

Registered number: 2582R

Tamworth Co-operative Society Limited

Directors' Report and Financial Statements

For the 52 weeks Ended 23 January 2021



Tamworth Co-operative Society Limited

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

Mrs A A Higginson *^+x (Vice Chairman from 19 May 2020)
Mrs A Brindley o
Mr A M King *o
Mr A V King *+^o
Mrs S D Peaple *+
Mrs S Preece *o^x
Mr R W Read o^+x* (Chairman reappointed 19 May 2020)
Mr D M Rose *o+x
Mr S Horsham

* Member of the Remuneration Committee
+ Member of the Search Committee
o Pension Fund Trustees
x Member Relations Committee
^ Member Health & Safety Committee

Registered number

2582R

Registered office

5 Colehill
Tamworth
Staffordshire
B79 7HA

Management executive

Julian Coles FCCA ACIS - Chief Executive Officer and Secretary
Andrew N. Richardson ACMA - Deputy Chief Executive Officer
Amanda J. Woodward MBIE - General Manager – Funeral Services
Julie Gasper - Business Support Manager
Daniel Welsh - General Manager - Food

Independent auditors

Dains LLP
15 Colmore Row
Birmingham
B3 2BH

Bankers

Lloyds Bank Plc
17 George Street
Tamworth
Staffordshire
B79 7LW

Solicitors

Rutherfords LLP
Ventura Park Road
Tamworth
Staffordshire
B78 3HL

Fishers Solicitors
4-8 Kilwardby Street
Ashby De La Zouch
Leiestershire
LE65 2FU

Tamworth Co-operative Society Limited

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Tamworth Co-operative Society Limited

Notice of Meeting For the 52 weeks Ended 23 January 2021

The chairman presents his statement for the period.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Society will be held on :

The Catering Suite
Tamworth Funeral Home
The Mews
35 - 37 Upper Gungate
Tamworth
B79 7NZ

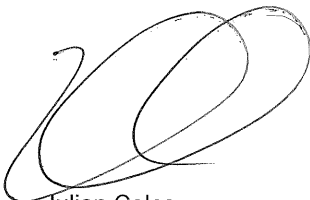
14 July 2021
(subject to Government restrictions)

(1) Admission on presentation of a Valid Pass Card

Agenda

1. To confirm the Minutes of the Annual General Meeting held on 22nd September 2020.
2. To elect scrutineers
3. To receive the Report of the Board of Directors.
4. To receive the Annual Report and Accounts of the society for the 52 weeks ended 23rd January 2021, together with the Report of the Auditors.
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 2021/2022.
8. Any other business

By Order of the Board



Julian Coles
Secretary

Date 16 March 2021

Tamworth Co-operative Society Limited

Strategic Report For the 52 weeks Ended 23 January 2021

Other key performance indicators

	2017	2018	2019	2020	2021
Return on capital employed.	8.6	9.0	6.8	7.3	10.5
Surplus before distribution and impairment charges as a percentage of sales.	3.8	4.4	3.5	2.8	5.2
Trading surplus after depreciation as percentage of sales.	4.8	5.3	4.0	4.1	5.4
Trading surplus before depreciation as percentage of sales.	7.2	7.7	6.2	6.5	7.5
Gearing percentage.	7.6	7.8	10.9	10.9	10.0
Interest cover (times)	50.7	51.7	84.2	52.2	298.8
Retention as percentage of sales.	2.9	3.2	2.4	1.8	4.3
Capital expenditure as a percentage of sales.	2.2	3.6	3.0	4.2	3.2
Total net assets (£000)	12,431	13,155	13,681	12,950	14,230
Represented by:					
Share capital (£000)	2,306	2,393	2,381	2,249	2,232
Reserves (£000)	10,125	10,762	11,300	10,701	11,998

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

**Directors' Report
For the 52 weeks Ended 23 January 2021**

The directors present their report and the financial statements for the 52 weeks ended 23 January 2021.

Financial review

The year has been an extremely challenging one for staff in all areas of the Society. The Board want to start this report by expressing their gratitude to all of our employees for their hard work and perseverance under such difficult circumstances. Covid-19 made such a significant impact from March 2020 onwards as the extent of the pandemic became clear. Our Food operations were affected by a very significant growth in demand and the Food team had to introduce new procedures very quickly to keep our staff and customers safe. Sadly our Funeral team have had to manage a large increase in the number of funeral arrangements carried out. Again changes in operating procedures had to be instigated on a very regular basis and new ways of communicating with families making arrangements had to be established. All of our employees have been impacted very significantly by this dreadful virus and by their efforts we have been able to continue to serve our customers and members.

The financial year consisted of 52 trading weeks and that was the same length as the prior year. Turnover reached £27,788,000 which represented an increase of 20% over the prior year and this was primarily from increases across our Food operations. For the Revenue Account individual line comparisons against the prior year are difficult because of the many one off issues arising. Sales were higher but of necessity staffing costs and expenditure on areas such as protective equipment was also high. Property income declined significantly to £408,000 in the current year compared to £493,000 in the prior year. The total trading surplus reached £1.5m and again comparisons below the trading line are complicated. In the prior year items listed reached a negative of £285,000 but in the current year the equivalent reduction was £40,000. That figure is the overall sum of a number of items which include interest on the Final Salary Pension Scheme, exceptional charges, an impairment charge, other exceptional charges and other operating income. That last item is made up of Government grants received of £416,000 and tax credits in respect of Funeral Bonds of £229,000 which gives rise to a total for other income recognised of £645,000. That figure is sizeable and leads to an overall surplus before taxation of £1.3m compared to £541,000 in the prior year. Overall Society net assets increased from £13m to £14.2m, and the Pension liability reduced to £7.2m from £7.5m. The Board will be spending some time finalising budgets for the 2021/2022 financial year which will be very difficult to assess.

There were two significant developments during the year. On 6th August 2020 we opened our Convenience Store at Dordon after the building work had been delayed. The Store has performed extremely well from opening and later in the year the previous Convenience location was demolished and we hope to soon to sell that site for a housing development. On 21st January 2021 Tamworth Borough Council detailed the award of funds under the 'Future High Streets Fund' from the Government. That includes proposals to relocate the Tamworth College on to the 1960's part of the Department Store premises that we operate and we are now in further discussions with the Council over those plans. As indicated previously the remaining Ground Floor Department Store operations remain loss making for the Society and losses increased in the financial year following the closure periods under lockdown.

Payments for the 2020/2021 Community Dividend Scheme were brought forward to December 2020 to assist the community groups involved. 13 payments to a total of £10,000 were made to individual groups linked to each of our Retail Stores. Payments in respect of the 2019/2020 Community Dividend Scheme had previously been made in the spring of 2020. In 2021/2022 we are partnering with a number of local schools for the Community Dividend programme.

Tamworth Co-operative Society Limited

Directors' Report (continued) For the 52 weeks Ended 23 January 2021

Dividend

The Board of Directors remains mindful of the importance of Dividends to our Members and the Board has decided that due to the strong financial performance it would enhance the dividend payment recommended to 4% for this year.

The Dividend distributed is as follows:

	Recommended 2021	Paid May 2020
Dividend Certificates	153,382	81,407
Waived Dividends to Charities	11,336	8,463
Dividend Vouchers not Redeemed	<u>(15,000)</u>	<u>-</u>
Total	149,718	89,870

Community Dividend 2020/2021:

Department Store	-	Tamworth Cornerstone Housing Association	£500
Church Street Food Store	-	Two Rivers High School	£902
Bolehall	-	Manna House	£782
Dosthill	-	Dotshill Boys Club	£936
Dordon	-	Dordon Activity Group	£795
Glascote	-	St George's Pre-School	£1,298
Kingsbury	-	Kingsbury Senior School	£833
Lichfield	-	1206 Mercian Squadron	£500
Polesworth	-	Polesworth Abbey	£853
Rosliston	-	Phoenix Rangers Junior Under 12's Football	£675
Stretton	-	Red Lion Community Group	£500
Whittington	-	Whittington Wednesday Group	£670
Wood End	-	Phoenix Group	£756

The Board agreed a minimum payment of £500 to each store.

For Financial Year 2021/2022 the following organisations have been selected:

Church Street Food Store	-	Moorgate Primary Academy
Bolehall	-	Ankermoor Primary Academy
Dosthill	-	Dosthill Primary Academy
Dordon	-	Dordon Primary School
Glascote	-	William McGregory Primary School
Kingsbury	-	Kingsbury Primary School
Lichfield	-	Willows Primary School
Polesworth	-	Nethersole C of E Academy
Rosliston	-	Rosliston Church of England Primary School
Stretton	-	The Fountains High School
Whittington	-	Whittington Primary School
Wood End	-	Wood End Primary School

Tamworth Co-operative Society Limited

Directors' Report (continued) For the 52 weeks Ended 23 January 2021

Membership

Details of Membership are recorded below:

	Open Accounts	Suspended Accounts
Opening balance as at 25 January 2020	20,496	20,490
New Members during the year	383*	-
Closed Accounts	(170)	-
Transfers from Suspended	32	(32)
Closing balance as at 23 January 2021	<u>20,741</u>	<u>20,458</u>

* - Excludes employee members loaded on to the system for the purpose of the staff discount scheme

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 23rd January 2021 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 two 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 32.

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

**Directors' Report (continued)
For the 52 weeks Ended 23 January 2021**

Member Relations

Due to the pandemic the operation of this sub committee was suspended until further notice. It has not been possible to organise and operate the normal activities for members since March 2020.

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 ended 23rd January 2021 Members claimed Dividend on 12.5% of Society sales (as against 15.9% last year).

The Society recruited 383 (2020 – 472) 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 took part in the AGM in 2020 was 22 against 27 in 2019, 34 in 2018, and 30 in 2017. The 2020 AGM was delayed due to the Covid-19 pandemic with a limited number of attendees and members joining the meeting by video conference.

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 employees are represented reviews these accidents at every Meeting.

This year 31 accidents were recorded across the Society, including 22 to employees. There were no reportable accidents. The comparative figures for the previous year were 43 accidents including 29 to Staff, 1 of these incidents was reportable.

The average number of days lost per Full Time Equivalent Employee through sickness and absenteeism was 8.2 days against 8.1 days the previous year. These figures have been prepared on a like for like basis and excludes absences due to self isolation in relation to Covid-19.

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 three men and two women.

77.0% (2020 - 76.3%) of total Employees are women and 23.0% (2020 - 23.7%) men. 55.6% (2020 - 51.8%) of Employees are full-time and 44.4% (2020 - 48.2%) 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 and circulation of regular briefing letters.

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 Federal Retail Trading Services 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 continues to purchase all of its energy via the Co-operative Power - the energy buying consortium run by The Co-operative Group. This is a collection of Co-operative Societies working together to ensure the best possible approach to the utility markets.

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.

The Society continues to maintain its links with the Fare Share Charity, who collect and recycle certain types of food, that otherwise would have gone to waste. The Society is looking to extend this collaboration with other organisations to recycle more fresh produce.

Responsibilities of the Board of Directors

Co operatives UK prepare a Corporate Governance Code for Consumer Co operative Societies. This recognises that 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 2019 and the Society does comply with the majority of the recommendations but would comment on the following specific points.

Provision 3.9 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 4.1 indicates that no Directors should serve more than three consecutive three-year terms. The Society does not accept this recommendation.

The Code makes a recommendation at 4.14 regarding 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 relevant financial experience as no professionally qualified Accountants currently sit on the Board.

Provision 5.12 indicates that in the event of a solvent dissolution then any surplus arising should be distributed in accordance with the International Co operative Alliance Values and Principles. 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 previous Annual General Meetings and whilst the Board feel the chances of this arising are remote it will be given consideration the next time the Society Rules are being comprehensively considered.

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 £3,015,000 at 23 January 2021.

**Directors' Report (continued)
For the 52 weeks Ended 23 January 2021**

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 23 January 2021 the number of creditor days outstanding for the Society was 21 days (2020 - 21 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.

Tamworth Co-operative Society Limited

**Directors' Report (continued)
For the 52 weeks Ended 23 January 2021**

Disclosure 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 the director is aware, there is no relevant audit information of which the society's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the society's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the society since the year end.

Auditors

The auditors, Dains LLP, will be proposed for reappointment in accordance with the rules of the society at the Annual General Meeting.

This report was approved by the board on 16 March 2021 and signed on its behalf.



Robert W Read
Chairman of the Board



Julian Coles
Chief Executive Officer

Tamworth Co-operative Society Limited

Directors' Responsibilities Statement For the 52 weeks Ended 23 January 2021

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

The Co-operative and Community Benefit Societies Act 2014 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under applicable law the directors must not approve the financial statements unless satisfied that they a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the society's financial statements 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 to 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.

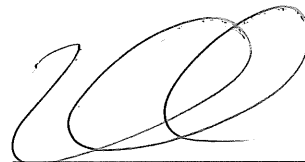
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may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

Board Certification

The financial statements on pages 16 to 43 are hereby signed on behalf of the Board of Directors pursuant to Section 80 of the Co-operative and Community Benefit Societies Act 2014.



Robert W Read
Chairman of the Board



Julian Coles
Chief Executive Officer

16 March 2021

Tamworth Co-operative Society Limited

Directors' attendance For the 52 weeks ended 23 January 2021

Name	Year first elected	Appointment expires	Possible attendances	Actual attendances
Mrs A A Higginson	2004	2022	17	15
Mr A M King	2016	2022	16	16
Mr A V King	2009	2021	20	19
Mrs S Preece	2013	2023	20	20
Mr R W Read	1999	2023	20	19
Mr D M Rose	2009	2021	16	16
Mrs S Peuple	2011	2023	13	11
Mrs A Brindley	2015	2021	15	15
Mr S Horsham	2019	2022	12	12

Opinion

We have audited the financial statements of Tamworth Co-operative Society (the 'society') for the 52 weeks ended 23 January 2021 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 23 January 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee of management either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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 auditor's 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.

A handwritten signature in black ink, appearing to read "Dains LLP". The signature is written in a cursive, flowing style.

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

22 April 2021

Tamworth Co-operative Society Limited

**Revenue account
For the 52 weeks ended 23 January 2021**

		2021 £000	2020 £000
Gross takings	30,953	26,375	
Less concession sales	(304)	(861)	
Takings		30,649	25,514
Less value added tax		(2,861)	(2,365)
Turnover	4	27,788	23,149
Cost of sales		(18,439)	(15,104)
		9,349	8,045
Property income		408	493
Expenses		(8,263)	(7,598)
		(7,855)	(7,105)
Trading surplus	14	1,494	940
Interest receivable and similar income	7	762	132
Interest payable and similar charges	8	(755)	(124)
Other finance costs	9	(130)	(171)
Loss on disposal of fixed assets		3	-
Fair value adjustments to fixed assets	16,17	(465)	(122)
Other operating income	5	645	-
Other exceptional charges	10	(100)	-
		(40)	(285)
Surplus for the period before distribution		1,454	655
Dividends paid	11	(90)	(84)
Grants and donations	12	(26)	(30)
Surplus before taxation		1,338	541
Tax on surplus	15	(136)	(131)
Retained surplus for the period		1,202	410

All amounts relate to continuing operations

The notes on pages 23 to 43 form part of these financial statements.

Tamworth Co-operative Society Limited

**Statement of Comprehensive Income
For the 52 weeks Ended 23 January 2021**

	Note	2021 £000	2020 £000
Profit for the financial 52 weeks		<u>1,202</u>	<u>410</u>
Other comprehensive income			
Actuarial gain/(loss) on defined benefit schemes	27	27	(1,136)
Movement on deferred tax relating to pension liability	25	98	159
Other comprehensive income for the 52 weeks/period		<u>125</u>	<u>(977)</u>
Total comprehensive income for the 52 weeks		<u>1,327</u>	<u>(567)</u>

Tamworth Co-operative Society Limited
Registered number:2582R

Balance Sheet
As at 23 January 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	16	11,347	11,657
Investments	18	10,996	10,756
Investment property	17	6,796	6,442
		<u>29,139</u>	<u>28,855</u>
Current assets			
Stocks	19	833	772
Debtors: amounts falling due after more than one year	20	1,531	1,406
Debtors: amounts falling due within one year	20	1,278	945
Cash at bank and in hand	21	3,015	2,200
		<u>6,657</u>	<u>5,323</u>
Creditors: amounts falling due within one year	22	(4,516)	(4,127)
Net current assets		<u>2,141</u>	<u>1,196</u>
Total assets less current liabilities		<u>31,280</u>	<u>30,051</u>
Creditors: amounts falling due after more than one year	23	(9,660)	(9,501)
Provisions for liabilities			
Deferred tax	25	(178)	(116)
Net assets excluding pension liability		<u>21,442</u>	<u>20,434</u>
Pension liability	27	(7,212)	(7,484)
Net assets		<u><u>14,230</u></u>	<u><u>12,950</u></u>
Capital and reserves			
Called up share capital	28	2,232	2,249
Profit and loss account	30	11,998	10,701
		<u>14,230</u>	<u>12,950</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 March 2021.



Robert W Read
Chairman of the board



Julian Coles
Chief Executive Officer

The notes on pages 23 to 43 form part of these financial statements.

Tamworth Co-operative Society Limited

Statement of Changes in Equity For the 52 weeks Ended 23 January 2021

	Called up share capital	Profit and loss account	Members funds
	£000	£000	£000
At 25 January 2020	2,249	10,701	12,950
Comprehensive income for the 52 weeks			
Profit for the 52 weeks	-	1,202	1,202
Actuarial gains on pension scheme (net of deferred tax)	-	125	125
Other comprehensive income for the 52 weeks	-	125	125
Total comprehensive income for the 52 weeks	-	1,327	1,327
Share interest paid	-	(30)	(30)
Shares issued during the 52 weeks	202	-	202
Shares redeemed during the 52 weeks	(219)	-	(219)
Total transactions with owners	(17)	(30)	(47)
At 23 January 2021	2,232	11,998	14,230

The notes on pages 23 to 43 form part of these financial statements.

Tamworth Co-operative Society Limited

Statement of Changes in Equity For the 52 weeks Ended 25 January 2020

	Called up share capital	Profit and loss account	Members funds
	£000	£000	£000
At 26 January 2019	2,381	11,300	13,681
Comprehensive income for the 52 weeks			
Profit for the 52 weeks	-	410	410
Actuarial losses on pension scheme (net of deferred tax)	-	(977)	(977)
Other comprehensive income for the period	-	(977)	(977)
Total comprehensive income for the period	-	(567)	(567)
Share interest paid	-	(32)	(32)
Shares issued during the period	210	-	210
Shares redeemed during the period	(342)	-	(342)
Total transactions with owners	(132)	(32)	(164)
At 25 January 2020	2,249	10,701	12,950

The notes on pages 23 to 43 form part of these financial statements.

Tamworth Co-operative Society Limited

**Statement of Cash Flows
For the 52 weeks Ended 23 January 2021**

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the financial 52 weeks	1,202	410
Adjustments for:		
Dividends and grants paid	(116)	(114)
Depreciation of tangible assets	584	560
Fair value adjustments to fixed assets	465	122
Pension charge	130	171
Interest paid	755	124
Interest received	(762)	(132)
Taxation charge	136	131
(Increase)/decrease in stocks	(61)	30
(Increase) in debtors	(341)	(167)
Increase in creditors	212	573
Employer contributions to defined benefit scheme	(375)	(375)
Corporation tax paid	(305)	(103)
Net cash generated from operating activities	1,524	1,230
Cash flows from investing activities		
Purchase of tangible fixed assets	(903)	(977)
Purchase of investment properties	(190)	-
Purchase of unlisted and other investments	(505)	(738)
Sale of unlisted and other investments	1,015	726
Interest received	12	26
Net cash from investing activities	(571)	(963)
Cash flows from financing activities		
Movement in ordinary shares	(17)	(132)
Dividends and grants paid	(116)	(114)
Interest paid	(5)	(18)
Net cash used in financing activities	(138)	(264)
Net increase in cash and cash equivalents	815	3
Cash and cash equivalents at beginning of 52 weeks	2,200	2,197
Cash and cash equivalents at the end of 52 weeks	3,015	2,200
Cash and cash equivalents at the end of 52 weeks comprise:		
Cash at bank and in hand	3,015	2,200
	3,015	2,200

Tamworth Co-operative Society Limited

**Analysis of Net Debt
For the 52 weeks Ended 23 January 2021**

	At 25 January 2020 £000	Cash flows £000	At 23 January 2021 £000
Cash at bank and in hand	2,200	815	3,015
	2,200	815	3,015

The notes on pages 23 to 43 form part of these financial statements.

**Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021**

1. General information

The Tamworth Co-operative Society Limited is a Co-operative society domiciled in the United Kingdom. The Society is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014.

The registered office of the Co-operative is 5 Colehill, Tamworth, Staffordshire, B79 7HN.

The principal activities of the Society and the nature of the Society's operations are set out in the directors report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the society's accounting policies (see note 3).

The society's functional and presentational currency is GBP. The financial statements are presented in pounds sterling and amounts have been rounded to the nearest £'000.

The following principal accounting policies have been applied:

2.2 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.

2.3 Accounting date

The financial statements are in respect of the 52 week period ended 23 January 2021 with the comparative figures for the 52 weeks period ended 25 January 2020.

2.4 Gross takings

Gross takings includes cash sales, goods sold on credit and concessionaire sales inclusive of Value Added Tax.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the society and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the society has transferred the significant risks and rewards of ownership to the buyer;
- the society retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the society will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the society will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Property income

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

2.7 Repairs

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

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The society adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the society. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% per annum
Leasehold buildings	- over the unexpired period of the lease
Transport	- over the expected working life or 4 years
Fixtures and fittings	- over the expected working life or 10 years

2.9 Operating leases: the society as lessee

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

2.10 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the revenue account.

2.12 Valuation of investments

Investments in funeral prepayment plans and other unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is determined by calculation from retail selling price, discounted back at the average gross margin achieved and other reconciling items.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Financial instruments

The society only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the revenue account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the society would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021**

2. Accounting policies (continued)

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

2.19 Finance costs

Finance costs are charged to the revenue account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.21 Pensions

Defined contribution pension plan

The society operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the society pays fixed contributions into a separate entity. Once the contributions have been paid the society has no further payments obligations.

The contributions are recognised as an expense in the revenue account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the society in independently administered funds.

Defined benefit pension plan

The society operates a defined benefit plan for certain employees. The scheme was closed to future accrual in October 2009. The society no longer has any employees accruing future increases or benefits. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the society engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the society's policy for similarly held assets. This includes the use of appropriate valuation techniques.

2. Accounting policies (continued)

2.21 Pensions (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.22 Interest income

Interest income is recognised in the revenue account using the effective interest method.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the society a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the society becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.24 Current and deferred taxation

The tax expense for the 52 weeks comprises current and deferred tax. Tax is recognised in the revenue account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the society operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.25 Funeral plan

The amounts received in advance for funeral bonds are recorded as a liability, apportioned between amounts due within one year and after more than one year, based upon past period experiences of redemptions and these are held on the balance sheet at their fair value. The fair value being the market value of the funeral bond

2. Accounting policies (continued)

at the year end on the basis that bond could be redeemed at a different funeral provider.

In addition, all receipts are invested in individual whole life or unit linked insurance policies with the Royal London Insurance Group. Investment of the receipts are held as assets in the balance sheet. The investments are held at fair value, being the market value of bond at the year end.

Interest receivable on the fund is recognised in the revenue account on encashment of the bond when the related funeral is provided. Commission on funds invested with Royal London is recognised in the revenue account on receipt.

2.26 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the society's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods in the revision affects both current and future periods.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of freehold properties, and have concluded that asset lives and residual values are appropriate.

Impairment of tangible fixed assets

The society conducts impairment reviews of assets when events or changes in circumstances indicate that their carrying amounts may not be recoverable annually in accordance with Financial Reporting Standard 102. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate.

Defined benefit pension scheme

The present value of the pension scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 23 January 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

4. Turnover

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

All turnover arose within the United Kingdom.

Tamworth Co-operative Society Limited

Notes to the Financial Statements For the 52 weeks Ended 23 January 2021

5. Other operating income

	2021 £000	2020 £000
Government grants receivable	416	-
Funeral bond tax credit	229	-
	<u>645</u>	<u>-</u>

The society has been eligible to claim from the government support schemes in response to the Covid-19 outbreak.

Government grants receivable comprises Retail, Hospitality and Leisure grants totalling £323,000 received via local governments and amounts received under the Coronavirus Job Retention Scheme totalling £93,000.

6. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the society's auditor for the audit of the society's annual accounts	20	19
Fees payable to the society's auditor in respect of:		
Other services relating to taxation	<u>22</u>	<u>6</u>

7. Interest receivable and similar income

	2021 £000	2020 £000
Changes in fair value of funeral bond assets	750	106
Bank interest receivable	3	5
Other interest receivable	9	21
	<u>762</u>	<u>132</u>

8. Interest payable and similar expenses

	2021 £000	2020 £000
Other loan interest payable	5	18
Changes in fair value of funeral bond liabilities	750	106
	<u>755</u>	<u>124</u>

Tamworth Co-operative Society Limited

Notes to the Financial Statements For the 52 weeks Ended 23 January 2021

9. Other finance costs

	2021 £000	2020 £000
Net interest on net defined benefit liability	130	171
	<u>130</u>	<u>171</u>
	<u><u>130</u></u>	<u><u>171</u></u>

10. Other exceptional charges

	2021 £000	2020 £000
Provision in relation to costs to close the Society's non-food trading division	100	-
	<u>100</u>	<u>-</u>
	<u><u>100</u></u>	<u><u>-</u></u>

11. Dividends paid

	2021 £000	2020 £000
Dividends to members	82	90
Waived dividend given to charity	8	9
Dividend vouchers not redeemed by members from prior years	-	(15)
	<u>90</u>	<u>84</u>
	<u><u>90</u></u>	<u><u>84</u></u>

12. Grants and donations

	2021 £000	2020 £000
Member relations committee	1	-
Employee related	25	30
	<u>26</u>	<u>30</u>
	<u><u>26</u></u>	<u><u>30</u></u>

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

13. Employees

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

	2021 £000	2020 £000
Wages and salaries	4,518	3,925
Social security costs	288	240
Cost of defined contribution scheme	173	169
	<u>4,979</u>	<u>4,334</u>

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

	2021 No.	2020 No.
Full time	110	97
Part time	176	180
	<u>286</u>	<u>277</u>

Management executive remuneration

	2021 £000	2020 £000
The total remuneration of the management executive was as follows:		
Salaries	425	403
Bonus	72	38
Taxable benefits	5	5
Pension contributions	22	22
	<u>524</u>	<u>468</u>

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

	2021 £000	2020 £000
Salary and taxable benefits	124	121
Bonus	40	24
Pension contributions	7	7
	<u>171</u>	<u>152</u>

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

14. Trading surplus

The trading surplus is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible assets	584	560
Impairment of tangible fixed assets	460	-
Impairment of investment properties	5	-
Defined contribution pension cost	173	169
Operating lease rentals - other operating leases	25	35
Directors' fees	32	33
	<u> </u>	<u> </u>

15. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	210	84
Adjustments in respect of previous periods	(109)	(3)
Total current tax	<u> </u> <u> </u>	<u> </u> <u> </u>
Deferred tax		
Origination and reversal of timing differences	35	50
Total deferred tax	<u> </u> <u> </u>	<u> </u> <u> </u>
Taxation on profit	<u> </u> <u> </u>	<u> </u> <u> </u>

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

15. Taxation (continued)

Factors affecting tax charge for the 52 weeks

The tax assessed for the period is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit before tax	1,338	541
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	254	103
Effects of:		
Expenses not deductible for tax purposes	137	79
Adjustments to tax charge in respect of prior periods	(109)	-
Other timing differences leading to a decrease in taxation	(69)	(21)
Non-taxable income	(66)	(30)
Capital gains	(11)	-
Total tax charge for the 52 weeks	136	131

Factors that may affect future tax charges

The rate of tax applied to the reported profit is 19.00% (2020: 19.00%). The rate of tax as introduced in the Finance Bill 2020 will remain unchanged for the financial year 2022.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

There is no expiry date on timing differences, unused tax losses or tax credits.

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

16. Tangible fixed assets

	Freehold land and buildings £000	Leasehold land and buildings £000	Transport £000	Fixtures, fittings and plant £000	Total £000
Cost or valuation					
At 25 January 2020	10,482	2	1,140	4,904	16,528
Additions	218	-	16	669	903
Disposals	-	-	-	(107)	(107)
Transfers between classes	(190)	-	-	-	(190)
At 23 January 2021	<u>10,510</u>	<u>2</u>	<u>1,156</u>	<u>5,466</u>	<u>17,134</u>
Depreciation					
At 25 January 2020	978	2	774	3,117	4,871
Charge for the 52 weeks on owned assets	143	-	73	368	584
Disposals	-	-	-	(107)	(107)
Transfers between classes	(21)	-	-	-	(21)
Impairment charge	460	-	-	-	460
At 23 January 2021	<u>1,560</u>	<u>2</u>	<u>847</u>	<u>3,378</u>	<u>5,787</u>
Net book value					
At 23 January 2021	<u>8,950</u>	<u>-</u>	<u>309</u>	<u>2,088</u>	<u>11,347</u>
At 25 January 2020	<u>9,504</u>	<u>-</u>	<u>366</u>	<u>1,787</u>	<u>11,657</u>

The original cost of freehold land included in the above figures, which is not depreciated is £3,154,000 (2020 - £3,154,000).

The freehold and leasehold land and buildings were 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.

The Directors have carried out an impairment review in the year and have determined that an impairment charge of £460,000 is necessary to reflect the net realisable value of a property likely to be sold in the coming period.

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

17. Investment property

	Freehold investment property £000
Valuation	
At 25 January 2020	6,442
Additions at cost	190
Surplus on revaluation	(5)
Transfers between classes	169
At 23 January 2021	6,796

The 2021 valuations were made by Peter J Hicks FRICS of Peter J Hicks & Co. Chartered Surveyors, on an open market value for existing use basis.

The historic cost of investment properties included at valuation is £4,151,659 (2020 - £4,151,659)

18. Fixed asset investments

	Unlisted investments £000
Cost or valuation	
At 25 January 2020	10,756
Additions	505
Disposals	(1,015)
Revaluations	750
At 23 January 2021	10,996

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

Tamworth Co-operative Society Limited

Notes to the Financial Statements For the 52 weeks Ended 23 January 2021

19. Stocks

	2021 £000	2020 £000
Finished goods and goods for resale	833	772
	<u>833</u>	<u>772</u>

20. Debtors

	2021 £000	2020 £000
Due after more than one year		
Deferred tax asset (note 25)	1,531	1,406
	<u>1,531</u>	<u>1,406</u>

	2021 £000	2020 £000
Due within one year		
Trade debtors	1,012	797
Tax recoverable	118	10
Prepayments and accrued income	148	138
	<u>1,278</u>	<u>945</u>

21. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	3,015	2,200
	<u>3,015</u>	<u>2,200</u>

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

22. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	1,461	1,387
Corporation tax	-	85
Other taxation and social security	130	66
Funeral prepayment plans	1,576	1,585
Other creditors	120	105
Dividends Payable	74	61
Accruals	1,155	838
	<u>4,516</u>	<u>4,127</u>

23. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Funeral prepayments plans	9,660	9,501
	<u>9,660</u>	<u>9,501</u>

24. Financial instruments

	2021 £000	2020 £000
Financial assets		
Financial assets measured at fair value through profit or loss	10,996	10,756
Financial assets that are measured at amortised cost	4,027	2,997
	<u>15,023</u>	<u>13,753</u>
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	11,236	11,086
Financial liabilities measured at amortised cost	1,655	1,553
	<u>12,891</u>	<u>12,639</u>

Financial assets measured at fair value through profit or loss comprise fixed asset investments.

Financial assets measured at amortised cost comprise cash and bank balances and trade debtors.

Financial liabilities measured at fair value through profit or loss comprise funeral prepayments plans.

Financial liabilities measured at amortised cost comprise trade and other creditors and dividends payable.

Tamworth Co-operative Society Limited

Notes to the Financial Statements For the 52 weeks Ended 23 January 2021

25. Deferred taxation

	2021 £000	2020 £000
At beginning of year	1,290	1,181
Charged to profit or loss	(35)	(50)
Charged/(credited) to other comprehensive income	98	159
At end of year	1,353	1,290

The deferred tax balance is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(242)	(167)
Pension deficit	1,370	1,272
Other timing difference	64	51
Property gains and losses	161	134
	1,353	1,290
Comprising:		
Asset - due after one year	1,531	1,406
Liability	(178)	(116)
	1,353	1,290

26. Capital commitments

At 23 January 2021 the society had capital commitments as follows:

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	111	318
	111	318

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

27. Pension commitments

The society operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. The pension cost charge represents contributions payable by the society to the fund and amounted to £173,000 (2020 - £169,000) .

The society operates a Defined Benefit Pension Scheme.

The Tamworth Co-operative Society Limited Employees Superannuation scheme which is based in the UK, 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 £375,000 (2020 - £375,000).

A full actuarial valuation was carried out as at 31 March 2019 and updated to 23 January 2021 using the Projected Unit method, by an independent qualified actuary.

Reconciliation of present value of plan liabilities:

	2021 £000	2020 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	23,437	20,938
Interest cost	413	553
Actuarial gains	205	2,835
Benefits paid	(871)	(889)
At the end of the year	23,184	23,437

Reconciliation of present value of plan assets:

	2021 £000	2020 £000
At the beginning of the year	15,953	14,386
Interest income	283	382
Actuarial gains	232	1,699
Contributions	375	375
Benefits paid	(871)	(889)
At the end of the year	15,972	15,953

	2021 £000	2020 £000
Fair value of plan assets	15,972	15,953
Present value of plan liabilities	(23,184)	(23,437)
Net pension scheme liability	(7,212)	(7,484)

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

27. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2021 £000	2020 £000
Interest on obligation	(130)	(171)
Total	(130)	(171)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £234,000 (2020 - £207,000).

The society expects to contribute £375,000 to its Defined Benefit Pension Scheme in 2022.

	2021 £000	2020 £000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	232	1,699
Experience gains and losses arising on the scheme liabilities	402	(616)
Changes in assumptions underlying the present value of the scheme liabilities	(607)	(2,219)
	27	(1,136)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2021 %	2020 %
Discount rate	1.6	1.8
Revaluation in deferment	1.9	2.0
Future pension increases	3.0	3.0
Inflation assumption (CPI)	1.9	2.0
Mortality rates		
- for a male aged 65 now	86.2	86.2
- at 65 for a male aged 45 now	88.2	88.1
- for a female aged 65 now	87.6	87.5
- at 65 for a female member aged 45 now	89.8	89.7

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

27. Pension commitments (continued)

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

Defined benefit pension schemes

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Defined benefit obligation	(23,184)	(23,437)	(20,938)	(21,993)	(21,651)
Scheme assets	15,972	15,953	14,386	15,173	14,518
Deficit	(7,212)	(7,484)	(6,552)	(6,820)	(7,133)
Experience adjustments on scheme liabilities	(205)	(2,835)	633	(426)	(3,364)
Experience adjustments on scheme assets	232	1,699	(573)	433	1,799
Deficit	27	(1,136)	60	7	(1,565)

28. Share capital

	2021	2020
	£000	£000
At the start of the period	2,249	2,381
Contributions	171	178
Interest	30	32
	2,450	2,591
Share capital - fully paid - shares redeemed	(219)	(342)
At end of period	2,231	2,249

Share capital is non equity share capital comprising £2,232,472 (2020 - £2,249,353) 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.

Notes to the Financial Statements
For the 52 weeks Ended 23 January 2021

29. Commitments under operating leases

At 23 January 2021 the society had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£000	£000
Not later than 1 year	38	25
Later than 1 year and not later than 5 years	43	50
Later than 5 years	1	10
	82	85

30. Reserves

Revenue reserves

The revenue reserves represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties and fixed asset investments.

31. Related party transactions

As a retail co-operative society, the society has many transactions with other Co-operative Societies. These are all commercial and at arms length. The most significant of these relates to the society's membership of the Federal Retail Trading Services (FRTS) by which purchases of stock for resale are made through the Co-operative Group Limited on terms negotiated with the third party suppliers by FRTS on behalf of its members. It is not considered that there are any related parties with the definition of FRS 102.

Other related party transactions

The total remuneration for key management personnel for the year totalled £524,000 (2020 - £468,000).