

**Report of the Board of Directors**  
Half Year Ended 23<sup>rd</sup> July 2016

**TAMWORTH CO-OPERATIVE SOCIETY LIMITED**

Unaudited Interim Report

For the 26 weeks ended 23<sup>rd</sup> July 2016

**Report of the Board of Directors**  
Half Year Ended 23<sup>rd</sup> July 2016

The overall surplus for the Half Year exceeded the figures for the equivalent 26 weeks of the prior year. The main reason for that is a stronger performance from our Food Convenience Stores where the sales exceeded both the prior year and the internal target set at the start of the year.

The total net takings for the Half Year ended 23<sup>rd</sup> July 2016 were £12,015,000 and this is an increase of 8.2% on the equivalent interim figures for last year. This figure is affected by changes made regarding the Stores that we trade from. The new Dosthill location opened in March 2015 and the new Glascote location followed in July 2015. We disposed of the Amington Convenience Store location in the second half of the last financial year. On a like for like basis Convenience Stores sales are 5.6% ahead of the prior year. In the Funeral Department turnover was ahead of the prior year by 0.7% despite a small fall in the number of funerals conducted. We had indicated in the Interim Report for last year that the Funeral Department had conducted a very large number of arrangements in the first half of 2015 and that is a very specialist area where changes in the number of arrangements will arise from year to year. Sales comparisons for the Department Store are always more complicated by the level of concession sales. Total sales in the Department Store were 5.1% adverse to the prior year. Trading conditions within the Tamworth Town Centre remain reasonably challenging. Sales in our Supermarket have again reduced in the period. Our Department Store operations continue to be loss making but losses there have reduced by around £10,000 against the equivalent period of last year.

Looking at the Food Division immediately after the conclusion of the Half Year period we have commenced a very large project to extend and refurbish our village Convenience Store at Wood End. That development will increase the sales area at the location by around 60%. The development work there continues our capital investment programme of continuing to enhance our trading locations. The Branches at Dosthill and Glascote which as indicated above opened in 2015 have continued to perform strongly for the Society. Unfortunately the Contractors at Glascote had to carry out some remedial work to the drainage system from July 2016. This has caused some disruption for our customers but the Contractors needed to correct the errors that had taken place during the construction process.

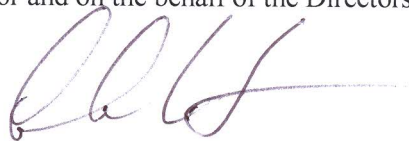
Our income from our Property Investments was broadly in line with our expectations for the first six months of the financial year. Overall that is £23,000 greater than the income received in the prior year. As the Revenue Account shows in the prior year there was a profit on disposal of fixed assets in relation to the sale of the Stanton location of £69,000 and there is no profit or loss arising from disposals in the equivalent period this year.

Overall the Society's surplus prior to distribution and taxation is just under Half a Million Pounds. The Board are pleased with the continuing progress made by the Society. The Society still remains reasonably cautious over the future outlook however. There is an increasing amount of competition in all of the businesses that the Society trades in. The Society Balance Sheet for the Half Year does show that the Society is in reasonably good financial health. Net assets total £13.6m and that includes cash in the Bank of £2.6m. As the interim statements indicate no provision has been made for Dividends (which are declared at the end of financial year) or taxation. The Directors would also point out that the full year accounts include any re-valuation arising from the Society's Investment Property portfolio which is valued annually by an external professional.

The Society has been very pleased to complete the sixth 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 issued donations to 15 local good causes at an average level of £667.

The Board would like to thank all of our customers and members for their continued support and all of our staff for their hard work.

For and on the behalf of the Directors



**Audrey Higginson**  
Chairman



**Julian Coles**  
Chief Executive Officer

**Report of the Board of Directors**  
Half Year Ended 23<sup>rd</sup> July 2016

**Interim statement of trading activities**  
For the 26 weeks ended 25<sup>th</sup> July 2016

**Society Revenue Account**

	26 weeks to 23 <sup>rd</sup> July 2016 (unaudited) £000	26 weeks to 25 <sup>th</sup> July 2015 (unaudited) £000	52 weeks to 23 <sup>rd</sup> Jan 2016 (audited) £000
<b>Gross Takings</b>	12,642	11,803	24,024
Less Concession Sales	(627)	(698)	(1,432)
<b>Net Takings</b>	<u>12,015</u>	<u>11,105</u>	<u>22,592</u>
Less Value Added Tax	(1,053)	(975)	(2,002)
<b>Turnover</b>	<u>10,962</u>	<u>10,130</u>	<u>20,590</u>
Less cost of Sales and Operating Expenses	(10,363)	(9,628)	(19,782)
<b>Trading Surplus</b>	<u>599</u>	<u>502</u>	<u>808</u>
Profit/(Loss) on disposal of Fixed Assets	-	69	135
Interest Received/(Paid) Net	6	3	(30)
Pension Financing	(110)	(150)	(240)
Impairment	-	-	(63)
<b>Surplus prior to Distributions and Taxation</b>	<u>495</u>	<u>424</u>	<u>610</u>

The interim statement has been prepared on the basis of the accounting policies set out in the 2015-16 Statutory Accounts. The figures shown for the year to 23rd January 2016 are extracted from the Audited Accounts for 2016.

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 and concessionaire sales 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 23<sup>rd</sup> July 2016

**Interim statement of trading activities**  
For the 26 weeks ended 23<sup>rd</sup> July 2016

**Society Balance Sheet**

	26 weeks to 23 <sup>rd</sup> July 2016 (unaudited) £000	26 weeks to 25 <sup>th</sup> July 2015 (unaudited) £000 (Note 1)	52 weeks to 23 <sup>rd</sup> Jan 2016 (audited) £000
<b>Fixed Assets</b>			
Tangible Assets	10,871	11,701	11,124
Intangible Assets	-	17	-
Investment Properties	6,449	6,030	6,449
Investments	<u>5,950</u>	<u>5,266</u>	<u>5,599</u>
	23,270	23,014	23,172
Cash at Bank and in hand	2,669	1,213	1,740
Stock	841	954	930
Debtors due after more than one year	1,251	1,714	1,251
Debtors due within one year	1,109	1,410	1,004
Creditors due within one year	(3,742)	(3,434)	(3,454)
Funeral Prepayment Plans	(5,464)	(4,918)	(5,209)
Deferred Tax	(27)	(21)	(27)
Pension Liability	<u>(6,217)</u>	<u>(7,697)</u>	<u>(6,107)</u>
<b>Net Assets</b>	<u>13,690</u>	<u>12,235</u>	<u>13,300</u>
<b>Financed By:</b>			
Profit and Loss Account	11,353	9,985	10,976
Share Capital	<u>2,337</u>	<u>2,250</u>	<u>2,324</u>
	<u>13,690</u>	<u>12,235</u>	<u>13,300</u>

Note 1: Revised to reflect FRS 102 changes implemented at 25<sup>th</sup> January 2016

At 23<sup>rd</sup> January 2016 the Society's Investment Properties were re-valued to market value.

The assets and liabilities at 23<sup>rd</sup> July 2016 and 25<sup>th</sup> July 2015 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 23<sup>rd</sup> July 2016

**Society Cash Flow**

	26 weeks to 23 <sup>rd</sup> July 2016 (unaudited) £000	26 weeks to 25 <sup>th</sup> July 2015 (unaudited) £000	52 weeks to 23 <sup>rd</sup> Jan 2016 (audited) £000
Cash inflow from Operating Activities	1,388	753	1,867
Net Interest Received	6	3	5
Benefits Paid to Members	(109)	(107)	(97)
Grants and Donations	3	(5)	(40)
Taxation Paid	-	-	(166)
Capital Expenditure	(9)	(1,718)	(2,204)
Sale of Fixed Assets	-	264	626
Net Purchase of Fixed Asset Investments	(351)	(277)	(610)
Movement in Share Capital	1	61	120
<b>Increase/(Decrease) in Cash in the period</b>	<u>929</u>	<u>(1,026)</u>	<u>(499)</u>
Net Cash at the start of the period	<u>1,740</u>	<u>2,239</u>	<u>2,239</u>
<b>Net Cash at the end of period</b>	<u>2,669</u>	<u>1,213</u>	<u>1,740</u>