	1
£ 50,001 - £ 60,000	1	1
£ 60,001 - £ 70,000	-	1
£ 70,001 - £ 80,000	2	1
£100,001 - £110,000	1	1

**20 Pensions**

The Society operates a defined benefit pension scheme for its employees (“Tamworth Co-operative Society Limited Employees Superannuation Fund”). The fund closed to future accrual with effect from 31 October 2009.

**Amounts recognised in the Group Balance Sheet**

	<b>2012</b>	<b>2011</b>
	<b>£’000</b>	<b>£’000</b>
Present value of funded obligations	(17,424)	(16,267)
Fair value of plan assets	11,355	10,290
(Deficit)	(6,069)	(5,977)
Related deferred tax asset (2012 – 25% 2011-27%)	1,517	1,613
Net pension liability	(4,552)	(4,364)

**Amounts recognised in the Group Revenue Account**

	<b>2012</b>	<b>2011</b>
	<b>£’000</b>	<b>£’000</b>
Interests on obligations	874	875
Expected return on plan assets	(616)	(503)
Total	258	372

The expense is recognised in the following line items in the Group Revenue Account.

Other finance costs	258	372
	258	372

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

**20 Pensions (continued)**

**Amounts recognised in the Group Statement  
of Total Recognised Gains and Losses**

	<b>2012</b> <b>£'000</b>	2011 £'000
Cumulative amount at beginning of period	(5,032)	(5,040)
Recognised during the period	667	8

Cumulative amount at end of period	(4,365)	(5,032)
------------------------------------	---------	---------

**Changes in the present value of scheme obligations**

	<b>2012</b> <b>£'000</b>	2011 £'000
Opening obligations	16,267	16,099
Interest costs	874	875
Actuarial losses	1,054	246
Benefits paid	(771)	(953)

Closing obligations	17,424	16,267
---------------------	--------	--------

**Changes in the fair value of plan assets**

	<b>2012</b> <b>£'000</b>	2011 £'000
Opening fair value of scheme assets	10,290	9,845
Expected return	616	503
Actuarial gains	387	254
Contributions by employer	833	641
Benefits paid	(771)	(953)

	11,355	10,290
--	--------	--------

Actual return on scheme assets	1,003	757
--------------------------------	-------	-----

**Assets in the plan as a percentage of total plan assets**

	<b>2012</b>	2011
Equities	28.8%	61.0%
Bonds	59.3%	38.4%
Cash	12.0%	0.6%

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

**20 Pensions (continued)**

To develop the expected long-term rate of return on assets assumption, the Society considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of the 4.04% assumption.

<b>Principal actuarial assumptions to determine benefit obligations</b>	<b>21/1/2012</b>	<b>22/1/2011</b>
Discount rate	4.7%	5.5%
Rate of increase in pensions in payment	3.1%	3.6%
Rate of increase in pensions in deferment	-	-
Inflation	3.2%	3.7%

**Contributions**

The Society expects to contribute at least £365,000 to the fund in 2012/13.

**Life expectancy**

Weighted average life expectancy for mortality tables used to determine benefit obligations.

	<b>Male</b>	<b>Female</b>
Member age 65 (current life expectancy)	<b>22.5</b>	<b>24.1</b>
Member age 45 (life expectancy at age 65)	<b>24.7</b>	<b>25.0</b>

<b>History of experience gains and losses</b>	<b>2012</b>	2011	2010	2009	2008
	<b>£'000</b>	£'000	£'000	£'000	£'000
Benefit obligations at end of period	(17,424)	(16,267)	(16,099)	(11,543)	(12,984)
Fair value of plan assets at end of period	11,355	10,290	9,845	8,532	9,969

Deficit	(6,069)	(5,977)	(6,254)	(3,011)	(3,015)
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**Difference between actual and expected return on scheme assets**

Amount (£ thousands)	387	254	758	(2,071)	(819)
Percentage of scheme assets	3%	2%	8%	24%	8%

**Experience gains and (losses) on scheme liabilities**

Amount (£ thousands)	(229)	517	-	-	304
Percentage of scheme liabilities	(1%)	3%	0%	0%	2%

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

<b>21 Cashflow</b>	<b>2012</b>	<b>2011</b>
<b>(a) Reconciliation of operating profit to operating cash flow</b>	<b>£'000</b>	<b>£'000</b>
Trading surplus	517	758
Amortisation of goodwill	59	26
Depreciation charge	642	687
(Increase)/Decrease in stock	(27)	112
Decrease/(Increase) in debtors	57	(47)
(Decrease)/increase in creditors	49	(628)
(Decrease)/Increase in other liabilities	(6)	2
Increase in funeral prepayments	489	485
Cash funding in excess of pension charge	(808)	(515)
Co-op Group Buying re-charge	-	(241)
<b>Net cash inflow from operating activities</b>	<b>972</b>	<b>639</b>
<b>(b) Returns on investment and servicing of finance</b>	<b>£'000</b>	<b>£'000</b>
Interest received	24	28
Interest paid	-	(1)
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>24</b>	<b>27</b>
<b>(c) Capital expenditure and financial investment</b>	<b>£'000</b>	<b>£'000</b>
Purchase of tangible fixed assets and investment properties	(357)	(717)
Sale of fixed assets	5	22
Purchase of fixed asset investments	(858)	(576)
Disposal of fixed asset investments	207	146
<b>Net cash (outflow)from capital expenditure and financial Investment</b>	<b>(1,003)</b>	<b>(1,125)</b>
<b>(d) Management of liquid resources</b>	<b>£'000</b>	<b>£'000</b>
Disposal of current asset investments	-	-
<b>Net cash inflow from management of liquid resources</b>	<b>-</b>	<b>-</b>

**NOTES TO THE ACCOUNTS**  
52 Weeks Ended 21 January 2012

**21 Cash Flow (continued)**

<b>(e) Financing</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Contributions to share capital	509	530
Withdrawals of share capital	(499)	(455)

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Net cash outflow from financing	10	75
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<b>(f) Analysis of net debt</b>	<b>At beginning of period £'000</b>	<b>Cash flow £'000</b>	<b>At end of period £'000</b>
Net cash position	1,311	(262)	1,049
Total	1,311	(262)	1,049

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**22 Subsidiary Societies and Companies**

As at 21 January 2012 the Group consisted of Tamworth Co-operative Society Limited and the Subsidiary Societies and Companies listed below. All of the Subsidiary Societies and Companies are wholly owned.

**TCS Estates Services Limited**                      Principal activity – Property holding.

The following were dormant throughout the period:

**Homelectric (Midlands) Limited.**

**Lilywalk Limited\***

**McGregor Co-operative Society Limited.**

\*The Business and trading assets of Lilywalk Ltd were transferred to the parent Society, Tamworth Co-operative Society Ltd, effective 28 October 2006.

**23 Related Parties**

As a Retail Co-operative Society, the Society has many transactions with other Co-operative Societies. These 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 Third Party Suppliers by CRTG on behalf of its members. It is not considered that there are any related parties within the definition of FRS8 Related Party Disclosures.

**GROUP VALUE ADDED STATEMENT**

52 Weeks Ended 21 January 2012

	<b>2012</b>		2011	
	<b>£'000</b>	<b>%</b>	£'000	<b>%</b>
<b>Net Takings</b>	21,869		22,530	
Less Value Added Tax	(1,953)		(1,823)	
Sales	19,916		20,707	
Less brought-in materials and services	(15,044)		(15,616)	
<b>Value added by group</b>	<b>4,872</b>	<b>100.0</b>	<b>5,091</b>	<b>100.0</b>
Applied as follows:				
To employees:				
Net pay, Income Tax, National Insurance & Pension Fund deduction	3,912		4,042	
Group contributions for National Insurance	251		272	
Group contributions for Pension Fund	64		68	
Employee related distribution	93		49	
Interest re: Pension Fund	258		372	
Deferred Tax re: Pension Fund	(24)		(73)	
	4,554	93.5	4,730	92.9
To members and other providers of capital:				
Share interest	41		39	
Interest on other financing	27		26	
Rent	23		37	
	91		102	
Less investment income and rents received	(488)		(527)	
	(397)	(8.1)	(425)	(8.3)
To members, customers and community:				
Dividend	98		101	
Charity dividend	10		10	
Education	1		1	
	109	2.2	112	2.2
Taxation credit/charge (deferred and corporate)	(120)	(2.5)	26	0.5
For the replacement of assets and expansion of the group:				
Depreciation/amortisation (inc. impairment)	701		768	
Retained surplus/deficit	66		(81)	
Reserve movement in share interest	(41)		(39)	
	726	14.9	648	12.7
	4,872	100.0	5,091	100.0



## **The Co-operative Difference & Society Outlets**

On the 13 November 1886 a Meeting arranged in Tamworth and attended by just over 80 people decided to form what is now known as Tamworth Co-operative Society Limited. By the end of that month the first stock had been delivered and trading had commenced.

The Society was controlled by a democratically elected Committee, all local people and totalling 12 in number. Today's Society still has a Board of Directors now comprised of 9 Members who are still elected democratically by Members to serve for 3 years on rotation.

Members are actively encouraged to apply for Directorship and any training required will be provided.

In 1887 the Committee decided to allocate part of its turnover for education purposes. Nowadays the Society still allocates money in the same way and a Member Relations Committee works hard to improve Members' knowledge of Co-operation.

On 26 March 1887 payment of the Society's first Dividend was arranged. Whilst Members waived their right to this Dividend on that occasion, nevertheless the Society has fully committed itself to the Dividend principle and still shares its profits to its Members consistently every year, according to the level of profits earned, and this is declared at the Society's Annual General Meeting.

In 1889 the first Charitable Grants were allocated by the Committee. Since that date the Society has continued to play its part within the Community by making Grants to Local Charities every year. Local Organisations are encouraged to apply for grants from the Chief Executive's Office.

- Your Society continues to be owned and controlled in a democratic way through its local Membership.
- We aim to achieve the highest standards of service and to provide a variety and choice within a range of trading outlets together with courteous and personal attention.
- It is our continued belief that Members should be entitled to share in the profits of the Society whilst ensuring that there are sufficient Reserves for the Society to be able to ensure a Co-operative trading future for Members in the years to come.
- The Society plays an important part in the Local Community and is proud of its strong associations with the areas from which it trades.

Further details of how Members can play a full part in the Society can be obtained from the Chief Executive Officer.