

**Report of the Board of Directors**  
Half Year Ended 26<sup>th</sup> July 2014

# **TAMWORTH CO-OPERATIVE SOCIETY LIMITED**

Unaudited Interim Report

For the 26 weeks ended 26<sup>th</sup> July 2014

**Report of the Board of Directors**  
Half Year Ended 26<sup>th</sup> July 2014

The overall profit after interest for the Half Year was at a lower level than in the first six months of the prior year. For the first 26 weeks of this year the consolidated profit after interest reached £224,000, versus £270,000 in the prior year. This reduction is from the level of trading surplus generated. There are two main reasons for the reduction in profits. Firstly because of the well-publicised problems arising at the Manchester based Co-operative Group last year no dividend was paid by that organisation to the Society this year on our Food purchases. For the full financial year 2013/14 this income exceeded £61,000. Secondly one of our key Divisions is our Funeral Department which is a specialist area and subject to significant changes in the number of arrangements from year to year. We indicated in the equivalent report to this last year that the Funeral Division at that point had been exceptionally busy and had recorded a turnover increase of just under 12%. That Department has not been as busy across the first 26 weeks of this year as indicated in the turnover analysis below.

The total net takings for the Half Year ended 26<sup>th</sup> July 2014 amounted to £10,975,000. This is a reduction of 1.2% on the equivalent interim figures for last year. Turnover in the Food Division on a like for like basis was ahead of the prior year by 1.4%. In our Funeral Department turnover was down by 7% on the prior Half Year. Sales comparisons for the Department Store are always more complicated by the level of concession sales. On a net takings basis and therefore excluding concessions, sales in the Department Store reduced by 7.0%.

The Society has recently announced some important Convenience Store developments. We have agreed terms with a development firm for a new purpose built Convenience Store to be built in the Dosthill area of Tamworth and it is hoped that this will open in early 2015. We have also agreed terms with Punch Taverns on a relocation of our Glascote Convenience Store in Tamworth to a nearby location owned by Punch and it is hoped that that relocation will take place in spring 2015. Planning permission is already in place for these developments which are now being carefully planned by the Society. The Society was very pleased to introduce a new electronic till system towards the end of the last calendar year which has meant that we have been able to introduce a dividend card for the first time for our Food operations for the current financial year.

Property income was slightly down on the first half of last year. This is primarily due to a timing issue with the recovery of rents from Insurers. This was in respect of one of our investment properties being affected by flooding earlier in the year and being closed for a period pending repairs. The Society has also completed two sales of investments during the Half Year. A surplus area of land adjacent to our Rosliston Convenience Store has been sold for a small housing development. The Society also owned an investment property in Market Street in Tamworth which was sold during the half year.

The Society has been very pleased to complete the fourth year of donations under the successful Community Dividend Scheme. Under this programme each of our retail Branches is linked with a local Community Group. During the first half of the year our Branch Managers have issued donations to 16 individual local Groups at an average level of just under £700.

The Society remains cautious over the state of the economy. For the first half of the financial year the Society has traded slightly below the budgeted targets set at the start of the financial year, although our Convenience Store sales have exceeded the budgeted sales targets to the half year point.

For and on the behalf of the Directors

David Rose  
**Chairman**

Julian Coles  
**Chief Executive Officer**

**Report of the Board of Directors**  
Half Year Ended 26<sup>th</sup> July 2014

**Interim statement of trading activities**

For the 26 weeks ended 26<sup>th</sup> July 2014

**Society Revenue Account**

	26 weeks to 26 <sup>th</sup> July 2014 (unaudited) £000	26 weeks to 27 <sup>th</sup> July 2013 (unaudited) £000	52 weeks to 25 <sup>th</sup> Jan 2014 (audited) £000
<b>Gross Takings</b>	11,684	11,880	23,460
Less Concession Sales	(709)	(769)	(1,576)
<b>Net Takings</b>	10,975	11,111	21,884
Less Value Added Tax	(994)	(1,010)	(2,009)
<b>Turnover</b>	9,981	10,101	19,875
Less cost of Sales and Operating Expenses	(9,634)	(9,700)	(19,165)
Net of Rent Receivable			
<b>Trading Surplus</b>	347	401	710
Profit/(Loss) on disposal of Fixed Assets	23	4	(31)
Interest Received Net	3	5	(1)
Pension Financing	(149)	(140)	(226)
Impairment	-	-	(121)
<b>Surplus prior to Distributions and Taxation</b>	224	270	331

The interim statement has been prepared on the basis of the accounting policies set out in the 2014 Statutory Accounts. The figures shown for the year to 25<sup>th</sup> January 2014 are extracted from the Audited Accounts for 2014.

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

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

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

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

**Report of the Board of Directors**  
Half Year Ended 26<sup>th</sup> July 2014

**Interim statement of trading activities**  
For the 26 weeks ended 26<sup>th</sup> July 2014

**Society Balance Sheet**

	26 weeks to 26 <sup>th</sup> July 2014 (unaudited) £000	26 weeks to 27 <sup>th</sup> July 2013 (unaudited) £000	52 weeks to 25 <sup>th</sup> Jan 2014 (audited) £000
<b>Fixed Assets</b>			
Tangible Assets	10,090	10,157	10,197
Intangible Assets	20	83	31
Investment Properties	6,370	6,599	6,630
Fixed Asset Investments	<u>4,703</u>	<u>4,155</u>	<u>4,416</u>
	21,183	20,994	21,274
Cash at Bank and in hand	1,606	1,657	958
Stock, Debtors and Prepayments	2,133	2,187	2,056
Current Liabilities	(2,774)	(2,879)	(2,429)
Funeral Prepayment Plans	(4,444)	(4,007)	(4,245)
Deferred Tax	(30)	-	(30)
Pension Liability	<u>(5,803)</u>	<u>(5,435)</u>	<u>(5,676)</u>
<b>Net Assets</b>	<u>11,871</u>	<u>12,517</u>	<u>11,908</u>
<b>Financed By:</b>			
Reserves (Revenue and Revaluation)	9,714	10,145	9,594
Share Capital	<u>2,157</u>	<u>2,372</u>	<u>2,314</u>
	<u>11,871</u>	<u>12,517</u>	<u>11,908</u>

At 25<sup>th</sup> January 2014 the Society's Investment Properties were re-valued to market value.

The assets and liabilities at 26<sup>th</sup> July 2014 and 27<sup>th</sup> July 2013 are after making estimated provisions for share interest and grants. No provision has been made for dividends, which traditionally have been declared following the results of the full 52 week period, or taxation.

**Report of the Board of Directors**  
Half Year Ended 26<sup>th</sup> July 2014

**Society Cash Flow**

	26 weeks to 26 <sup>th</sup> July 2014 (unaudited) £000	26 weeks to 27 <sup>th</sup> July 2013 (unaudited) £000	52 weeks to 25 <sup>th</sup> Jan 2014 (audited) £000
Cash inflow from Operating Activities	1,074	1,210	1,506
Net Interest Received	3	5	(1)
Benefits Paid to Members	(91)	(95)	(95)
Grants and Donations	-	(1)	(35)
Taxation Paid	-	-	(105)
Capital Expenditure	(185)	(75)	(590)
Sale of Fixed Assets	291	4	4
Net Purchase of Fixed Asset Investments	(287)	(260)	(521)
Movement in Share Capital	<u>(157)</u>	<u>(80)</u>	<u>(154)</u>
<b>Increase/(Decrease) in Cash in the period</b>	648	708	9
Net Cash at the start of the period	<u>958</u>	<u>949</u>	<u>949</u>
<b>Net Cash at the end of period</b>	<u>1,606</u>	<u>1,657</u>	<u>958</u>