

Tamworth Co-operative Society Limited

Annual Report and Financial Statements

For the 52 weeks ended 24 January 2015



Tamworth Co-operative Society Limited
(A company limited by guarantee)

Society Information

CO-OPERATIVE MISSION STATEMENT

Our mission is to challenge conventional UK enterprise by building a commercially successful family of businesses that offers a clear co-operative advantage, the advantage being the provision of excellent products or services with distinct competitive benefits derived from our values and principles, our rewards for members and our commitment to the communities we serve.

Directors

Mr D M Rose *+^ox (Chairman)
Mr A M King *o+ (Vice Chairman)
Mr A A Higginson *+^ox
Mr A V King +
Mrs S D Peaple *
Mrs S Preece *^ox
Mr R W Read ox
Mrs D Trout *x^
Mr K G Wood +o*

* Member of the Remuneration Committee
+ Member of the Search Committee
o Pension Fund Trustees
x Member Relations Committee
^ Member Health & Safety Committee
(Mr. Read serves on the Health & Safety Committee as an Employee).
(Mr. Rose joined Pension Fund Trustees on 21 May 2014)

Registered number

2582R

Registered office

5 Colehill
Tamworth
Staffordshire
B79 7HA

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
Julie Gasper - Business Support Manager

Independent auditors

Dains LLP
15 Colmore Row
Birmingham
B3 2BH

Bankers

National Westminster Bank Plc
8 Market Street
Tamworth
Staffordshire
B79 7LS

Solicitors

Dewes LLP
2 Bolebridge Street
Tamworth
Staffordshire
B79 7PA

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**Tamworth Co-operative Society Limited
(A company limited by guarantee)**

**Notice of Meeting
For the 52 weeks ended 24 January 2015**

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 29th April 2015 at 7.15pm

(1) Admission on presentation of a Valid Pass Card

By Order of the Board



Julian Coles
Secretary

24 March 2015

Agenda

1. To confirm the Minutes of the Annual General Meeting held on 30th April 2014.
2. To elect scrutineers
3. To receive the Report of the Board of Directors.
4. To consider and adopt the accounts of the society for the 52 weeks ended 24th January 2015 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 2015/2016.
8. Any other business

Tamworth Co-operative Society Limited
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Five year comparative statement
For the 52 weeks ended 24 January 2015

Key performance indicators

| | 2011* | 2012* | 2013* | 2014 | 2015 |
|--|--------|--------|--------|--------|--------|
| Return on capital employed. | 5.0 | 3.6 | 7.3 | 6.0 | 6.0 |
| Surplus before distribution and impairment charges as a percentage of sales. | 0.4 | 1.2 | 2.9 | 1.7 | 4.0 |
| Trading surplus after depreciation as percentage of sales. | 3.7 | 2.6 | 4.6 | 3.6 | 3.6 |
| Trading surplus before depreciation as percentage of sales. | 7.1 | 6.1 | 7.8 | 6.9 | 8.4 |
| Gearing percentage. | 2.6 | 3.2 | 4.1 | 4.8 | 6.6 |
| Interest cover (times). | 29.2 | 19.1 | 46.1 | 41.8 | 4.4 |
| Retention as percentage of sales. | (0.5) | 0.9 | 0.0 | 0.6 | 2.4 |
| Capital expenditure as a percentage of sales. | 3.5 | 1.8 | 5.1 | 3.0 | 6.1 |
| Total net assets (£000) | 15,022 | 14,308 | 12,613 | 11,908 | 11,703 |
| Represented by: | | | | | |
| Share capital (£000) | 2,416 | 2,467 | 2,433 | 2,314 | 2,174 |
| Reserves (£000) | 12,606 | 11,841 | 10,180 | 9,594 | 9,529 |

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

* These figures are for the former group, prior to the Transfer of Engagement of TCS Estates Limited.

Financial review

The Society's Year End date was Saturday, 24th January 2015 and consisted of 52 trading weeks. Whilst the Society remains extremely cautious regarding the state of the general economy the Board are pleased to advise that reasonable progress has again been made in the year under review.

Against the prior year the trading surplus achieved is at broadly the same level at £704,000. Turnover is slightly down in the year by 0.5% but through to the trading surplus line the comparatives for last year are all reasonably similar to the current year. Below the trading surplus line there are a number of items on the Group Revenue Account that are reasonably significant and are explained further below.

Firstly the total for interest payable includes an additional amount in respect of certain Funeral pre-payment bonds of £145,000. The increase in interest payable does not mean that the Society has actually taken on any additional borrowing since the end of the previous year. It is an accounting adjustment in respect of the carrying value of certain funeral bond liabilities, and adjusts them to the equivalent of the current cost. There is then a significant gain on disposal of fixed assets of £866,000. This is primarily made up from the Society selling shares previously held in National Co-operative Chemists. The Co-operative Group owned the majority of shares in that organisation and during the year have sold their shares to an organisation called Bestway. The Society concluded the sale of its own shareholding and that yielded this exceptional gain for the Society. There is then quite a significant charge for impairing fixed assets of £418,000. That has arisen primarily from calculating the difference in market value of investment properties that we own against the market value that was determined in the previous year. These are values advised to the Society by Peter J Hicks & Co, an independent valuer. It also includes some accelerated write downs of fittings and equipment.

Before distributions that takes the surplus to a level of £784,000 which is in excess of the previous year by £453,000 or 137%. Allowing for dividends and grants the surplus before taxation is a figure of £657,000 which is favourable to the prior year of £201,000. Whilst the Society is pleased by the total result it has clearly been heavily affected by the exceptional item referred to above. The Society is however pleased to note that the trading surplus is a very similar result to the previous year. As the previous year included a dividend from the Co-operative Group of £61,000 and no equivalent income has been received in the current year, the Society needed to generate additional income just to cover that shortfall.

The Society's largest business operation is in Food which accounts for nearly 80% of the Society's total revenue. During the course of the year work has started on two major developments for the Society. A new purpose built Convenience Store has been developed in the Dosthill area of Tamworth and that opened for trade on 10th March 2015. The Society is also relocating its current Convenience Store in the Glascote area of Tamworth to purpose built premises on the site of the nearby former Anchor Inn. That development is intended to trade from Summer 2015. During the period the Society also determined to sell two of our Convenience Stores to other operators. On the 24th November 2014 the Brownhills location was sold to McColls. The Stanton Store was sold to an independent operator shortly after the end of the financial year under review. That transaction will appear in the financial statements for 2015/2016 therefore. All of the staff at these locations transferred to the new operators. Regrettably we were not able to achieve our financial targets at those locations.

The Society has been very pleased with the operational improvements that the new EPOS computer system has brought forward. This was introduced in November 2013 and has enabled a dividend card to be introduced for our Food Stores for the first time during the current year.

The Funeral Division has again had an extremely busy and successful year. Our sales in Funeral locations increased by 2.7%, despite the fact that the previous year had also been exceptionally busy.

The trading position at the Department Store in Tamworth has remained very challenging. Whilst the Store has continued to incur losses, in the year under review these have reduced against the previous year by around £55,000.

The Board will also like to draw your attention to the Pension Fund. A charge has been included in the Revenue Account of £219,000 which includes other finance costs and current service costs, as calculated by the Actuary under Accounting Standards. Overall the Society net Pension liability has increased from £7.1m to £7.6m before a provision for deferred taxation.

The Society has launched a new website during the current year which includes a section on historical archive data including reports and accounts going back over many years.

The Society has been very pleased to continue the important Community Dividend donations and these are listed on page 4 of the accounts. These donations are to groups located near to each of our retail locations.

Tamworth Co-operative Society Limited
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Directors' Report
For the 52 weeks ended 24 January 2015

Dividend

The Board of Directors remains mindful of the importance of Dividends to our Members and the Board has again agreed to pay the same Dividend at 2% on all qualifying purchases.

The Dividend distributed is as follows:

| | Recommended April 2015 | Paid during 2014 |
|--|------------------------|------------------|
| Dividend Certificates | 96,827 | 84,785 |
| Waived Dividends to Charities | 10,187 | 7,068 |
| Dividend vouchers not redeemed from prior years. | - | (10,000) |
| | <hr/> | <hr/> |
| Total | <u>107,014</u> | <u>81,853</u> |

Community Dividend 2014/2015:

| | | | |
|------------------------|---|--|--------|
| Department Store | - | SPIN (Special People in Need) | £250 |
| Tamworth Supermarket | - | Tamworth Rugby Union Football Club | £2,088 |
| Amington | - | Amington and District Pre-School | £250 |
| Bolehall | - | Friends of Warwickshire Moor | £821 |
| Brownhills | - | Rosedene | £272 |
| Dordon | - | North Warwickshire Retired Miners Club | £250 |
| Glascote | - | St Gabriel's School PTA | £340 |
| Kingsbury | - | Kingsbury Methodist Outreach Group | £699 |
| Lichfield | - | Wade Street Playgroup | £661 |
| Polesworth | - | Polesworth Pre-School Ltd | £1,746 |
| Rosliston | - | Seales and Linton Scout Group | £513 |
| Stanton | - | Stanton Primary School | £250 |
| Stretton | - | 2nd Rolleston – Brownies | £762 |
| Whittington | - | Whittington Village Hall | £317 |
| Wood End | - | Hurley Primary School | £531 |
| MOT and Service Centre | - | Tamworth Forever Fund | £250 |

For Financial Year 2015/2016 the following Organisations have been selected:

| | | |
|------------------------|---|--|
| Department Store | - | St Chad's Church Hopwas |
| Tamworth Supermarket | - | Tamworth Area Medical Emergency Community First Responders |
| Amington | - | Amington Fete |
| Bolehall | - | Friends of Warwickshire Moor |
| Dosthill | - | Dosthill Community Primary School |
| Dordon | - | St Leonard's Church |
| Glascote | - | Friends of St Gabriel's |
| Kingsbury | - | 1st Kingsbury Guides |
| Lichfield | - | Jigsaw |
| Polesworth | - | North Warwickshire Cricket Club |
| Rosliston | - | Coton in the Elms Primary School |
| Stretton | - | Claymills Victorian Pumping Station |
| Whittington | - | Whittington Primary School |
| Wood End | - | Hurley Primary School |
| MOT and Service Centre | - | Tamworth Forever Fund |

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Directors' Report
For the 52 weeks ended 24 January 2015

Membership

Details of Membership are recorded below:

| | Open Accounts | Suspended Accounts |
|---------------------------------------|---------------|--------------------|
| Opening balance as at 26 January 2014 | 17,197 | 21,408 |
| New Members during the year | 2,055 | - |
| Closed Accounts (Note 1) | (1,424) | - |
| Transfers from Suspended | 410 | (410) |
| Closing balance as at 24 January 2015 | <u>18,238</u> | <u>20,998</u> |

Note 1 - The introduction of the new members card has been more successful than we anticipated. From an administration perspective, members that had ceased to claim dividend have had to close their original share account and open a new account. We believe therefore that approximately 1,200 of the closed accounts have re-joined as new members.

Search Committee

The Society has established a Search Committee comprising five Members of the Board of Directors, fully detailed on the society information page, and this is responsible for the following duties:

- Formulate plans for succession for members of the Management Executive.
- Regularly evaluate the balance of skills, knowledge and experience on the Board.
- Inform the Chief Executive of any skills deficiencies on the Board and ensure that the necessary training be provided.

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 24th January 2015 can be found on the society information page of the Report.

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

Formal terms of reference have been agreed by the Board of Directors and the Committee has met on three 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 page 23.

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

Member Relations

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

Retirements

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

Obituaries

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

Social and Co-operative performance

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

Member economic involvement

Member economic involvement indicates how well we are meeting our Members' needs and whether we are successful in recruiting new Members from our Customer base. For the 52 weeks ending 24th January 2015 Members claimed Dividend on 22.5% of Society sales (as against 19.5% last year).

The Society recruited 2,055 (2014 – 571) either new members or members re-engaging with the society and requesting a members card.

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 2014 was 28 against 34 in 2013, 38 in 2012 and 39 in 2011.

Participation in training and education

All Employees are encouraged to actively undergo Training and regular Courses take place throughout the Organisation each year.

Staff injury and absentee rates

Staff injury and absentee rates provide the Society with an indication of how well we control the risks to the health, safety and wellbeing of our Employees. Staff are encouraged to report all accidents, no matter how minor, and these are recorded to ensure that safety standards are maintained and continuously improved. The Health & Safety Committee on which the Board and the Trade Union are represented reviews these accidents at every Meeting.

This year 63 accidents were reported across the Society of which 50 were Employees of the Society. 8 Employees had reportable accidents. The comparative figures for the previous year were 62 accidents including 41 to Staff, 3 of these incidents were reportable.

The average number of days lost per Employee through sickness and absenteeism was 6.0 days against 4.3 days the previous year.

Staff profile

The Society has a policy of promoting an environment free from discrimination, harassment and victimisation where everyone receives equal treatment regardless of their gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions are based solely upon work criteria and individual merit.

The Board is currently composed of five male and four female Directors. Senior Management is made up of four men and two women.

76.9% (2014 - 79.0%) of total Employees are women and 23.1% (2014 - 21.0%) men. 59.5% (2014 - 56.3%) of Employees are full-time and 40.5% (2014 - 43.7%) part-time.

Employee involvement

The society places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representations are consulted maintained its practice of consultation and communication with employees both by formal and informal methods. Employee representatives are consulted on a wide range of matters affecting their current and future interests.

Disabled employees

Applications for employment by disabled persons are always fully considered bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the society continues and that appropriate arrangements are made. It is the policy of the society that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Ethical Issues

As indicated within the Staff Profile paragraph above, the Society has a clear ethical policy in relation to Employee matters.

So far as procurement is concerned the Society operates a similar policy and procurement is made through whatever sources are best for the Society's business. The Society purchases all of its food through the Co-operative Retail Trading Group and follows the ethical practices conducted by that Group.

The Society has made no investments outside those offered by our Bankers during recent periods.

The Environment

The Society currently purchases all of its energy via the Co-operative Group Energy Management Consortium: Co-operative Power. This is a collection of co-operative and other aligned businesses working together to ensure the best possible approach to the utility markets. The Consortium and therefore the Society has a core electricity contract administered by Scottish Power. 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. The Consortium also work together on other energy and environmental related matters to share best practise, exchange knowledge and use the combined volume to find the most cost effective solutions that have the biggest impact. A good example of this is working together to prepare for the impending ESOS legislation.

Proportion of waste recycled/reused

We actively encourage the recycling of waste. Cardboard in particular is collected from all of our retail outlets, compacted in some cases, before being sent off for recycling. Unfortunately we do not have the means for producing figures indicating the tonnage of cardboard recycled.

Corporate Governance

Responsibilities of the Board of Directors

Co-operatives UK prepare a Corporate Governance Code for Consumer Co-operative Societies. This recognises a neglect of governance weakens the framework of accountability and carries multiple risks to the business and its strategy over time. Conversely good governance supports the Board in its task of creating and maintaining a strong and sustainable business that meets the needs of its Members. Co-operatives UK indicate that they understand that the Code needs to be flexible but indicate that Member Co-operatives should include statements in their annual reports disclosing the extent to which they have followed it during the reporting period.

The latest version of the Code was issued in November 2013 and the Society does comply with the majority of the recommendations but would comment on the following specific points.

Provision 34 indicates that in the event of a solvent dissolution then any surplus arising should be distributed in accordance with the International Co-operative Alliance statement of Co-operative identity. This is actually a matter that is dealt with in the Rules of the Society and The Society Rules indicate that any remaining assets after the satisfaction of all debts and liabilities should be distributed to local charitable organisations as determined by the Members. Reference has been made to this issue at recent Annual General Meetings whilst the Board feel the chances of this arising are remote it will be giving consideration the next time the Society Rules are being comprehensively considered.

Provision 50 of the Code indicates that Members of the Management Executive should not hold the position of Director. At this time the Society Senior General Manager, Mr R W Read, also acts as a Director of the Society. This is in accordance with the Rules and whilst these limit the total number of employees and former employees that can serve on the Board they do not indicate that any individual category of employee are not eligible to stand.

Provision 69 indicates that the maximum service of any Chair person may not exceed six years. Normally the Board elect a different Chairman every year but there is no limit on the number of times that a person could serve as a Chairman. In practice it is not believed that this has ever exceeded six occasions but in a similar way to later responses the Society does not believe it is appropriate to put a limit on any of these areas.

Provision 76 indicates that the position of Chief Executive and Secretary should not be held by one individual. The Society accepts that a number of recommendations on Corporate Governance make this recommendation. The Society does have the same individual carrying out both positions and believes that it is appropriate due to the size and structure of Tamworth Co-operative Society.

Provisions 82 and 83 of the Code refer to renewal of the Board and the Society ensures a balance of experienced and newly elected Board Members by advertising each year when nominations are able to be accepted. By the April 2015 Annual General Meeting Board Members will have served between two and eighteen years' service with an average of just under nine years.

The Code makes several recommendations regarding Board evaluation and the possibility of using an external facilitator to carry out a Board evaluation. The Board did trial this idea several years previously but has not decided to repeat the exercise. Because of the size of the Society and the need for Board Members to be appointed by the Members it is not felt that this is an appropriate suggestion for our organisation.

On Committees of the Board there are several recommendations regarding numbers that should comprise these Committees and how long individuals can serve on them. In a similar way to the comments made regarding the length of the service of the Chairman as indicated above the Society does not believe it is appropriate to put a maximum term on any such service commitments. The Society also feels that it needs to determine the ideal size of such Committees based on its own needs rather than any outside suggestions. At this point the entire Board serves as Audit Committee and does not satisfy the requirement of one Member of that Committee having recent and relevant financial experience as no professionally qualified accountants currently sit on the Board.

Going concern

After making all appropriate enquiries, the Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the Going Concern basis in preparing the Society's Accounts. In particular, the Society has cash of £2,239,000 at 24 January 2015.

Internal control

As previously mentioned, the entire Board sits as the Audit Committee, and as such meets the Auditor to have a full discussion. In addition the Management letter from the Auditors is also presented to the full Board.

The Board of Directors has continued to review and report upon internal financial controls.

The Society has continued with its work on establishing procedures necessary to comply with Legislation and the Corporate Governance Code of Best Practice and wherever possible additional Reports are made and controls implemented as is considered appropriate for a Society of this size.

The key elements of the Society's system of internal financial controls are as follows

(A) Control environment

The Society is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations.

The Society has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Society objectives. Lines of responsibility and delegations of authority are documented and reviewed at least annually at Strategy Meetings.

The annual budget and long term plan of the society and of each Division are reviewed and approved.

A full Society Strategy is in place and is reviewed at least on an annual basis and separate Board Meetings are convened for that purpose.

At 24 January 2015 the number of creditor days outstanding for the Society was 21 days (2014 - 19 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.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the society's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the society's auditors in connection with preparing their report and to establish that the society's auditors are aware of that information.

Auditors

Dains LLP were reappointed as the Society auditors at the 2014 Annual General Meeting and having expressed their willingness to continue in office will be proposed for reappointment at the Annual General Meeting to be held on 29 April 2015.

This report was approved by the board on 24 March 2015 and signed on its behalf.



David Rose
Chairman of the Board



Julian Coles
Chief Executive Officer

Tamworth Co-operative Society Limited
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Directors' Responsibilities Statement
For the 52 weeks ended 24 January 2015

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

Co-operative and Community Benefit Societies law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under applicable law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and the profit or loss of the society for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Board Certification

The financial statements on pages 14 to 34 are hereby signed on behalf of the Board of Directors pursuant to Section 80 of the Co-operative and Community Benefit Societies Act 2014.



David Rose
Chairman of the Board



Julian Coles
Chief Executive Officer

24 March 2015

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Directors' attendance
For the 52 weeks ended 24 January 2015

| Name | Appointment expires | Possible attendances | Actual attendances |
|-------------------|---------------------|----------------------|--------------------|
| Mrs A A Higginson | 2016 | 30 | 30 |
| Mr K G Wood | 2017 | 21 | 17 |
| Mr A M King | 2015 | 21 | 15 |
| Mr A V King | 2015 | 14 | 13 |
| Mrs S Preece | 2016 | 27 | 27 |
| Mr R W Read | 2017 | 21 | 21 |
| Mr D M Rose | 2015 | 30 | 28 |
| Mrs D Trout | 2016 | 27 | 24 |
| Mrs S People | 2017 | 17 | 15 |

Independent Auditors' Report to the Members of Tamworth Co-operative Society Limited

We have audited the financial statements of Tamworth Co-operative Society Limited for the 52 weeks ended 24 January 2015, which comprise the revenue account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. In our opinion the financial statements:

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 24 January 2015 and of its surplus for the 52 weeks then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the Co-operative and Community Benefit Societies Act 2014.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where Co-operative and Community Benefit Acts 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the society in accordance with requirements of legislation;
- a satisfactory system of control over transactions has not been maintained by the society in accordance with the requirements of legislation;
- the financial statement are not in agreement with the books of account of the society; or
- we have not obtained all the information and explanations necessary for the purpose of our audit.



Mark Hargate FCA (Senior statutory auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

24 March 2015

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Revenue account
For the 52 weeks ended 24 January 2015

| | Note | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|---|-------|--|--|
| Gross takings | 1 | 23,269 | 23,460 |
| Less concession sales | | (1,528) | (1,576) |
| Takings | | 21,741 | 21,884 |
| Less value added tax | | (1,971) | (2,009) |
| Turnover | 1,2 | 19,770 | 19,875 |
| Cost of sales | | (12,582) | (12,665) |
| Gross profit | | 7,188 | 7,210 |
| Property income | | 501 | 511 |
| Expenses | 3 | (6,985) | (7,011) |
| | | (6,484) | (6,500) |
| Trading surplus | 11 | 704 | 710 |
| Interest receivable | 5 | 11 | 16 |
| Interest payable | 6 | (160) | (17) |
| Other finance costs | 7 | (219) | (226) |
| Profit / (Loss) on disposal of fixed assets | | 866 | (31) |
| Impairment of fixed assets | 13,15 | (418) | (121) |
| | | 80 | (379) |
| Surplus for the period before distribution | | 784 | 331 |
| Dividends paid | 8 | (82) | (95) |
| Grants and donations | 9 | (45) | (35) |
| | | (127) | (130) |
| Surplus before taxation | | 657 | 201 |
| Tax on surplus | 12 | (193) | (82) |
| Retained surplus for the period | | 464 | 119 |

All amounts relate to continuing operations.

The notes on pages 18 to 34 form part of these financial statements.

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Statement of Total Recognised Gains and Losses
For the 52 weeks ended 24 January 2015

| | | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|---|----|--|--|
| Surplus for the period | | 464 | 120 |
| Actuarial loss related to pension scheme | 29 | (626) | (343) |
| Deferred tax attributable to actuarial loss | 29 | 125 | (138) |
| | | <hr/> | <hr/> |
| Total recognised gains and losses relating to the period | | (37) | (361) |
| | | <hr/> <hr/> | <hr/> <hr/> |


The notes on pages 18 to 34 form part of these financial statements.

Tamworth Co-operative Society Limited
(A company limited by guarantee)
Registered number: 2582R


Balance Sheet
As at 24 January 2015

| | Note | £000 | 24 January 2015 £000 | £000 | 25 January 2014 £000 |
|---|------|--------------|----------------------------|--------------|----------------------------|
| Fixed assets | | | | | |
| Intangible assets | 13 | | 18 | | 31 |
| Tangible assets | 14 | | 10,448 | | 10,197 |
| Investment property | 15 | | 6,030 | | 6,630 |
| Investments | 16 | | 4,989 | | 4,416 |
| | | | <u>21,485</u> | | <u>21,274</u> |
| Current assets | | | | | |
| Stocks | 17 | 905 | | 1,049 | |
| Debtors | 18 | 1,129 | | 1,007 | |
| Cash at bank and in hand | | 2,239 | | 958 | |
| | | <u>4,273</u> | | <u>3,014</u> | |
| Creditors: amounts falling due within one year | 19 | (3,287) | | (2,429) | |
| Net current assets | | | <u>986</u> | | <u>585</u> |
| Total assets less current liabilities | | | <u>22,471</u> | | <u>21,859</u> |
| Creditors: amounts falling due after more than one year | 20 | | (4,683) | | (4,245) |
| Provisions for liabilities | | | | | |
| Deferred tax | 21 | | (32) | | (30) |
| Net assets excluding pension liabilities | | | <u>17,756</u> | | <u>17,584</u> |
| Defined benefit pension liability | 29 | | (6,053) | | (5,676) |
| Net assets including pension liabilities | | | <u>11,703</u> | | <u>11,908</u> |
| Financed by: | | | | | |
| Share capital | 22 | | 2,174 | | 2,314 |
| Revenue reserves | 23 | | 9,529 | | 9,594 |
| Members' funds | 24 | | <u>11,703</u> | | <u>11,908</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 March 2015.



David Rose
Chairman of the Board



Julian Coles
Chief Executive Officer

The notes on pages 18 to 34 form part of these financial statements.

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Cash Flow Statement
For the 52 weeks ended 24 January 2015

| | Note | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|--|-------------|--|--|
| Net cash flow from operating activities | 25 | 1,811 | 1,376 |
| Returns on investments and servicing of finance | 26 | (4) | (1) |
| Taxation | | (26) | (105) |
| Capital expenditure and financial investment | 26 | (332) | (1,107) |
| Cash inflow before financing | | 1,449 | 163 |
| Financing | 26 | (168) | (154) |
| Increase/(Decrease) in cash in the period | | 1,281 | 9 |

Reconciliation of Net Cash Flow to Movement in Net Funds
For the 52 weeks ended 24 January 2015

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|---|--|--|
| Increase/(Decrease) in cash in the period | 1,281 | 9 |
| Movement in net debt in the period | 1,281 | 9 |
| Net funds at 26 January 2014 | 958 | 949 |
| Net funds at 24 January 2015 | 2,239 | 958 |

The notes on pages 18 to 34 form part of these financial statements.

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

After making all appropriate enquires, the Directors have a reasonable expectation that the society has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis in preparing the society financial statements.

1.3 Accounting date

The financial statements are in respect of the 52 week period ended 24 January 2015 with the comparative figures for the 52 week period ended 25 January 2014.

1.4 Gross takings

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

1.5 Turnover

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

1.6 Property income

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

1.7 Repairs

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

1.8 Investment income

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

1.9 Intangible fixed assets and amortisation

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

1. Accounting Policies (continued)

1.10 Tangible fixed assets and depreciation

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

| | | |
|------------------------------|---|--|
| Freehold buildings | - | 2% per annum |
| Leasehold buildings | - | over the unexpired period of the lease |
| Transport | - | over the expected working life or 4 years |
| Fixtures, fittings and plant | - | over the expected working life or 10 years, whichever is the least |
| Assets under construction | - | no depreciation is charged on assets under construction |
| Rental assets | - | 33.3% per annum |

1.11 Investments

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

1.12 Investment properties

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

1.13 Operating leases

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

1.14 Stocks

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

1.15 Deferred taxation

Current

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

Deferred

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

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

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

Deferred tax assets and liabilities are not discounted.

1. Accounting Policies (continued)

1.16 Pensions

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

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

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

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

1.17 Funeral plan

Liabilities under the funeral plan are based on the total commitment at the balance sheet date.

Based on the society's experience of funerals handled under its pre-payment plan, the liability has been divided between the current liability for those plans which may be completed within one year, and the remainder, where the liability is classified as an amount falling due after one year. For funeral plans sold after 1 January 2002 amounts paid by customers have been applied towards contracts of Whole Life insurance on the life of the customer. The life insurance contracts have been arranged by the Co-operative Insurance Society Limited.

1.18 Share interest

The society's members' share capital maintains a fixed nominal value and attracts interest. Share interest is disclosed as a movement in equity and within the reconciliation of movements in members' funds.

2. Turnover

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

All turnover arose within the United Kingdom.

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the 52 weeks ended 24 January 2015

3. Expenses

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|----------------------------------|--|--|
| Staff costs (Note 10) | 4,142 | 4,186 |
| Occupancy costs | 984 | 985 |
| Depreciation and amortisation | 568 | 669 |
| Directors' fees | 29 | 28 |
| Other expenses | 1,234 | 1,112 |
| Taxation advice paid to KPMG LLP | 11 | 14 |
| Audit fees (Note 4) | 17 | 17 |
| | <u>6,985</u> | <u>7,011</u> |

4. Auditors' remuneration

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|--|--|--|
| Fees payable to the society's auditor for the audit of the society's annual accounts | 17 | 17 |
| | <u>17</u> | <u>17</u> |

5. Interest receivable

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|-------------------------|--|--|
| Bank and other interest | 7 | 10 |
| Co-operative group | 4 | 6 |
| | <u>11</u> | <u>16</u> |

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the 52 weeks ended 24 January 2015

6. Interest payable

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|--------------------------|--|--|
| Funeral prepayment plans | 160 | 16 |
| Other | - | 1 |
| | <u>160</u> | <u>17</u> |
| | <u><u>160</u></u> | <u><u>17</u></u> |

Prior to 2002 funeral bonds were underwritten by the society and the liability to cover the cost of these funerals rests with the society. During 2014/15 the Directors have reviewed the performance of the investments and recongised an additional interest charge to recognise the current shortfall in the liability.

7. Other finance costs

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|--|--|--|
| Expected return on pension scheme assets | 614 | 576 |
| Interest on pension scheme liabilities | (833) | (802) |
| | <u>(219)</u> | <u>(226)</u> |
| | <u><u>(219)</u></u> | <u><u>(226)</u></u> |

8. Dividends paid

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|--|--|--|
| Dividend to members | 85 | 86 |
| Waived dividends given to charity | 7 | 9 |
| Dividend vouchers not redeemed by members from prior years | (10) | - |
| | <u>82</u> | <u>95</u> |
| | <u><u>82</u></u> | <u><u>95</u></u> |

9. Grants and donations

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|----------------------------|--|--|
| Member relations committee | (1) | (9) |
| Employee related | 46 | 44 |
| | <u>45</u> | <u>35</u> |
| | <u><u>45</u></u> | <u><u>35</u></u> |

The Society has reviewed its funding of the members relations committee. In future all costs will be charged to the profit and loss account in the year expenditure is incurred. No allowance will be made for potential income from events that are paid in advance of provisions for future expenditure.

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the 52 weeks ended 24 January 2015

10. Staff costs

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

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|-----------------------|--|--|
| Wages and salaries | 3,794 | 3,829 |
| Social security costs | 230 | 229 |
| Pension costs | 118 | 128 |
| | <u>4,142</u> | <u>4,186</u> |

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

| | 52 weeks ended 24 January 2015 No. | 52 weeks ended 25 January 2014 No. |
|-----------|---|---|
| Full time | 127 | 142 |
| Part time | 173 | 182 |
| | <u>300</u> | <u>324</u> |

Management executive remuneration

The total remuneration of the management executive was as follows:

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|-----------------------|--|--|
| Salaries | 393 | 353 |
| Bonus | 27 | 24 |
| Taxable benefits | 7 | 5 |
| Pension contributions | 22 | 20 |
| | <u>449</u> | <u>402</u> |

On 1st February 2014, Mrs J Gasper (Business Support Manager) joined the executive. Prior year comparatives have not been restated to reflect this change.

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

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|-----------------------------|--|--|
| Salary and taxable benefits | 109 | 106 |
| Bonus | 20 | 15 |
| Pension contributions | 6 | 6 |
| | <u>135</u> | <u>127</u> |

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the 52 weeks ended 24 January 2015

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

| | 52 weeks ended 24 January 2015 No. | 52 weeks ended 25 January 2014 No. |
|---------------------|---|---|
| £30,001 - £40,000 | 1 | - |
| £40,001 - £50,000 | - | - |
| £50,001 - £60,000 | - | 1 |
| £60,001 - £70,000 | 3 | 2 |
| £70,001 - £80,000 | 1 | - |
| £80,001 - £90,000 | - | 1 |
| £110,001 - £120,000 | - | - |
| £121,001 - £130,000 | 1 | 1 |

11. Trading surplus

The trading surplus is stated after charging:

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|--|--|--|
| Amortisation - intangible fixed assets | 13 | 24 |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 555 | 646 |
| Operating lease rentals: | | |
| - other operating leases | 17 | 24 |
| Directors' fees | 29 | 28 |
| | <u> </u> | <u> </u> |

12. Taxation

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|--|--|--|
| Analysis of tax charge in the period | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the period | 167 | 35 |
| Adjustments in respect of prior periods | (8) | (12) |
| Total current tax | <u> </u> 159 | <u> </u> 23 |
| Deferred tax | | |
| Origination and reversal of timing differences | 2 | (158) |
| Adjustment in respect of FRS 17 | 32 | 30 |
| Adjustment in respect of previous period | - | 11 |
| Effect of tax rate change on opening balance | - | 176 |
| Total deferred tax (Note 21) | <u> </u> 34 | <u> </u> 59 |
| Tax on profit on ordinary activities | <u> </u> 193 | <u> </u> 82 |

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the 52 weeks ended 24 January 2015

12. Taxation (continued)

Factors affecting tax charge

The tax assessed for the for the period is higher than (2014 - lower than) the effective rate of corporation tax in the UK of 21.36% (2014 - 20%). The differences are explained below:

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|---|--|--|
| Profit on ordinary activities before tax | 657 | 202 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.36% (2014 - 20%) | 140 | 40 |
| Effects of: | | |
| Fixed asset differences | 1 | 47 |
| Expenses not deductible for tax purposes | 111 | 12 |
| Depreciation in excess of capital allowances | (32) | (14) |
| Adjustments to tax charge in respect of prior periods | (8) | (12) |
| Short term timing difference leading to a decrease in taxation | 29 | (6) |
| Other timing differences leading to a decrease in taxation | (221) | (44) |
| Capital gains | 141 | - |
| Marginal relief | (2) | - |
| Current tax charge (see note above) | 159 | 23 |

Factors that may affect future tax charges

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

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

The potential taxation liability, if all the Society's investment properties were disposed of at their revalued amount, has not been recognised because there is no intention to dispose of them. The maximum liability is estimated to be approximately £385,000 (2014: £445,000).

Tamworth Co-operative Society Limited
(A company limited by guarantee)

Notes to the Financial Statements
For the 52 weeks ended 24 January 2015

13. Intangible fixed assets

| | Goodwill £000 |
|--|--------------------------|
| Cost | |
| At 26 January 2014 and 24 January 2015 | <u>274</u> |
| Amortisation | |
| At 26 January 2014 | 243 |
| Charge for the period | 13 |
| | <u>256</u> |
| Net book value | |
| At 24 January 2015 | <u>18</u> |
| At 25 January 2014 | <u>31</u> |

14. Tangible fixed assets

| | Freehold land and buildings £000 | Leasehold land and buildings £000 | Fixtures, fittings and plant £000 | Transport £000 | Assets under construction £000 | Total £000 |
|-----------------------|---|--|--|---------------------------|---|-----------------------|
| Cost | | | | | | |
| At 26 January 2014 | 7,970 | 307 | 6,510 | 906 | - | 15,693 |
| Additions | 89 | - | 41 | 42 | 1,040 | 1,212 |
| Disposals | - | (305) | (199) | (55) | - | (559) |
| | <u>8,059</u> | <u>2</u> | <u>6,352</u> | <u>893</u> | <u>1,040</u> | <u>16,346</u> |
| At 24 January 2015 | <u>8,059</u> | <u>2</u> | <u>6,352</u> | <u>893</u> | <u>1,040</u> | <u>16,346</u> |
| Depreciation | | | | | | |
| At 26 January 2014 | 105 | 9 | 4,621 | 761 | - | 5,496 |
| Charge for the period | 105 | 7 | 381 | 62 | - | 555 |
| On disposals | - | (14) | (159) | (55) | - | (228) |
| Impairment charge | - | - | 75 | - | - | 75 |
| | <u>210</u> | <u>2</u> | <u>4,918</u> | <u>768</u> | <u>-</u> | <u>5,898</u> |
| At 24 January 2015 | <u>210</u> | <u>2</u> | <u>4,918</u> | <u>768</u> | <u>-</u> | <u>5,898</u> |
| Net book value | | | | | | |
| At 24 January 2015 | <u>7,849</u> | <u>-</u> | <u>1,434</u> | <u>125</u> | <u>1,040</u> | <u>10,448</u> |
| At 25 January 2014 | <u>7,865</u> | <u>298</u> | <u>1,889</u> | <u>145</u> | <u>-</u> | <u>10,197</u> |

The original cost of freehold land included in the above figures, which is not depreciated is £2,935,000 (2014 - £2,660,000).

The freehold and leasehold land and buildings was valued on 24 January 2013 by Peter J Hicks FRICS of Peter J Hicks & Co. Chartered Surveyors on an existing use basis. These valuations have been used as the deemed cost following the transfer of engagement from TCS Estates Services Limited.

Tamworth Co-operative Society Limited
(A company limited by guarantee)
Notes to the Financial Statements
For the 52 weeks ended 24 January 2015

15. Investment property

| | Freehold investment property £000 |
|--------------------|--|
| Valuation | |
| At 26 January 2014 | 6,630 |
| Additions at cost | 3 |
| Impairment charge | (343) |
| Disposals | (260) |
| | <hr/> |
| At 24 January 2015 | 6,030 |
| | <hr/> <hr/> |

The investment property was revalued on 24 January 2015 by Peter J Hicks FRICS of Peter J Hicks & Co. Chartered Surveyors on an existing use basis.

The historic cost of investment properties included at valuation is £4,278,930 (2014 - £4,678,818).

16. Fixed asset investments

| | Unlisted investments £000 |
|-----------------------|--|
| Cost | |
| At 26 January 2014 | 4,416 |
| Additions | 911 |
| Disposals | (338) |
| | <hr/> |
| At 24 January 2015 | 4,989 |
| | <hr/> |
| Net book value | |
| At 24 January 2015 | 4,989 |
| | <hr/> <hr/> |
| At 25 January 2014 | 4,416 |
| | <hr/> <hr/> |

Unlisted investments principally relate to Royal London investments funeral prepayment plans.

17. Stocks

| | 24 January 2015 £000 | 25 January 2014 £000 |
|------------------|-------------------------------------|----------------------------|
| Goods for resale | 905 | 1,049 |
| | <hr/> <hr/> | <hr/> <hr/> |

Tamworth Co-operative Society Limited**(A company limited by guarantee)****Notes to the Financial Statements****For the 52 weeks ended 24 January 2015****18. Debtors**

| | 24 January | 25 January |
|--------------------------------|----------------------------|---------------------|
| | 2015 | 2014 |
| | £000 | £000 |
| Trade debtors | 895 | 811 |
| Other debtors | 3 | 13 |
| Prepayments and accrued income | 231 | 183 |
| | <u>1,129</u> | <u>1,007</u> |
| | <u><u>1,129</u></u> | <u><u>1,007</u></u> |

**19. Creditors:
Amounts falling due within one year**

| | 24 January | 25 January |
|------------------------------------|----------------------------|---------------------|
| | 2015 | 2014 |
| | £000 | £000 |
| Trade creditors | 1,035 | 1,045 |
| Corporation tax | 167 | 35 |
| Other taxation and social security | 92 | 65 |
| Dividend | 53 | 56 |
| Funeral prepayment plans | 826 | 606 |
| Customer deposits | 97 | 99 |
| Other creditors | 7 | 4 |
| Accruals and deferred income | 1,010 | 519 |
| | <u>3,287</u> | <u>2,429</u> |
| | <u><u>3,287</u></u> | <u><u>2,429</u></u> |

Funeral prepayment plans, none of which are secured, are repayable on demand with a floating rate of interest. The amounts falling due within one year represents 15% of the total value of bonds (2014 - 12.5%).

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

| | 24 January | 25 January |
|--------------------------|----------------------------|---------------------|
| | 2015 | 2014 |
| | £000 | £000 |
| Funeral prepayment plans | 4,683 | 4,245 |
| | <u>4,683</u> | <u>4,245</u> |
| | <u><u>4,683</u></u> | <u><u>4,245</u></u> |

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21. Deferred taxation

| | 24 January 2015 £000 | 25 January 2014 £000 |
|------------------------|-------------------------------------|----------------------------|
| At beginning of period | 30 | 1 |
| Charge for the period | 2 | 29 |
| | <hr/> | <hr/> |
| At end of period | 32 | 30 |
| | <hr/> <hr/> | <hr/> <hr/> |

The provision for deferred taxation is made up as follows:

| | 24 January 2015 £000 | 25 January 2014 £000 |
|--------------------------------|-------------------------------------|----------------------------|
| Accelerated capital allowances | 105 | 75 |
| Other timing differences | (73) | (45) |
| | <hr/> | <hr/> |
| | 32 | 30 |
| | <hr/> <hr/> | <hr/> <hr/> |

22. Share Capital

| | 2015 £000 | 2014 £000 |
|--------------------|------------------------|----------------|
| At start of period | 2,314 | 2,433 |
| Contributions | 329 | 467 |
| Interest | 28 | 35 |
| | <hr/> | <hr/> |
| Withdrawals | 2,671 (497) | 2,935 (621) |
| | <hr/> | <hr/> |
| At end of period | 2,174 | 2,314 |
| | <hr/> <hr/> | <hr/> <hr/> |

Share capital is non equity share capital comprising £2,173,812 (2014 - £2,313,762) shares of £1 each, attracting interest of between nil and 2.25% per annum, depending on the balance held.

The share capital is withdrawable on periods of notice varying according to the amount involved, however this requirement can be waived by the Directors under Rule 7.9(b).

Each member is entitled to one vote.

The society rules indicate that on solvent dissolution or winding up that any remaining assets be distributed to local charitable organisations as determined at a meeting of members.

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23. Reserves

| | Revenue reserves £000 |
|--|----------------------------------|
| At start of period | 9,594 |
| Surplus for the period | 464 |
| Share interest | (28) |
| Actuarial loss on pension scheme (net of deferred tax) | (501) |
| | <hr/> |
| At end of period | 9,529 <hr/> <hr/> |

The closing balance on the revenue reserves includes a £6,053,000 (2014 - £5,676,000) debit, stated after deferred taxation of £1,514,000 (2014 - £1,421,000), in respect of pension scheme liabilities of the society's pension scheme.

24. Reconciliation of movement in members' funds

| | 24 January 2015 £000 | 25 January 2014 £000 |
|--|-------------------------------------|----------------------------|
| Opening members' funds | 11,908 | 12,423 |
| Surplus for the period | 464 | 120 |
| Share interest | (28) | (35) |
| Decrease in share capital | (140) | (119) |
| Actuarial loss on pension scheme (net of deferred tax) | (501) | (481) |
| | <hr/> | <hr/> |
| Closing members' funds | 11,703 <hr/> <hr/> | 11,908 <hr/> <hr/> |

25. Net cash flow from operating activities

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|--|--|--|
| Trading surplus | 704 | 710 |
| Dividends and grants paid | (127) | (130) |
| Amortisation of intangible fixed assets | 13 | 24 |
| Depreciation of tangible fixed assets | 555 | 646 |
| Decrease/(increase) in stocks | 144 | (9) |
| (Increase)/decrease in debtors | (122) | 38 |
| Increase in creditors | 1,019 | 469 |
| Decrease in net pension assets/liabilities | (375) | (372) |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 1,811 <hr/> <hr/> | 1,376 <hr/> <hr/> |

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For the 52 weeks ended 24 January 2015

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

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|--|--|--|
| Returns on investments and servicing of finance | | |
| Interest received | 11 | 16 |
| Interest paid | (15) | (17) |
| | <hr/> | <hr/> |
| Net cash outflow from returns on investments and servicing of finance | (4) | (1) |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (1,212) | (583) |
| Sale of tangible fixed assets | 330 | 4 |
| Purchase of investment properties | (3) | (7) |
| Sale of investment properties | 260 | - |
| Purchase of unlisted and other investments | (911) | (772) |
| Sale of unlisted and other investments | 1,204 | 251 |
| | <hr/> | <hr/> |
| Net cash outflow from capital expenditure | (332) | (1,107) |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
| Financing | | |
| Issue of ordinary shares | 329 | 467 |
| Purchase of ordinary shares | (497) | (621) |
| | <hr/> | <hr/> |
| Net cash outflow from financing | (168) | (154) |
| | <hr/> <hr/> | <hr/> <hr/> |

27. Analysis of changes in net funds

| | 26 January 2014 £000 | Cash flow £000 | Other non-cash changes £000 | 24 January 2015 £000 |
|--------------------------|-------------------------------------|---------------------------|--|-------------------------------------|
| Cash at bank and in hand | 958 | 1,281 | - | 2,239 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net funds | 958 | 1,281 | - | 2,239 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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28. Capital commitments

At 24 January 2015 the society had capital commitments as follows:

| | 24 January | 25 January |
|---|-------------------|------------|
| | 2015 | 2014 |
| | £000 | £000 |
| Contracted for but not provided in these financial statements | 1,594 | 28 |

29. Pension commitments

The society operates a Defined benefit pension scheme (Tamworth Co-operative Society Limited Employees Superannuation) in the UK which was closed for all future accruals on 31 October 2009 and has no active members. The pensions contributions payable by the society in the year amounted to £428,000 (2014 - £446,000)

A full actuarial valuation was carried out as at 31 March 2013 and updated to 24 January 2015 using the Projected Unit method, by an independent qualified actuary.

The amounts recognised in the balance sheet are as follows:

| | 24 January | 25 January |
|-------------------------------------|-------------------|------------|
| | 2015 | 2014 |
| | £000 | £000 |
| Present value of funded obligations | (20,963) | (19,068) |
| Fair value of scheme assets | 13,396 | 11,971 |
| Deficit in scheme | (7,567) | (7,097) |
| Related deferred tax asset | 1,514 | 1,421 |
| Net liability | (6,053) | (5,676) |

The amounts recognised in profit or loss are as follows:

| | 52 weeks ended | 52 weeks ended |
|----------------------------------|-----------------------|----------------|
| | 24 January | 25 January |
| | 2015 | 2014 |
| | £000 | £000 |
| Current service cost | (53) | (71) |
| Interest on obligation | (833) | (802) |
| Expected return on scheme assets | 614 | 576 |
| Total | (272) | (297) |

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

| | 52 weeks ended | 52 weeks ended |
|------------------------------------|-----------------------|----------------|
| | 24 January | 25 January |
| | 2015 | 2014 |
| | £000 | £000 |
| Opening defined benefit obligation | 19,068 | 18,572 |
| Current service cost | 53 | 71 |
| Interest cost | 833 | 802 |
| Actuarial losses | 1,760 | 389 |
| Benefits paid | (751) | (766) |
| Closing defined benefit obligation | 20,963 | 19,068 |

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29. Pension commitments (continued)

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

| | 52 weeks ended 24 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|-------------------------------------|--|--|
| Opening fair value of scheme assets | 11,971 | 11,669 |
| Expected return on assets | 614 | 576 |
| Actuarial gains | 1,134 | 46 |
| Contributions by employer | 428 | 446 |
| Benefits paid | (751) | (766) |
| | 13,396 | 11,971 |

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £626,000 (2014 - £343,000).

The society expects to contribute £375,000 to its Defined benefit pension scheme in 2016.

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

| | 2015 | 2014 |
|-------------------|----------------|---------|
| Equity securities | 55.80 % | 28.10 % |
| Bonds | 41.70 % | 52.30 % |
| Cash | 2.50 % | 19.60 % |

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

| | 2015 | 2014 |
|----------------------------------|---------------|--------|
| Discount rate | 3.25 % | 4.45 % |
| Expected return on scheme assets | 5.20 % | 5.20 % |
| Pension increases (RPI max 5%) | 2.40 % | 3.10 % |

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

Defined benefit pension schemes

| | 2015 £000 | 2014 £000 | 2013 £000 | 2012 £000 | 2011 £000 |
|---|----------------------|--------------|--------------|--------------|--------------|
| Defined benefit obligation | (20,963) | (19,068) | (18,572) | (17,424) | (16,267) |
| Scheme assets | 13,396 | 11,971 | 11,669 | 11,355 | 10,290 |
| Deficit | (7,567) | (7,097) | (6,903) | (6,069) | (5,977) |
| Experience adjustments on scheme liabilities | (1,760) | (389) | (1,200) | (229) | 517 |
| Experience adjustments on scheme assets | 1,134 | 46 | 294 | 387 | 254 |

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30. Related party transactions

As a retail co-operative society, the society has many transactions with other Co-operative Societies. There are all commercial and at arms length. The most significant of these relates to the society's membership of the Co-operative Retail Trading Group (CRTG) by which purchases of stock for resale are made through the Co-operative Group Limited on terms negotiated with the third party suppliers by CRTG on behalf of its members. It is not considered that there are any related parties with the definition of FRS8 Related Party Disclosures.