



Annual Report & Accounts · January 1997

Contents

Tamworth's
Department
Store across
St. Editha's
Square

Front cover
from left to
right -
Tamworth's
Department
Store,
Homemaker
Tamworth,
Swarthmore
Gift Store,
Tamworth
Garage



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The continuing changing pattern of the Society's business on which I have reported previously, again reflects in the figures contained in this year's Annual Report and Balance Sheet.

Soon after the beginning of the financial year the Society's Dairy business was transferred out of the ownership of the Society and with it went almost 8% of the Society's total retail sales.

However, the new businesses which the Society had opened in order to offset the lower demand for doorstep deliveries have produced higher sales and as a consequence the total turnover amounting to £26.5m shows a decrease of only 3.5% on the previous year.

The Society is particularly pleased that its Food Division has been able to record an increase in sales, on a like for like basis, despite the advent of further competition to the Tamworth area.

More details of the Society's trading figures can be found elsewhere in the Report.

During the year the Society was pleased to complete the purchase of the former Crown Garage in an area close to the Ventura Park Shopping Centre. As a result the Society is able to offer its Members in the immediate vicinity of Tamworth, the opportunity to obtain petrol with full dividend. More importantly, the premises will ultimately be able to house the Society's fleet of vehicles, which will release a valuable town centre site for further investment opportunities.

Just prior to Christmas, the Society was delighted to obtain the lease on a leading Unit within the Octagon Shopping Centre in

Burton-upon-Trent. This enabled the Society to expand further its successful Homelectric business, for which it is gathering more and more support as time passes.

Whilst further capital expenditure was generally contained fairly well, nevertheless the Society was still pleased to be able to complete its refurbishment of the fascia of the Tamworth Department Store which helps to further enhance the appearance of the town centre, and its attraction to visitors.

A pleasing feature of the Revenue Account is the 44% increase in income from property. This coupled with other investment income provides the Society with a very sound financial base whenever the economy makes other trading opportunities difficult.

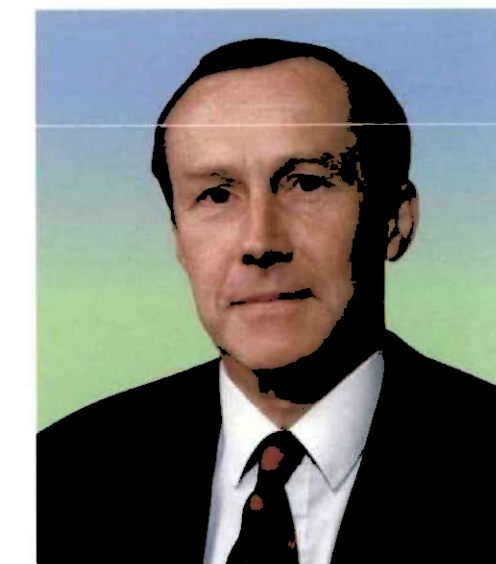
The total surplus of the Society of over £1.3m is considerably less than that of the previous year, but during 1995 the Society made a substantial profit from the sale of investment properties, which is not available in the current year. The re-investment of some of this money has however helped to increase the rental income mentioned previously.

The Society has been pleased to further extend its very important Grocery Delivery Service, which is so valuable to its older Members in particular. The Society is proud that this has been able to continue despite the added pressure on margins placed by the additional competition from businesses which are unable or unwilling to provide the same type of personal service. This indeed reflects the difference between

The year in Summary

Co-operative trading, and that of other Retailers.

The Society's total Assets and Revenue Reserves have again increased to new records, and we view the future with some excitement and look forward to the opportunity for further expansion of the business.



Richard A. Hughes,
Chief Executive Officer.

11th March 1997.

Directors, Officers and Advisers

Board of Directors

Mrs. A. Poulton (Chairman)
Mr. G. Johnson (Vice-Chairman)
Mrs. J. Ankers
Mr. W. B. Atkins JP
Mr. P. Buckley
Mrs. E. M. Johnson
Mrs. K. M. Johnson
Mrs. C. Walker

Chief Executive Officer

Mr. R. A. Hughes

Deputy Chief Executive Officer

Mr. B. Shakespeare BA. (Hons) D.M.S.,
Dip.M., M.C.L.M.

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, 17th April 1997 at 7.15pm.

Agenda

1. To confirm the Minutes of the Ordinary General Meeting and the Special General Meeting held on 18th April 1996.
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

25th January 1997 and the Balance Sheet together with the Auditors' Report thereon.

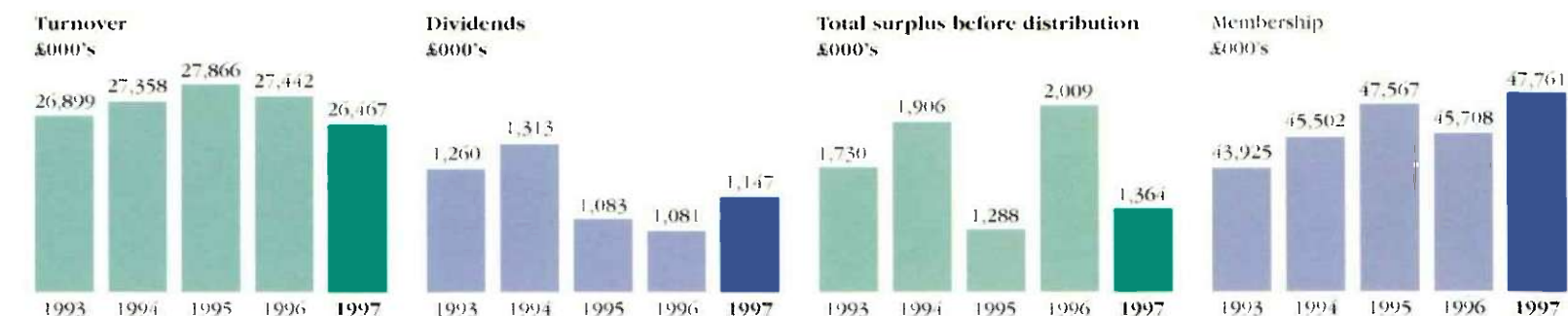
4. To receive the Report and Accounts of the Member Relations Committee.
5. To confirm donations authorised by the Board of Directors.
6. To elect:
 - (a) A Delegate to the Meetings of the Shareholders of the CWS Limited.
 - (b) 5 Members to serve on the Member Relations Committee.
7. To declare the 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 Limited.
10. To receive a report upon the Co-operative Congress 1996.

Five Year Comparative Statement

	1993	1994	1995	1996	1997
	£000's	£000's	£000's	£000's	£000's
Membership (000's)	44	46	48	46	48
Turnover	26,899	27,358	27,866	27,442	26,467
Trading surplus	1,468	1,609	1,068	965	831
Retained surplus	244	564	111	939	133
Capital expenditure	753	959	1,796	807	587
Depreciation	379	404	403	420	448
Members' dividend	1,260	1,313	1,083	1,081	1,147
Fixed assets	5,950	6,844	8,174	7,574	7,733
Intangible assets	-	187	147	107	67
Net current assets	815	174	(893)	739	956
Long term liabilities	(487)	(289)	(249)	(222)	(260)
Loans	(178)	(238)	(338)	(383)	(461)
	6,100	6,678	6,841	7,815	8,035
Share capital	978	992	1,044	1,079	1,166
Reserves	5,122	5,686	5,797	6,736	6,869

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.



Report of the Board of Directors

Financial Review

For several years this report has brought the Members' attention to the deteriorating situation within the Society's Dairy business, and finally, shortly after the last financial year end, the Board of Directors came to the decision that the Society should withdraw from this type of trade.

It is interesting to note that only 13 years previously the Dairy Department contributed almost 28% of the Society's total trade. That year it also contributed over 60% of the Society's trading surplus. Since then the trading balance of the

Society has dramatically changed as each year the Dairy Department produced a deteriorating percentage of the total turnover.

Even in the last full financial year the Dairy produced sales of over £2.1m and it was considered highly unlikely that the Society would be able to fully compensate for this loss of trade within other sectors.

During the year, the Board of Directors considered a number of acquisitions which for one reason or another failed to materialise. Nevertheless a considerable amount of time was spent by both Management and the Board as each venture was thoroughly examined. The Society was however determined that it was not prepared to pay a price over and above the market value at the time.

Finally towards the end of the year, the Society was pleased to open a new Leasehold premises within The Octagon Centre, Burton-upon-Trent for a Homelectric Unit. The Board of Directors looks forward to this Store contributing to the success of the Society in the future.

At the end of the year to 25th January 1997, Tamworth Co-operative Society reported a turnover of £26.5m a decrease of 3.5% from the previous year.

Whilst the Society is always disappointed when turnover does not reach that of the previous year nevertheless the Board of Directors considers that the Society has been able to cushion the effect of the loss of the Dairy trade reasonably well.



Mrs. A. Poulten
(Chairman)



Mr. G. Johnson
(Vice Chairman)



Mrs. J. Ankers



Mr. W.B. Atkins JP



Mr. P. Buckley



Mrs. E.M. Johnson



Mrs. K.M. Johnson



Mrs. C. Walker

Total trading surplus, as a consequence of this and the considerable continuing pressure on margins, totalled £831,000 a decrease of 13.9% on last year.

The total surplus for the year before distribution however was considerably down on the previous year due to the high profit achieved on sale of tangible fixed assets which took place during 1995.

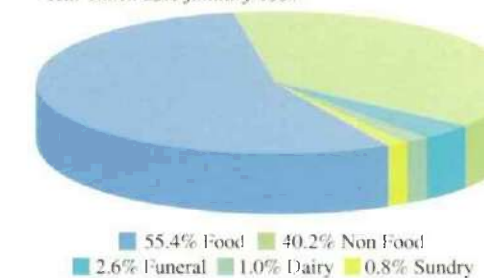
Capital expenditure was contained in order to leave money available for acquisitions but nevertheless the Society was delighted to be able to refurbish the fascia of its Tamworth Department Store, and the restoration to its original format has been extremely well received locally.

Rental income showed a considerable increase as rents commenced to be received from new investment properties, and it is anticipated that further increased income will become available in future years.

The Society therefore has a total surplus of £1,364,000 before distribution which enables the Board to retain £133,000 for future development.

Society Trade Balance

-Year ended 25th January 1997



Dividend

The distribution of Dividend continues to remain an integral part of the Society's policy and the Society is also pleased to support local Charities again this year. The following organisations were assisted with cash awards during 1996:

Tamworth Disabled Holidays,
Playdays Playgroup, Glascote,
WRVS Darby & Joan Club,
Atherstone Blind Association,
CRUSE - Bereavement Care,
Trinity Sons of Rest,
Quince Tree School,
British Red Cross, Tamworth District,
Borough Road Senior Citizens Club,
Birmingham & District Tinnitus Group,
Jubilee Court Senior Citizens Club,
Kingsbury,
Arthritis Care, Tamworth District,
Polesworth Stroke Club,
Tamworth Day Centre, Wilnecote,
The A.S.S.A.U.L.T. Club,
British Epilepsy Association, Tamworth,
Age Concern, Swadlincote,
Tamworth Samaritans,
The Peel Society.

In addition the Society was able to donate a considerable number of smaller gifts to various organisations throughout the area.

Membership

The Society was pleased to receive a further 2,280 Members into the Society during the year, whilst deaths and removals accounted for a closure of 227 accounts leaving a total Membership of 47,761, an increase of 2,053 during the year.

The Board recommends the distribution of surplus as follows:	
Interim Dividend Certificates	£412,000
Final Cash Dividend 1.5% plus Dividend Certificates	£735,000
Total	£1,147,000

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.



Refurbished exterior - Tamworth's Department Store

Food: Supermarket and Convenience Stores

Tamworth continues to attract new major multiples to the town and 1996 has been no exception with the advent of yet another Superstore, this time to the Ventura Shopping Centre. A further planning application has been approved for a Discount Operator to commence trading within the area.

It seems obvious that the town cannot continue to absorb these new businesses at will, and it is inevitable that casualties will occur. Nevertheless, the Society anticipated the impact on trading, made significant changes to its Tamworth Supermarket and as a result was still able

to produce a small increase in food turnover once the closed fresh food unit had been disregarded.

The refurbished Kingsbury branch produced a significant increase in turnover, and substantial improvements were made at Glascote, Whittington and Rosliston where increases over and above the rate of inflation were achieved.

The Amington branch was adversely affected for a period as major highway repairs were carried out.

The Society continues to operate its Grocery delivery service, and also to care for the housebound with its valuable order book operation.

The Board of Directors considers that the food trade has held up extremely well under the circumstances and is grateful for the increased profits which have become available by the Society's membership of the Consortium of Independent Co-operatives (CIC) and all the added benefits which accrue from that membership.



*New Wines and
Spirits Area*

*Opposite:
New Burton
Homelectric
Store*

*Tamworth's
Church Street
Supermarket*



Non Food, Funeral Services, Financial Services and Property



Considerable investment has taken place within the non-food sector during recent years and the benefits are now beginning to come to fruition. The Homelectric Superstore in Swadlincote in particular has again experienced a significant improvement in turnover and a consequential substantial added contribution to profits.

As a result the Society made the decision to extend its growing presence within the Electrical market by opening a new Store in the Burton-upon-Trent Octagon Centre. It is hoped that the excellent service which the Society has been able to provide in its Tamworth and Swadlincote shops will attract new Members from the Burton region.

Increased
Furniture
trade



Trade at the Tamworth Department Store and Homemaker, Tamworth have also increased over the previous year and this part of the business continues to play a larger and more important part in the Society's total trading.



Tamworth's
Funeral
Premises

Funeral Services

Falling death rates within the area have meant that the Funeral Department has not been able to maintain the record figures produced during the previous year.

Nevertheless the Society has an excellent reputation which is second to none within the area.

The catering facilities continue to be used more and more as our Members and their families become aware of the excellent standard which is available.

The Society has also developed further its Memorial service and a substantially wider range is now available.

Financial Services

During the year the Tamworth Financial Services Counter has continued to provide an excellent service to the Society's Members in addition to the facilities that the Co-operative Bank and the Derbyshire Building Society have opened within the town centre.

Handybank Services continue to be provided also at Dordon, Kingsbury, Polesworth, Rosliston, Stanton and Swadlincote and these have been extended to include a Financial Services Counter at the new Burton premises.

Building Society Agencies have also continued at Dordon, Kingsbury and Polesworth in addition to the Tamworth base.

Business has also continued to develop within the Society's Post Offices at Rosliston, Swadlincote and Tamworth.

Property

The careful scrutiny to which the Board of Directors subjected the Society's Property Portfolio during 1995 is now beginning to bear fruits as new Leases have commenced to provide additional income.

This part of the Society's business is considered to be extremely important by the Board of Directors and is kept under constant review in order that the Society's investments can provide an adequate return on the capital employed.

During the year, the Society was pleased to complete the acquisition of garage premises at Fazeley Road, Bitterscote,

Tamworth and the Society's Transport business is in the process of moving to the new site. Following completion of the move it is anticipated that the Society will be able to consider the development of the extremely important part of the town centre which it owns to the rear of its properties currently occupied by Yates' Wine Lodge and the Co-operative Bank.

Staff

The total number of staff employed within the business has shown a significant change during the year as fewer full time staff are employed particularly in view of the transfer of the dairy business to the Midlands Co-operative Society. The Society continues to look for new acquisitions which will enable it to further extend the opportunities for recruitment of Staff and career prospects for all employees.

The Board of Directors recognises the considerable efforts which the Staff throughout the Society have made during the past year and wishes to record its thanks to them all for their loyalty and hard work.

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 3 male and 5 female Directors. Senior Management comprises 4 men and 2 women. Middle Management currently totals 12 men and 10 women.

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

The Society has also been pleased to continue its assistance to local Schools and Colleges with work placements during the year and also to fund various College Courses for employees who wish to further their knowledge of the business.

Corporate Governance

The Board of Directors continues to give this matter much attention and has been able to adopt further measures of the recommended Code of Practice.

The Board of Directors will give further consideration to other matters once all the guidance for implementation has been received. 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.



Santa's Grotto
- Tamworth's
Department
Store



Opposite:
Homemaker,
Ventura Park,
Tamworth

Internal Financial Control

The Directors are responsible for the Group's system of internal financial control, which is designed to provide reasonable, but not absolute, assurance regarding:

- the safeguarding of assets against unauthorised use or disposition and
- the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

Key procedures that have been established and are designed to provide effective internal financial control are –

- Control environment – the Directors have put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. These are set out in the Group's Management Policies.

- Risk Management – operating Society Management have a clear responsibility for identifying risks facing each of the businesses, and for putting in place procedures to mitigate and monitor risks. Risks are formally assessed during the annual business planning process which is monitored by the Board.

- Information Systems – the Group has a comprehensive system of financial reporting. The annual budget and rolling 5 year plan of the Society is approved by the Directors, and the Board approves the overall group budget and plan. Weekly

turnover and other financial information is reported and any significant adverse variances are examined by the Board and remedial action taken.

- Control Procedures – Policies and Procedures are maintained by all business units. In particular there are clearly defined policies for capital expenditure including appropriate authorisation levels. Larger capital projects and company acquisitions require Board approval.

The Board of Directors has reviewed the effectiveness of the Group's internal financial control system for the period from February 1996 to January 1997.

As might be expected any weaknesses which have occurred during the period under review have been identified and none of these have resulted in any material losses, contingencies or uncertainties which would require disclosure.

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:

- Mr. K. Bramley
- Mrs. J. Quaddelli
- Mr. M. Rathbone
- Mr. J. Scriven

Obituaries

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

- Mr. K. Bartell
- Mr. B. Clarke
- Mr. W.R. Cooper
- Mr. D. Hodgkinson
- Mrs. D. Jones
- Mrs. L. Price
- Mrs. M. Stewart

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

For and on behalf of the Directors

A. M. Poulten

Mrs. A.M. Poulten,
Chairman of the Board.

A. M. Poulten

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

11th March 1997.

Results at a Glance

	1997		1996	
	£000's	£000's	£000's	£000's
We received from:				
Selling goods and services		26,467		27,442
Interest on investments		229		192
Renting property		323		224
Surplus on sale of tangible fixed assets		328		900
Total received		27,347		28,758
We paid for:				
Goods and services		17,452		18,229
Cost of staff		3,800		4,174
Rates, heating, lighting and other operating costs		1,728		1,588
Depreciation - money retained to cover cost of wear and tear of equipment		448		420
Interest due to investors and Bank		59		82
Grants		49		43
Value Added Tax		2,531		2,290
Taxation		-		(88)
Dividend to Society members		1,147		1,081
		27,214		27,819
Retained surplus for year		133		939

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 25th January, 1997 with comparative figures of the 52 week period ended 27th January, 1996.

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, is 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 25th January 1997

	NOTES	1997 £000's	1997 £000's	1996 £000's	1996 £000's
Turnover			26,467	27,442	
Value Added Tax			2,531	2,290	
Net sales			23,936	25,152	
Cost of sales			17,452	18,321	
Gross profit			6,484	6,831	
Expenses less income from property	1		5,653	5,866	
Trading surplus			831	965	
Interest received	5		229	192	
			1,060	1,157	
Interest paid	4		24	48	
			1,036	1,109	
Surplus on sale of Tangible Fixed Assets			328	900	
Surplus for the year before distribution			1,364	2,009	
Share interest		35		34	
Dividend	18	1,147		1,081	
Grants	2	49	1,231	43	1,158
			133	851	
Taxation	13		-	(88)	
Retained surplus for year	16		133	939	

Group Balance Sheet

As at 25th January 1997

	NOTES	1997 £000's	1997 £000's	1996 £000's	1996 £000's
Fixed Assets					
Tangible assets	6(a)		5,718	5,607	
Investments	6(b)		2,015	1,967	
			7,733	7,574	
Intangible Assets	7		67	107	
			7,800	7,681	
Current Assets					
Stocks	8	3,102		2,663	
Debtors and prepayments	9	820		594	
Investments	10	68		115	
Cash in hand and at bank		499		926	
		4,489		4,298	
Current Liabilities					
Amounts falling due within one year					
Creditors - Trade	11	2,603		2,658	
Dividend		760		740	
Other		4		3	
		3,367		3,401	
Loans	12	166		158	
		3,533		3,559	
Net current assets			956	739	
Total assets			8,756	8,420	
Provision for deferred taxation	21		260	222	
Funeral prepayment plans			461	383	
Net assets			8,035	7,815	
Financed by:					
Share capital	15		1,166	1,079	
Revenue reserves	16		6,869	6,736	
			8,035	7,815	

Cashflow Statement

Year ended 25th January 1997

	NOTES	1997 £000's £000's		1996 £000's £000's	
Net Cash inflow from Operating Activities	22(a)		697		1,128
Returns on Investments and Servicing of Finance					
Interest received		140		192	
Interest paid		(1)	139	(23)	169
			836		1,297
Benefits paid to Members					
Dividend			(1,127)		(1,134)
Taxation					
Corporation Tax			-		2
Investing Activities					
Purchase of fixed assets		(587)		(807)	
Disposal of fixed assets		382		1,200	
Purchase of Investments		(711)		-	
Sale of investments		696		687	
Decrease/(increase) in short term investments		47		(80)	
Net Cash (Outflow)/Inflow from Investing Activities			(173)		1,000
Net Cash (Outflow)/Inflow Before Financing			(464)		1,165
Financing					
Decrease in loans	22(d)		(15)		(11)
Increase in share capital	22(d)		52		1
(Decrease)/Increase in Cash and Cash Equivalents	22(b)		(427)		1,155

Notes to the Accounts

Year ended 25th January 1997

1 Expenses

	1997 £000's	1996 £000's
Personnel costs	3,800	4,174
Occupancy costs	1,144	1,034
Depreciation	448	420
Audit fees	15	14
Other fees paid to KPMG	11	23
Directors' fees*	4	4
Other expenses	554	421
Income from property	(323)	(224)
	5,653	5,866

*No Director is permitted by Rule to be in direct employment of the Society

No Director's remuneration exceeded £1,000

2 Grants and Donations

	1997 £000's	1996 £000's
Member Relations Committee	2	2
Employee related	47	41
	49	43

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

	1997 £000's	1996 £000's
Ordinary loans	4	6
Sales Club	5	6
Bank interest	1	23
Prepayment plans	14	13
	24	48

Notes to the Accounts

(continued)

Year ended 25th January 1997

5 Interest Received

CWS Limited
Other I & P Societies: Shares
Securities

Short term deposits
Profit on sale of securities

1997 £000's	1996 £000's
7	8
3	6
147	159
157	173
39	19
33	-
229	192

6(a) Tangible Assets

	Trade Assets				Total
	Freehold Land and Buildings	Leasehold Buildings	Fixtures, Fittings, Plant	Transport	
	£000's	£000's	£000's	£000's	£000's
Cost brought forward	4,404	480	3,155	431	8,470
Additions	323	13	225	26	587
Disposals	-	-	(52)	(95)	(147)
Cost carried forward	4,727	493	3,328	362	8,910
Depreciation brought forward	900	39	1,601	323	2,863
Provided this period	99	19	289	41	448
Disposals	-	-	(22)	(97)	(119)
Depreciation carried forward	999	58	1,868	267	3,192
Net book value 1997	3,728	435	1,460	95	5,718
Net book value 1996	3,504	441	1,554	108	5,607

Notes to the Accounts

(continued)

Year ended 25th January 1997

6(b) Fixed Asset Investments

CWS Limited: Shares
Other I & P Societies: Shares
Securities quoted

Securities quoted - market value

1997 £000's	1996 £000's
100	100
4	4
1,911	1,863
2,015	1,967
2,039	2,009

7 Intangible Assets

Franchise fees:
Cost brought forward
Additions

Cost carried forward

Amortisation brought forward
Provided this period

Amortisation carried forward

Net book value 1997

Net book value 1996

1997
£000's

200
-

200

93
40

133

67

107

8 Stocks

Stocks include television rental sets as follows:
Cost brought forward
Additions

Cost carried forward

Depreciation brought forward
Provided this period

Depreciation carried forward

Net book value 1997

Net book value 1996

1997
£000's

757
215

972

434
197

631

341

323

Notes to the Accounts

(continued)

Year ended 25th January 1997

9 Debtors	1997 £000's	1996 £000's
Customer accounts	370	197
Prepayments	280	286
Corporation Tax Recoverable	100	62
Value Added Tax	-	5
Income Tax Recoverable	70	44
	820	594
10 Current Asset Investments	1997 £000's	1996 £000's
Other I & P Societies Loans	18	18
Securities quoted	28	82
Deposit Protection Scheme	22	15
	68	115
11 Creditors Falling Due Within 1 Year	1997 £000's	1996 £000's
Trade creditors	2,094	2,271
Accrued charges	139	77
Value Added Tax	70	-
Holiday pay reserve	300	310
	2,603	2,658
12 Loans Falling Due Within 1 Year	1997 £000's	1996 £000's
Savings Bank	3	4
Ordinary loans	69	69
Funeral prepayment plan	51	42
Sales Club	43	43
	166	158

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

13 Taxation

Corporation Tax
Deferred tax
Prior year adjustment:
Corporation Tax
Deferred Tax

1997 £000's	1996 £000's
-	(62)
18	(24)
(38)	1
20	(3)
-	(88)

Accelerated capital allowances
Other timing differences

1997 Provided £000's	Not Provided For £000's	1996 Provided £000's	Not Provided For £000's
218	100	183	100
42	462	39	396
260	562	222	496

14 Capital Commitments

- (a) Future capital expenditure authorised and contracted for - £126,465 (1996 NIL)
 (b) Future capital expenditure authorised but not yet contracted for - £43,400 (1996 £250,000)

Notes to the Accounts

(continued)

Year ended 25th January 1997

Notes to the Accounts (continued)

Year ended 25th January 1997

15 Share Capital

Balance to commence
Contributions
Interest

1997 £000's	1996 £000's
1,079	1,044
487	457
35	34
1,601	1,535
Withdrawals	456
1,166	1,079

Share Capital is Non Equity Share Capital comprising 1,166,367 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

Balance to commence
Retained surplus for the year
Balance to end

1997 £000's	1996 £000's
6,736	5,797
133	939
6,869	6,736

17 Reconciliation of Movements in Shareholders' Funds

Surplus after tax
Contributions and interest less withdrawals during the year

1997 £000's	1996 £000's
133	939
87	35
220	974
Opening Shareholders' funds	6,841
8,035	7,815

Opening Shareholders' funds

Closing Shareholders' funds

18 Dividend

Dividend to Shareholders
Waived dividends given to charity

1997 £000's	1996 £000's
1,137	1,071
10	10
1,147	1,081

19 Staff

Full time
Part time

1997	1996
194	224
324	316
518	540

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

Salaries/wages
National Insurance
Pension Fund contributions
Other

£000's	£000's
3,442	3,784
221	260
109	82
28	48
3,800	4,174

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

	1997	1996
£20,001-£25,000	3	2
£25,001-£30,000	—	2
£30,001-£40,000	1	1
£40,001-£50,000	2	2
£60,001-£70,000	1	1

Notes to the Accounts (continued)

Year ended 25th January 1997

Notes to the Accounts

(continued)

Year ended 25th January 1997

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 increase 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.

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 1996/97, the Society made contributions to the Fund amounting to £109,009 (1995/96: £82,030).

21 Provision for Liabilities and Charges

	1997 Deferred Tax £000's	1996 Deferred Tax £000's
Balance to commence	222	249
Revenue account	38	(27)
Balance to end	260	222

22 Cashflow

(a) Reconciliation of operating profits to net cash inflow from operating activities

	1997 £000's	1996 £000's
Operating profits	831	965
Depreciation charge	448	420
Holiday pay provision	(10)	10
Intangible asset amortisation	40	40
Grants and donations	(49)	(43)
Increase in stock	(439)	(46)
(Increase)/Decrease in debtors	(157)	19
Decrease in creditors	(45)	(282)
Increase in funeral prepayments	78	45
	697	1,128

Notes to the Accounts

(continued)

Year ended 25th January 1997

(b) Analysis of changes in cash and cash equivalents during the year

	1997 £000's	1996 £000's
Balance to commence	926	(229)
Net cash (outflow)/inflow	(427)	1,155
Balance to end	499	926

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

	1997 £000's	1996 £000's
Net cash in hand	364	246
Short term deposits	135	680
	499	926

(d) Analysis of changes in financing during the year

	Share Capital 1997 £000's	Loans 1997 £000's
Balance to commence	1,079	158
Interest credited	35	23
Increase/(decrease) in share capital/loans	52	(15)
Balance to end	1166	166

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.

**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.

A. M. Poulten
Mrs. A. Poulten,
Chairman.

Graham W Johnson
Mr. G. Johnson,
Vice Chairman.

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

11th March, 1997
A. M. Poulten

Graham W Johnson

RAH

TO THE MEMBERS OF TAMWORTH CO-OPERATIVE SOCIETY LIMITED

We have audited the financial statements 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 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 25th January 1997 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 KPMG

KPMG
Chartered Accountants, Registered Auditors, Birmingham.
11th March, 1997.

**Auditors'
Report**

**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;
- 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 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.

Name	Appointment Expires	Possible Attendances	Actual Attendances
Mrs. J. Ankers	1998	27	22
Mr. W.B. Atkins, J.P.	1999	32	31
Mr. P. Buckley	1997	27	24
Mrs. H.M. Fowler*	-	7	1
Mrs. E.M. Johnson†	1999	18	15
Mr. G. Johnson	1997	32	26
Mrs. K.M. Johnson	1999	28	24
Mrs. A.M. Poulten	1998	28	23
Mrs. C. Walker	1997	25	21

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

* Retired from office April 1996.
† Appointed April 1996.

**Directors'
Attendances**

Society Directorship

Democracy in action

The Society has a Board of Directors comprised of up to 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 one year 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. Full training is available and encouraged throughout a period of office via the Institute of Co-operative Directors.

Tamworth's
Homemaker
Store



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.

Homelectric, The Octagon Centre, Burton-upon-Trent.

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.

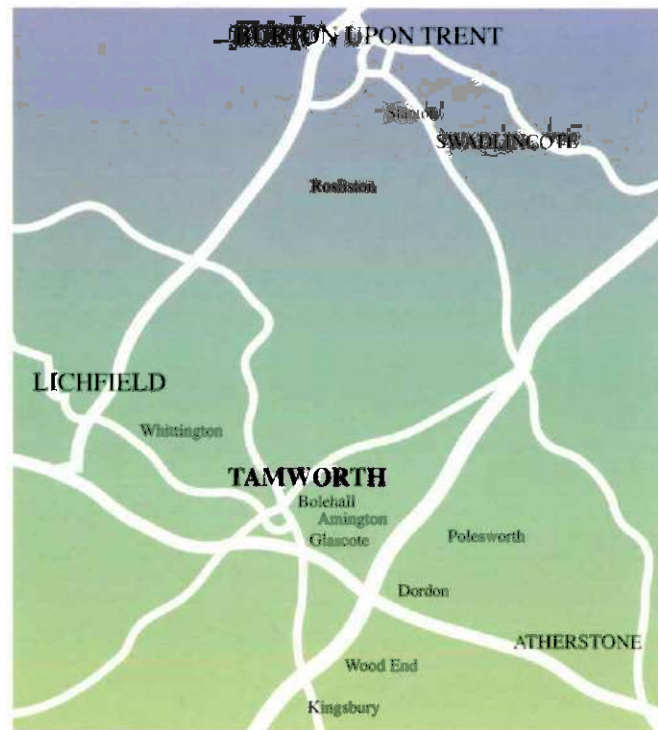
Tamworth Co-operative Society Petrol Stations at:

Fazeley Road, Tamworth.

Main Street, Rosliston.

Lingerie
Department
within
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