

Tamworth Co-Operative Society Limited

Directors' Report and Financial Statements

For the 53 weeks Ended 28 January 2023



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 *+o (Vice Chairman from 19 May 2020)
Mrs A Brindley o
Mr A V King *+^o (Chairman appointed 14 June 2022)
Mrs S D Peaple *+
Mrs S Preece *o^x
Mr R W Read o^+x*
Mr D M Rose *o+^
Mr S Horsham
Mr M Jackson *^x

* 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

8 Colehill
Tamworth
Staffordshire
B79 7HE

Management executive

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

Independent auditors

Dains Audit Limited
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
Leicestershire
LE65 2FU

Tamworth Co-Operative Society Limited

Contents

	Page
Notice of meeting	1
Key performance indicators	2
Directors' report	3 - 9
Directors' responsibilities statement	10
Directors' attendance	11
Independent auditors' report	12 - 14
Revenue account	15
Statement of comprehensive income	16
Balance sheet	17
Statement of changes in equity	18
Statement of cash flows	19
Analysis of net debt	20
Notes to the financial statements	21 - 42

Tamworth Co-Operative Society Limited

Notice of Meeting For the Period Ended 28 January 2023

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

26 April 2023

(1) Admission on presentation of a Valid
Pass Card

By Order of the Board



Julian Coles
Secretary

Date 21 March 2023

Agenda

1. To confirm the Minutes of the Annual General Meeting held on 25th May 2022.
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 53 weeks ended 28th January 2023, 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 Audit Limited as Auditors for 2023/2024.
8. Any other business

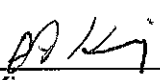
Tamworth Co-Operative Society Limited

Key performance indicators For the Period Ended 28 January 2023

Key performance indicators

	2019	2020	2021	2022	2023
Return on capital employed.	6.8	7.3	10.5	7.9	6.0
Surplus before distribution and impairment charges as a percentage of sales.	3.5	2.8	5.2	4.5	4.3
Trading surplus after depreciation as percentage of sales.	4.0	4.1	5.4	4.6	4.0
Trading surplus before depreciation as percentage of sales.	6.2	6.5	7.5	6.7	6.0
Gearing percentage.	10.9	10.9	10.0	7.7	6.6
Interest cover (times)	84.2	52.2	298.8	322.5	291.3
Retention as percentage of sales.	2.4	1.8	4.3	3.0	3.2
Capital expenditure as a percentage of sales.	3.6	3.0	4.2	3.0	2.9
Total net assets (£000)	13,681	12,950	14,230	16,314	19,166
Represented by:					
Share capital (£000)	2,381	2,249	2,232	2,309	2,190
Reserves (£000)	11,300	10,701	11,998	14,005	16,976

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


Mr A V King
Chairman of the Board

**Directors' Report
For the Period Ended 28 January 2023**

The Directors present their report and the financial statements for the period ended 28 January 2023.

Financial review

The financial year consisted of 53 trading weeks and that compared to 52 in the prior period. Total turnover reached £29,063,000. On a like for like basis of 52 weeks food sales exceeded the prior year by £767,000 or 2.8%. Property income increased to £565,000 and the overall trading surplus was £1,165,000 down by £125,000 or 9.7% on the prior year. Comparisons below the trading surplus line are difficult because of movements in matters such as property valuations. For this year our property investments reduced at the annual valuation process by £69,000 whereas in the prior year a gain of £100,000 was detailed. In the previous year we also received Government grants, a lease termination payment as well as other items and that led to other operating income totaling £159,000, this year however, the total amount of other operating income was lower at £32,000. The total surplus before taxation therefore declined by a greater percentage than the trading surplus to £887,000. The decrease on the prior year is £193,000 or 18% the Board are pleased with the result which exceeded internal targets.

Our Funeral Division carried out a lower number of arrangements than in recent years but again this was a higher level than reflected in our internal targets. The Food Division experienced cost increases in a number of areas and particularly with reference to electricity charges and staffing costs. The increase in property income was primarily due to the acquisition of a shopping precinct at Fontenaye Road, Tamworth in August 2022. During the year we have invested in that property to improve the residential flats and the appearance of the centre. The Society believes that investment will be a stable and important part of our investment portfolio for the future. Overall property investments were valued at the end of financial year at £7,640,000 and that also includes the former Travel unit at 5 Colehill which we retained on the sale of the Department Store to the Local Council.

There were a number of important developments during the year. With the legislation around Funeral Bonds coming into effect at the end of July 2022. The Society did not apply for Financial Conduct Authority registration but transferred our existing Funeral Bonds to Ecclesiastical Planning Services Limited (EPSL). We remain the nominated Funeral Director and will carry out the arrangements as the customers had originally instructed. From August onwards, sales of Funeral Bonds are still arranged by our own dedicated staff but any monies paid go directly to EPSL. From early 2023 on-line sales on Bonds are possible via our website with a link to EPSL. Our Food team made a number of changes to our larger branches to ensure compliance with 'High Fat Salt and Sugar' legislation before those controls were implemented in October 2022. Around the end of the financial year we carried out some work at the Tamworth Town Centre Food store to further improve the layout of that location and to replace the refrigeration equipment in use. The Board do need to point out to Members that Post Office services provided at that location incur losses for the Society. Whilst we have made a number of recent changes the Board will need to regularly review the provision of those services.

The Society Balance Sheet has grown to £19.2m from £16.3m previously. As well as the retained profit for the year the Actuary has calculated the net Pension liability from the Final Salary Pension Scheme that closed to future accrual in 2009 is now £2.7m having been £5.9m previously. That was primarily due to significant changes in financial markets. The make-up of the Balance Sheet will look a little different this year following the changes in Funeral Pre-payment Bonds as investments previously held and corresponding liabilities have now been removed on the transfer to EPSL. That did not affect the overall total of net assets.

The Society was delighted to carry out some important community support during the last financial year. The Board introduced a programme of '70 for 70' to reward 70 local community groups with individual donations of £500 each to commemorate the incredible 70 years of service of Her Majesty Queen Elizabeth II. By February 2023 67 of those donations have been made and we expect to finalise the programme in the near future. The programme was financed by the sale of carrier bags by the Society Food Division. The Society also carried out our usual community dividend programme but this year this was heavily focused to one organisation with the Tamworth branch of the Samaritans receiving support of £8,000 during the financial year.

The Board would like to put on records their tremendous thanks to our employees in terms of the very successful year just ended. We do see a number of challenges for the future and particularly with reference to expected increases in a number of expenses but with a strong Balance Sheet and excellent branch operating standards we believe we are very well placed to respond to future challenges.

Tamworth Co-Operative Society Limited

Directors' Report (continued) For the Period Ended 28 January 2023

Dividend

The Board of Directors remains mindful of the importance of Dividends to our Members, but is conscious of the financial challenges facing the Society in the year ahead. The Board has therefore agreed to a 2% dividend and will endeavour to keep it at least at this level in the future

The Dividend distributed is as follows:

	Recommended 2023	Paid May 2022
Members Dividend	84,979	116,440
Waived Dividends to Charities	8,151	11,189
Dividend Vouchers not Redeemed	<u>(10,000)</u>	<u>(15,000)</u>
Total	<u>83,130</u>	<u>112,629</u>

Community Dividend 2022/2023:

The Board allocated £8,000 to the local branch of the Samaritans and £350 to Rosliston Pre School.

For Financial Year 2023/2024 the Board intend to allocate £10,000 to assist members of the local community with food poverty. At this juncture it is still exploring how to achieve the best outcome, before committing any funding.

Membership

Details of Membership are recorded below:

	Open Accounts	Suspended Accounts
Opening balance as at 23 January 2022	21,062	20,423
New Members during the year	564*	-
Closed Accounts	(243)	-
Transfers from Suspended	40	(40)
Closing balance as at 28 January 2023	21,423	20,383

* - 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 28th January 2023 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 four occasions during the financial year ended 28th January 2023. 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

**Directors' Report (continued)
For the Period Ended 28 January 2023**

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 30.

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

Member Relations

The Members Relations Committee re-convened in June 2022 after a 2 year break following the pandemic and met twice in the year. The committee consist of Directors, current and past employees.

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 53 weeks ended 28th January 2023 Members claimed Dividend on 13.3% of Society sales (as against 12.6% last year).

The Society recruited 604 (2022 – 548) 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 2022 was 20 against 23 in 2021, 22 in 2020, and 27 in 2019.

Participation in training and education

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

**Directors' Report (continued)
For the Period Ended 28 January 2023**

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 43 accidents were recorded across the Society, including 30 to employees. There was one reportable accident. The comparative figures for the previous year were 37 accidents including 30 to Staff, no accidents were reportable.

The average number of days lost per Full Time Equivalent Employee through sickness and absenteeism was 10.0 days against 10.3 days the previous year. The figures for the previous year exclude absences due to the pandemic. For the current year covid related absence has not been a major feature so the days lost for 2022 include these.

Staff profile

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

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

77.7% (2022 - 77.2%) of total Employees are women and 22.3% (2022 - 22.8%) men. 45.7% (2022 - 56.2%) of Employees are full-time and 54.3% (2022 - 43.8%) 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 Society. 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. Co-operative Group has given advanced warning that Co-operative Power will cease providing its services to external businesses from September 2024. The Society has joined forces with several other independent Co-operatives and secured terms for the buying of energy with Inspired Energy.

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.

**Directors' Report (continued)
For the Period Ended 28 January 2023**

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 also continues to maintain its links with an organisation called "too good to go". Via a phone app customers can purchase a magic bag containing products that have reached their end of shelf life. This avoids the product going to waste.

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 £4,780,000 at 28 January 2023.

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

**Directors' Report (continued)
For the Period Ended 28 January 2023**

(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 28 January 2023 the number of creditor days outstanding for the Society was 21.2 days (2022 - 19.5 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.

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.

Tamworth Co-Operative Society Limited

Directors' Report (continued) For the Period Ended 28 January 2023

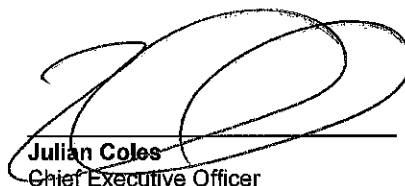
Auditors

The auditors, Dains Audit Limited, 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 21 March 2023 and signed on its behalf.



Alan V King
Chairman of the Board



Julian Coles
Chief Executive Officer

Tamworth Co-Operative Society Limited

Directors' Responsibilities Statement For the Period Ended 28 January 2023

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that period.

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

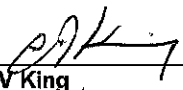
- select suitable accounting policies for the Society's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed 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.

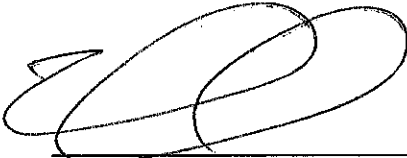
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may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

Board Certification

The financial statements on pages 15 to 42 are hereby signed on behalf of the Board of Directors pursuant to Section 80 of the Co-operative and Community Benefit Societies Act 2014.



Alan V King
Chairman of the Board



Julian Coles
Chief Executive Officer

21 March 2023

Tamworth Co-Operative Society Limited

Directors' attendance For the 53 weeks ended 28 January 2023

Name	Year first elected	Appointment expires	Possible attendances	Actual attendances
Mrs A A Higginson	2004	2025	24	24
Mr A V King	2009	2024	28	26
Mrs S Preece	2013	2023	30	30
Mr R W Read	1999	2023	30	30
Mr D M Rose	2009	2024	24	22
Mrs S Peaple	2011	2023	19	18
Mrs A Brindley	2015	2024	19	18
Mr S Horsham	2019	2025	15	15
Mr M Jackson	2021	2025	24	21

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

Opinion

We have audited the financial statements of Tamworth Co-operative Society (the 'society') for the 53 weeks ended 28 January 2023 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 28 January 2023 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 10, 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 Auditors' 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Society through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Society, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Society's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether Judgements and assumptions made in determining the accounting estimates set out in Note 3

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

- were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

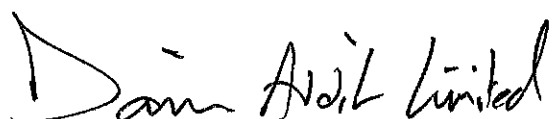
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the Society's legal advisors.

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 Auditors' 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.



Dains Audit Limited

Statutory Auditor
Chartered Accountants

Birmingham

21 March 2023

Tamworth Co-operative Society Limited

**Revenue account
For the 53 weeks ended 28 January 2023**

		2023 £000	2022 £000
Gross takings		31,969	30,909
Less concession sales		-	(238)
Takings		31,969	30,671
Less value added tax		(2,906)	(2,906)
Turnover	4	29,063	27,765
Cost of sales		(19,406)	(18,335)
		9,657	9,430
Property income		565	512
Expenses		(9,057)	(8,652)
		(8,492)	(8,140)
Trading surplus	14	1,165	1,290
Interest receivable and similar income	7	286	428
Interest payable and similar charges	8	(280)	(424)
Other finance costs	9	(126)	(113)
(Loss)/gain on disposal of fixed assets		-	(71)
Fair value adjustments to fixed assets	17	(69)	100
Other operating income	5	32	159
Other exceptional credits/(charges)	10	50	(109)
		(107)	(30)
Surplus for the period before distribution		1,058	1,260
Dividends paid	11	(113)	(150)
Grants and donations	12	(58)	(30)
Surplus before taxation		887	1,080
Tax on surplus	15	(114)	(244)
Retained surplus for the period		773	836

All amounts relate to continuing operations

The notes on pages 22 to 43 form part of these financial statements.

Tamworth Co-Operative Society Limited

**Statement of Comprehensive Income
For the Period Ended 28 January 2023**


	Note	2023 £000	2022 £000
Surplus for the financial period		<u>773</u>	<u>836</u>
Other comprehensive income			
Actuarial gain on defined benefit schemes	27	2,970	1,024
Movement on deferred tax relating to pension (gains)/losses	25	<u>(744)</u>	<u>177</u>
Other comprehensive income for the period		<u>2,226</u>	<u>1,201</u>
Total comprehensive income for the period		<u><u>2,999</u></u>	<u><u>2,037</u></u>


Tamworth Co-Operative Society Limited
Registered number:2582R

Balance Sheet
As at 28 January 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	16	10,177	11,864
Investments	18	100	10,841
Investment property	17	7,640	6,041
		<u>17,917</u>	<u>28,746</u>
Current assets			
Stocks	19	878	848
Debtors: amounts falling due after more than one year	20	1,023	1,708
Debtors: amounts falling due within one year	20	1,129	1,132
Cash at bank and in hand	21	4,780	4,329
		<u>7,810</u>	<u>8,017</u>
Creditors: amounts falling due within one year	22	(3,368)	(4,486)
Net current assets		<u>4,442</u>	<u>3,531</u>
Total assets less current liabilities		<u>22,359</u>	<u>32,277</u>
Creditors: amounts falling due after more than one year	23	-	(9,684)
Provisions for liabilities			
Deferred tax	25	(486)	(353)
Net assets excluding pension liability		<u>21,873</u>	<u>22,240</u>
Pension liability	27	(2,707)	(5,926)
Net assets		<u>19,166</u>	<u>16,314</u>
Capital and reserves			
Called up share capital	28	2,190	2,309
Profit and Loss Account	30	16,976	14,005
		<u>19,166</u>	<u>16,314</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 March 2023.


Alan V King
Chairman of the board


Julian Coles
Chief Executive Officer

The notes on pages 21 to 42 form part of these financial statements.

Tamworth Co-Operative Society Limited

**Statement of Changes in Equity
For the Period Ended 28 January 2023**

	Called up share capital £000	Profit and loss account £000	Members funds £000
At 23 January 2021	2,232	11,998	14,230
Comprehensive income for the period			
Surplus for the period	-	836	836
Actuarial losses on pension scheme (net of deferred tax)	-	1,201	1,201
Other comprehensive income for the period	-	1,201	1,201
Total comprehensive income for the period	-	2,037	2,037
Share interest paid	-	(30)	(30)
Shares issued during the period	347	-	347
Shares redeemed during the period	(270)	-	(270)
Total transactions with owners	77	(30)	47
At 22 January 2022	2,309	14,005	16,314
Comprehensive income for the period			
Surplus for the period	-	773	773
Actuarial gains on pension scheme (net of deferred tax)	-	2,226	2,226
Other comprehensive income for the period	-	2,226	2,226
Total comprehensive income for the period	-	2,999	2,999
Share interest paid	-	(28)	(28)
Shares issued during the period	155	-	155
Shares redeemed during the period	(274)	-	(274)
Total transactions with owners	(119)	(28)	(147)
At 28 January 2023	2,190	16,976	19,166

The notes on pages 21 to 42 form part of these financial statements.

Tamworth Co-Operative Society Limited

Statement of Cash Flows For the Period Ended 28 January 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Surplus for the financial period	773	836
Adjustments for:		
Dividends and grants paid	171	180
Depreciation of tangible assets	640	579
Fair value adjustments to fixed assets	69	(100)
Loss on disposal of tangible assets	-	71
Pension charge	126	113
Interest paid	280	424
Interest received	(286)	(428)
Taxation charge	114	244
Increase in stocks	(30)	(15)
Increase in debtors	(56)	(149)
Increase/(decrease) in creditors	13	(397)
Employer contribution to defined benefit scheme	(375)	(375)
Corporation tax (paid)/received	(32)	149
Net cash generated from operating activities	1,407	1,132
Cash flows from investing activities		
Purchase of tangible fixed assets	(863)	(841)
Sale of tangible fixed assets	1,913	-
Purchase of investment properties	(1,668)	-
Sale of investment properties	-	547
Purchase of unlisted and other investments	(524)	(412)
Sale of unlisted and other investments	498	987
Interest received	6	8
Net cash from investing activities	(638)	289
Cash flows from financing activities		
Movement in ordinary shares	(119)	77
Dividends and grants paid	(171)	(180)
Interest paid	(28)	(4)
Net cash used in financing activities	(318)	(107)
Net increase in cash and cash equivalents	451	1,314
Cash and cash equivalents at beginning of period	4,329	3,015
Cash and cash equivalents at the end of period	4,780	4,329
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	4,780	4,329
	4,780	4,329

Tamworth Co-Operative Society Limited

Analysis of Net Debt For the Period Ended 28 January 2023

	At 23 January 2022 £000	Cash flows £000	At 28 January 2023 £000
Cash at bank and in hand	4,329	451	4,780
	<u>4,329</u>	<u>451</u>	<u>4,780</u>

The notes on pages 21 to 42 form part of these financial statements.

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

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 8 Colehill, Tamworth, Staffordshire, B79 7HE.

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 53 week period ended 28 January 2023 with the comparative figures for the 52 weeks period ended 22 January 2022.

2.4 Gross takings

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

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

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.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model 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
Assets under construction	- Not depreciated

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 they 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 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.

2.12 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.

2.13 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.

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

2. Accounting policies (continued)

2.14 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.

2.15 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.

2.16 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.

2.17 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Period Ended 28 January 2023**

2. Accounting policies (continued)

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

2. Accounting policies (continued)

2.22 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'.

2.23 Interest income

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

2.24 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.

2.25 Current and deferred taxation

The tax expense for the period 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.

2.26 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

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

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.

2.27 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 29, 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 2022 has been used by the actuary in valuing the pensions liability at 28 January 2023. 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.

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

5. Other operating income

	2023 £000	2022 £000
Compensation for termination of lease	-	30
Government grants receivable	-	54
Funeral bond tax credit	32	75
	32	159

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

Government grants receivable in the prior year comprises Retail, Hospitality and Leisure grants totaling £25,000 received via local governments and amounts received under the Coronavirus Job Retention Scheme totaling £29,000.

6. Auditors' remuneration

	2023 £000	2022 £000
Fees payable to the Society's auditor and its associates for the audit of the Society's annual accounts	22	21
Fees payable to the Society's auditor and its associates in respect of:		
Other services relating to taxation	10	10

7. Interest receivable and similar income

	2023 £000	2022 £000
Changes in fair value of funeral bond assets	280	420
Bank interest receivable	1	-
Other interest receivable	5	8
	286	428

8. Interest payable and similar expenses

	2023 £000	2022 £000
Other loan interest payable	-	4
Changes in fair value of funeral bond liabilities	280	420
	280	424

Tamworth Co-Operative Society Limited

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

9. Other finance costs

	2023 £000	2022 £000
Net interest on net defined benefit liability	126	113
	126	113

10. Other exceptional (credits)/charges

	2023 £000	2022 £000
Provision in relation to costs to close the Society's non-food trading division	(20)	25
Provision for transfer of funeral bonds to Ecclesiastical	(30)	84
	(50)	109

11. Dividends paid

	2023 £000	2022 £000
Dividends to members	117	153
Waived dividend given to charity	11	12
Dividend vouchers not redeemed by members from prior years	(15)	(15)
	113	150

12. Grants and donations

	2023 £000	2022 £000
Member relations committee	-	-
Employee related	58	30
	58	30

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

13. Employees

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

	2023 £000	2022 £000
Wages and salaries	4,605	4,600
Social security costs	312	298
Cost of defined contribution scheme	183	179
	5,100	5,077

The average monthly number of employees, including the Directors, during the period was as follows:

	2023 No.	2022 No.
Full time	85	116
Part time	202	181
	287	297

Management executive remuneration

	2023 £000	2022 £000
The total remuneration of the management executive was as follows:		
Salaries	396	403
Bonus	64	75
Taxable benefits	5	5
Pension contributions	22	22
	487	505

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

	2023 £000	2022 £000
Salary	131	127
Bonus	40	40
Pension contributions	7	7
	178	174

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

14. Trading surplus

The trading surplus is stated after charging:

	2023	2022
	£000	£000
Depreciation of tangible assets	640	579
Defined contribution pension cost	183	179
Operating lease rentals - other operating leases	(35)	12
Directors' fees	37	32
	<u>645</u>	<u>802</u>

15. Taxation

	2023	2022
	£000	£000
Corporation tax		
Current tax on profits for the year	75	102
Adjustments in respect of previous periods	(35)	(33)
Total current tax	<u>40</u>	<u>69</u>
Deferred tax		
Origination and reversal of timing differences	(122)	602
Changes to tax rates	196	(427)
Total deferred tax	<u>74</u>	<u>175</u>
Taxation on surplus	<u>114</u>	<u>244</u>

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

15. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Surplus before tax	886	1,080
Surplus multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	168	205
Effects of:		
Expenses not deductible for tax purposes	61	75
Adjustments to tax charge in respect of prior periods	(35)	(33)
Other timing differences	13	77
Non-taxable income	(32)	(86)
Capital gains	(61)	6
Total tax charge for the period	114	244

Factors that may affect future tax charges

The rate of tax applied to the reported profit is 19.00% (2022 19.00%). The rate of tax as introduced in the Finance Bill 2021 will change from 1 April 2023 when the rate increases from 19.00% to 25.00%.

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 Period Ended 28 January 2023

16. Tangible fixed assets

	Freehold land and buildings £000	Leasehold land and buildings £000	Transport £000	Fixtures, fittings and plant £000	Assets under construction £000	Total £000
Cost or valuation						
At 23 January 2022	10,765	2	1,174	5,501	346	17,788
Additions	-	-	112	350	401	863
Disposals	(1,900)	-	(31)	(38)	-	(1,969)
Transfers between classes	747	-	-	-	(747)	-
At 28 January 2023	9,612	2	1,255	5,813	-	16,682
Depreciation						
At 23 January 2022	1,662	2	920	3,340	-	5,924
Charge for the period on owned assets	129	-	77	434	-	640
Disposals	-	-	(21)	(38)	-	(59)
At 28 January 2023	1,791	2	976	3,736	-	6,505
Net book value						
At 28 January 2023	7,821	-	279	2,077	-	10,177
At 22 January 2022	9,103	-	254	2,161	346	11,864

The original cost of freehold land included in the above figures, which is not depreciated is £2,743,000 (2022 - £3,229,000).

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.

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

17. Investment property

	Freehold investment property £000
Valuation	
At 23 January 2022	6,041
Additions at cost	1,668
Deficit on revaluation	(69)
At 28 January 2023	7,640

The 2023 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 £5,973,780 (2022 - £4,305,782).

18. Fixed asset investments

	Unlisted investments £000
Cost or valuation	
At 23 January 2022	10,841
Additions	524
Disposals	(11,545)
Revaluations	280
At 28 January 2023	100

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

During the year the Society has transferred all funeral prepayment plans to Ecclesiastical Planning Services in preparation of funeral bonds becoming a regulated financial product.

Tamworth Co-Operative Society Limited

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

19. Stocks

	2023	2022
	£000	£000
Finished goods and goods for resale	878	848
	<u>878</u>	<u>848</u>

20. Debtors

	2023	2022
	£000	£000
Due after more than one year		
Deferred tax asset (note 25)	1,023	1,708
	<u>1,023</u>	<u>1,708</u>

	2023	2022
	£000	£000
Due within one year		
Trade debtors	946	915
Other debtors	-	37
Prepayments and accrued income	183	180
	<u>1,129</u>	<u>1,132</u>

21. Cash and cash equivalents

	2023	2022
	£000	£000
Cash at bank and in hand	4,780	4,329
	<u>4,780</u>	<u>4,329</u>

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

22. Creditors: Amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	1,630	1,475
Corporation tax	35	27
Other taxation and social security	131	79
Funeral prepayment plans	-	1,353
Other creditors	117	98
Dividends Payable	53	67
Accruals	1,402	1,387
	3,368	4,486

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

	2023	2022
	£000	£000
Funeral prepayments plans	-	9,684
	-	9,684

During the year the Society has transferred all funeral prepayment plans to Ecclesiastical Planning Services in preparation of funeral bonds becoming a regulated financial product.

Notes to the Financial Statements
For the Period Ended 28 January 2023

24. Financial instruments

	2023	2022
	£000	£000
Financial assets		
Financial assets measured at fair value through profit or loss	100	10,841
Financial assets that are measured at amortised cost	5,726	5,244
	5,826	16,085
	5,826	16,085
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	-	11,037
Financial liabilities measured at amortised cost	1,800	1,640
	1,800	12,677
	1,800	12,677

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.

25. Deferred taxation

	2023	2022
	£000	£000
At beginning of year	1,355	1,353
Charged to revenue account	(74)	(175)
Charged to other comprehensive income	(744)	177
At end of year	537	1,355
	537	1,355

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

25. Deferred taxation (continued)

The deferred tax balance is made up as follows:

	2023 £000	2022 £000
Accelerated capital allowances	(434)	(381)
Pension deficit	677	1,482
Other timing difference	9	49
Property gains and losses	285	205
	537	1,355
Comprising:		
Asset - due after one year	1,023	1,708
Liability	(486)	(353)
	537	1,355

26. Capital commitments

At 28 January 2023 the Society had capital commitments as follows:

	2023 £000	2022 £000
Contracted for but not provided in these financial statements	466	1,145
	466	1,145

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

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 £183,000 (2022 - £179,000) .

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 (2022 - £375,000).

A full actuarial valuation was carried out as at 31 March 2022 and updated to 28 January 2023 using the Projected Unit method, by an independent qualified actuary.

Reconciliation of present value of plan liabilities:

	2023 £000	2022 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	22,882	23,184
Interest cost	493	363
Actuarial gains	(6,813)	358
Benefits paid	(933)	(1,023)
At the end of the year	15,629	22,882

Reconciliation of present value of plan assets:

	2023 £000	2022 £000
At the beginning of the year	16,956	15,972
Interest income	367	250
Actuarial gains	(3,843)	1,382
Contributions	375	375
Benefits paid	(933)	(1,023)
At the end of the year	12,922	16,956

	2023 £000	2022 £000
Fair value of plan assets	12,922	16,956
Present value of plan liabilities	(15,629)	(22,882)
Net pension scheme liability	(2,707)	(5,926)

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

27. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2023 £000	2022 £000
Interest on obligation	(126)	(113)
Total	(126)	(113)

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £4,228,000 (2022 - £1,258,000).

The Society expects to contribute £1,375,000 to its Defined benefit pension scheme in 2024.

	2023 £000	2022 £000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	(3,843)	1,382
Experience gains and losses arising on the scheme liabilities	(233)	(366)
Changes in assumptions underlying the present value of the scheme liabilities	7,046	8
	2,970	1,024

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

	2023 %	2022 %
Discount rate	4.55	2.20
Revaluation in deferment	2.00	2.90
Future pension increases	3.05	3.40
Inflation assumption (CPI)	2.00	2.90
Mortality rates		
- for a male aged 65 now	86.4	86.6
- at 65 for a male aged 45 now	87.5	87.9
- for a female aged 65 now	88.9	89.0
- at 65 for a female member aged 45 now	90.0	90.4

**Notes to the Financial Statements
For the Period Ended 28 January 2023**

27. Pension commitments (continued)

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

Defined benefit pension schemes

	2023	2022	2021	2020	2019
	£000	£000	£000	£000	£000
Defined benefit obligation	(15,629)	(22,882)	(23,184)	(23,437)	(20,938)
Scheme assets	12,922	16,956	15,972	15,953	14,386
Deficit	(2,707)	(5,926)	(7,212)	(7,484)	(6,552)
Experience adjustments on scheme liabilities	6,813	(358)	(205)	(2,835)	633
Experience adjustments on scheme assets	(3,843)	1,382	232	1,699	(573)
	2,970	1,024	27	(1,136)	60

28. Share capital

	2023	2022
	£000	£000
At the start of the period	2,309	2,232
Contributions	127	317
Interest	28	30
	2,464	2,579
Share capital - fully paid - shares redeemed	(274)	(270)
At end of period	2,190	2,309

Share capital is non equity share capital comprising £2,189,978 (2022 - £2,308,589) shares of £1 each, attracting interest of between nil and 2.5% 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 Period Ended 28 January 2023**

29. Commitments under operating leases

At 28 January 2023 the Society had future minimum lease payments under non-cancellable operating leases as follows:

	2023 £000	2022 £000
Not later than 1 year	13	21
Later than 1 year and not later than 5 years	7	20
	20	41

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 totaled £524,000 (2022 - £537,000).