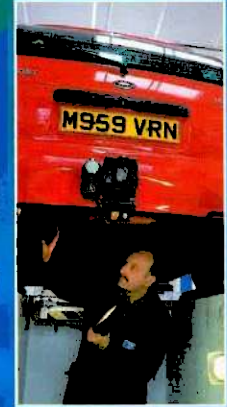
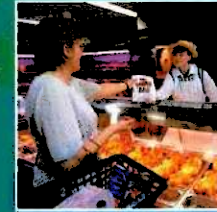




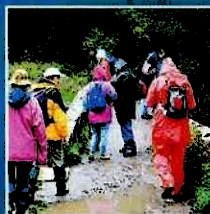
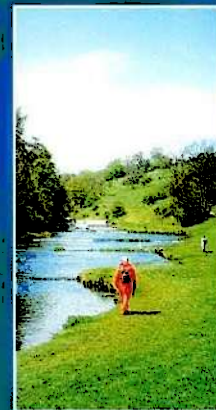
*Tamworth Co-operative Society Limited*



*Annual Report & Accounts 1998*



# *Tamworth Co-operative Society Limited*



*Member Relations Committee  
Annual Report & Accounts 1998*



Member Relations Committee Report

Year ended 24th January 1998

Another Successful Year

The Member Relations Committee of Tamworth Co-operative Society Limited is pleased to present its Annual Report and Accounts.

This follows another successful year of social and educational activities.

The Committee has existed for a number of years in order that members of the Society can meet up on social occasions in a happy and friendly atmosphere where they can learn more about the Co-operative Movement.

Your Committee has particularly concentrated this year on strengthening the links with young people.



Members enjoy the view at Youlgreave, Derbyshire.

Activities

The year started off with a spring Ramble to Youlgreave in Derbyshire which was thoroughly enjoyed by participants despite very mixed weather.

In conjunction with the West Midlands Voluntary Group a transport conference was arranged in Birmingham and a trip was organised to a Rally at the City of Worcester where members and friends enjoyed a two hour boat trip up and down the River Severn, which included going through the big lock along the river. The sun shone brilliantly all day and the trip was enjoyed thoroughly by all concerned.

In October a trip to the Blackpool Lights was also successful and well attended.



Above: Villagers outside the Missionary Hospital in Nairobi.  
Above right: Sponsored medical student Martyn King.

Community Links

The Committee was pleased to be able to sponsor the Annual Bowling Competition for the Co-op Cup.

Donations to assist the Woodcraft Folk and other educational activities were once again made by the Committee.

A 4th Year Medical Student at Leicester University was granted a donation to assist with the costs of a 10 week study at a small Missionary Hospital in the region of Nairobi.



In return he supplied information and photographs for members which have proved very interesting.

This year the Committee has made available to members a small supply of the Co-operative News on a weekly basis. Copies are placed in the Financial Services area of the Tamworth Department Store on a first come, first served basis.

Women's Guild

Every Thursday the Women's Guild meets in the Department Store and is always pleased to welcome new members.

Kingsbury Woodcraft Folk

This Organisation continues to meet on a regular basis and the Committee has been pleased to support it and assist with the social and cultural development of its members for many years. This helps to provide a Co-operative background to the young people in the hope that they will develop into members of the Society in the future.

Member Relations Statement of Accounts

Year ended 24th January 1998

	1998		1997	
	£	£	£	£
Balance to Commence		1,389		928
Grant from Society		2,500		2,300
Grant from West Midlands Group		52		175
	3,941		3,403	
LESS Secretary's Salary	150		150	
Grants / Donations	160		719	
Woodcraft Folk	398		178	
Conference	-		156	
Affiliations and Subscriptions	307		312	
Social Events	161		41	
Sundry Expenses	566		458	
	1,742		2,014	
Balance to End		2,199		1,389

Membership

Society members and their families are always welcome to take part in any Member Relations activities.

Information can be found on the Notice Board located at the side of the passenger lift in the main entrance of the Tamworth Department Store. Anyone interested in further details is invited to contact the Chief Executive's Office on 01827 63711.

*Philip Buckley*

Philip Buckley – Chairman

*J. Ankers*

Janet Ankers – Secretary  
10 March 1998



If any further advice or information is required, please telephone 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)

**Tamworth Co-operative Society Limited**

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

Telephone: 01827 63711 Fax: 01827 62999

Registered No: 2582R

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The year  
in summary



The Trading Year has proved to be particularly active with further competition within both Food and Non Food businesses based in and around the Tamworth area.

The result has been that a considerable amount of competitive pricing and aggressive marketing techniques have evolved, which, especially in the first half of the year, have impacted on trading profits.

Nevertheless the Society is able to report a very small increase in turnover, although trading profits have further declined. This is also partly due to the continued growth of the Society's Non Food businesses which always take a little time to settle down before coming into surplus.

The first full year at the Society's Homeelectric

Store in Burton has seen that unit develop its sales, with further growth still expected. It will however be a little while before this shop contributes significantly to overall profitability.

Late in the year the Society was pleased to be able to develop its Funeral business by the purchase of a small Funeral Directors in Woodville, South Derbyshire. The Funeral business is an important part of the Society's total operations and it is hoped that this unit will develop into an important asset in the future.

The Food Division has continued to see the development of more competitors' trading units within the area, and under such threat it is hard to maintain the same level of business. The Society has however been pleased to enlarge the Stanton Convenience Store and we shall continue to look for further opportunities should they become available in surrounding areas.

Further details of the Society's trading figures can be found elsewhere in the report.

During the year the Society was also pleased to complete the purchase of an investment property in the outskirts of Stafford and this should prove to be a worthwhile addition to the Society's portfolio.

The Garage purchased by the Society during the previous year has now been enlarged and as a result is able to house the Society's fleet of vehicles in more modern and customer friendly surroundings. This releases a possible development site which has been added to the Investment Portfolio and is expected to be an extremely valuable asset, whilst

not necessarily being able to produce an income in the immediate future.

The total surplus of the Society of over £1.1 million is down on the previous year due to the decline in trading profit during the first half, but the improvement shown in the second half has been more encouraging and the Society looks to a return to higher profits in the coming year.

The Society remains a corner-stone of retail trading within the area, and an integral part of the lives of many people in and around Tamworth. We are proud that we have been able to continue with important services such as Grocery Deliveries and Financial Services despite the added pressure and increased costs of providing these to our Members.

It is this type of activity that maintains the important difference between Co-operative trading and that of other businesses.

It is pleasing to note that the Society's share capital, total assets and revenue reserves are again at new records and it is anticipated that this trend will continue into the future.

Richard A. Hughes  
Chief Executive Officer

10th March 1998

Directors, Officers  
and Advisers



Graham W. Johnson  
Chairman



Julian Coles  
Deputy Chief  
Executive Officer

Board of Directors

Mr. G. W. Johnson (Chairman)  
Mr. W. B. Atkins, J.P. (Vice-Chairman)  
Mrs. J. Ankers  
Mr. P. Buckley  
Mrs. E. M. Johnson  
Mrs. K. M. Johnson  
Mr. A. M. King  
Mrs. A. M. Poulten

Chief Executive Officer & Secretary

Mr. R. A. Hughes

Deputy Chief Executive Officer

Mr. J. Coles F.C.C.A., A.C.I.S.

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 on the Second Floor, Tamworth Department Store, Church Street, Tamworth on Thursday, 16th April 1998 at 7.15pm.

Agenda

1. To confirm the Minutes of the Ordinary General Meeting held on 17th April 1997 and the Special General Meeting held on 20th May 1997.
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 24th January 1998 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) 6 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 Limited.
10. To receive a report upon the Co-operative Congress 1997.

Notice of  
Special Meeting

Notice is hereby given that a Special General Meeting of members will be held immediately following the Annual General Meeting on the Second Floor, Tamworth Department Store, Church Street, Tamworth on Thursday 16th April 1998.

The purpose of the meeting will be to consider and approve (or otherwise) a series of partial amendments to the rules of the Society proposed by the Board of Directors in accordance with the document presented to this meeting, and to approve the incorporation of the partial amendments adopted at this meeting within a complete Amendment of the Society's Rules.

Copies of the proposed partial amendments are obtainable from the General Office, 5 Colehill, Tamworth.

# Five Year Comparative Statement

Year ended 24th January 1998

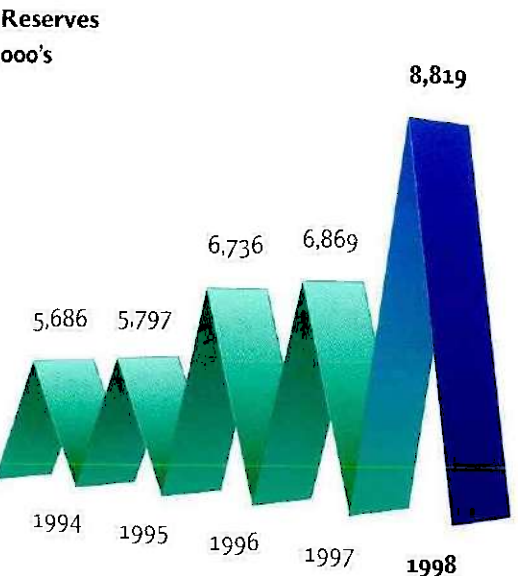
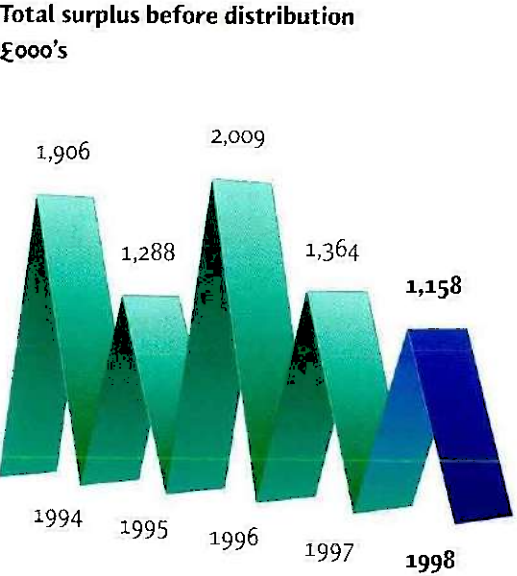
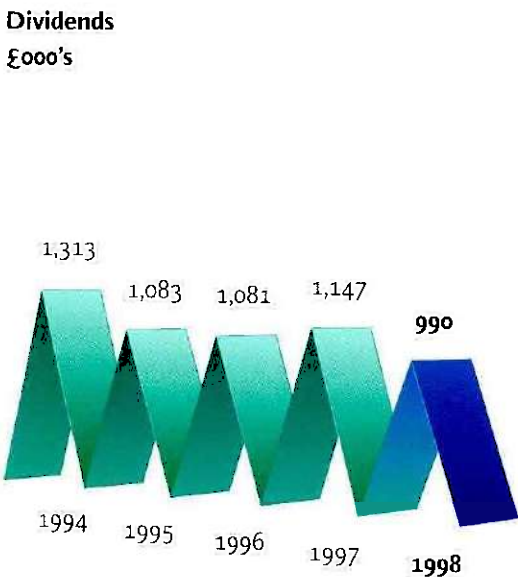
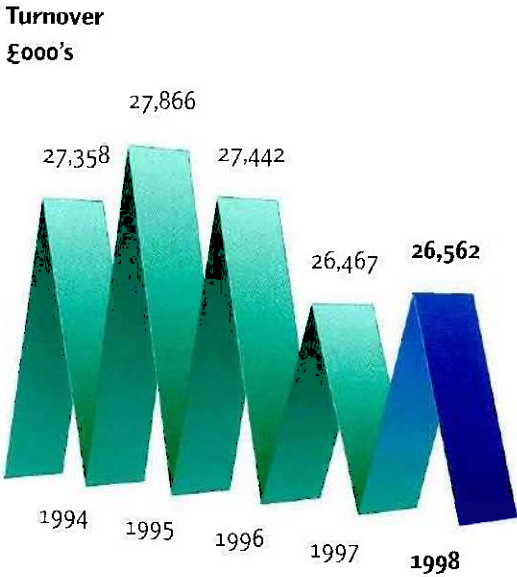
	1994	1995	1996	Restated 1997	1998
Membership (ooo's)	46	48	46	48	50
	£000's	£000's	£000's	£000's	£000's
Turnover	27,358	27,866	27,442	26,467	26,562
Trading surplus	1,609	1,068	965	831	670
Retained surplus	564	111	939	133	82
Capital expenditure	959	1,796	807	811	1,051
Depreciation	404	403	420	645	589
Members' dividend	1,313	1,083	1,081	1,147	990
Fixed assets	6,844	8,174	7,574	8,074	9,949
Intangible assets	187	147	107	67	24
Net current assets	174	(893)	739	615	870
Provisions for liabilities and charges	(289)	(249)	(222)	(260)	(260)
Loans	(238)	(338)	(383)	(461)	(564)
	6,678	6,841	7,815	8,035	10,019
Share capital	992	1,044	1,079	1,166	1,200
Reserves	5,686	5,797	6,736	6,869	8,819

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 for 1997 only have been amended to reflect the reclassification of T.V. rental sets from current assets to fixed assets.

# Charts of Key Figures

As at 24th January 1998





# Report of the Board of Directors

## Financial Review

During recent years we have reported on the changing pattern of the Society's business.

1997 has seen the Non Food Department continue to expand its proportion of trade and this has now reached 42% of Society turnover.

Food now accounts for just over 50% of business, with the rest mainly taken by the Funeral Department and Petrol Sales.

Total turnover for the year amounted to £26,561,890, an increase of 0.4% over the previous year.

Changes during the year affecting these figures, include the loss of a quarter million pounds worth of Dairy business compared with 1996, six months sales figures only from the Heritage View Cafeteria following the decision at the end of July to invite Sutcliffe Catering, a Division of the Granada Group, to manage those facilities, offset by the addition of a full year's trading at Homelectric Burton which opened during 1996 and the additional petrol turnover at the Garage which the Society acquired in Bonehill Road at the end of the last financial year. The garage now incorporates a new MOT bay.

The first half of 1997/8 saw a significant drop in trading profit which was reported to Members in the Interim Report, as the Society competed for trade in a volatile market. The second half however saw a better performance and a small increase in trading profit was achieved during that period. As a total, trading surplus declined from £831,000 in the

previous year to £670,000 in the current year.

Interest received from investments was also down on the previous year although this was partially offset by an increase in the surplus on the sale of Government Stocks.

The Society continued its policy of selling surplus properties where the value is considered to have peaked, and re-investing in newer buildings where growth is to be expected. The surplus on the sale of the Society's former Dairy premises amounted to £307,000, a small decrease on the surplus received from the sale of tangible fixed assets during the previous year.

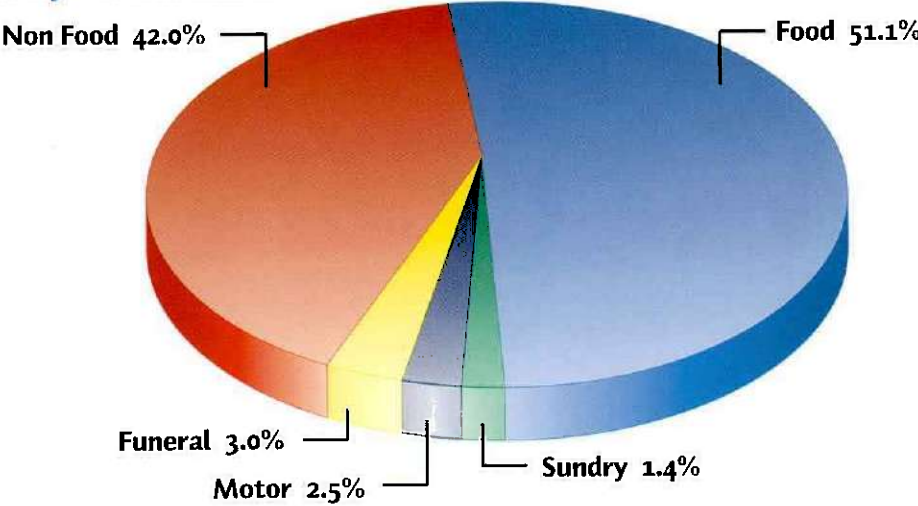
The Society's total surplus for the year before distribution consequently amounted to £1,158,000

which the Board considers to be satisfactory following the disappointing first half results.

The growing importance of the Society's interests in property held for investment has resulted in a change of presentation within the accounts. The Society's freehold investment properties have now been separated from other assets and will in future be valued on an annual basis instead of being depreciated within the accounts. The revaluation this year produced a surplus of £1,868,000 on the historic net book value of £779,000.

The total net assets of the Society now amount to over £10,000,000 with Share capital and Revenue reserves reaching new record heights, which reflect the financial strength of your Society.

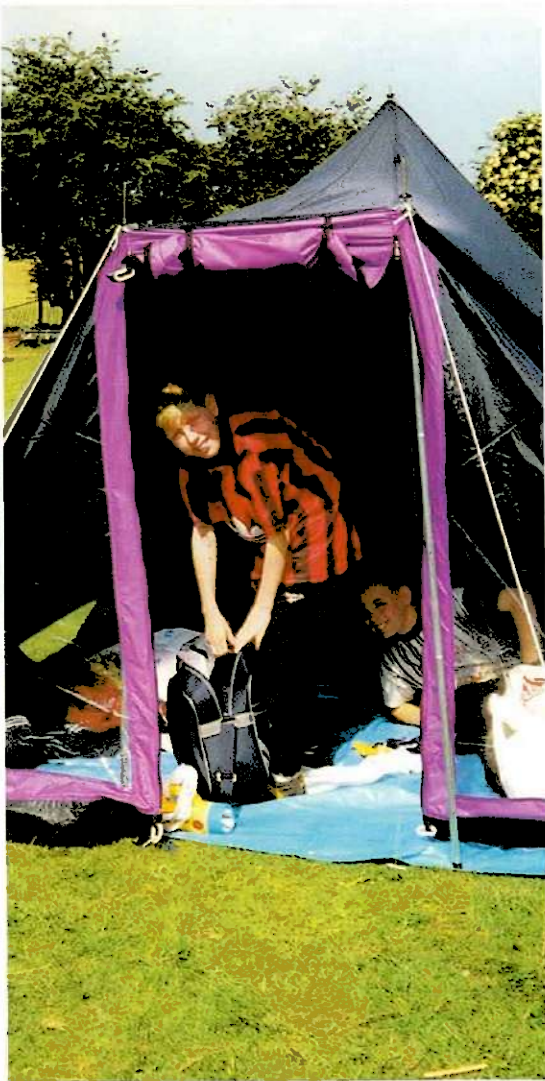
Society Trade Balance



The new MOT bay at Tamworth Co-op's Garage



Report of the Board  
of Directors (continued)



Above: Park School pupils camping in one of the tents bought with a £500 cash award from the Society

Dividend

The distribution of Dividend is again an integral part of the Society's policy and the Society has also been pleased to support various local Charities during the year. The following organisations were assisted with cash awards during 1997:

- Argyle Pre-School Playgroup
- Mill Lane Community Centre, Fazeley
- South Derbyshire Mental Health Association
- Childline Midlands
- Cancer Research
- Leyfields Good Companions
- Tamworth Stroke Club
- C.R.U.S.E.
- Lincote Disabled Club
- Kingsbury Over 60's Club
- R.A.F.A. Wings Appeal
- Tamworth Townswomen's Guild
- Friends of Newhall Hostel
- Tamworth Darby & Joan Club
- Park School
- Asthma Campaign
- Wilnecote Darby & Joan Club
- R.N.I.B.
- Royal British Legion Poppy Appeal
- Birmingham and District Tinnitus Group

In addition the Society was able to donate smaller gifts to various Organisations across the Society's trading area.

We were also pleased to give gift tokens of £20 to those members who got married or celebrated their golden or diamond wedding anniversaries during the year, a total of 36 gift tokens in all.

Membership

The Society was pleased to receive a further 2,559 Members into the Society during the year, whilst deaths and removals accounted for a closure of 142 accounts leaving a total membership of 50,178, an increase of 2,417 during the year.

The Board recommends the distribution of surplus as follows:

Interim Dividend Certificates	£423,000
Final Cash Dividend 1.25% plus Dividend Certificates	£567,000
Total	£990,000

Auditors

In accordance with the Industrial & Provident Societies Act 1968, a resolution for the re-appointment of KPMG as Auditors of the Society is to be proposed at the forthcoming Annual General Meeting.

Food  
Supermarket and  
Convenience Stores



Bob Read  
Food Controller

Tamworth has again seen the advent of further competition within this sector, with the opening of a discount Supermarket within the town. A further planning application has been approved for the enlargement of another of the Society's competitors, and further moves appear to be underway for additional competition to be added to the edge of town.

The Society has reported before its concern about the amount of Food Outlets in or around the

town, and it still remains convinced that casualties will occur.

During the year the Stanton Branch has been extended in order that an increased range of commodities can be available for our Members in that area.

It remains the Society's policy to maintain all its properties at a high standard and further improvements are likely at various branches during the coming year.



The Town Centre Supermarket

Total Food turnover showed a small decrease over the year, but this was mainly as a result of additional units impacting on trade close to the town centre together with a drop in turnover in former mining villages where total incomes appear to have declined in recent years.

The Society has continued to operate its Grocery Delivery Service and to care for the housebound with its order book operation, and it has noted with interest the way some National Food Organisations are now testing, at considerably higher charges, the sort of service which the Society has operated for over 100 years.





Freshly roasted chickens from the delicatessen counter at the Town Centre Supermarket

The Society has continued its membership of the Consortium of Independent Co-operatives (CIC) and has availed itself of the added benefits which accrue from that membership.



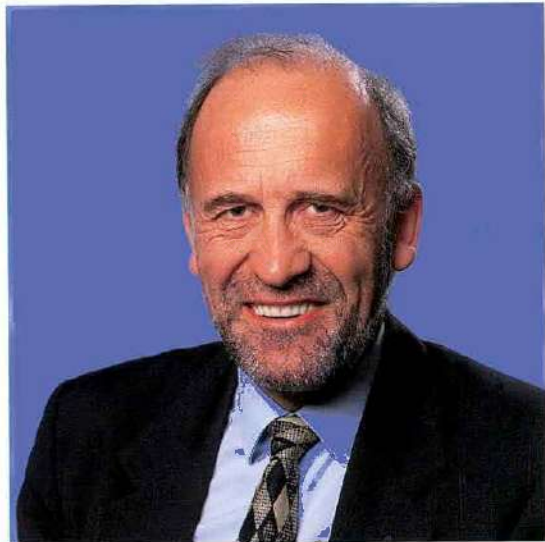
Above: Freshly baked bread and cakes available daily from the supermarket and most of our convenience stores

Right: The new bread oven at the Town Centre Supermarket





## Non Food, Funeral Services, Financial Services and Property



**Kevin G. Wood**  
*Non Food Trades Manager*

The Non Food Departments had a particularly competitive trading year with the very substantial increase in new Stores on the edge of Tamworth.

Nevertheless it is pleasing to report that the Tamworth Department Store showed a useful year on year increase in sales and the Society also benefited from a full year's trading from the Burton Homelectric Store. Turnover from these premises is growing quite nicely, whilst not yet adding to the profit of the Organisation. However the Society enjoys a particularly strong electrical trade and the Homelectric store at Swadlincote is one of the Society's strongest performers.



**Amanda J. Woodward**  
*Funeral Services Manager*

The Society has also been pleased with the gradually improving performance from the Gift Shop in Swadlincote and we shall be looking for further growth from this type of unit.

### Funeral Services

The Funeral Department has been pleased to record a substantial increase in turnover during the year, as it has built on its excellent reputation in the area.

A Daimler Hearse and Limousine were purchased as part of the Society's commitment to improve services for Members and these have been very well



**Sandra Park**  
*Financial Services Manager*

received. Delivery of a further Daimler Limousine will be taken early in the new financial year.

In addition the Society has been pleased to purchase a small Funeral business in Woodville from which it can provide a service to Members in the South Derbyshire area. Whilst this business initially does not provide much in the way of additional turnover it is anticipated that further growth is available.

Further development has also taken place within the Society's Memorial Service and we have been extremely pleased with the response this has received.







Woodville Funeral Home

### Financial Services

The Society has again maintained Handybank Services at Dordon, Kingsbury, Polesworth, Rosliston, Stanton and Swadlincote although it is regretted that the Building Society Agencies have had to be discontinued.

However, following the decision of the Co-operative Bank to close its Burton Branch, we have seen a substantial growth in the number of Members using the new Financial Services Counter

at our Burton Homelectric Store.

The Society's Post Offices have also continued to transact business for our Members at Rosliston, Swadlincote and Tamworth.

We would however draw our Members' attention to the fact that these Financial Services are very much a service operation for our Members and do impact adversely on the profits of the Society. The Directors are aware that if those services are maintained the level of Dividend may suffer.



Stafford Investment Property

### Property

The Board of Directors continues to develop this part of the Society's business and during the year the sale has been negotiated of the Society's former Dairy premises in Tamworth. Unfortunately the Local Authority's requirements severely impacted on the value of these premises and as a result the price achieved was not so great as had been hoped. Nevertheless it was considered that the value of these premises would further decline and consequently the sale was completed to Wimpey Homes.

The Board of Directors has continued to look for properties which could prove to be sound investments and is pleased to report the purchase of an investment property located in the Stafford area. This is currently let on a good lease and should prove to be a useful addition to the portfolio.

The Board of Directors has been pleased to note the substantial increase in value of its investment properties which is recognised in this year's accounts and is helping to maintain the strong financial base of the Society.



Tamworth Investment Property

### Staff

The total number of Staff employed within the business has shown a small decrease during the year as the Society has endeavoured to control its costs, but it is hoped that the Society will be able to increase the levels during the next couple of years as it continues to look for further acquisitions.

The Board of Directors recognises the efforts which the Staff have made during the year, an extremely competitive period, and wishes to record its thanks to all concerned for their loyalty and hard work.

It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment are objective, free from bias and based solely upon work criteria and individual merit.

The Society seeks to be responsive to the needs of its employees, customers, and the community at large, and is an organisation that wishes to use everyone's talents and abilities to the full.

### 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 4 male and 4 female Directors. Senior Management comprises 4 men and 2 women. Middle Management currently totals 14 men and 9 women.

Wherever possible the Society aims to fill future vacancies from within and is currently employing Trainee Managers in both Food and Non Food Departments.

It is the Society's policy to ensure that disabled persons are treated fairly and consistently in terms

of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities.

Wherever possible, the Society will seek to continue the employment of persons who become disabled during the course of their employment with the Society through retraining, the acquisition of special aids and equipment or the provision of suitable alternative employment.

### 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.

Further consideration will continue to be made with the guidance of our advisers and following the Annual General Meeting, a Special Meeting has been called to consider the amendment of certain Rules of the Society to comply with this Code of Practice.

### 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.



### 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 are 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 1997 to January 1998.

As might be expected certain weaknesses have been identified during the period under review. Although none of these have resulted in any material losses, contingencies or uncertainties which would require disclosure, necessary action has been taken to avoid a recurrence.

### Payment of Creditors

The Society normally agrees payment terms with its suppliers when it enters into binding Purchase Contracts. We seek to abide by the payment terms agreed with suppliers whenever possible and we are satisfied that the supplier has provided the goods or services in accordance with agreed terms and conditions.

At 24th January 1998 the number of creditor days outstanding for the Society was 31 days.

### Retirements

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

### Obituaries

The Board very much regrets the death of former employees and remembers them with much affection and gratitude.

For and on behalf of the Directors



**Graham W. Johnson**  
Chairman of the Board



**Richard A. Hughes**  
Chief Executive Officer  
10th March 1998





# Results at a glance

Year ended 24th January 1998

	1998		Restated 1997	
	£000's	£000's	£000's	£000's
We received from:				
Selling goods and services		26,562		26,467
Interest on investments		164		196
Renting property		321		323
Surplus on sale of tangible fixed assets		307		328
Surplus on sale of fixed asset investments		42		33
Total received		27,396		27,347
We paid for:				
Goods and services	17,367		17,255	
Cost of staff	3,808		3,800	
Rates, heating, lighting and other operating costs	1,807		1,728	
Depreciation – money retained to cover cost of wear and tear of equipment	589		645	
Interest due to investors and Bank	61		59	
Grants	50		49	
Value Added Tax	2,642		2,531	
Dividends to Society members	990		1,147	
		27,314		27,214
Retained surplus for year		82		133

## 1. Basis of Accounts

The accounts have been prepared under the Historical Cost Convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards.

## 2. Accounting Date

The accounts are in respect of the 52 week period ended 24th January, 1998 with comparative figures of the 52 week period ended 25th January, 1997.

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

## 5. Depreciation

Depreciation is not provided on freehold land. The cost of tangible fixed assets used for trading purposes 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.

Television rental sets – 3 years.

Television rental sets, previously included in trading stocks, have been reclassified as fixed assets. Comparative figures have been restated. There is no effect on the trading surplus in either year.

Certain freehold land and buildings, previously included in trade properties have been reclassified as freehold investment properties.

Investment properties are included in the accounts at professional valuation in accordance with Statement of Standard Accounting Practice No. 19, and the aggregate surplus or deficit is transferred to a Revaluation reserve.

No depreciation is provided in respect of freehold investment properties. The Directors consider that this accounting policy results in the accounts giving a true and fair view. These properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

## 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

# Statement of Accounting Policies

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. Contributions to the Fund are charged to the revenue account so as to spread the cost of providing pensions over the employees' working lives within the Society.

## 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 24th January 1998

	NOTES	1998 £000's	1998 £000's	Restated 1997 £000's	Restated 1997 £000's
Turnover			26,562		26,467
Value Added Tax			2,642		2,531
Net sales			23,920		23,936
Cost of sales			17,510		17,452
Gross profit			6,410		6,484
Expenses less income from property	1		5,740		5,653
Trading surplus			670		831
Interest received	4		164		196
			834		1,027
Interest paid	3		25		24
			809		1,003
Surplus on sale of Tangible Fixed Assets			307		328
Surplus on sale of Fixed Asset Investments			42		33
Surplus for year before distribution			1,158		1,364
Share interest		36		35	
Dividend	18	990		1,147	
Grants	2	50	1,076	49	1,231
Surplus for year before taxation			82		133
Taxation	13		-		-
Retained surplus for year	16		82		133

## Statement of total recognised Gains and Losses

Year ended 24th January 1998

	NOTES	1998 £000's	Restated 1997 £000's
Surplus for year		82	133
Unrealised surplus on revaluation of investment properties	16	1,868	-
Total recognised gains for year		1,950	133

## Group Balance Sheet

Year ended 24th January 1998

	NOTES	1998 £000's	1998 £000's	Restated 1997 £000's	Restated 1997 £000's
<b>Fixed Assets</b>					
Tangible assets	5		8,335		6,059
Investments	6		1,614		2,015
			9,949		8,074
<b>Intangible Assets</b>	7		24		67
			9,973		8,141
<b>Current Assets</b>					
Stocks	8	2,634		2,761	
Debtors and prepayments	9	1,072		820	
Investments	10	129		68	
Cash in hand and at bank		364		499	
		4,199		4,148	
<b>Current Liabilities</b>					
Amounts falling due within one year					
Creditors – Trade	11	2,475		2,603	
Dividend		707		760	
Other		5		4	
		3,187		3,367	
Loans	12	142		166	
		3,329		3,533	
Net current assets			870		615
Total assets			10,843		8,756
Provision for deferred taxation	21		260		260
Funeral prepayment plans			564		461
Net assets			10,019		8,035
Financed by:					
Share capital	15	1,200		1,166	
Revaluation reserves	16	1,868		-	
Revenue reserves	16	6,951		6,869	
		10,019		8,035	



# Cashflow Statement

Year ended 24th January 1998

# Reconciliation of net cash flow to movement in net funds

Year ended 24th January 1998

	NOTES	1998 £000's	Restated 1997 £000's
Cash inflow from Operating Activities	22(a)	1,438	912
Returns on Investments and Servicing of Finance	22(b)	152	139
Benefits paid to Members		(1,043)	(1,127)
Taxation		13	-
Capital expenditure and financial investment	22(c)	(608)	(435)
Cash outflow before use of liquid resources and financing		(48)	(511)
Management of liquid resources	22(d)	(61)	47
Financing	22(e)	(26)	37
Decrease in cash in the year		(135)	(427)

	NOTES	1998 £000's	Restated 1997 £000's
Decrease in cash in the year		(135)	(427)
Cash outflow / (inflow) from management of liquid resources		61	(47)
Change in net funds resulting from cash flows	22(f)	(74)	(474)
Net funds at 25th January 1997	22(f)	567	1,041
Net funds at 24th January 1998	22(f)	493	567

1 Expenses	1998 £000's	1997 £000's
Personnel costs	3,808	3,800
Occupancy costs	1,196	1,144
Depreciation †	433	448
Audit fees	17	15
Other fees paid to KPMG	37	11
Directors' fees*	5	4
Other expenses	565	554
Income from property	(321)	(323)
	5,740	5,653

† Depreciation charged to cost of sales amounts to £156,000 (1997 : £197,000)

\*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	1998 £000's	1997 £000's
Member Relations Committee	3	2
Employee related	47	47
	50	49

3 Interest paid	1998 £000's	1997 £000's
Ordinary loans	3	4
Sales Club	5	5
Bank interest	1	1
Prepayment plans	16	14
	25	24

# Notes to the Accounts

Year ended 24th January 1998



# Notes to the Accounts

(continued)

Year ended 24th January 1998

## 4 Interest Received

	1998 £000's	Restated 1997 £000's
CWS Limited	7	7
Other I & P Societies: Shares	3	3
Securities	128	147
	<b>138</b>	157
Short term deposits	26	39
	<b>164</b>	196

## 5 Tangible Assets

	Freehold Land & Buildings £000's	Leasehold Buildings £000's	Fixtures & Fittings, Plant £000's	Transport £000's	TV & Video Rental sets £000's	Freehold Investment Property £000's	Total £000's
Cost at start of year	4,727	493	3,328	362	-	-	8,910
Adjustment	-	-	-	-	972	-	972
Restated	4,727	493	3,328	362	972	-	9,882
Additions	229	-	240	163	203	216	1,051
Disposals	(121)	-	-	(22)	(241)	-	(384)
Reclassification	(659)	-	-	-	-	659	-
Revaluation Surplus	-	-	-	-	-	1,772	1,772
<b>Cost or valuation at end of year</b>	<b>4,176</b>	<b>493</b>	<b>3,568</b>	<b>503</b>	<b>934</b>	<b>2,647</b>	<b>12,321</b>
Accumulated Depreciation							
At start of year	999	58	1,868	267	-	-	3,192
Adjustment	-	-	-	-	631	-	631
Restated	999	58	1,868	267	631	-	3,823
Charge for year	-	32	326	75	156	-	589
Disposals	(108)	-	-	(22)	(200)	-	(330)
Reclassification	(96)	-	-	-	-	96	-
Revaluation	-	-	-	-	-	(96)	(96)
<b>At end of year</b>	<b>795</b>	<b>90</b>	<b>2,194</b>	<b>320</b>	<b>587</b>	<b>-</b>	<b>3,986</b>
<b>Net book value at 24th January 1998</b>	<b>3,381</b>	<b>403</b>	<b>1,374</b>	<b>183</b>	<b>347</b>	<b>2,647</b>	<b>8,335</b>
Net book value at 25th January 1997	3,728	435	1,460	95	341	-	6,059

The original cost of land included in the above figures which is not depreciated is £404,000.

The Society has reviewed its property portfolio and now considers that certain properties are held solely for their investment potential. Such assets are now held separately above. Freehold investment properties are stated at valuation by Peter J. Hicks & Co., Chartered Surveyors on the basis of open market value as at 24th January 1998. All other fixed assets are stated at cost. The historic cost of investment properties now included at valuation is as follows:

	£000's
Cost	875
Accumulated Depreciation	(96)
Net Book Value	779

## 6 Fixed Asset Investments

	1998 £000's	1997 £000's
CWS Limited: Shares	100	100
Other I & P Societies: Shares	4	4
Securities quoted	1,510	1,911
	<b>1,614</b>	2,015
Securities quoted – market value	1,662	2,039

## 7 Intangible Assets

	1998 £000's
Franchise fees:	
Cost brought forward	200
Additions	-
<b>Cost carried forward</b>	<b>200</b>
Amortisation brought forward	133
Provided this period	43
<b>Amortisation carried forward</b>	<b>176</b>
<b>Net book value 1998</b>	<b>24</b>
Net book value 1997	67

# Notes to the Accounts

(continued)

Year ended 24th January 1998



## Notes to the Accounts

(continued)

Year ended 24th January 1998

8 Stocks	1998 £000's	Restated 1997 £000's
Goods held for resale	2,634	2,761
<b>9 Debtors</b>	<b>1998 £000's</b>	<b>1997 £000's</b>
Customer accounts	640	370
Prepayments	275	280
Corporation Tax Recoverable	100	100
Income Tax Recoverable	57	70
	<b>1,072</b>	<b>820</b>
<b>10 Current Asset Investments</b>	<b>1998 £000's</b>	<b>1997 £000's</b>
Other I & P Societies: Loans	26	18
Securities quoted	74	28
Deposit Protection Scheme	29	22
	<b>129</b>	<b>68</b>
<b>11 Creditors Falling Due Within 1 Year</b>	<b>1998 £000's</b>	<b>1997 £000's</b>
Trade creditors	1,894	2,094
Accrued charges	252	139
Value Added Tax	29	70
Holiday pay reserve	300	300
	<b>2,475</b>	<b>2,603</b>

12 Loans Falling Due Within 1 Year	1998 £000's	1997 £000's
Savings Bank	-	3
Ordinary loans	53	69
Funeral prepayment plan	63	51
Sales Club	26	43
	<b>142</b>	<b>166</b>

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

13 Taxation	1998 £000's	1997 £000's
Corporation Tax at 31% (1997: 33%)	-	-
Deferred tax	-	18
Prior year adjustment:		
Corporation Tax	-	(38)
Deferred Tax	-	20
	<b>-</b>	<b>-</b>

	1998 Provided £000's	Not Provided For £000's	1997 Provided £000's	Not Provided For £000's
Accelerated capital allowances	246	-	218	100
Other timing differences	14	184	42	462
	<b>260</b>	<b>184</b>	<b>260</b>	<b>562</b>

The potential taxation liability, if all the Society's investment properties were disposed of at their revalued amount, has not been quantified because there is no intention to dispose of them. The maximum liability is estimated to be approximately £0.6 million.

## 14 Capital Commitments

Future capital expenditure authorised and contracted for £63,232 (1997 £126,465).

## Notes to the Accounts

(continued)

Year ended 24th January 1998



# Notes to the Accounts

(continued)

Year ended 24th January 1998

## 15 Share Capital

	1998 £000's	1997 £000's
Balance to commence	1,166	1,079
Contributions	501	487
Interest	36	35
	<b>1,703</b>	1,601
Withdrawals	503	435
Balance to end	<b>1,200</b>	1,166

Share Capital is Non Equity Share Capital comprising 1,200,303 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

	Revaluation reserves £000's	Revenue reserves £000's	Total 1998 £000's	1997 £000's
Balance to commence	-	6,869	6,869	6,736
Revaluation surplus arising in the year	1,868	-	1,868	-
Retained surplus for the year	-	82	82	133
Balance to end	1,868	6,951	<b>8,819</b>	6,869

## 17 Reconciliation of Movements in Shareholders' Funds

	1998 £000's	1997 £000's
Surplus after tax	82	133
Revaluation surplus arising in the year	1,868	-
Contributions and interest less withdrawals during the year	34	87
	<b>1,984</b>	220
Opening Shareholders' funds	8,035	7,815
Closing Shareholders' funds	<b>10,019</b>	8,035

## 18 Dividend

	1998 £000's	1997 £000's
Dividend to Shareholders	980	1,137
Waived dividends given to charity	10	10
	<b>990</b>	1,147

## 19 Staff

	1998	1997
Full time	186	194
Part time	318	324
	<b>504</b>	518

The total employment costs of the Society for the year were:	£000's	£000's
Salaries/wages	3,444	3,442
National Insurance	219	221
Pension Fund contributions	124	109
Other	21	28
	<b>3,808</b>	3,800

The following number of employees received remuneration (including taxable benefits) falling within the following ranges:	1998	1997
£20,001-£25,000	3	3
£25,001-£30,000	1	-
£30,001-£40,000	2	1
£40,001-£50,000	1	2
£60,001-£70,000	1	1

The above table includes an ex gratia payment amounting to £12,000.

# Notes to the Accounts

(continued)

Year ended 24th January 1998



## Notes to the Accounts

(continued)

Year ended 24th January 1998

### 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.

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 1997/8, the Society made contributions to the Fund amounting to £124,848 (1996/7 : £109,009).

### 21 Provision for Liabilities and Charges

	1998 Deferred Tax £000's	1997 Deferred Tax £000's
Balance to commence	260	222
Revenue account	—	38
Balance to end	260	260

### 22 Cashflow

	1998 £000's	1997 £000's
<b>(a) Reconciliation of operating profit to operating cash flow</b>		
Operating profit	670	831
Depreciation charge	589	645
Holiday pay provision	—	(10)
Intangible asset amortisation	43	40
Grants and donations	(50)	(49)
Decrease / (increase) in stock	168	(421)
Decrease / (increase) in debtors	57	(157)
Decrease in creditors	(127)	(45)
Increase in funeral prepayments	88	78
Net cash inflow from operating activities	1,438	912

### (b) Returns on investment and servicing of finance

	1998 £000's	1997 £000's
Interest received	162	140
Interest paid	(10)	(1)
Net cash inflow from returns on investment and servicing of finance	152	139

### (c) Capital expenditure and financial investment

	1998 £000's	1997 £000's
Purchase of tangible fixed assets	(1,051)	(802)
Sale of tangible fixed assets	—	382
Purchase of fixed asset investments	(807)	(711)
Sale of fixed asset investments	1,250	696
Net cash outflow from capital expenditure and financial investment	(608)	(435)

### (d) Management of liquid resources

	1998 £000's	1997 £000's
(Purchase) / Sale of current asset investments	(54)	54
Payment to Deposit Protection Scheme	(7)	(7)
Net cash (outflow) / inflow from management of liquid resources	(61)	47

### (e) Financing

	1998 £000's	1997 £000's
Contributions to share capital	501	487
Withdrawals of share capital	(503)	(435)
Loans due within a year - net repayment	(24)	(15)
Net cash (outflow) / inflow from financing	(26)	37

## Notes to the Accounts

(continued)

Year ended 24th January 1998



Notes to  
the Accounts

(continued)

Year ended 24th January 1998

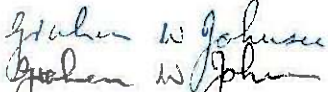
(f) Analysis of net funds


	At beginning of year £000's	Cash flow £000's	At end of year £000's
Cash in hand and at bank	499	(135)	364
Current asset investments	68	61	129
Total	567	(74)	493

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.

The accounts and notes on pages 19 to 32 are hereby signed on behalf of the Board of Directors pursuant to Section 3(5)(c) of the Friendly and Industrial and Provident Societies Act 1968.

  
Graham W. Johnson,  
Chairman.

  
William B. Atkins, J. P.  
Vice Chairman.

  
Richard A. Hughes,  
Chief Executive Officer.

10th March, 1998

TO THE MEMBERS OF TAMWORTH CO-OPERATIVE SOCIETY LIMITED

We have audited the financial statements set out on pages 19 to 32.

Respective Responsibilities for Directors and Auditors

As described on page 34, 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 state of the Group's affairs as at 24th January 1998 and of the income and expenditure for the year then ended, and comply with the 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, 2 Cornwall Street, Birmingham, B3 2DL.  
10th March, 1998.

Board  
Certification

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.

Directors’  
Attendances

Name	Appointment Expires	Possible Attendances	Actual Attendances
Mrs. J. Ankers	1998	32	28
Mr. W. B. Atkins, J. P.	1999	37	37
Mr. P. Buckley	2000	30	16
Mrs. E. M. Johnson	1999	27	25
Mr. G. W. Johnson	2000	36	33
Mrs. K. M. Johnson	1999	31	30
Mr. A. M. King†	2000	21	19
Mrs. A. M. Poulten	1998	34	28
Mrs. C. Walker*	—	8	7

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

\* Retired from office April 1997.  
† Appointed April 1997.

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. He/she 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.



## Society Outlets

### Food Supermarket

Church Street, Tamworth.

### Convenience Stores

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.

### Non Food Stores

Department Store, Church Street, Tamworth.  
Homemaker, Ventura Retail Park, Tamworth.  
Toy Store, The Delph, Swadlincote.  
Gift Shop, West Street, Swadlincote.  
Homelectric, Civic Way, Swadlincote.  
Homelectric, The Octagon Centre,  
Burton-upon-Trent.

### Post Offices

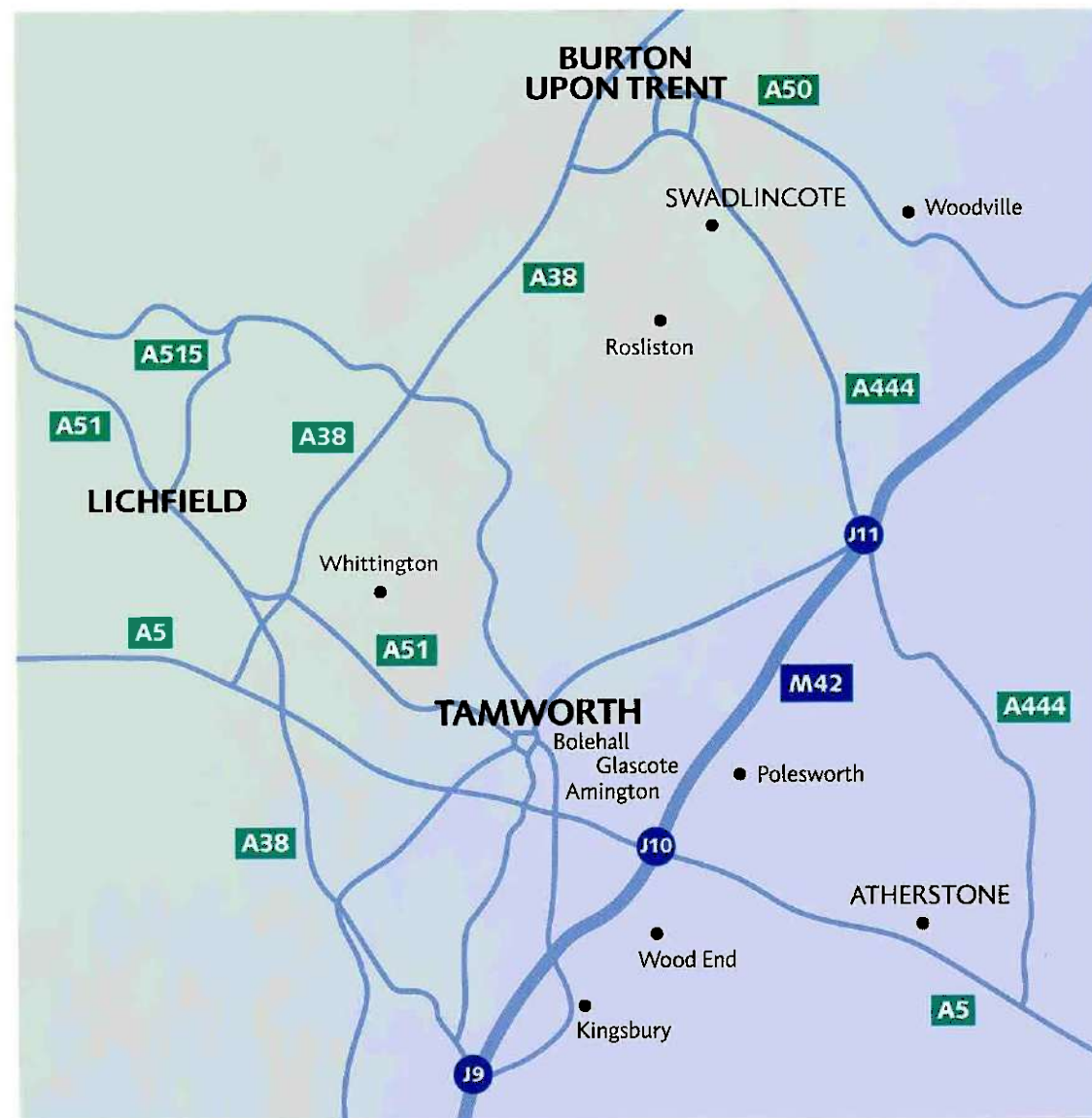
Church Street, Tamworth.  
The Delph, Swadlincote.  
Main Street, Rosliston.

### Funeral Services

Upper Gungate, Tamworth.  
Ratcliffe Street, Atherstone.  
Granville Street, Woodville.

### Petrol Stations

Bonehill Road, Tamworth.  
Main Street, Rosliston.





**Tamworth Co-operative  
Society Limited**

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

Telephone: 01827 63711  
Fax: 01827 62999

Registered No: 2582R