

**Report of the Board of Directors**  
Half Year Ended 29<sup>th</sup> July 2017

**TAMWORTH CO-OPERATIVE SOCIETY LIMITED**

Unaudited Interim Report

For the 26 weeks ended 29<sup>th</sup> July 2017

## Report of the Board of Directors

Half Year Ended 29<sup>th</sup> July 2017

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 budget set at the start of the year. All of our trading Divisions have shown improved financial performance across the Half Year.

The total net takings for the Half Year ended 29<sup>th</sup> July 2017 were £12,323,000 and this is an increase of 2.6% on the equivalent interim figures for last year. Overall Food sales are 3.5% ahead of the prior year. In the Funeral Department turnover was ahead of the prior year by 6.5% following a small increase in the number of funeral arrangements carried out. The Funeral Division is a very specialist area and changes in the number of arrangements will arise from year to year.

Sales comparisons for the Department Store are always more difficult to compare because of concession sales. Trading conditions within the Tamworth Town Centre remain quite challenging. The Department Store has made a small contribution towards the overall profitability of the Society and this is an improvement on the prior year. Sales in our Town Centre Supermarket premises have reduced across the Half Year against the previous Half Year.

Immediately following the Half Year cut-off date the Department Store has now moved to a different trading format, over two floors. The cafeteria concession on the Second Floor closed by mutual agreement with the operator due to increased competition in that sector in the Town. One of the Department Store's former concession partners (Store 21) ceased trading towards the end of the Half Year period. The Society revised the layout of the Store and the Ground Floor now comprises a fashion outlet run by the Society as well as concessions from other retailers. The First Floor comprises furniture and homeware related items.

Our income from property investments remained at a very similar level to the prior year and was in-line with our expectations. The Society has been pleased to finalise some new lettings during the Half Year period and this means that certain investment properties located in George Street, Marmion Street and Offa House are now income generating for the Society. The charge the Actuary calculates as the financing element on the former Final Salary Pension Scheme was slightly reduced in the period with an interest element of £100,000 in this Half Year versus £110,000 previously. During the period the Society was very pleased to introduce a new fleet of Jaguar vehicles for our Funeral Department. The disposal of the oldest previous fleet gave rise to a small gain on disposal of fixed assets. During the period the Society has also concluded the sale of a freehold house adjoining our Pelsall premises for residential use.

The Society's trading surplus is £623,000, this is favourable to the figures in the equivalent period of last year by £24,000 or around 4%. Whilst the Board are pleased with the improved profitability, the Society does still remain reasonably cautious over the future outlook. The Society expects increasing competition in all of our trading businesses and there remains uncertainty over the general economic climate with political uncertainty and Brexit negotiations. The Society Balance Sheet for the Half Year shows the Society is in a robust financial position with net assets that total £12.9m and cash in the Bank of £2.7m. As the Interim Statements indicate no provision has been made for Dividends (which are declared at the end of the financial year) or taxation. The Directors will 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.

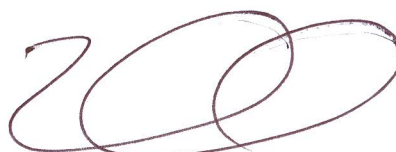
The Society has been very pleased to complete a further round of donations under the successful Community Dividend Scheme during the Half Year. Under this programme each of our retail Branches is linked with a local community group. During the first half of this year our Branch Managers issued donations to 14 local groups at an average level of just over £700.

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



**Sheree Peaple**  
Chairman



**Julian Coles**  
Chief Executive Officer

**Report of the Board of Directors**  
Half Year Ended 29<sup>th</sup> July 2017

**Interim statement of trading activities**  
For the 26 weeks ended 29<sup>th</sup> July 2017

**Society Revenue Account**

	26 weeks 29 <sup>th</sup> July 2017 (unaudited) £000	26 weeks to 23 <sup>rd</sup> July 2016 (unaudited) £000	52 weeks to 28 <sup>th</sup> Jan 2017 (audited) £000
<b>Gross Takings</b>	12,923	12,642	25,570
Less Concession Sales	(600)	(627)	(1,350)
<b>Net Takings</b>	12,323	12,015	24,220
Less Value Added Tax	(1,077)	(1,053)	(2,139)
<b>Turnover</b>			
Less cost of Sales and Operating Expenses	11,246	10,962	22,081
Net of Rent Receivable	(10,623)	(10,363)	(21,016)
<b>Trading Surplus</b>	623	599	1,065
Profit/(Loss) on disposal of Fixed Assets	11	-	(10)
Interest Received/(Paid) Net	5	6	(3)
Pension Financing	(100)	(110)	(211)
Impairment	-	-	4
<b>Surplus prior to Distributions and Taxation</b>	539	495	845

The interim statement has been prepared on the basis of the accounting policies set out in the 2016-17 Statutory Accounts. The figures shown for the year to 28<sup>th</sup> January 2017 are extracted from the Audited Accounts for 2017.

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 29<sup>th</sup> July 2017

**Interim statement of trading activities**  
For the 26 weeks ended 29<sup>th</sup> July 2017

**Society Balance Sheet**

	26 <sup>th</sup> weeks to 29 <sup>th</sup> July 2017 (unaudited)	26 weeks to 23 <sup>rd</sup> July 2016 (unaudited) £000	52 weeks to 28 <sup>th</sup> Jan 2017 (audited) £000
<b>Fixed Assets</b>			
Tangible Assets	11,032	10,871	10,886
Intangible Assets	-	-	-
Investment Properties	6,450	6,449	6,569
Investments	<u>8,577</u>	* <u>7,570</u>	<u>8,151</u>
	26,059	24,890	25,606
Cash at Bank and in hand	2,730	2,669	1,811
Stock	807	841	822
Debtors due after more than one year	1,369	1,251	1,369
Debtors due within one year	1,069	1,109	1,059
Creditors due within one year	(3,938)	(3,742)	(3,418)
Funeral Prepayment Plans	(7,948)	* (7,084)	(7,625)
Deferred Tax	(62)	(27)	(60)
Pension Liability	<u>(7,233)</u>	<u>(6,217)</u>	<u>(7,133)</u>
<b>Net Assets</b>	<u>12,853</u>	<u>13,690</u>	<u>12,431</u>
Financed By:			
Profit and Loss Account	10,490	11,353	10,125
Share Capital	<u>2,363</u>	<u>2,337</u>	<u>2,306</u>
	<u>12,853</u>	<u>13,690</u>	<u>12,431</u>

\*Re-stated in relation to fair value of Funeral Bonds by £1,620,000.

At 29<sup>th</sup> January 2017 the Society's Investment Properties were re-valued to market value.

The assets and liabilities at 29<sup>th</sup> July 2017 and 23<sup>rd</sup> July 2016 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 29<sup>th</sup> July 2017

**Society Cash Flow**

	26 weeks 29 <sup>th</sup> July 2017 (unaudited) £000	26 weeks to 23 <sup>rd</sup> July 2016 (unaudited) £000	52 weeks to 28 <sup>th</sup> Jan 2017 (audited) £000
Cash inflow from Operating Activities	1,721	1,388	1,226
Net Interest Received	5	6	(3)
Benefits Paid to Members	(159)	(109)	(99)
Grants and Donations	1	3	(32)
Taxation Paid	-	-	-
Capital Expenditure	(402)	(9)	(493)
Sale of Fixed Assets	134	-	91
Net Purchase of Fixed Asset Investments	(422)	(351)	(601)
Movement in Share Capital	41	1	(18)
<b>Increase/(Decrease) in Cash in the period</b>	<u>919</u>	<u>929</u>	<u>71</u>
<b>Net Cash at the start of the period</b>	<u>1,811</u>	<u>1,740</u>	<u>1,740</u>
<b>Net Cash at the end of period</b>	<u>2,730</u>	<u>2,669</u>	<u>1,811</u>