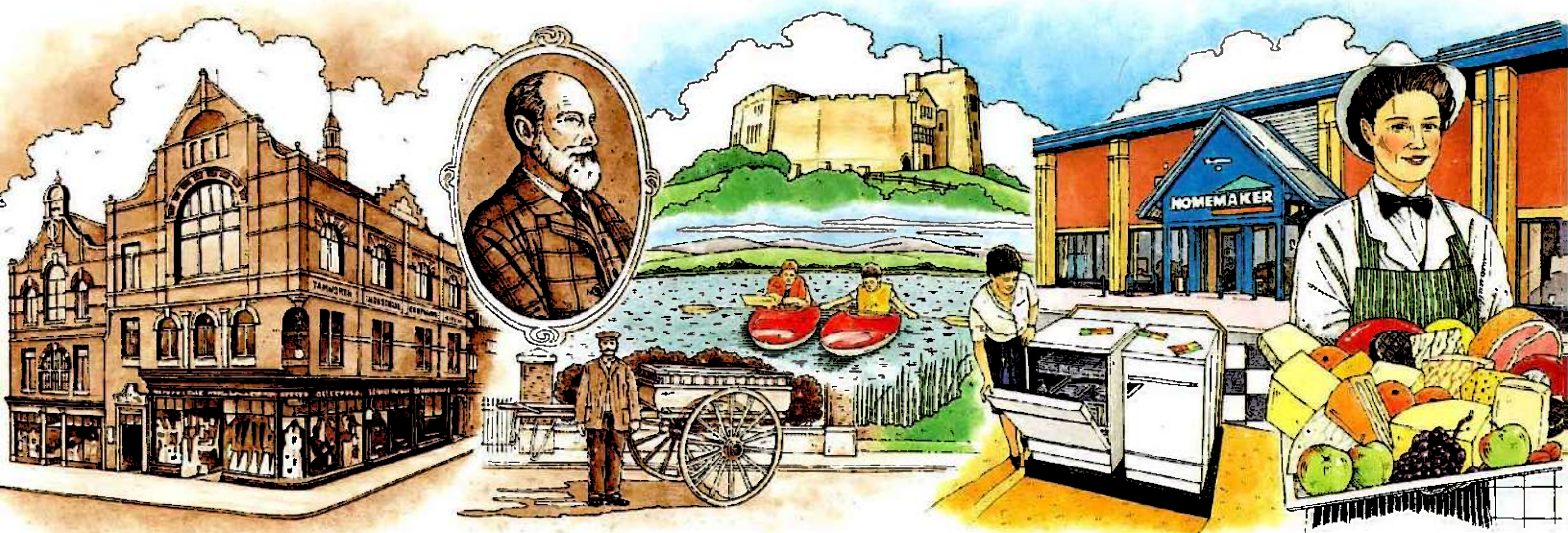


FOUNDATIONS FOR THE FUTURE



ANNUAL

REPORT

& ACCOUNTS

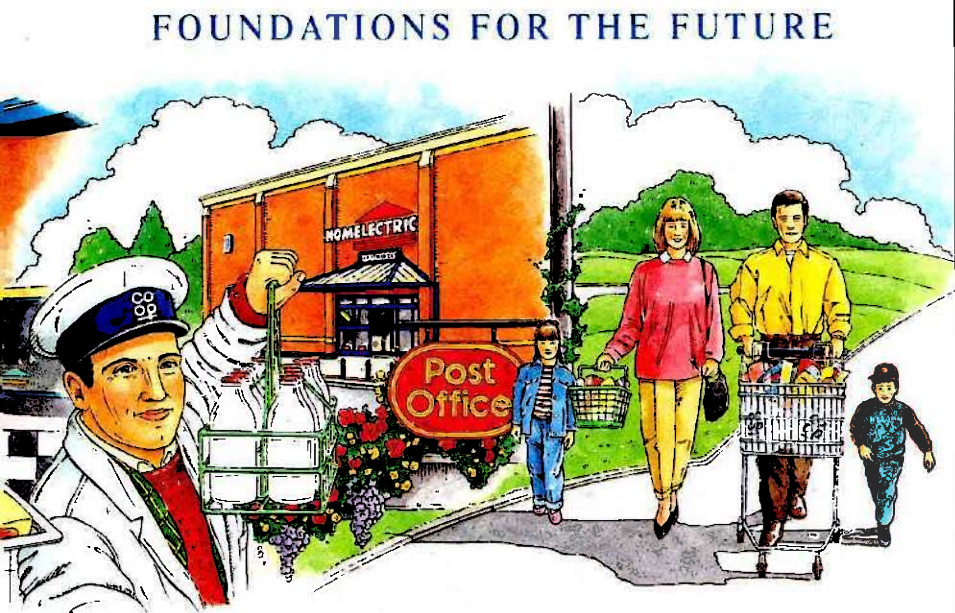
JANUARY 1994



TAMWORTH CO-OPERATIVE SOCIETY LIMITED

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DIRECTORS, OFFICERS AND ADVISERS

Board of Directors
Mr. W. B. Atkins, J.P. (Chairman)
Mrs. H. M. Fowler. (Vice Chairman)
Mrs. J. Ankers.
Mr. G. Johnson.
Mrs. K. M. Johnson.
Mrs. A. M. Poulten.
Mrs. C. Walker.
Mr. F. A. Wood.

Chief Executive Officer
Mr. R. A. Hughes.

Deputy Chief Executive Officer
Mr. B. Shakespeare B.A.(Hons.)

Auditors
KPMG Peat Marwick,
2, Cornwall Street,
Birmingham,
B3 2DL.

Bankers
Co-operative Bank plc,
42 Greengate Street,
Stafford,
ST16 2BU.

Solicitors
Mark Matthews & Co.,
16/21 Church Street,
Tamworth,
B79 7DH.



Members of the Board of Directors, Tamworth Co-operative Society Ltd.

NOTICE OF MEETING



A friendly and caring service.

Notice of Ordinary Annual General Meeting

Notice is hereby given that the Ordinary Annual General meeting of the Society will be held in the Heritage View Cafeteria, Tamworth Departmental Store, Church Street, Tamworth on Thursday, 7th April, 1994 at 7.15pm.

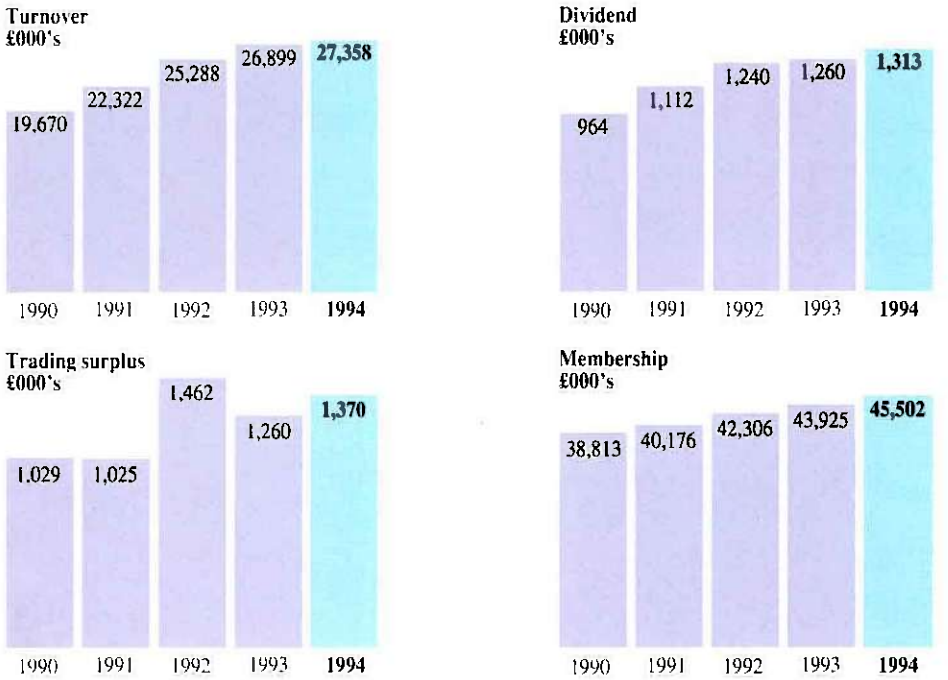
Agenda

1. To confirm the Minutes of the Ordinary Annual General Meeting held on 25th March, 1993.
2. To receive the Report of the Board of Directors.
3. To consider and adopt the accounts of the Group for the 53 weeks ended 29th January, 1994, and the Balance Sheet together with the Auditors' Report thereon.
4. To receive the Report and Accounts of the Member Relations Committee.
5. To confirm donations authorised by the Board of Directors.
6. To elect:
 - (a) A delegate to the meetings of the shareholders of the CWS Ltd.
 - (b) Four Members to serve on the Member Relations Committee.
 - (c) Scrutineers.
7. To declare the results of the election to the Board of Directors.
8. To appoint Auditors.
9. To receive a report upon the Annual General Meeting of the CWS Ltd.
10. To receive a report upon the Co-operative Congress, 1993.
11. To approve or otherwise a Member's motion on eligibility for election to the Board.
12. To approve or otherwise a Member's motion regarding Pension Trusteeship.



The Society's Department Store.

FIVE YEAR COMPARATIVE STATEMENT



	1990	1991	1992	1993	1994
Membership (000's)	39	40	42	44	46
	£000's	£000's	£000's	£000's	£000's
Turnover	19,670	22,322	25,288	26,899	27,358
Trading surplus	1,029	1,025	1,462	1,260	1,370
Retained surplus	250	150	540	244	564
Capital expenditure	448	951	922	753	959
Depreciation	418	551	356	379	404
Members dividend	964	1,112	1,240	1,260	1,313
Fixed assets	3,624	5,126	5,125	5,950	6,844
Intangible assets	-	-	-	-	187
Net current assets	211	289	1,179	815	174
Long term liabilities	-	(44)	(335)	(487)	(289)
Loans	(34)	(78)	(136)	(178)	(238)
Net total assets	3,801	5,293	5,833	6,100	6,678
Share capital	951	940	955	978	992
Reserves	2,850	4,353	4,878	5,122	5,686

The Society has changed the method it uses for providing depreciation on fixed assets. This change was effective from 27th January 1991, thus for 1991 and earlier years, depreciation is stated under the previous method.

Reserves for holiday pay, previously shown as a long term liability, are now shown as creditors due within one year. A portion of the funeral prepayment plan fund deemed to be payable over one year, is now shown as a separate item (loans). The balance, deemed to be repayable within one year, continues to be shown within net current assets. In both cases the comparatives have been adjusted on consistent bases.

REPORT OF THE BOARD OF DIRECTORS

Financial Review

The continued effects of a deep recession cast long shadows in Tamworth during 1993, and as many new retailing developments emerged in and around the town, the Society fought its corner hard to win available custom.

At the end of the year to January 29th, 1994, Tamworth Co-operative Society recorded a turnover of £27,358,000, representing an increase of 1.71%, though this figure is offset by the fact that the period encompassed 53 weeks, as opposed to 52 weeks the previous year.

The Board of Directors considered this increase to be wholly satisfactory given the prevailing economic circumstances, and appreciates greatly the efforts made by both management and staff to maintain the Society's market share.



Processing end of year dividend claims.

A trading profit of £1,370,000 was achieved during the period, and this represents an increase of 8.7% on the previous year. In addition, a surplus on property and investment income of £553,000 was made, and this increase of 12.4% on last year is seen as an excellent achievement, given the drop in interest rates.

The accumulated total of reserves now stands at £5,686,000 and incorporates an addition of £564,000 made during 1993.



The popular Heritage View cafe attract regular custom.

Dividend

The distribution of an annual dividend remains central to the Society's activities, and a total dividend in excess of £1.26 million was paid to Members and various charitable organisations during the year.

A record charity dividend was provided, despite an overall drop in public donations, and this was made possible by a Board decision to make up the shortfall. Donations totalling £16,000 went to the following:

- Tamworth Talking Newspaper
- Samaritans, Tamworth
- Tamworth Monday Club for the Blind
- Kingsbury Stroke Club
- Unemployed Advice Centre, Tamworth
- The Guide Dogs for the Blind Association
- St. John Ambulance
- NSPCC
- Amington Age Concern
- Cancer Research Campaign.
- Sexually Abused Victims and Survivors
- Youth Diabetes
- Glascote Health Centre

The Board recommends the distribution of surplus as follows:

Interim Dividend Certificates	£395,000
Final Cash Dividend 1.5% plus Dividend Certificates	£891,000
Adjustment for prior year claims	£27,000
Total	£1,313,000

Membership

A strong membership is vital to the success of the Society's dividend scheme, so the Board was pleased to record a further increase in numbers over the year. The total of Members now stands at 45,502, a net increase of 1,577 over the previous 12 months.

The Board noted a welcome trend in membership applications from towns surrounding Tamworth, and this is seen as a direct result of the Society's new ventures, particularly Homemaker at Ventura Park, and the Society's premises in Swadlincote.



Membership is steadily increasing.



Reverend William MacGregor, Founder of the Society.

FOUNDATIONS FOR THE FUTURE

On the occasion of the Co-operative Movement's 150th Anniversary, we take this opportunity to review the foundations of our own Society, and to reflect upon the way in which they have set the tone of community involvement. This is a theme which has run inexorably through our development over the intervening years, and which will continue to play a role of crucial importance in the future.

We pay tribute to the Reverend William MacGregor, founder of Tamworth Co-operative Society, who was a man dedicated to the Co-operative ideal. From 1878 to 1887, he was the Vicar of Tamworth and was instrumental in the building of Daughter Churches at Glascote and Hopwas. In 1880 he founded the Cottage Hospital, now Tamworth General Hospital, and in 1885 erected the Baths and Institute.

As a supporter of schemes to help improve standards of living and to encourage community responsibility, he was asked to support a venture to begin a Co-operative Movement in the town. The resulting Tamworth Co-operative Society was founded on 13th November, 1886, and William MacGregor was appointed Treasurer. He also provided premises for the Society's first shop.

Central Services

Despite facing the ongoing effects of a severe economic recession, Tamworth Co-operative Society was pleased to achieve considerable developments during 1993. Strategic in nature, these developments were undertaken with the express intention of preparing for an upturn in market conditions.

One of the most significant changes was the further development of the Society's financial services, resulting in the creation of a separate department and the appointment of a new Financial Services Manager.

This department covers the growing area of banking and building society agencies, and was also significantly increased by the purchase of two major Post Office franchises at Swadlincote and Tamworth.

The Society is now able to provide a full variety of investment, loan and mortgage opportunities to its Members, and whilst this department does not directly affect Society turnover, there are hopes that it will make an important contribution to future profits.



New Post Office franchises opened at Tamworth and Swadlincote.

Food

A strong customer demand for heavily discounted products dominated trading in this department throughout the year. In order to compete effectively, the Society met public demand by reducing the prices of many basic foodstuffs, though this inevitably affected sales, and a small overall decrease in the year's total food trade was recorded as a result.

Nevertheless, the Society continued its policy of improving and refurbishing its convenience stores - notably at the Bolehall branch, which underwent major alterations over several months. The resulting extensions to the site have been particularly well received by local people.

During the Autumn, customers at the town centre supermarket were also greeted with a new-look site when signage and layout was altered to achieve greater efficiency and appeal. This was complemented by an announcement of extended and more frequent grocery delivery services within the Tamworth area.

Plans are in progress to further develop the Kingsbury branch, and work is already underway on extending the Rosliston premises. This will enable Rosliston shoppers to enjoy a product range similar in size to that offered by the Society's other convenience stores.



A face lift for the town centre supermarket.



Delivery services have been extended.



The Society's highly regarded Pantry premises.

REPORT OF THE BOARD OF DIRECTORS



Toy Departments have fared well in both Tamworth and Swadlincote.

Non-Food

When proposals were put forward for Ventura Park, a large retail development on the edge of Tamworth's town centre, the Society responded positively by planning to open a 20,000 sq ft carpet and furniture store there.

This decision was taken after much consideration regarding the likely impact of the development on the existing shopping scene in the town, and also bearing in mind the future potential for the site as a whole.

Homemaker was subsequently opened, incorporating a specially designed mezzanine floor, and offering a range of quality products in a modern environment finished to a very high standard.

Customer response has been extremely encouraging, with shoppers travelling as far as 30 miles to visit, and turnover meeting the Society's expectations. In addition, sales have not impinged upon the Tamworth Department Store-based furniture and carpet operations, and indeed these existing departments produced some impressive sales increases over the year.



Homemaker, the Society's new furniture and carpet store.

The Swadlincote toy and gift shop purchased in 1992, has now been extended, and the inclusion of a Post Office near the end of 1993 led to extra customer flow and significantly increased turnover during the Christmas period.

Another major development is currently underway in Swadlincote, where the Society has taken the very positive step of purchasing a new site to house a 10,000 sq ft electrical superstore. Opening in Spring 1994, it will trade under the name Homelectric, though the Co-operative logo will continue to feature strongly at both Homelectric and Homemaker.



Customers travel up to 30 miles to visit Homemaker.

REPORT OF THE BOARD OF DIRECTORS

Dairy

The decline of doorstep deliveries continued throughout the year as increasing numbers of customers took advantage of supermarket milk prices whilst buying their weekly shopping. Nevertheless, the department made a significant contribution to Group trading profits.

The Dairy continued to promote the sales of other merchandise on its rounds but these were not able to compensate for the loss in milk trade. It was therefore necessary to introduce a rationalisation of milk rounds. This measure was not taken lightly, but did at least allow the Society to continue running an important service, and to maintain or improve staff wage levels.

The future of this most valuable community service depends very much on the support of Members, who will determine whether it survives or gradually fades away.

Funeral Services

The Funeral Services Department recorded excellent and increased trading throughout the year, due in considerable part to growth secured by the Atherstone office, which was opened in 1992.

The reputation of this department is second to none, and there can be little doubt that this has contributed significantly to its achievement of a greater market share during the year.



Staffing levels increased during 1993.

Staff

The Society is pleased to report that staffing levels increased during 1993, and that it continues to be a leading local employer. The Board thanks staff for the loyalty and hard work which has enabled the Society to maintain its excellent reputation within the Co-operative Movement.



Funeral Services premises, Tamworth.

REPORT OF THE BOARD OF DIRECTORS



Work placements are provided by the Society.



Career advancement is underpinned by an equal opportunities policy.

Retirements

The Society remembers the following employees who retired during the year and extends its grateful thanks for their dedicated service, wishing them all a long and happy retirement.

Mrs. G. Ablewhite	-	Amington
Mr. R. Adams	-	Rosliston
Mrs. S. Bates	-	Office
Mrs. S. Clark	-	Financial Services
Mrs. J. Davis	-	Supermarket
Mrs. P. Gough	-	Rosliston
Mr. C. Harper	-	Dairy
Mrs. J. Kirkland	-	Funeral
Miss. A. Serridge	-	Financial Services
Mrs. E. Shepherd	-	Supermarket
Mr. K. Stock	-	Office

Obituaries

The Board very much regrets the death of former employees as follows:

Mr. H. Bach
Mr. H. Baker
Mr. F. Childs
Mr. A. Evans

The Board also regretfully records the death of Mr Frank R. Wood, who served as a Board Member for 25 years.

These former Co-operators are remembered with much affection and gratitude. Deepest sympathy is conveyed to their relatives, friends and all who mourn.

Equal Opportunities

The Society believes firmly in a policy of equal opportunity and welcomes the career advancement of both men and women. The Board itself is currently composed of three male and five female Directors. Senior management comprises six men and two women. Middle management totals seven men and nine women.

All staff enquiries concerning further training and development are considered fully, and a number of employees are currently obtaining qualifications through Society-financed college courses. This ensures that future management vacancies are filled internally wherever possible.

The Society has also assisted schools and colleges with work placements which provide valuable experience for students prior to commencing their chosen careers. In addition, the Society has also provided sandwich course placements to various university students during the last two years, and there are hopes that such placements will be repeated in the future.

For and on behalf of the Directors,

W B Atkins
W.B. Atkins, J.P.
Chairman of the Board.

R.A. Hughes
R.A. Hughes,
Chief Executive Officer.

8th March, 1994.

RESULTS AT A GLANCE

	1994	1993
	£000's	£000's
We received from:		
Selling goods and services	27,358	26,899
Interest on investments	314	284
Renting property	239	208
Total received	27,911	27,391
We paid for:		
Goods and services	18,024	17,911
Cost of staff	3,791	3,582
Rates, heating, lighting and other operating costs	1,537	1,489
Depreciation - money retained to cover cost of wear and tear of equipment	404	379
Interest due to investors and Bank	46	50
Grants	44	44
Value Added Tax	2,232	2,278
Taxation	(44)	154
Dividend to Society Members	1,313	1,260
	27,347	27,147
Retained surplus for year	564	244

STATEMENT OF ACCOUNTING POLICIES

(1) Basis of Accounts

The accounts have been prepared under the Historical Cost Convention.

(2) Accounting Date

The accounts are in respect of the 53 week period ended 29th January, 1994 with comparative figures of the 52 week period ended 23rd January, 1993.

The Group Accounts consolidate the accounts of the Tamworth Co-operative Society Limited and the wholly owned subsidiary, T.C.S. Estates Services Limited.

(3) Net Sales

Net sales include cash and credit sales and T.V. rental payments.

(4) Stocks

Stocks are valued at the lower of cost and net realisable value. Television rental sets are included in trading stocks and are written off over three years.

(5) Depreciation

Depreciation is not provided on freehold land. Tangible fixed assets less their estimated residual value, are depreciated over their expected working lives by equal instalments based on cost over the following periods:

Freehold buildings - 40 years.

Fixtures, Fittings and Machinery - 10 years.

Transport - 4 years.

(6) Taxation

The charge for taxation is based on the surplus for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

(7) Investment Income

Interest on investments is included in the accounts on an accruals basis. This represents a change in policy which has resulted in an additional £75,000 investment income this year.

(8) Debtors

Accounts are included at gross value less a suitable provision for bad and doubtful debts.

(9) Pension Fund

The Society operates a defined benefit pension scheme covering full time employees which is funded by payment of contributions to a separately administered fund.

(10) Goodwill and Intangible Assets

Purchased goodwill is written off in the year of acquisition. Amounts paid in respect of franchise fees are included in intangible assets and amortised over five years.

(11) Funeral Prepayment Plan

The Society operates a funeral prepayment plan, the liability of which is included in loans in the Group Balance Sheet.

Based on the Group's experience of funerals handled under its prepayment plan, the liability has been divided between the current liability for those plans which may be completed within one year, and the remainder, where the liability is classified as an amount falling due after one year. Comparative figures in respect of these headings have been amended.

GROUP REVENUE ACCOUNT YEAR ENDED 29th JANUARY, 1994.

	NOTES	1994		1993	
		£000's	£000's	£000's	£000's
Turnover			27,358		26,899
Value Added Tax			2,232		2,278
Net sales			25,126		24,621
Cost of sales			18,068		17,976
Gross profit			7,058		6,645
Expenses	1		5,688		5,385
Trading surplus			1,370		1,260
Interest received	5		314		284
			1,684		1,544
Interest paid	4		17		22
			1,667		1,522
Income from property			239		208
Surplus for year before distribution			1,906		1,730
Share interest			29		28
Dividend	18		1,313		1,260
Grants	2		44		44
			520		398
Taxation	13		44		(154)
Retained surplus for year	16		564		244

GROUP BALANCE SHEET

AS AT 29th JANUARY, 1994.

	NOTES	1994		1993	
		£000's	£000's	£000's	£000's
Fixed Assets					
Tangible assets	6a		4,130		3,575
Investments	6b		2,714		2,375
			6,844		5,950
Intangible Assets	7		187		-
			7,031		5,950
Current Assets					
Stocks		2,100		2,136	
Investments	9	288		825	
Debtors and prepayments	10	740		464	
Cash in hand and at Bank		132		109	
		3,260		3,534	
Current Liabilities					
Amounts falling due within one year					
Creditors - Trade	11	1,896		1,721	
Dividend		891		846	
Other		3		2	
Bank overdraft		129		-	
		2,919		2,569	
Loans	12	167		150	
		3,086		2,719	
Net current assets			174		815
Total assets less current liabilities			7,205		6,765
Long term liabilities	21		289		487
Funeral prepayment plans			238		178
Net assets			6,678		6,100
Financed by:					
Share capital	15		992		978
Revenue reserves	16		5,686		5,122
			6,678		6,100

CASHFLOW STATEMENT

YEAR ENDED 29th JANUARY, 1994.

	NOTES	1994		1993	
		£000's	£000's	£000's	£000's
Net Cash Inflow from Operating Activities	22(a)		2,126		2,150
Returns on Investments and Servicing of Finance					
Loan interest received	22(d)		21		13
Benefits Paid to Members					
Dividend			(1,309)		(1,319)
Taxation					
Corporation Tax			(24)		(55)
Investing Activities					
Purchase of fixed assets		(959)		(753)	
Purchase of intangible assets		(200)		-	
Purchase of investments		(339)		(450)	
(Increase)/decrease in short term investments		(139)		342	
Net Cash Outflow From Investing Activities			(1,637)		(861)
Net Cash Outflow Before Financing			(823)		(72)
Financing					
Increase in loans			56		26
Decrease in share capital	22(d)		(15)		(5)
Decrease in Cash and Cash Equivalents	22(b)		(782)		(51)

NOTES TO THE ACCOUNTS

	1994 £000's	1993 £000's
1 Expenses		
Personnel costs	3,791	3,582
Occupancy costs	893	768
Depreciation	404	379
Audit fees	12	10
Directors fees	3	3
Other expenses	585	643
	5,688	5,385

	1994 £000's	1993 £000's
2 Grants and Donations		
Member Relations Committee	2	2
Employee related	42	42
	44	44

3 Statement of Total Recognised Gains and Losses
The Group has no recognised gains or losses, other than the surplus for the period.

	1994 £000's	1993 £000's
4 Interest Paid		
Ordinary loans	6	6
Sales Club	10	7
Bank interest	1	9
	17	22

	1994 £000's	1993 £000's
5 Interest Received		
CWS Limited: Shares	4	4
Loans	7	33
Other I & P Societies: Shares	2	2
Securities	269	197
	282	236
Short term deposits	32	48
	314	284

NOTES TO THE ACCOUNTS

6a Tangible Assets

	Trade Assets				
	Freehold Land and Buildings	Leasehold Buildings	Fixtures Fittings Plant	Transport	Total
	£000's	£000's	£000's	£000's	£000's
Cost brought forward	2,569	5	2,376	287	5,237
Additions	198	442	276	43	959
Disposals	-	-	-	-	-
Carried forward	2,767	447	2,652	330	6,196
Depreciation brought forward	684	-	866	112	1,662
Provided this period	65	4	253	82	404
Disposals	-	-	-	-	-
Depreciation carried forward	749	4	1,119	194	2,066
Net book value 1994	2,018	443	1,533	136	4,130
Net book value 1993	1,885	5	1,510	175	3,575

6b Fixed Asset Investments

	1994 £000's	1993 £000's
CWS Limited: Shares	100	100
Other I & P Societies: Shares	4	4
Securities quoted	2,610	2,271
	2,714	2,375
Securities quoted - market value	3,252	2,278

7 Intangible Assets

	£000's
Franchise fees:	
Additions	200
Costs carried forward	200
Reserve brought forward	-
Reserve provided this period	13
Reserve carried forward	13
Net book value 1994	187

NOTES TO THE ACCOUNTS

8 Stocks

Stocks include television rental sets as follows:

	£000's
Costs brought forward	334
Additions	159
Disposals	(58)
Cost carried forward	435
Depreciation brought forward	124
Charge for the year	142
Disposals	(58)
Depreciation carried forward	208
Net book value 1993	210
Net book value 1994	227

9 Current Asset Investments

	1994 £000's	1993 £000's
CWS Limited: Loans	-	4
Other I & P Societies: Loans	18	18
Securities quoted	270	127
	288	149
Short term deposits	-	676
	288	825

10 Debtors

	1994 £000's	1993 £000's
Customer accounts	322	161
Prepayments	235	106
Corporation Tax	183	197
	740	464

NOTES TO THE ACCOUNTS

11 Creditors Falling Due Within 1 Year

	1994 £000's	1993 £000's
Trade creditors	1,324	1,115
Accrued charges	111	97
Value Added Tax	28	140
Corporation Tax	144	35
Holiday pay reserve	289	294
Other	-	40
	1,896	1,721

In 1993, the holiday pay reserve was shown as a long term provision. The reserve is now shown within this category and the comparative adjusted accordingly.

12 Loans Falling Due Within 1 Year

	1994 £000's	1993 £000's
Savings Bank	4	5
Ordinary loans	70	85
Funeral prepayment plan	50	25
Sales Club	43	35
	167	150

The above amounts, none of which are secured, are repayable on demand.

NOTES TO THE ACCOUNTS

13 Taxation

	1994 £000's	1993 £000's
Corporation Tax	(221)	(35)
Deferred tax	44	(119)
Prior year adjustment: Corporation Tax	(7)	-
Deferred tax	228	-
	<u>44</u>	<u>(154)</u>

	1994 Provided £000's	Not Provided For £000's	1993 Provided £000's	Not Provided For £000's
Accelerated capital allowances	174	-	-	149
Other timing differences	115	336	487	42
	<u>289</u>	<u>336</u>	<u>487</u>	<u>191</u>

14 Capital Commitments

(a) Future Capital Expenditure authorised and contracted for - £611,332
(1993: £57,000)

(b) Future Capital Expenditure authorised but not yet contracted for - NIL

15 Share Capital

	1994 £000's	1993 £000's
Balance to commence	978	955
Contributions	485	565
Interest	29	28
	<u>1,492</u>	<u>1,548</u>
Withdrawals	500	570
Balance to end	<u>992</u>	<u>978</u>

NOTES TO THE ACCOUNTS

16 Reserves

	1994 £000's	1993 £000's
Balance to commence	5,122	4,878
Retained surplus for the year	564	244
Balance to end	<u>5,686</u>	<u>5,122</u>

17 Reconciliation of Movements in Shareholders Funds

	1994 £000's	1993 £000's
Surplus after tax	564	244
Contributions and interest less withdrawals during the year	14	23
	<u>578</u>	<u>267</u>
Opening shareholders funds	6,100	5,833
Closing shareholders funds	<u>6,678</u>	<u>6,100</u>

18 Dividend

	1994 £000's	1993 £000's
Dividend to shareholders	1,303	1,250
Waived dividends given to charity	10	10
	<u>1,313</u>	<u>1,260</u>

19 Staff

	1994 No.	1993 No.
Full time	241	252
Part time	324	287
	<u>565</u>	<u>539</u>
The total employment costs of the Society for the year were:	£000's	£000's
Salaries/wages	3,408	3,216
National Insurance	266	250
Pension Fund contributions	76	75
Other	41	41
	<u>3,791</u>	<u>3,582</u>

NOTES TO THE ACCOUNTS

20 Pensions

The Tamworth Co-operative Society Limited Employees' Superannuation Fund is a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund.

The last valuation of the Fund was carried out as at 28th March, 1992, by a qualified actuary employed by the Co-operative Insurance Society Limited. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. For the purposes of the last valuation, it was assumed that the investments return would be 8.5% per annum, that salary increases would average 6.5% per annum and that present and future pensions would increase at the rate of 4.5% per annum.

The contributions charged in the profit and loss account were assessed using the attained age method.

At the valuation date, the market value of the Fund's assets was £4,122,000 and the actuarial value was £4,988,000. The actuarial value of the assets represented 122% of the actuarial value of all benefits accrued to Members and pensioners at the valuation date, after allowing for the assumed future salary and pension increases. The surplus is being amortised in the Society's accounts over the average remaining service life of the current Members of 13 years.

During the year 1993/94, the Society made contributions to the Fund amounting to approximately £76,500.

21 Provisions for Liabilities and Charges

	Deferred Tax £000's
Balance to commence	487
Revenue account	(198)
Balance to end	289

NOTES TO THE ACCOUNTS

22 Cashflow

(a) Reconciliation of Operating Profits to Net Cash Inflow From Operating Activities

	1994 £000's	1993 £000's
Operating profits	1,667	1,522
Income from property	239	208
Depreciation charge	404	379
Holiday pay provision	(11)	56
Intangible asset reserve	13	-
Grants and donations	(44)	(44)
Decrease in stock	36	29
(Increase)/decrease in debtors	(290)	48
(Decrease)/increase in creditors	209	(76)
(Decrease)/ increase in provisions for liabilities and charges	(97)	28
	2,126	2,150

(b) Analysis of Changes in Cash and Cash Equivalents During the Year

Balance to commence	785	836
Net cash outflow	(782)	(51)
Balance to end	3	785

(c) Analysis of the Balances of Cash and Cash Equivalents as Shown in the Balance Sheet

Net cash at Bank and in hand	3	109
Short term deposits	-	676
	3	785

(d) Analysis of Changes in Financing During the Year

	Share Capital 1994 £000's	Loans 1994 £000's
Balance to commence	978	328
Interest credited	29	21
Increase/(decrease) in share capital/loans	(15)	56
	992	405

BOARD CERTIFICATION

The accounts and notes on pages 12 to 24 are hereby signed on behalf of the Board of Directors pursuant of Section 3(5)(C) of the Friendly and Industrial and Provident Societies Act 1968.

W.B. Atkins *H.M. Fowler* *R.A. Hughes*
W.B. Atkins, J.P. Chairman. H.M. Fowler, Vice Chairman. R.A. Hughes, Chief Executive Officer.
8th March, 1994. *W.B. Atkins* *H.M. Fowler* *R.A. Hughes*

STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS

Industrial and Provident Society Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group at the end of the year, and of the income and expenditure of the Group for that period. In preparing those financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Group will continue business.

The Directors are responsible for keeping proper books of account with respect to the Group's transactions and its assets and liabilities as necessary to give a true and fair view of the state of affairs of the Group. They are also responsible for establishing a satisfactory system of control of the Group's books of account, its cash holdings and all receipts and remittances, and for taking adequate precautions for guarding against falsification of the books of account and facilitating its discovery.

AUDITORS' REPORT TO THE MEMBERS OF TAMWORTH CO-OPERATIVE SOCIETY LIMITED

KPMG Peat Marwick

We have audited the financial statements set out on pages 12 to 24.

Respective Responsibilities for Directors and Auditors:

As described above, the Society's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on these statements and to report our opinion to you.

Basis of Opinion:

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion:

In our opinion the financial statements give a true and fair view of the Group's affairs at 29th January, 1994, and of the Income and Expenditure for the year then ended, and comply with Industrial and Provident Societies Acts 1965 to 1978 and the Industrial and Provident Societies (Group Accounts) Regulations 1969.

KPMG Peat Marwick
Chartered Accountants. Registered Auditors.
Birmingham.

8th March, 1994.

GROUP STATEMENT OF VALUE ADDED

	1994 £000's	%	1993 £000's	%
Turnover	27,358		26,899	
Less Value Added Tax	2,232		2,278	
Sales	25,126		24,621	
Investment and property income	553		492	
	25,679		25,113	
Less cost of goods and services	19,561		19,400	
Value Added	6,118	100	5,713	100
APPLIED AS FOLLOWS:				
To employees	3,791	62.0	3,582	62.7
To Members and others providing capital:				
Interest	45	0.7	41	0.7
Bank interest	1	-	9	0.1
Dividend	1,313	21.5	1,260	22.1
Grants	44	0.7	44	0.8
To taxation	(44)	(0.7)	154	2.7
To replace and provide assets:				
Depreciation	404	6.6	379	6.6
Retained profits	564	9.2	244	4.3
	6,118	100	5,713	100

MEMBER RELATIONS COMMITTEE REPORT



Above: The committee organises a range of activities.

A Productive Year

The Member Relations Committee has enjoyed a busy and productive year, arranging many events for Society Members and their families, as well as planning new activities for the future.

Member Relations Officers were pleased to welcome visitors from Colchester and East Essex Society, together with Ipswich Society, who were shown the town's historic sights, and exchanged views on Society operations.

Sponsorship

Donations to local groups have continued to be a priority over the last year, and recipients include:

- Tame Anker Bowls Round Robin Day event
- Florendine School
- Club 17 (Special Olympic Games for the Disabled held in Sheffield)
- Student Fashion Show
- 'Bottlebusters' (Swordlinch Appeal)

Co-operative Groups

The Woodcraft Folk have continued their activities throughout the year, with many outdoor pursuits and trips arranged for members. The Women's Guild has welcomed more new members, and enjoyed another active year, with discussions, whist drives and outings.

Social Events

This year has seen a variety of social events organised for members and their families, including a Big Band Dance and an Exhibition at the Arts Centre which displayed Co-op memorabilia from the last 50 years.

The Member Relations Committee is actively involved with planning events during 1994, to celebrate 150 years of the Co-operative Movement, and many special activities will be arranged for this important anniversary.



The organisation is strongly supported.

Tributes

The Member Relations Committee would like to pay tribute to the late Mrs Sadie Sutton who was leader of the Pathfinder groups for a long period, and Mr Frank Wood who served on the Member Relations Committee for many years.

A. M. Poulton

Mrs A.M. Poulton, Chairman.

H. M. Fowler

Mrs H.M. Fowler, Secretary.

8th March, 1994.

MEMBER RELATIONS STATEMENT OF ACCOUNTS

Statement of Accounts
for the year ending 29th January, 1994.

	1994		1993	
	£	£	£	£
Balance to commence		1,136		1,079
Grant from Society		2,200		2,115
		3,336		3,194
LESS Secretary's salary	200		150	
Grants	490		675	
Woodcraft Folk	397		381	
Conference	152		99	
Affiliations and subscriptions	283		250	
Social events	284		51	
Sundry expenses	492		452	
		2,298		2,058
Balance to end		1,038		1,136

SOCIETY DIRECTORSHIP

The Society has a Board of Directors composed of nine Members. Each year three Directors retire and an election is held at the Annual General Meeting of Members.

During November of each year, the Society places a notice in all its premises requesting Members to nominate individuals for the position of Director. Forms for nomination are obtainable from the Chief Executive's office at 5, Colehill, Tamworth. The nomination form must be returned to that office by no later than 5.30p.m. on the first Tuesday in January.

Members who wish to serve on the Board must comply with various rule requirements which are as follows:

- 1) The nominee must have been a Member for at least three years and purchased goods from the Society exceeding £500 per annum. Purchases made by the nominee's spouse are added in arriving at the total.
- 2) Election of the Board is subject to age limits.
- 3) The rules prohibit Members who are connected with activities in competition with the Society's business from serving on the Board. Canvassing of votes during an election is prohibited.
- 4) Full details of these requirements are given in the Society's Rules.

The position of Director requires Members to be available for meetings usually on the first and third Tuesday evenings in a month. Meetings commence at 6.00p.m. and terminate no later than 9.00p.m. Directors are required to attend meetings and if they are absent from four consecutive meetings, without a proper reason, they may be removed from the appointment.

Removal will also take place if Directors do not comply during their period of office with the rule which requires them to purchase at least £500 per annum in goods from the Society.

To enable Directors of the Society to provide themselves with knowledge of the Movement, training is provided by the Co-operative College at Loughborough. Directors are encouraged to become members of the Institute of Co-operative Directors which provides numerous facilities for Members to fit themselves for the office of Director.

A Director of any Co-operative Society carries responsibilities which must be appreciated before nomination is accepted. Whilst this may deter certain Members from accepting such nomination, they can be assured that guidance is available from the Office of the Chief Executive and, with training, they can fit themselves for an appointment that can prove most interesting and enjoyable.

Advice & Information

If any further advice or information is required, please telephone on one of the following numbers, or write to the Chief Executive Officer at 5, Colehill, Tamworth, Staffordshire B79 7HJ.

- Woodcraft Folk - (0827) 873966
- Women's Guild - (0827) 63711(Ext. 215)
- Member Relations Committee - (0827) 63711(Ext. 215)
- Share Accounts - (0827) 63711(Ext. 246)
- Dividend Queries - (0827) 63711(Ext. 232)

Outlets

- Tamworth's Department Store, Church Street, Tamworth.
- Homemaker, Ventura Park, Tamworth.
- Tamworth Co-operative Society in Swadlincote, The Delph, Swadlincote.
- Homelectric (Midlands) Ltd, Civic Way, Swadlincote.
- Tamworth Co-operative Society Funeral Services, Upper Gungate, Tamworth.
- Tamworth Co-operative Society Funeral Services, Ratcliffe Street, Atherstone.
- Tamworth Co-operative Dairy, Victoria Road, Tamworth.
- Tamworth Co-operative Supermarket, Church Street, Tamworth.
- The Pantry, Colehill, Tamworth.
- Tamworth Co-operative Convenience Stores at:
 - 70 New Street, Dordon.
 - 264 Main Road, Amington.
 - 251 Main Road, Glascote.
 - High Street, Polesworth.
 - 129 Stanton Road, Stanton.
 - Tamworth Road, Wood End.
 - 109 Tamworth Road, Kingsbury.
 - 107 Amington Road, Bolehall.
 - Main Street, Rosliston.



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Tamworth Co-operative Society Limited

Registered Office: 5, Colchill,

Tamworth, Staffordshire B79 7HJ.

Registered No: 2582R.

Telephone: (0827) 63711

Fax: (0827) 62999