

Report of the Board of Directors
Half Year Ended 28th July 2018

TAMWORTH CO-OPERATIVE SOCIETY LIMITED

Unaudited Interim Report

For the 26 weeks ended 28th July 2018

Report of the Board of Directors
Half Year Ended 28th July 2018

The total surplus for the Half Year was lower than the figures for the equivalent 26 weeks of the prior year. Whilst sales levels increased, the resulting increase in the total gross profit achieved was less than the increase in expenses across the period. The percentage gross profit achieved by the Food Division showed a decline against the prior year, this was from a number of factors including changes in the mix of goods being sold. Convenience store sales were very strong across the recent summer period, showing an increase against the prior year, but a lot of those additional sales were in product categories that carry lower gross profit levels such as sales of alcohol products and cold drinks. Expense increases were particularly from staffing costs, driven by changes in the national living wage set by legislation, and higher property repair costs. The overall results are slightly favourable to our internal budgets set at the start of the year.

The total net takings for the Half Year ended 28th July 2018 were £13,192,000 and this is an increase of 7.0% on the equivalent interim figures for last year. Overall Food sales are 8.5% ahead of the prior year. In the Funeral Department turnover was ahead of the prior year by 2.5%. Sales details for the Department Store are always more difficult to compare because of the level of third party concession sales. Trading conditions within the Tamworth town centre remain challenging. In the prior interim period the department store made a small contribution towards our overall profitability. In this half year the department store has made a small loss at the contribution level. At the Church Street food premises in the Tamworth town centre there was a small increase in sales but a reduction in the level of contribution achieved. Some work has recently taken place at those premises to reduce the total sales area in use and to introduce more energy efficient LED lighting.

Within the Food Division the key investment during the period has been a comprehensive refit and refurbishment of our Kingsbury convenience store. Whilst the overall sales area has remained the same we have been able to increase the ancillary warehousing area to support the store more fully. All refrigeration has been replaced and that location has just become our first location to offer self-check-out equipment. The location had to close for a 2-week period to enable the work to take place, and that also had an impact on the trading results in the half year. The store has performed strongly in sales terms since the refit. Generally our convenience estate has produced some encouraging sales results across the half year period. A planning application is with the local authority seeking permission to build a new convenience store at the site of the former Cuckoos Rest pub in Dordon, to relocate our operations there.

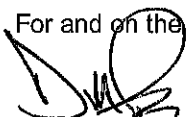
Overall our Funeral Division delivered a higher contribution level than in the prior year. With a network of 8 individual locations, including the Tamworth Bereavement Centre, the number of arrangements carried out from each location will vary across individual periods. Income from property investments has remained at a very similar level to the prior year and was in line with our expectations. The charge for Pension Financing is £88,000 in this Half Year, down from £100,000 in the previous Half Year. This cost relates to the financing element on the former Final Salary Pension Scheme and is calculated by the Scheme Actuary.

The Society's trading surplus is £585,000; this is a reduction from the result in the equivalent interim period of last year of £38,000 or around 6%, but is in line with our budgeted expectations. The Society continues to expect 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 good financial position with net assets that total £13.6m 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 would also like to point out that the full year accounts include any revaluation arising from the Society's investment property portfolio which is valued annually by an external professional.

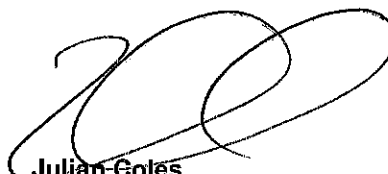
The Society has been very pleased to complete a further round of donations under the successful Community Dividend Scheme during the Half Year. Under this programme each of our retail Branches is linked with a local community group. During the first half of this year our Branch Managers issued donations to 13 local groups at an average individual level of just over £760. Arrangements are currently being made for a further round of donations from our "cash in the bag" scheme, in respect of the proceeds from carrier bag charges.

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



David Rose
Chairman



Julian Golés
Chief Executive Officer

Report of the Board of Directors
Half Year Ended 28th July 2018

Interim statement of trading activities
For the 26 weeks ended 28th July 2018

Society Revenue Account

	26 weeks 28th July 2018 (unaudited) £000	26 weeks to 29th July 2017 (unaudited) £000	52 weeks to 27th Jan 2018 (audited) £000
Gross Takings	13,724	12,923	25,544
Less Concession Sales	(532)	(600)	(1,143)
Net Takings	<u>13,192</u>	<u>12,323</u>	<u>24,401</u>
Less Value Added Tax	(1,210)	(1,077)	(2,154)
Turnover	<u>11,982</u>	<u>11,246</u>	<u>22,247</u>
Less cost of Sales and Operating Expenses Net of Rent Receivable	(11,397)	(10,623)	(21,057)
Trading Surplus	<u>585</u>	<u>623</u>	<u>1,190</u>
Profit/(Loss) on disposal of Fixed Assets	-	11	(30)
Interest Received/(Paid) Net	7	5	(8)
Pension Financing	(88)	(100)	(194)
Impairment	-	-	25
Surplus prior to Distributions and Taxation	<u>504</u>	<u>539</u>	<u>983</u>

The interim statement has been prepared on the basis of the accounting policies set out in the 2017-18 Statutory Accounts. The figures shown for the year to 27th January 2018 are extracted from the Audited Accounts for 2018.

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 28th July 2018

Interim statement of trading activities
For the 26 weeks ended 28th July 2018

Society Balance Sheet

	26 th weeks to 28th July 2018 (unaudited) £000	26 weeks to 29th July 2017 (unaudited) £000	52 weeks to 27th Jan 2017 (audited) £000
Fixed Assets			
Tangible Assets	11,296	11,032	11,112
Intangible Assets	-	-	-
Investment Properties	6,485	6,450	6,484
Investments	<u>9,778</u>	<u>8,577</u>	<u>9,547</u>
	27,559	26,059	27,143
Cash at Bank and in hand	2,729	2,730	2,139
Stock	816	807	875
Debtors due after more than one year	1,320	1,369	1,325
Debtors due within one year	1,166	1,069	1,069
Creditors due within one year	(4,434)	(3,938)	(4,055)
Funeral Prepayment Plans	(8,569)	(7,948)	(8,446)
Deferred Tax	(75)	(62)	(75)
Pension Liability	<u>(6,908)</u>	<u>(7,233)</u>	<u>(6,820)</u>
Net Assets	<u>13,604</u>	<u>12,853</u>	<u>13,155</u>
Financed By:			
Profit and Loss Account	11,137	10,490	10,762
Share Capital	<u>2,467</u>	<u>2,363</u>	<u>2,393</u>
	<u>13,604</u>	<u>12,853</u>	<u>13,155</u>

At 28th January 2018 the Society's Investment Properties were revalued to market value.

The assets and liabilities at 28th July 2018 and 29th July 2017 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 28th July 2018

Society Cash Flow

	26 weeks 28th July 2018 (unaudited) £000	26 weeks to 29th July 2017 (unaudited) £000	52 weeks to 27th Jan 2018 (audited) £000
Cash inflow from Operating Activities	1,293	1,721	1,637
Net Interest Received	7	5	(8)
Benefits Paid to Members	(107)	(159)	(149)
Grants and Donations	(1)	1	(34)
Taxation Paid	-	-	-
Capital Expenditure	(445)	(402)	(796)
Sale of Fixed Assets	-	134	132
Net Purchase of Fixed Asset Investments	(231)	(422)	(540)
Movement in Share Capital	74	41	86
Increase/(Decrease) in Cash in the period	<u>590</u>	<u>919</u>	<u>328</u>
Net Cash at the start of the period	<u>2,139</u>	<u>1,811</u>	<u>1,811</u>
Net Cash at the end of period	<u>2,729</u>	<u>2,730</u>	<u>2,139</u>