



TAMWORTH

Co-operative Society
Limited

JAN

Annual Report and
Accounts

1996

Contents



Tamworth's Department Store.

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Year in Summary

In last year's report I drew the Members' attention to the change in strategy of the Society's business following the development of edge of Town shopping and the opening of further new premises in the Tamworth Town Centre. This pattern has continued throughout 1995 and more and more Retailers have opened new premises in the district. In particular the year has seen a tremendous change in food retailing which has provided the Tamworth public with significantly increased choice coupled with tremendously keen prices.

As this report is being prepared plans are being made for yet another Food Superstore to be constructed in the proximity of the Town Centre. It may well prove that this will be one too many, and planners should note that there is only room for so much before disasters start to occur.

This Society is in an enviable position whereby its long time loyalty to the Tamworth public has enabled it to withstand the dramatic changes at least as well as any of its competitors. Further substantial capital expenditure has taken place during 1995, although not to the same extent as in the previous year. In particular the Society has been pleased to extend its premises at Kingsbury and open a new Gift Shop in Swadlincote.

Refurbishment has also taken place within Tamworth's Department Store with the substantial replacement of the flat roof, improvements to the heating and ventilating together with the introduction of air conditioning, which is a most complex feat of engineering within such large premises which have been extended many times in the last 110 years.

On a more sombre note, the Milk Delivery Service has continued to decline and the profitability of this Division continued to cause concern. In addition the adverse publicity which has affected the Meat Trade throughout the country, coupled with a need for extended Banking Services has resulted in a decision to close the Pantry at the end of the financial year. It is important to note that, whilst there has been a small decrease in turnover, nevertheless this would have been significantly more had the Society not had the foresight in the previous two years to develop new Non Food units.

This year, the Board of Directors has concentrated to a great extent upon its investment strategy, and in particular the amount of the Society's investments within rental properties. As a result the Society has been reviewing its entire property portfolio, and will continue to do so during 1996. Consequently, the Superstore site occupied by the Midlands Co-operative Society at Tame Valley was disposed of and this has resulted in a substantial increase to the Society's total surplus.

The financial strength of the Society in terms of Shareholders' Funds has again reached record levels, and the amount of reserves is now over 50% more than five years ago.

The Society views the future with a great deal of optimism, although it may well be some time before there is a significant upturn in the economy.



Mr. R. A. Hughes,
Chief Executive Officer.
12th March, 1996



Deputy Chief Executive Bruce Shakespeare and Chief Executive Richard Hughes study Kingsbury plans.

Directors, Officers and Advisers

Board of Directors

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

Chief Executive Officer

Mr. R. A. Hughes

Deputy Chief Executive Officer

Mr. B. Shakespeare B.A. (Hons.)

Auditors

KPMG
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

Registered Office

5 Colehill, Tamworth, B79 7HJ

Registered Number

2582R

Notice of Meeting

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 Department Store, Church Street, Tamworth, on Thursday, 18th April, 1996 at 7.15pm.

Agenda

1. To confirm the Minutes of the Ordinary General Meeting held on 13th April, 1995.
2. To receive the Report of the Board of Directors.
3. To consider and adopt the accounts of the Group for the 52 weeks ended 27th January, 1996 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) Six members to serve on the Member Relations Committee.
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 1995.

Notice of Special General Meeting

Notice is hereby given that a Special General Meeting of members will be held immediately following the Annual General meeting in the Heritage View Cafeteria Tamworth Department Store, Church Street, Tamworth on Thursday 18th April, 1996 commencing at 7.15pm.

The purpose of the meeting will be to consider and approve (or otherwise) a proposal by the Board of Directors that the Rules of the Society be partially amended as follows:

Rule 49 (Amended May 1992)

Paragraph 3

Clause (b)

Line 2 — Delete the word "three" and substitute "one"

Line 15 — Delete "60" and substitute "65"

Line 18 — Delete "70" and substitute "75"

Lines 21-23 — Delete the whole of the sentence commencing with the word "Provided" and ending with "1979".

Rule 50 (Amended April 1993)

Paragraph 1

Clause (d)

Line 6 — Delete the word "wife" and substitute the words "spouse or common law partner".

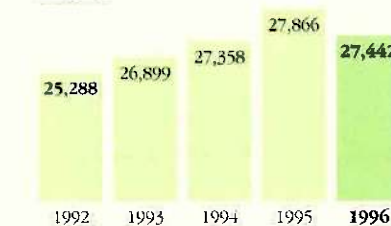
Five Year Comparative Statement

	1992	1993	1994	1995	1996
					£000's
Membership (000's)	42	44	46	48	46
Turnover	25,288	26,899	27,358	27,866	27,442
Trading surplus	1,653	1,468	1,609	1,068	965
Retained surplus	540	244	564	111	939
Capital expenditure	922	753	959	1,796	807
Depreciation	356	379	404	403	420
Members' dividend	1,240	1,260	1,313	1,083	1,081
Fixed assets	5,125	5,950	6,844	8,174	7,524
Intangible assets	—	—	187	147	107
Net current assets	1,179	815	174	(893)	739
Long term liabilities	(335)	(487)	(289)	(249)	(222)
Loans	(136)	(178)	(238)	(338)	(383)
	5,833	6,100	6,678	6,841	7,815
Share capital	955	978	992	1,044	1,079
Reserves	4,878	5,122	5,686	5,797	6,736

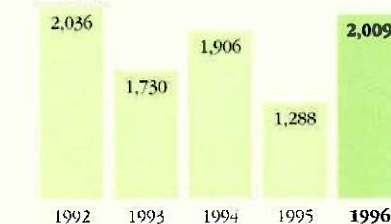
It should be noted that the figures for 1994 are for a 53 week period whereas all other figures relate to a 52 week period.

Comparative figures have been amended to reflect the netting off of property income against expenses.

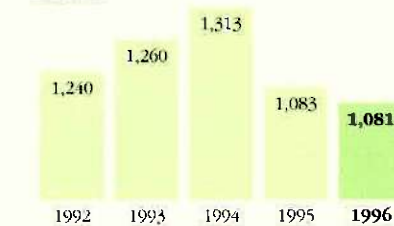
Turnover
£000's



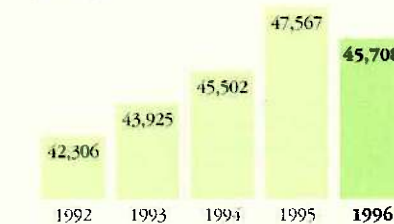
Total surplus before distribution
£000's



Dividend
£000's



Membership
£000's





Homemaker, Ventura Park, Tamworth.

Report of the Board of Directors

Financial Review

The continuation of a changing pattern within the Society's trade has resulted in a very mixed standard of trading performance between the different Departments.

Grocery trade, despite the presence of new competition in the area, has held up very well, and in fact, much better than we might have expected at the beginning of the financial year.

Non Food also has suffered from new premises being opened within the Tamworth area, and as a result, trading has been difficult within the Tamworth Department Store. Further improvements have however been made in surrounding areas.

The biggest change in trade has again been within the Dairy Department and a further substantial loss of turnover has resulted. This has however partially been offset by increased turnover within the Funeral Department, where this Society still has a large percentage of the local business.

At the end of the year to January 27th 1996 Tamworth Co-operative Society recorded a turnover of £27,441,703, a decrease of 1.52% over 1995.

Whilst obviously disappointed to report a decrease of any description, nevertheless the Board of Directors considers that under the circumstances trade has held up extremely well.

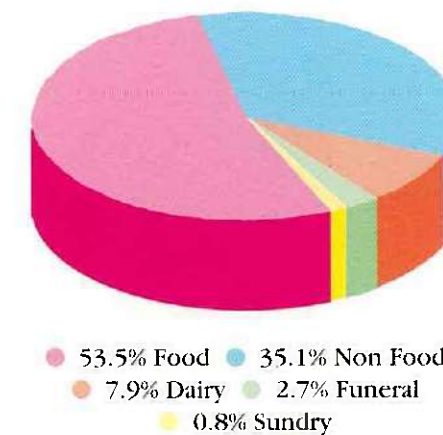
Capital expenditure of £807,000, was significantly lower than in the previous year, but nevertheless the Society has been pleased to continue its refurbishment programme and there is no doubt that the standard of its premises is generally very high.

Rental income has fallen following the sale of the Tame Valley site, but further Leases, which have been completed or are in progress, will more than offset this in the future.

Early in the financial year, the Board of Directors decided to dispose of some of the quoted securities in order to finance the capital expenditure during the year, and as a consequence income derived from investments has also fallen.

However the Society has since accumulated further cash holdings and these have enabled a change from an overdraft situation at the end of the previous financial year to a significant short term investment position.

Society Trade Balance Year ended 27th January, 1996



Heritage View Cafeteria, Tamworth's Department Store.

There is a small increase in fixed tangible assets, and this coupled with the significant change in the net current asset/liability situation means that the total net assets of the Society show an increase of over £900,000 above the previous year's record figures.

Dividend

The distribution of Dividend remains an integral part of the Society's policy, and local Charities are supported with regular Charitable Donations. The following local organisations were assisted with cash awards in 1995:

Tamworth Monday Club for the Blind
Tamworth Sons of Rest
SAVAS
St John Ambulance Wilnecote
Daybreak
Tamworth Health Centre
Goseley Community Centre
Kingsbury Carnival Association
MENCAP
Kingsbury Stroke Club
TAMES
RAFA Wings Appeal
NSPCC
Tamworth Samaritans
Tamworth Athletic Club



The new Swadlincote Gift shop.



Glascoate Convenience Store.

The Board recommends the distribution of surplus as follows:

Interim Dividend Certificates	£341,000
Final Cash Dividend 1.5% plus Dividend Certificates	£740,000
Total	£1,081,000

Membership

During the year, the Society has reviewed its membership data, and this has resulted in the closure of 3,463 accounts which have been dormant for many years. As a consequence the number of Members has shown a small decrease to 45,708 compared with the previous year. It is pleasing to note however that new Members continue to join in order to benefit from the Dividend scheme and approximately 2,000 new Members were welcomed to the Society during 1995.

Auditors

In accordance with the Industrial and Provident Societies Act 1968, a resolution for the reappointment of KPMG as

Auditors of the Society is to be proposed at the forthcoming Annual General Meeting.

Food

The Society has adopted an extremely aggressive pricing policy within its Food Department during 1995, particularly following the opening of further major competition midway through the year. The result of this has been a small reduction in gross margin although the Society has been pleased with the way in which its Members have remained loyal and the Society has seen very little erosion of its customer base.

During the coming year, it is likely that a further Superstore will be opening at the edge of Town, and the Society will again react positively to the extra competition.

The Board of Directors has again demonstrated its faith in local Convenience Stores by the significant development of the Kingsbury Branch in



Kingsbury Convenience Store.



Swadlincote Toy Store and Post Office.

conjunction with the local Methodist Church and a Housing Association. The building work at these premises took much longer than originally anticipated due to the liquidation of the first Developer midway through construction. This resulted in considerable disruption to trade and much extra work for the Staff and inconvenience to our Members. This is deeply regretted, but the Board of Directors hopes that our Membership in that area is pleased with the outcome, which is a significantly larger store with a much wider range and better facilities.

Further inconvenience was caused to our Membership when the Local Authority carried out highway repairs in front of our main Tamworth Supermarket. Whilst the Local Authority is to be congratulated on completing the work ahead of schedule, nevertheless, this had a severe impact on Society trade for a few weeks. Decisions were taken to try and minimise the inconvenience to our customers and a

free grocery delivery service was enacted. This was welcomed by our Members and showed the commitment which the Society has to maintain its share of the market.

Non Food

We are pleased to report that the new developments which the Society has



Tamworth's Supermarket.



Glascoate Convenience Store.

undertaken in recent years have further strengthened our presence, particularly in the Swadlincote area. The Homelectric Superstore in particular has moved into profit during the year and has experienced a significant improvement in turnover.

In late Autumn the Board of Directors decided to take up the unexpired Lease on a former Electricity Board Showroom within the Swadlincote Town Centre and this was opened as a Gift Shop during November. This is the first of its kind, and the performance of this unit will be closely monitored in order that the Society can ascertain whether further opportunities will arise for similar projects.

Trade within the Tamworth Department Store has suffered to a certain extent from out of town developments but nevertheless has still contributed significantly to the Society's profit.

Dairy

This Department continued to cause great concern to your Board of Directors.

Sales during the year fell by 11.4% as customers continued to change their habits by buying cheaper milk from food shops.

As a result the Board of Directors reluctantly came to a decision that this Department would cease trading in March 1996, and the goodwill would be sold to the Midlands Society. The result would be to maintain this essential service for the Co-operative Movement, and at the same time ensure that it did



Homemaker, Ventura Park, Tamworth.

not impact further on the rest of the Society's business.

Funeral Services

Despite falling death rates across the country, the Funeral Department has assisted on more occasions than in any previous 52 week period. Further business has been developed from both Tamworth and Atherstone offices, and the high reputation of this Department has been maintained throughout the year.

The catering facilities available from the Tamworth office have been widely acclaimed and are proving a valuable service to our Members and their families.

The Funeral Prepayment Service which is available to all our Members, is proving more and more popular, with the elderly being able to obtain peace of mind at this important time in their lives.

The Board of Directors is pleased to confirm the appointment of a new



Bolehall Convenience Store.



The new Swadlincote Gift Shop.

Funeral Department Manager Miss A. Woodward who will succeed Mr. J. L. Scriven, who retires after a lengthy period of service early in the new financial year.

Financial Services

During the year, the Tamworth Handybank has been refurbished and has continued to provide an excellent service to our Members. This has proved so popular that the Co-operative Bank plc has announced its intention to provide an additional service in the locality.

The Society continues to provide Handybank Services at Tamworth, Dordon, Kingsbury, Polesworth, Rosliston, Stanton and Swadlincote.

The Society has also maintained its Building Society Agency with the Derbyshire Building Society, and the relationship with that organisation remains very strong with facilities at Tamworth, Dordon, Kingsbury and Polesworth.

The Society sub Post Office in Rosliston provides a focal point for the community in that area, and the two Franchise Post



Tamworth's Funeral Premises.



Funeral Manager Designate Amanda Woodward and Deputy Neil Sharpe.



Tamworth Post Office.

Offices operating in Tamworth and Swadlincote have received much praise for the friendly, courteous service which has been provided. The growth of the Tamworth Office in particular has been noteworthy.

Property

The Society's property portfolio has been put into careful scrutiny during 1995, and this has resulted in the sale of the site at Tame Valley, Tamworth on Lease to the Midlands Co-operative Society Limited.

This has produced a significant profit to the Society during the financial year, and the Board of Directors continues to seek ways in which it can make additional income from this Division.

During the year the premises in Lower Gungate, Tamworth previously owned by Post Office Counters Limited, which was purchased during 1994, received careful attention. As a consequence, the ground floor has been let on a long term Lease to Yates's Wine Lodges Limited. This site is proving to be an excellent investment for the Society with significant long term benefits.

Staff

The total numbers of Staff employed within the business has shown a small decrease during 1995, with fewer full time Staff in particular. This is mainly due to the loss of Dairy trade, and it is hoped that this situation will be reversed as the Society seeks new opportunities.

The Board of Directors recognises that Society Staff have had to put in significant efforts in order to maintain the level of turnover and thanks them for their loyalty and hard work during the 12 month period.



Amington Convenience Store.



In addition, the Charity fund-raising which the Staff throughout the Society undertook for Childline Midlands, and which resulted in a donation of £13,600 was a remarkable achievement within such a small area.

Equal Opportunities

The Society believe 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 eight men and ten women.

Wherever possible the Society aims to fill future Management vacancies from within.

The Society has also been pleased to assist local Schools and Colleges with Work Placements throughout the year which provide valuable experience for Students prior to commencing their chosen careers, and also during training following career moves.

Corporate Governance

In May 1995 a recommended Code of Best Practice was adopted by the Co-operative Congress in Edinburgh. Once further guidance for implementation has been received, the Board of Directors will give this further consideration. It is not anticipated that significant changes in operating procedures will be necessary.

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, they continue to adopt the going concern basis in preparing the Society's accounts.

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. I. Allbrighton
Miss A. Evans
Mrs. R. Lovegrove
Mrs. H. McCafferty
Mrs. C. Patrick
Mrs. M. Stewart
Mrs. V. Vyse

Obituaries

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

Mrs. J. Allitt
Mrs. S. Bates
Mr. H. Davies
Mr. G. Emery
Mr. J. Glover

These former Co-operators are remembered with much affection and gratitude.

For and on behalf of the Directors

C. Walker

Mrs. C. Walker,
Chairman of the Board.

R. A. Hughes

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

12th March, 1996.



Homelectric Superstore, Swadlincote.

Results at a Glance

	1996		1995	
	£000's	£000's	£000's	£000's
We received from:				
Selling goods and services		27,442		27,866
Interest on investments		192		257
Renting property		224		291
Surplus on sale of tangible fixed assets		900		—
Total received		28,758		28,414
We paid for:				
Goods and services	18,229		18,613	
Cost of staff	4,174		4,103	
Rates, heating, lighting and other operating costs	1,588		1,583	
Depreciation — money retained to cover cost of wear and tear of equipment	420		403	
Interest due to investors and Bank	82		69	
Grants	43		40	
Value Added Tax	2,290		2,387	
Taxation	(88)		22	
Dividend to Society members	1,081		1,083	
		27,819		28,303
Retained surplus for year		939		111

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 52 week period ended 27th January, 1996 with comparative figures of the 52 week period ended 28th January, 1995.

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

3 Net Sales

Net sales include cash and credit sales and TV 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. The value of 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.

Leasehold buildings — over the unexpired period of the lease.

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 Debtors

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

8 Pension Fund

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

9 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.

10 Funeral Prepayment Plan

The Society operates a funeral prepayment plan, the liability for 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.

Group Revenue Account

Year ended 27th January, 1996

	NOTES	1996		1995	
		£000's	£000's	£000's	£000's
Turnover		27,442		27,866	
Value Added Tax		2,290		2,387	
Net sales		25,152		25,479	
Cost of sales		18,321		18,613	
Gross profit		6,831		6,866	
Expenses less income from property	1	5,866		5,798	
Trading surplus		965		1,068	
Interest received	5	192		257	
Interest paid	4	1,157		1,325	
		48		37	
Surplus on sale of Tangible Fixed Assets		1,109		1,288	
Surplus for the year before distribution		900		—	
Share interest		34		32	
Dividend	18	1,081		1,083	
Grants	2	43	1,158	40	1,155
Taxation	13	851		133	
		(88)		22	
Retained surplus for year	16	939		111	

Group Balance Sheet

As at 27th January 1996

	NOTES	1996		1995	
		£000's	£000's	£000's	£000's
Fixed Assets					
Tangible assets	6(a)	5,607		5,520	
Investments	6(b)	1,967		2,654	
		7,574		8,174	
Intangible Assets	7	107		147	
		7,681		8,321	
Current Assets					
Stocks		2,663		2,617	
Debtors and prepayments	9	594		561	
Investments	10	115		35	
Cash in hand and at Bank		926		94	
		4,298		3,307	
Current Liabilities					
Amounts falling due within one year					
Creditors — Trade	11	2,658		2,937	
Dividend		740		793	
Other		3		3	
Bank overdraft		—		323	
Loans	12	3,401		4,056	
		158		144	
		3,559		4,200	
Net current assets/(liabilities)		739		(893)	
Total assets less current liabilities		8,420		7,428	
Provision for deferred taxation	21	222		249	
Funeral prepayment plans		383		338	
Net assets		7,815		6,841	
Financed by:					
Share capital	15	1,079		1,044	
Revenue reserves	16	6,736		5,797	
		7,815		6,841	

Cashflow Statement

Year ended 27th January, 1996

	NOTES	1996		1995	
		£000's	£000's	£000's	£000's
Net Cash Inflow from Operating Activities	22(a)		1,128		2,182
Returns on Investments and Servicing of Finance					
Interest received		192		278	
Interest paid		(23)	169	(37)	241
			1,297		2,423
Benefits paid to Members					
Dividend			1,134		(1,181)
Taxation					
Corporation Tax			2		(16)
Investing Activities					
Purchase of fixed assets		(807)		(1,796)	
Disposal of fixed assets		1,200		3	
Sales of investments		687		60	
(Increase)/decrease in short term investments		(80)		253	
Net Cash Inflow/(Outflow) from Investing Activities			1,000		(1,480)
Net Cash Inflow/(Outflow) Before Financing			1,165		(254)
Financing					
(Decrease)/Increase in loans	22(d)		(11)		2
Increase in share capital	22(d)		1		20
Increase/(Decrease) in Cash and Cash Equivalents	22(b)		1,155		(232)

Notes to the Accounts

Year ended 27th January, 1996

1 Expenses	1996	1995
	£000's	£000's
Personnel costs	4,174	4,103
Occupancy costs	1,034	1,015
Depreciation	420	403
Audit fees	14	16
Other fees paid to KPMG	23	23
Directors fees	4	3
Other expenses	421	526
Income from property	(224)	(291)
	5,866	5,798
2 Grants and Donations	1996	1995
	£000's	£000's
Member Relations Committee	2	2
Employee related	41	38
	43	40
3 Statement of Total Recognised Gains and Losses		
The Group has no recognised gains or losses, other than the surplus for the period as shown in the Revenue Account.		
4 Interest Paid	1996	1995
	£000's	£000's
Ordinary loans	6	3
Sales Club	6	7
Bank interest	23	20
Prepayment plans	13	7
	48	37

Notes to the Accounts

(continued)

5 Interest Received	1996 £000's	1995 £000's
CWS Limited: Shares	4	4
Loans	4	3
Other I & P Societies: Shares	6	3
Securities	159	231
	173	241
Short term deposits	19	16
	192	257

6(a) 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	4,103	464	3,063	359	7,989
Additions	601	16	95	95	807
Disposals	(300)	—	(3)	(23)	(326)
Carried forward	4,404	480	3,155	431	8,470
Depreciation brought forward	816	21	1,354	278	2,469
Provided this period	84	18	250	68	420
Disposals	—	—	(3)	(23)	(26)
Depreciation carried forward	900	39	1,601	323	2,863
Net book value 1996	3,504	441	1,554	108	5,607
Net book value 1995	3,287	443	1,709	81	5,520

Notes to the Accounts

(continued)

6(b) Fixed Asset Investments	1996 £000's	1995 £000's
CWS Limited: Shares	100	100
Other I & P Societies: Shares	4	4
Securities quoted	1,863	2,550
	1,967	2,654
Securities quoted — market value	2,009	2,580

7 Intangible Assets

	1996 £000's
Franchise fees:	
Cost brought forward	200
Additions	—
Carried forward	200
Amortisation brought forward	53
Amortisation provided this period	40
Amortisation carried forward	93
Net book value 1996	107
Net book value 1995	147

8 Stocks

	1996 £000's
Stocks include television rental sets as follows:	
Cost brought forward	590
Additions	239
Disposals	(72)
Carried forward	757
Depreciation brought forward	308
Charge for the year	198
Disposals	(72)
Depreciation carried forward	434
Net book value 1996	323
Net book value 1995	282

Notes to the Accounts

(continued)

9 Debtors	1996 £000's	1995 £000's
Customer accounts	197	181
Prepayments	286	326
Corporation Tax	62	—
Value Added Tax	5	—
Income Tax Recoverable	44	54
	594	561

10 Current Asset Investments	1996 £000's	1995 £000's
Other I & P Societies: Loans	18	18
Securities quoted	82	10
Deposit Protection Scheme	15	7
	115	35

11 Creditors Falling Due Within 1 Year	1996 £000's	1995 £000's
Trade creditors	2,271	2,418
Accrued charges	77	141
Value Added Tax	—	71
Corporation Tax	—	7
Holiday pay reserve	310	300
	2,658	2,937

12 Loans Falling Due Within 1 Year	1996 £000's	1995 £000's
Savings Bank	4	4
Ordinary loans	69	72
Funeral prepayment plan	42	25
Sales Club	43	43
	158	144

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

Notes to the Accounts

(continued)

13 Taxation	1996 £000's	1995 £000's
Corporation Tax	(62)	60
Deferred Tax	(24)	(47)
Prior year adjustment:		
Corporation Tax	1	2
Deferred Tax	(3)	7
	(88)	22

	1996 Provided £000's	Not Provided For £000's	1995 Provided £000's	Not Provided For £000's
Accelerated capital allowances	183	100	209	100
Other timing differences	39	396	40	279
	222	496	249	379

14 Capital Commitments	
(a) Future capital expenditure authorised and contracted for — NIL (1995: £138,882)	
(b) Future capital expenditure authorised but not yet contracted for — £250,000 (1995: £200,000)	

Notes to the Accounts

(continued)

15 Share Capital	1996 £000's	1995 £000's
Balance to commence	1,044	992
Contributions	457	469
Interest	34	32
	1,535	1,493
Withdrawals	456	449
Balance to end	1,079	1,044

Share Capital is Non Equity Share Capital comprising 1,078,688 shares of £1 each, attracting interest currently of 2.75% per annum.

The Share Capital is withdrawable upon giving the following notice to the Society:

Where the amount to be repaid upon withdrawal does not exceed £100: five weeks, and for every additional sum of £25 or fraction thereof, an additional week's notice.

Each member is entitled to one vote.

The Society Rules do not provide for the distribution of the surplus in the event of winding up but such dissolution would take place according to case law and the relevant Acts of Parliament applicable at that time.

16 Reserves	1996 £000's	1995 £000's
Balance to commence	5,797	5,686
Retained surplus for the year	939	111
Balance to end	6,736	5,797

17 Reconciliation of Movements in Shareholders' Funds	1996 £000's	1995 £000's
Surplus after tax	939	111
Contributions and interest less withdrawals during the year	35	52
	974	163
Opening Shareholders' funds	6,841	6,678
Closing Shareholders' funds	7,815	6,841

Notes to the Accounts

(continued)

18 Dividend	1996 £000's	1995 £000's
Dividend to Shareholders	1,071	1,073
Waived dividends given to charity	10	10
	1,081	1,083

19 Staff	1996 No.	1995 No.
Full time	224	249
Part time	316	320
	540	569

The total employment costs of the Society for the year were:

	£000's	£000's
Salaries/wages	3,784	3,706
National Insurance	260	269
Pension Fund contributions	82	80
Other	48	48
	4,174	4,103

The following number of employees received remuneration (including taxable benefits) falling within the following ranges:

	1996	1995
£20,001-£25,000	2	2
£25,001-£30,000	2	1
£30,001-£40,000	1	3
£40,001-£50,000	2	—
£50,000-£60,000	—	1
£60,000-£70,000	1	—

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 1st April 1995 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 purpose 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 and that equity and dividends would increase at an average rate of 4.5% per annum.

Notes to the Accounts

(continued)

20 Pensions (continued)

The contribution rates were assessed using the entry age method.

At the valuation date, the market value of the Fund's assets was £5,457,000. The actuarial value of the assets represented 113% 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.

During the year 1995/96, the Society made contributions to the Fund amounting to £82,030 (1994/95 : £79,972).

21 Provision for Liabilities and Charges

	1996 Deferred Tax £000's	1995 Deferred Tax £000's
Balance to commence	249	289
Revenue account	(27)	(40)
	<u>222</u>	<u>249</u>

22 Cashflow

	1996 £000's	1995 £000's
(a) Reconciliation of operating profits to net cash inflow from operating activities		
Operating profits	965	1,068
Depreciation charge	420	403
Holiday pay provision	10	11
Intangible asset amortisation	40	40
Grants and donations	(43)	(40)
(Increase) in stock	(46)	(517)
Decrease/(Increase) in debtors	19	(25)
(Decrease)/Increase in creditors	(282)	1,167
Increase in funeral prepayments	45	75
	<u>1,128</u>	<u>2,182</u>
(b) Analysis of changes in cash and cash equivalents during the year		
Balance to commence	(229)	3
Net cash inflow/(outflow)	1,155	(232)
	<u>926</u>	<u>(229)</u>

Notes to the Accounts

(continued)

(c) Analysis of the balance of cash and cash equivalents as shown in the balance sheet

	1996 £000's	1995 £000's
Net Bank cash in hand (1995 overdraft)	246	(229)
Short term deposits	680	—
	<u>926</u>	<u>(229)</u>

(d) Analysis of changes in financing during the year

	Share Capital 1996 £000's	Loans 1996 £000's
Balance to commence	1,044	144
Interest credited	34	25
Increase/(decrease) in share capital/loans	1	(11)
	<u>1,079</u>	<u>158</u>

23 Contingent Liabilities

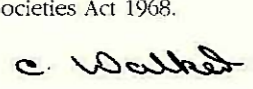
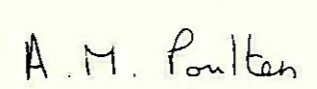

The Society is a member of the Co-operative Deposit Protection Scheme which exists to give protection to investors in Co-operative Societies, including investors in withdrawable share capital. The Society has guaranteed to support the scheme, along with other members in the event of a call by the Trustees of the scheme arising from the insolvency of another member Society. It is not practicable to estimate the amount of any liability that might arise in respect of this contingency.

24 Post Balance Sheet Events

In March, 1996 the Society disposed of its Dairy business and certain associated fixed assets for £361,000. The net book value of such assets at 27th January, 1996 was £16,000. It is unlikely that the disposal will attract a liability to taxation.

Board Certification

The accounts and notes on pages 13-25 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.

		
Mrs. C. Walker, Chairman.	Mrs. A. Poulten, Vice Chairman.	Mr. R. A. Hughes, Chief Executive Officer.

12th March, 1996

Auditors' Report



TO THE MEMBERS OF TAMWORTH CO-OPERATIVE SOCIETY LIMITED

We have audited the financial statement set out on pages 13 to 25.

Respective Responsibilities for Directors and Auditors

As described on page 27, 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 conduct 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 27th January 1996 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 
Chartered Accountants, Registered Auditors, Birmingham.

12th March, 1996.

Statement of Directors' Responsibilities

The Directors are required by Industrial and Provident Society Law to ensure the preparation of financial statements which give a true and fair view of the state of the affairs of the Society and the Group at the end of each financial year, and of the income and expenditure for that period. In preparing those financial statements, the Directors are required to:

- 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;
- prepared 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 ensuring the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with requirements of the Industrial and Provident Societies Act. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and any other irregularities.

Directors' Attendances

Name	Appointment Expires	Possible Attendances	Actual Attendances
Mrs. J. Ankers	1998	26	23
Mr. W. B. Atkins, J.P.	1996	34	34
Mr. P. Buckley	1997	26	24
Mrs. H. M. Fowler	1996	30	20
Mr. G. Johnson	1997	34	32
Mrs. K. M. Johnson	1996	30	25
Mrs. A. M. Poulten	1998	30	25
Mrs. C. Walker	1997	30	22

Directors attended all meetings, except when illness or other commitments prevented them from so doing.

Society Directorship

Democracy in action

The Society has a Board of Directors composed of nine members who are each elected to serve for three years on rotation, and nominations for elections are invited from members each year.

Every November/December, a notice is placed in the Society's premises advising members that nomination forms are available from the Chief Executive's office and detailing the final date for such nominations.

The Rules of the Society state that applicants for Directorship must satisfy the following criteria:-

1. The nominee must have been a member for at least three years in his/her own right. They must also have purchased goods from the Society of at least £500 per annum in total, although purchases made by the nominee's spouse are added in arriving at the total.

2. No person shall be eligible for election to the Board after attaining the age of 60 years, unless such a person is a sitting member of the Board.

3. Candidates must not be directly or indirectly concerned in businesses which are similar in any way to those undertaken by the Society, and canvassing for votes during an election is prohibited.

Further details can be obtained from the Chief Executive Officer.

The Board of Directors welcomes enquiries from members who are interested in seeking nomination to the Board and who are prepared to accept the high responsibilities of this office, thus ensuring that democracy is maintained in this strong, independent Society. If required, full training can be obtained throughout a period of office via the Institute of Co-operative Directors.



Kingsbury Convenience Store showing some of the extended interior.

Advice and 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 — 01827 873966
Women's Guild — 01827 63711 (Ext. 215)
Member Relations
Committee — 01827 63711 (Ext. 215)
Share accounts — 01827 63711 (Ext. 246)
Dividend
Queries — 01827 63711 (Ext. 232)

Outlets

Tamworth's Department Store, Church Street, Tamworth.
Homemaker, Ventura Retail Park, Tamworth.
Tamworth Co-operative Society in Swadlincote, The Delph, Swadlincote.
Swadlincote Co-operative Gift Shop, West Street, 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 Supermarket, Church Street, 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.
Main Road, Whittington.



Nursery Department, Tamworth's Department Store.



Tamworth Co-operative Society Limited

Registered Office: 5, Colehill,
Tamworth, Staffordshire B79 7HJ.

Registered No: 2582R

Telephone: 01827 63711

Fax: 01827 62999

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