

**TAMWORTH CO-OPERATIVE SOCIETY LIMITED**

**ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE 53 WEEKS ENDED 26<sup>TH</sup> JANUARY 2013**

**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**

Diane Trout <sup>\*x^o</sup> - Chairman  
Audrey A. Higginson <sup>\*+^ox</sup> Vice Chairman  
Alan M. King <sup>\*o</sup>  
Alan V. King <sup>+</sup>  
Sheree D. Peaple <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**

Dains LLP  
Third Floor  
Fort Dunlop  
Fort Parkway  
Birmingham  
B24 9FD

### **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  
B79 7HA**

Wednesday 24<sup>th</sup> April 2013 at 7.15pm

(1) Admission on presentation of a Valid Pass Card

By Order of the Board

Julian Coles  
**Secretary**  
19<sup>th</sup> March 2013

### **Agenda**

1. To confirm the Minutes of the Annual General Meeting held on 18<sup>th</sup> 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 Group for the 53 weeks ended 26<sup>th</sup> January 2013 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 2013/2014.
8. Any other Business as necessary.

## FIVE YEAR COMPARATIVE STATEMENT

### Key Performance Indicators

53 Weeks Ended 26<sup>th</sup> January 2013

	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Return on Capital employed.	0.0	0.8	5.0	3.6	7.3
Net Profit as a % of Sales.	(1.2)	3.0	0.4	1.2	2.9
Trade Profit after Depreciation as % of Sales.	0.0	0.6	3.7	2.6	4.6
Trade Profit before Depreciation as % of Sales.	3.4	3.8	7.1	6.1	7.8
Gearing %	3.2	2.2	2.6	3.2	4.1
Interest Cover (times)	0.3	4.5	29.2	19.1	46.1
Retention as % Sales.	(3.7)	0.0	(0.5)	0.9	0.0
Capital Expenditure as a % of Sales.	1.2	8.2	3.5	1.8	5.1
Total Net Assets	18,195	15,118	15,022	14,308	12,613
Represented by:					
Share Capital	2,297	2,302	2,416	2,467	2,433
Reserves	15,898	12,816	12,606	11,841	10,180

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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, 26<sup>th</sup> January 2013 and this year was made up of 53 trading weeks, versus 52 in the prior year. The economic conditions remain very difficult and specifically regarding retail operations recent months have seen the failure of a number of relatively large high profile retailing organisations. Whilst the Society remains very cautious at the continuing difficult economic outlook your Board are very pleased to advise that reasonable progress has again been made in the year under review. Last year the Society reported a pre-tax surplus of £66,000 and this year that figure has increased to £147,000. That is after providing for an impairment charge of £277,000 which reflects a write-down in the value of certain properties that we trade from as well as a charge against certain fixtures. The trading position in the accounts shows an overall increase that is even stronger than that in the pre-tax profit referred to above. In the year to January 2012 reported trading surplus was £517,000. In the year under review this had increased to £921,000, an increase of over 78%.

The Society's largest business operation remains to be the Food business which accounts for approximately 79% of the Society's total revenue. During the year there have been some important changes within our Food operations. In March 2012 an extension was completed at the Polesworth Convenience Store and that location has recorded some significant sales increases for the Society. The largest project that the Society undertook during the year was a very comprehensive refurbishment of the Tamworth Town Centre Supermarket premises which gave us a completely new and much improved layout as well as totally upgraded fittings. We were also very pleased to be able to take the opportunity to relocate the Post Office from the Department Store into the Supermarket premises and this has been received very positively by our customers. Across the year our Food businesses actually reported a lower level of sales than in the previous year. There was an increase in the Convenience Store locations but the very extensive nature of the work at the Supermarket meant that large areas of the Store were not available for periods of time and a reduction in Supermarket sales whilst the building work was on-going meant that our total Food sales overall have reduced by around 0.5% during the year. The initial sales results from the Supermarket since completion are encouraging.

The Funeral Division has had a very successful year and has carried out what we believe to be the highest number of funerals ever from the Tamworth locations. Overall sales in our funeral locations increased by over 5% during the year under review.

The Department Store has again made a number of changes during the year. The most significant of these was the introduction of a new and very extensive range of Jacques Vert outlet concession goods which opened just before Christmas. Because of the high concentration of concession goods and areas that may be completely used by concession operators it is difficult to report a meaningful sales comparison for Non-Food. The overall trading position has however again improved during the year with a lower level of losses reported for Non-Food. During part of the previous year the Society also traded from premises at Swadlincote. The sale of those premises was completed in the financial year under review.

The Society continues to draw significant property rental income from its investment property portfolio. Property income that the Society has received has actually increased reasonably significantly during the year from £464,000 in the year to January 2012 to £626,000 in the year to January 2013. Overall the investment property portfolio valuation has not changed significantly during the year. The trading properties have been revalued for the first time in three years and this has led to a significant reduction in the revaluation reserve of £804,000. The Board do remain reasonably cautious regarding the future outlook for property income. The Board would also like to draw your attention to the information on the Pension Fund contained in the FRS17 notes from page 33 onwards. These figures have been prepared in accordance with accounting requirements and regulations and show that the net pension liability has actually worsened by £762,000 during the year under review

## **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:

	<b><u>Recommended April 2013</u></b>	<b><u>Paid During 2012</u></b>
Dividend Certificates	85,000	89,366
Waived Dividends to Charities	8,000	8,224
Total	<u>93,000</u>	<u>97,590</u>

## **Community Dividend 2012/2013:**

Department Store	- Tamworth Stroke Patients & Their Carers Group	£250
Tamworth Supermarket	- SPIN Special People in Need	£1,522
Amington	- Amington Community Fete Committee	£250
Bolehall	- Friends of Warwickshire Moor	£746
Brownhills	- Watling Street Primary School	£541
Dordon	- North Warwickshire Retired Miners Leisure Club	£579
Glascote	- Dun-Roamin Rehoming	£808
Kingsbury	- Kingsbury Methodist Outreach Group	£1,060
Lichfield	- Saxon Hill Community School	£570
Polesworth	- 1200 (Polesworth) Squadron, Air Training Corps	£1,305
Rosliston	- Rosliston in Bloom	£755
Stanton	- Stanton Primary School	£254
Stretton	- St Aidans Brownie Unit	£719
Whittington	- Whittington Community Primary School	£831
Wood End	- Wood End School	£811

**£11,001**

## **For Financial Year 2013/2014 the following Organisations have been selected:**

Department Store	- Starfish Project
Tamworth Supermarket	- Coton Green Primary School
Amington	- Amington and District Pre-School
Bolehall	- Friends of Warwickshire Moor
Brownhills	- Watling Street Primary School
Dordon	- St Leonards Church
Glascote	- Manna House Community Coffee Shop
Kingsbury	- Kingsbury Village Pre-school
Lichfield	- Step Forward Stroke Support Group
Polesworth	- The Kangaroos Gymnastics Display Team
Rosliston	- Rosliston CE Primary School
Stretton	- William Shrewsbury Primary School Walking Bus
Stanton	- The Glebe Pre-school
Wood End	- Wood End Primary School
Whittington	- 1 <sup>st</sup> Whittington Brownies

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

### **Membership:**

Details of Membership are recorded below:

	<b><u>Open Accounts</u></b>	<b><u>Suspended Accounts</u></b>
Opening balance as at 22/1/12	16,254	21,833
New Members during the year	288	
Closed Accounts	(90)	
Transfers from Suspended	190	(190)
	<u>16,642</u>	<u>21,643</u>

### **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 26 January 2013 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 53 weeks ending 26 January 2013 Members claimed Dividend on 20.2% of Society sales (as against 22.5% last year).

The Society recruited 288 (2012 – 317) 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 2012 was 38 against 39 in 2011, 39 in 2010 and 38 in 2009.

### **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 79 accidents were reported across the Society of which 56 were Employees of the Society. 5 Employees had reportable accidents. The comparative figures for the previous year were 83 accidents including 64 to Staff, 5 of these incidents were reportable.

The average number of days lost per Employee through sickness and absenteeism was 5.7 days 7.7 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.

79.4% of total Employees are women and 20.6% men. 35.0% of Employees are full-time and 65.0% 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. 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**

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 £949,000 at 26 January 2013.

### **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 26 January 2013 the number of creditor days outstanding for the Society was 18.0 days (2012 - 17.0 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.

For and on behalf of the Directors.

Diane Trout, Chairman of the Board

Julian Coles, Chief Executive Officer.

19 March 2013

## **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.

**Diane Trout**  
Chairman of the Board

**Julian Coles**  
Chief Executive Officer

19 March 2013

## DIRECTORS' ATTENDANCES

<u>Name</u>	<u>Appointment Expires</u>	<u>Possible Attendances</u>	<u>Actual Attendances</u>
Mrs A S Higginson	2013	34	32
Mr K G Wood	2014	22	20
Mr A M King	2015	22	21
Mr A V King	2015	16	16
Mrs A M Poulten	2013	27	23
Mr R W Read	2014	24	24
Mr D M Rose	2015	28	26
Mrs D Trout	2013	34	25
Mrs S People	2014	18	14



## **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 53 week period 26<sup>th</sup> January 2013 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 26<sup>th</sup> January 2013 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)**

Mark Hargale  
Senior Statutory Auditor  
For and on behalf of Dains LLP, Statutory Auditor  
Chartered Accountants  
Registered Auditor  
Third Floor  
Fort Dunlop  
Fort Parkway  
Birmingham  
B24 9FD

## **Statement of Accounting Policies**

### **In respect of the Accounts for the period ended 26<sup>th</sup> January 2013**

#### **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 53 week period ended 26 January 2013 with comparative figures for the 52 week period ended 21 January 2012.

#### **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 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**  
53 Weeks Ended 26<sup>th</sup> January 2013

	Notes	2013		2012	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Gross Takings</b>		23,229		22,974	
Less Concession Sales		(1,144)		(1,105)	
<b>Net takings</b>			22,085		21,869
Value Added Tax			(1,975)		(1,953)
<b>Turnover</b>			20,110		19,916
Cost of sales			(12,798)		(12,760)
Gross profit			7,312		7,156
Expenses less income from property	1		(6,391)		(6,639)
<b>Trading surplus</b>			921		517
<b>Surplus before Interest, Pension &amp; Asset Sales</b>			921		517
Profit / (loss) on disposal of fixed assets			4		(23)
Interest receivable	2		23		24
Interest payable	3		(20)		(27)
Other finance costs	20		(350)		(258)
<b>Surplus for period before distribution and impairment charges</b>			578		233
Impairment of fixtures		(173)			-
Impairment of land and buildings		(104)			-
			(277)		
Surplus for period before distribution			301		233
Dividend	4	(98)		(108)	
Grants	5	(56)		(59)	
			(154)		(167)
Surplus for period before taxation			147		66
Taxation (Charge) / Credit	6		(145)		120
<b>Retained Surplus for the period</b>			2		186

**GROUP BALANCE SHEET**  
52 Weeks Ended 26<sup>th</sup> January 2013

	Notes	2013		2012	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Fixed Assets</b>					
Intangible assets	7		287		311
Tangible assets	8		10,406		11,320
Investment Properties	9		6,595		6,863
Fixed Asset Investments	10		3,895		3,249
			21,183		21,743
<b>Current Assets</b>					
Stocks	11	1,040		1,149	
Debtors and prepayments	12	1,046		950	
Cash at Bank and in hand		949		1,049	
		3,035		3,148	
<b>Current Liabilities</b>					
Amounts falling due within one year					
Creditors – Trade	13	(1,888)		(2,218)	
Dividend		(56)		(52)	
Other		(3)		(3)	
		(1,947)		(2,273)	
Loans	14	(543)		(470)	
		(2,490)		(2,743)	
<b>Net Current Assets</b>			545		405
Total assets less current liabilities					
			21,728		22,148
Deferred Tax		(2)		-	
Funeral prepayment plans		(3,799)		(3,288)	
<b>Net assets before Pension</b>			17,927		18,860
Pension Liability	20	(5,314)		(4,552)	
<b>Net Assets</b>			12,613		14,308
Financed by:					
Share capital	17	2,433		2,467	
Revaluation reserves	18	7,105		8,195	
Revenue reserves	18	3,075		3,646	
Members Funds			12,613		14,308

Company Registration Number 2582R

**GROUP CASHFLOW STATEMENT**53 Weeks Ended 26<sup>th</sup> January 2013

	Notes	<b><u>2013</u></b> <b><u>£'000</u></b>	<b><u>2012</u></b> <b><u>£'000</u></b>
<b>Cash inflow from Operating Activities</b>	21(a)	1,727	972
<b>Returns on Investments and Servicing of Finance</b>	21(b)	23	24
<b>Benefits paid to Members</b>		(98)	(108)
<b>Grants and Donations</b>		(56)	(59)
<b>Taxation paid</b>		(451)	(98)
<b>Capital expenditure and financial investment</b>	21(c)	(1,172)	(1,003)
<hr/>			
<b>Cash (outflow) before use of liquid resources and financing</b>		(27)	(272)
<b>Management of liquid resources</b>	21(d)	-	-
<b>Financing</b>	21(e)	(73)	10
<b>Decrease in cash in the period</b>		(100)	(262)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS**53 Weeks Ended 26<sup>th</sup> January 2013

	Notes	<b><u>2013</u></b> <b><u>£'000</u></b>	<b><u>2012</u></b> <b><u>£'000</u></b>
Decrease in cash in the period		(100)	(262)
<hr/>			
<b>Change in net cash resulting from cash flows</b>	21(f)	(100)	(262)
Net cash at the start of the period	21(f)	1,049	1,311
<hr/>			
<b>Net Cash at the end of period</b>		949	1,049



**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**53 Weeks Ended 26<sup>th</sup> January 2013

	Notes	<b>2013</b> <b><u>£'000</u></b>	<b>2012</b> <b><u>£'000</u></b>
Surplus for period		2	66
Unrealised deficit on revaluation of investment properties	18	(12)	(172)
Unrealised deficit on revaluation of trading properties	18	(792)	-
Actuarial loss in Pension Fund (net of deferred tax)	18	(819)	(738)
<b>Total recognised losses relating to the period</b>		<b>(1,621)</b>	<b>(844)</b>

**NOTES OF HISTORICAL COSTS, PROFITS AND LOSSES**53 Weeks Ended 26<sup>th</sup> January 2013

	<b>2013</b> <b><u>£'000</u></b>	<b>2012</b> <b><u>£'000</u></b>
Surplus on ordinary activities before taxation	2	66
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	38	39
<b>Historical cost surplus on ordinary activities before taxation</b>	<b>40</b>	<b>105</b>
<b>Historical cost (Deficit)/Surplus for the period retained after taxation and distribution</b>	<b>(259)</b>	<b>58</b>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**53 Weeks Ended 26<sup>th</sup> January 2013

Surplus before distribution and taxation	301	233
Distribution and taxation	(299)	(47)
<b>Surplus after distributions and taxation</b>	<b>2</b>	<b>186</b>
Revaluation deficit arising in the period on investment properties	(12)	(172)
Revaluation deficit arising in the period on trading properties	(792)	-
Contributions and interest less withdrawals during the period	(34)	51
Actuarial loss (net of deferred tax)	(820)	(738)
Share Interest	(39)	(41)
<b>Movement in Period</b>	<b>(1,695)</b>	<b>(714)</b>
<b>Opening Shareholders' Funds</b>	<b>14,308</b>	<b>15,022</b>
<b>Closing Shareholders' Funds</b>	<b>12,613</b>	<b>14,308</b>

**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

	<b><u>2013</u></b> <b><u>£'000</u></b>	<b><u>2012</u></b> <b><u>£'000</u></b>
<b>1. Expenses</b>		
Personnel Costs	4,224	4,320
Occupancy Costs	988	1,065
Depreciation	630	642
Audit Fees paid to Dains LLP	3	-
Audit Fees paid to KPMG LLP	37	42
Taxation Advice Fees paid to KPMG LLP	12	9
Directors' Fees	27	28
Other Expenses	1,072	938
Income from Property	(626)	(464)
Amortisation of Goodwill	24	59
	<hr/> 6,391	<hr/> 6,639
<b>2. Interest Receivable</b>		
Co-operative Group	6	6
Bank and Other Interest Received	17	18
	<hr/> 23	<hr/> 24
<b>3. Interest Payable</b>		
Bank	-	-
Funeral Prepayment Plans	20	23
Other	-	4
	<hr/> 20	<hr/> 27
<b>4. Dividend</b>		
Dividend to Shareholders	90	98
Waived Dividends given to Charity	8	10
	<hr/> 98	<hr/> 108
<b>5. Grants and Donations</b>		
Member Relations	2	1
Employee Related	54	58
	<hr/> 56	<hr/> 59

	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>
<b>6(a) Taxation Charge</b>		
UK Corporation Tax:		
Current tax on surplus for the period	117	(473)
Adjustment in respect of prior periods	(22)	32
Deferred Tax:		
Origination (reversal of timing differences)	(11)	582
Adjustments in respect of FRS17	17	(24)
Adjustment in respect of prior period	44	3
	<b>145</b>	<b>120</b>
<b>6(b) Factors affecting tax charge for period</b>		
Profit / (Loss) on ordinary activities multiplied by expected rate of corporation tax in the UK of 27.4% (2012: 26.3%)	38	17
Effects of:		
Fixed assets differences	39	-
Expenses not deductible for tax purposes	44	72
Short term timing differences	(1)	567
Marginal relief	(4)	-
Capital allowance in excess of depreciation	19	(29)
Difference between small companies rate (20%) and standard rate (26%)	-	(2)
Other movements	(18)	-
FRS17 Adjustments	-	(152)
Current Tax charge for Period	<b>117</b>	<b>473</b>
<b>6(c) Deferred Taxation</b>		
Accelerated Capital Allowance	61	44
Other timing differences	(59)	(76)
	<b>2</b>	<b>(32)</b>

**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

**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. In the Autumn statement 2012 the Chancellor announced that there would be an additional 1% reduction for the financial year beginning 1<sup>st</sup> April 2014. From 1<sup>st</sup> April 2013 the corporation tax rate will be 23% reducing to 21% from 1<sup>st</sup> April 2014.

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 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 £530,000 (2012: £620,000).

**7 Intangible Assets- Goodwill**

	<b>£'000</b>
<b>Cost</b>	
At start of period	536
At end of period	<u>536</u>
	=====
<b>Amortisation</b>	
At start of period	225
Charged in period	24
At end of period	<u>249</u>
	=====
<b>Net book value at 26<sup>th</sup> January 2013</b>	<u>287</u>
	=====
Net book value at 21 <sup>st</sup> January 2012	<u>311</u>
	=====

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

**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

**8. Tangible Assets**

	<i>Freehold Land &amp; Buildings £'000</i>	<i>Leasehold Buildings £'000</i>	<i>Fixtures &amp; Fittings, Plant £'000</i>	<i>Transport £'000</i>	<i>TV &amp; Video Rental Sets £'000</i>	<i>Total £'000</i>
Cost or Valuation at start of period	9,226	380	7,386	969	52	18,013
Additions	206	-	742	41	-	989
Disposals	-	(1)	(1,446)	(111)	(1)	(1,559)
Reclassification	4	-	(4)	-	-	-
Transfer to Investment Properties	(175)	-	-	-	-	(175)
Revaluation	(1,245)	-	-	-	-	(1,245)
<b>Cost of Valuation at end of period</b>	<b>8,016</b>	<b>379</b>	<b>6,678</b>	<b>899</b>	<b>51</b>	<b>16,023</b>
Accumulated Depreciation:						
At start of period	233	64	5,653	691	52	6,693
Charge for period	116	10	405	99	-	630
Impairment	104	-	173	-	-	277
Disposals	-	(1)	(1,417)	(111)	(1)	(1,530)
Revaluation	(453)	-	-	-	-	(453)
<b>At end of period</b>	<b>-</b>	<b>73</b>	<b>4,814</b>	<b>679</b>	<b>51</b>	<b>5,618</b>
<b>Net Book Value</b>						
At 26 <sup>th</sup> January 2013	8,016	306	1,864	220	-	10,406
Net Book Value						
At 21 <sup>st</sup> January 2012	8,993	316	1,733	278	-	11,320

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

## NOTES TO THE ACCOUNTS

53 Weeks Ended 26<sup>th</sup> January 2013

### 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>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
At existing use value:	8,016	9,226
<hr/>		
Net Book Value	8,016	9,266
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Historical cost of revalued assets	6,103	6,139
Aggregate depreciation thereon	(2,370)	(2,318)
<hr/>		
Historical cost Net Book value	3,733	3,821

The last Valuations of the Society's Freehold Land and Buildings in relation to Trading Properties at existing use value was 26<sup>th</sup> January 2013.

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

53 Weeks Ended 26<sup>th</sup> January 2013

**9. Investment Properties**

## Freehold Investment Property

	<b>2013</b>
	<b>£'000</b>
Valuation at start of period	6,863
Additions	40
Disposals	(471)
Reclassification from Tangible Assets	175
Revaluation Deficit	(12)
<b>Valuation at end of period</b>	<b>6,595</b>

**10. Fixed Asset Investments**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Co-operative Group: Shares	100	100
CIS Investment re. Funeral Plans	3,792	3,146
Other I&P Societies: Shares	3	3
	<b>3,895</b>	<b>3,249</b>

**11. Stocks**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Goods held for resale	1,040	1,149

**12. Debtors**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Customers' accounts	833	713
Prepayments	213	205
Deferred Tax Asset (see note 16)	-	32
	<b>1,046</b>	<b>950</b>

**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

<b>13. Creditors Falling Due Within One Year</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Trade Creditors	984	936
Accrued Charges	611	651
Customers Deposits	92	70
Corporation Tax	117	473
Other Taxation and Social Security	84	88
	<hr/>	<hr/>
	1,888	2,218
	<hr/>	<hr/>
<b>14. Loans Falling Due Within One Year</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Funeral Prepayment Plan	543	470
	<hr/>	<hr/>
	543	470
	<hr/>	<hr/>
<b>15. Capital Commitments</b>		
Further capital expenditure authorised and contracted for £nil (2012 £139,000)		
<b>16. Provisions for Deferred Taxation</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Balance to commence asset / (liability)	(32)	553
Transfer to Revenue Account	34	(585)
Balance to end liability / (asset)	2	(32)
	<hr/>	<hr/>
<b>17. Share Capital</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Balance to commence	2,467	2,416
Contributions	568	509
Interest	39	41
	<hr/>	<hr/>
	3,074	2,966
Withdrawals	(641)	(499)
	<hr/>	<hr/>
Balance to end	2,433	2,467
	<hr/>	<hr/>



**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

Share Capital is Non-Equity Share Capital comprising 2,432,602 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>	<i><b>Revaluation Reserves £'000</b></i>	<i><b>Revenue Reserves £'000</b></i>
At 21 <sup>st</sup> January 2012	8,195	3,646
Prior year adjustment	3	(3)
Retained deficit for the period	-	2
Share interest:	-	(39)
Transfer between reserves on sale of property	(251)	251
Unrealised deficit on revaluation of investment properties	(12)	-
Unrealised deficit on revaluation of trading properties	(792)	-
Current year actuarial loss on:		
Pension Scheme (net of deferred tax)	-	(820)
Transfer of historical cost depreciation	(38)	38
<hr/>		
At 26 <sup>th</sup> January 2013	7,105	3,075
<hr/>		

**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

**19. Average Staff Numbers**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Full Time	115	120
Part Time	214	230
	<hr/> 329	<hr/> 350
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
The total employment costs of the Society for the period were:		
Salaries	3,886	3,912
National Insurance	239	251
Pension Fund Contributions	59	64
Other (inc. Training, Protective Clothing, Redundancy)	40	93
	<hr/> 4,224	<hr/> 4,320

**Management Executive Remuneration**

The total remuneration of the Management Executive was as follows:	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	364	353
Taxable Benefits	5	4
	<hr/> 369	<hr/> 357
Pension Contributions	19	18
	<hr/> 388	<hr/> 375
The remuneration of the Chief Executive Officer (who is also the highest paid Employee) included above was as follows:	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Salary	111	101
Taxable Benefits	-	-
Pension Contributions	6	5
	<hr/> 117	<hr/> 106

**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

**19. Staff (continued)**

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

	<i>2013</i>	<i>2012</i>
	<i>No.</i>	<i>No.</i>
£ 40,001 - £ 50,000	-	1
£ 50,001 - £ 60,000	1	1
£ 60,001 - £ 70,000	2	-
£ 70,001 - £ 80,000	1	2
£100,001 - £110,000	-	1
£110,000 - £120,000	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.

<b>Amounts Recognised in the Group Balance Sheet</b>	<i>2013</i>	<i>2012</i>
	<i>£'000</i>	<i>£'000</i>
Present Value of Funded Obligations	(18,571)	(17,424)
Fair Value of Plan Assets	11,669	11,355
(Deficit)	(6,902)	(6,069)
Related Deferred Tax Asset (2013 – 23% 2012 – 25%)	1,588	1,517
Net Pension Liability	(5,314)	(4,552)
<b>Amounts Recognised in the Group Revenue Account</b>	<i>2013</i>	<i>2012</i>
	<i>£'000</i>	<i>£'000</i>
Interests on Obligations	799	874
Expected Return on Plan Assets	(449)	(616)
Total	350	258
The expense is recognised in the following line items in the Group Revenue Account		
Other Finance Costs	350	258
	350	258

**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

**20. Pensions (continued)**

<b>Amounts Recognised in the Group Statement of Total Recognised Gains and Losses</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Cumulative amount at beginning of period	(4,365)	(5,032)
Recognised during the Period	906	667
<b>Cumulative amount at end of Period</b>	<b>3,459</b>	<b>(4,365)</b>
<b>Changes in the Present at Value of Scheme Obligation</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Opening Obligations	17,424	16,267
Interest Costs	799	874
Actuarial Losses	1,200	1,054
Benefits Paid	(852)	(771)
<b>Closing Obligations</b>	<b>18,571</b>	<b>17,424</b>
<b>Changes in the Fair Value of Plan Assets</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Opening Fair Value of Scheme Assets	11,355	10,290
Expected Return	449	616
Actuarial Gains	294	387
Contributions by Employer	422	833
Benefits Paid	(852)	(771)
	<b>11,668</b>	<b>11,355</b>
<b>Actual Return on Scheme Assets</b>	<b>743</b>	<b>1,003</b>
<b>Assets in the Plan as a Percentage of Total Plan Assets</b>	<b>2013</b>	<b>2012</b>
Equities	24.1%	28.7%
Bonds	59.0%	59.3%
Cash	16.9%	12.0%

**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

**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 4.5% assumption.

	<i>26.01.2013</i>	<i>21.01.2012</i>
<b>Principal actuarial assumptions to determine benefit obligations</b>		
Discount rate	4.4%	4.7%
Rate of increase in pensions in payment	3.1%	3.1%
Rate of increase in pensions in deferment	-	-
Inflation	3.2%	3.2%

**Contributions**

The Society expects to contribute at least £375,000 to the fund in 2013/143.

**Life expectancy**

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

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

<b>History of experience Gains and Losses</b>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Benefit Obligations at End of Period	(18,571)	(17,424)	(16,267)	(16,099)	(11,543)
Fair Value of Plan Assets at End of Period	11,669	11,355	10,290	9,845	8,532
Deficit	(6,902)	(6,069)	(5,977)	(6,254)	(3,011)

**Difference between Actual and Expected Return on Scheme Assets**

Amount (£ thousands)	294	387	254	758	(2,071)
Percentage of Scheme Assets	3%	3%	2%	8%	24%

**Experience Gains and (Losses) on Scheme Liabilities**

Amount (£ thousands)	(331)	(229)	517	-	-
Percentage of Scheme Liabilities	(2%)	(1%)	3%	0%	0%

**NOTES TO THE ACCOUNTS**  
53 Weeks Ended 26<sup>th</sup> January 2013

**21. Cashflow**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Reconciliation of Operating Profit to Operating Cash Flow</b>		
Trading Surplus	921	517
Amortisation of Goodwill	24	59
Depreciation Charge	630	642
Decease / (Increase) in Stock	109	(27)
(Increase) / Decrease in Debtors	(127)	57
Increase in Creditors	10	49
Increase / (Decrease) in Other Liabilities	4	(6)
Increase in Funeral Prepayments	563	489
Cash Funding in Excess of Pension Charge	(407)	(808)
<b>Net Cash inflow from Operating Activities</b>	<b>1,727</b>	<b>972</b>
<b>(b) Returns on Investments and Servicing of Finance</b>		
	<b>£'000</b>	<b>£'000</b>
Interest Received	23	24
Interest Paid	-	-
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>23</b>	<b>24</b>
<b>(c) Capital Expenditure and Financial Investment</b>		
	<b>£'000</b>	<b>£'000</b>
Purchase of Tangible Fixed Assets and Investment Properties	(1,029)	(357)
Sale of Fixed Assets	503	5
Purchase of Fixed Asset Investments	(905)	(858)
Disposal of Fixed Asset Investments	259	207
<b>Net Cash (outflow) from Capital Expenditure and Financial Investment</b>	<b>(1,172)</b>	<b>(1,003)</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)**

	<i>2013</i>	<i>2012</i>
<b>(e) Financing</b>	<b>£'000</b>	<b>£'000</b>
Contributions to Share Capital	568	509
Withdrawals of Share Capital	(641)	(499)
<b>Net Cash outflow from Financing</b>	<b>(73)</b>	<b>10</b>

<b>(f) Analysis of Net Debt</b>	<b>At beginning of Period</b>	<b>Cash Flow</b>	<b>At end of Period</b>
		<b>£'000</b>	<b>£'000</b>
Net Cash Position	1,049	(100)	949
<b>Total</b>	<b>1,049</b>	<b>(100)</b>	<b>949</b>

**22 Subsidiary Societies and Companies**

As at 26<sup>th</sup> January 2013 the Group consisted of Tamworth Co-operative Society Limited and the Subsidiary and Company listed below. All of the Subsidiary Companies are wholly owned. During the year ended 26<sup>th</sup> January 2013 TCS Estates Services Limited entered into and completed a transfer of engagement to Tamworth Co-operative Society Limited.

**Lilywalk 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

53 Weeks Ended 26<sup>th</sup> January 2013

	<b>2013</b>		<b>2012</b>	
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>
<b>Net Takings</b>	22,085		21,869	
Less Value Added Tax	(1,975)		(1,953)	
Sales	20,110		19,916	
Less Brought-in Materials and Services	(15,078)		(15,044)	
<b>Value Added by Group</b>	<b>5,031</b>	<b>100.0</b>	<b>4,872</b>	<b>100.0</b>
Applied as follows:				
To Employees:				
Net Pay, Income Tax, National Insurance and Pension Fund Deductions	3,886		3,912	
Group Contributions for National Insurance	239		251	
Group Contributions for Pension Fund	59		64	
Employee related Distribution	40		93	
Interest re: Pension Fund	350		258	
Deferred Tax re: Pension Fund	17		(24)	
	4,591	91.3	4,554	93.5
To Members and Other Provisions of Capital:				
Share Interest	39		41	
Interest on Other Financing	20		27	
Rent	23		23	
	82		91	
Less Investment Income and Rents Received	(649)		(488)	
	(567)	(11.3)	(397)	(8.1)
To Members, Customers and Community:				
Dividend	90		98	
Charity Dividend	8		10	
Education	2		1	
	100	2.0	109	2.2
Taxation Credit/Charge (Deferred and Corporate)	145	2.9	(120)	(2.5)
For the replacement of Assets and Expansion of the Group:				
Depreciation / Amortisation (inc. impairment)	654		701	
Retained Surplus / Deficit	147		66	
Reserve Movement in Share Interest	(39)		(41)	
	762	15.1	726	14.9
	5,031	100.0	4,872	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.