

**Tamworth Co-operative  
Society Limited**  
1999 Annual Report  
& Accounts



T

A

M



**Tamworth Co-operative  
Society Limited**

1999 Member Relations  
Report

O

R

T

H



## ■ Member Relations Committee Report

year ended 30th January 1999

### Involvement in the Society

Members are reminded that the Member Relations Committee has existed for many years in order that Members of the Society can meet together in a social atmosphere to learn more about the Co-operative Movement and the activities of Tamworth Co-operative Society in particular.

The Committee is formed from a combination of Delegates appointed by the Society's Board of Directors and those elected directly by Members, which gives the Committee a unique position from which it can assist the democratic running of the Society and increase Member participation in its affairs.

Society Members and their families are always welcome to take part in any Member Relations activity and information on forthcoming activities can be found on the Notice Board which is located at the side of the passenger lift in the main entrance of the Tamworth Department Store. In addition Notices of forthcoming events are usually posted conspicuously in various trading premises. Further details can always be obtained from the Society Chief Executive's Office.

This year the Committee welcomed two new Members, Mrs. S. Stewart and Mrs A. Akers following the Annual Meeting in April 1998.

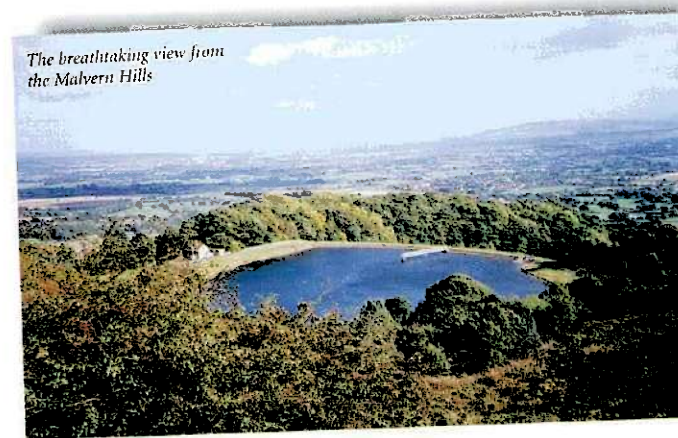


### Working with Young People

The Committee has been delighted to continue its support of the Kingsbury Woodcraft Folk which meets on a regular basis and assists with the social and cultural development of young people in the area. It helps to provide a Co-operative background to these young people in the hope that they will develop into Members of the Society in the future.

In addition the Committee has been pleased to assist, via the Tamworth Crime Prevention Panel, the Staffordshire Police Schools Liaison Officer in Tamworth in his valuable work with young people. This is the second time that the Committee has answered a plea for assistance by sponsoring and providing a quantity of pencils for distribution to school children in a campaign against vandalism.

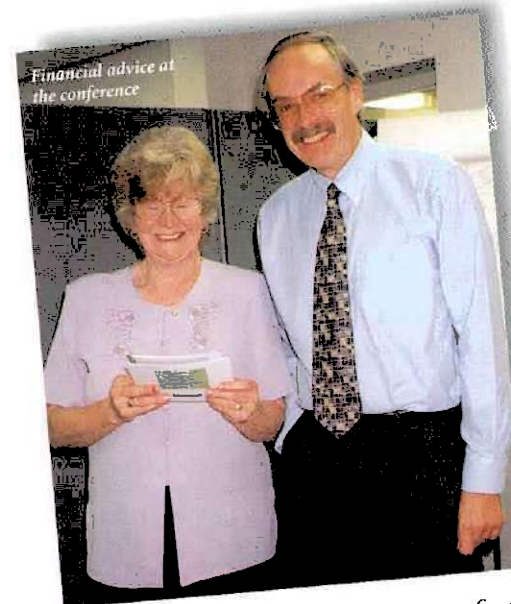
The Committee has also been pleased to sponsor a Competition within Schools to design a badge to commemorate the Millennium.



### Activities with the Community

The Committee was again pleased to maintain its long standing sponsorship of the Annual Bowling Competition for the Co-op Cup.

This year the West Midlands Voluntary Group Conference took place in Tamworth where your Committee acted as Hosts. Members were invited to participate in various sessions on personal finance and the Conference was very well received. High calibre speakers, including a Member of Parliament made it a very informative and interesting day.



In conjunction with the West Midlands Voluntary Group a Rally was arranged at Coventry and transport was supplied from Tamworth, when Members and friends enjoyed both the Rally and the visit to the City.

A Ramble was again arranged for Members when participants were invited to walk in the Malvern Hills. Those attending thoroughly enjoyed this activity and look forward to further Rambles in the future.

### Women's Guild

The Women's Guild continues to meet in the Department Store every Thursday and is always delighted to receive new Members.



### Retirements

The Committee wishes to place on record its thanks to Mrs Janet Ankers who retired from the Committee following her move from the area in Spring 1998. The work she has done as a Member of the Committee and in particular as Secretary to the Committee has been very important to the running of the Group.

At the Annual Meeting this year, the Committee regrets to report the retirement of Mrs K. M. Johnson. Kath has been a Member of this Committee and its predecessor, the Education Committee, for almost 40 years. Without representatives like Kath, the Committee would be unable to function and we are extremely grateful for her dedication over such a long period.

We wish her every happiness in her retirement both from this Committee and from the Society's Board of Directors.

*Graham W Johnson*

Graham W. Johnson - Chairman

*E. M. Johnson*

E. Margaret Johnson - Secretary  
9th March 1999



## ■ **Member Relations Statement of Accounts**

year ended 30th January 1999

	1999	1998
Balance to Commence	2,199	1,389
Grant from Society	2,509	2,500
Grant from West Midlands Group	184	52
	4,892	3,941
LESS Secretary's Salary	150	150
Grants / Donations	690	160
Woodcraft Folk	410	398
Conference	140	-
Affiliations and Subscriptions	297	307
Social Events	297	161
Sundry Expenses	341	566
	2,325	1,742
Balance to End	2,567	2,199



### **Tamworth Co-operative Society Limited**

Registered Office, 5 Colehill, Tamworth,  
Staffordshire B79 7HJ.  
Telephone 01827 63711 - Fax: 01827 62999  
Registered No: 2582R



## ■ Contents

The Year in Summary	2
Directors, Officers and Advisers	3
Notice of Meeting	3
Five Year Comparative Statement	4
Charts of Key Figures	5
Report of the Board of Directors	6-17
Results at a glance	18
Statement of Accounting Policies	19
Group Revenue Account	20
Group Balance Sheet	21
Group Cashflow Statement	22
Notes to the Accounts	23-32
Board Certification	33
Auditors' Reports	33-34
Statement of Directors' Responsibilities	35
Directors' Attendances	35
Society Directorship	36
Society Outlets	37



## ■ The Year in Summary

**The economic situation across the country has strongly affected sales within Stores and Shops as the Government has attempted to keep retail spending down as part of its policy to maintain low inflation.**

This has greatly affected Non Food trade in particular and your Society has not escaped. In addition the uncertainty which the public has felt with regard to jobs has made them less likely to spend on household items such as furniture, carpets, soft furnishings and electrical goods. The strength of the pound has also affected the retail price of imports from the Far East and the public has benefited from significantly lower prices of electrical items.

As a result Non Food Sales have reduced in total terms by approximately 3% and the fact that this trade has not dropped more is due to heavy discounting and special offers which have impacted on margins. Disappointingly therefore, the Society has to report that its Non Food Department has made a trading loss during the year.

Food turnover, however, has held up reasonably well and the Society's Convenience Stores have performed exceptionally well under the circumstances. Whilst the Town Centre Supermarket and the Dordon Branch give some cause for concern, excellent results have been forthcoming from Branches such as Glascote, Wood End, Bolehall, Kingsbury and Whittington.

The Society's Funeral business has also had an extremely successful year with significant improvements in the Society's share of the market in Tamworth. The Woodville business purchased during 1997 has developed quite nicely and the Society has been pleased to open a new office in the nearby town of Uttoxeter. It is hoped that these premises will be able to provide a similar service to our Members in Uttoxeter as that provided in the rest of our locality. There is no doubt that the Society's expenditure on new Limousines has helped this Department to expand and we would hope for further trade being developed in the future.

Further expenditure has been made at the Society's Branches in Glascote, Polesworth and Wood End and the Society has also been able to enlarge the shop floor area at Amington during the latter part of the year. These changes

have been very well received by Members and we would expect to continue with improvements in other Branches during 1999.

Financial Services have continued to be provided to our Members at a number of locations, and the Society is pleased to be able to provide this facility, albeit at a cost.

During the year the Society has further increased its Investment Portfolio by buying a freehold property in Market Street, Tamworth which we would expect to increase in value over the next few years, and at the same time produce a useful income.

The Investment Portfolio has made an outstanding contribution to the Society's profits in recent years, and is particularly valuable during economic situations such as the country is enduring at present.

Regretfully the total surplus of the Society is substantially down on the previous 12 months, and Management will be doing everything in their power to reverse this situation during 1999. There is no doubt that this will be a difficult task especially if the Council's plans to alter the traffic flow in the town and further pedestrianise the centre should proceed. Nevertheless it is hoped that the economic situation will improve as the feel good factor should return as we approach the Millennium.

The Society is very aware that it still has an important part to play within the lives of many people in the Tamworth area and we will continue to provide services above and beyond that of our competitors.



Richard A. Hughes  
Chief Executive Officer

9th March, 1999.

## ■ Directors, Officers and Advisers



William B. Atkins  
Chairman



Julian Coles  
Deputy Chief Executive Officer

### Board of Directors

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

### 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, 15th April 1999 at 7.15pm.

### Agenda

1. To confirm the Minutes of the Ordinary General Meeting held on 16th April 1998 and the Special General Meetings held on 16th April 1998 and 28th October 1998.
2. To receive the Report of the Board of Directors.
3. To consider and adopt the accounts of the Group for the 53 weeks ended 30th January 1999 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) 4 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 1998.



## ■ Five Year Comparative Statement

year ended 30th January 1999

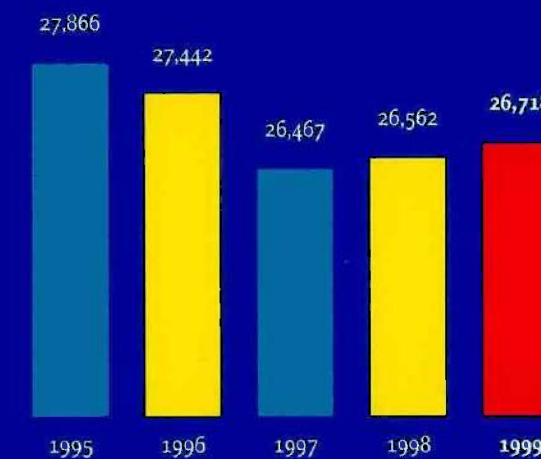
	1995	1996	1997	1998	1999
Membership (000's)	48	46	48	50	52
	£000's	£000's	£000's	£000's	£000's
Turnover	27,866	27,442	26,467	26,562	26,718
Trading surplus	1,068	965	831	670	266
Retained surplus/(deficit)	111	939	133	82	(315)
Capital expenditure	1,796	807	811	1,051	614
Depreciation	403	420	645	589	756
Members' dividend	1,083	1,081	1,147	990	828
Fixed assets	8,174	7,574	8,074	9,949	8,310
Intangible assets	147	107	67	24	-
Net current assets	(893)	739	615	870	2,400
Provisions for liabilities and charges	(249)	(222)	(260)	(260)	(260)
Loans	(338)	(383)	(461)	(564)	(619)
	6,841	7,815	8,035	10,019	9,831
Share capital	1,044	1,079	1,166	1,200	1,260
Reserves	5,797	6,736	6,869	8,819	8,571

It should be noted that the figures for 1999 are for a 53 week period whereas all other figures relate to a 52 week period.

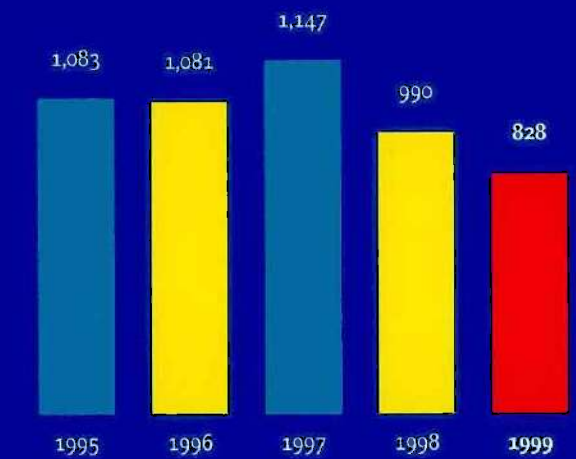
Comparative figures for 1997 only have been amended to reflect the reclassification of T.V. rental sets from current assets to fixed assets, effective from 1998.

## ■ Charts of Key Figures

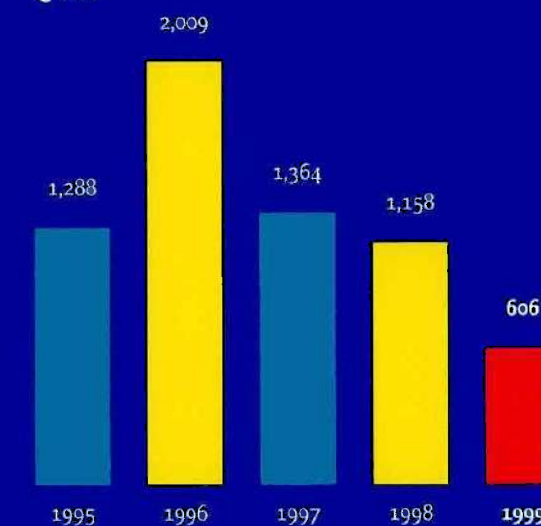
Turnover  
£'000



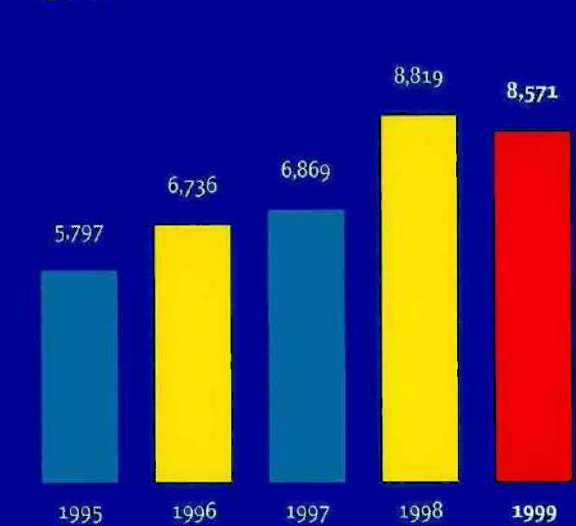
Dividends  
£'000



Total surplus before distribution  
£'000



Reserves  
£'000





Report of The Board of Directors

Financial Review

Total turnover for the year amounted to £26,717,778 an increase of 0.6% on the previous year.

Members should note however that the current year's figures were for 53 weeks whereas the previous year's figures were only for 52 weeks. If allowance was made for this a decrease of 1.3% would be shown.

The whole of the financial year has seen extremely difficult trading conditions with the worsening of the National Economy. In particular this has affected the Non Food Division and Members will have noted the vast number of comments in the National Press made with profit warnings from Non Food Retailers.

Food too has been highly competitive, particularly in Tamworth where the new Superstores have been all competing for the same chunk of local spending.

Whilst Food profits have held up reasonably well, the Society has seen a considerable change in the performance of the Non Food Division which has gone into an overall loss situation.

This has been slightly offset by an excellent performance from Funeral Services where a significant increase in the Society's share of the market has emanated. The profits of this Division have shown a small increase despite having to absorb the opening costs at its new premises and increased depreciation following the purchases during both the current year and the previous year of new Daimler vehicles.

There has been a small increase in rental income from Investment Properties.

Trading profit has been further hit by the fact that our EPOS scanning operation is not 2000 compliant and therefore requires replacement. The previous equipment had not been fully written off and it is therefore prudent for the Society to complete the depreciation during this financial year.

In addition it was found that the TV rental computer software programme had been incorrect since inception, which had resulted in an over-statement of profit for many years. Again the Society has decided to accept the costs of rectifying this during the current financial year. The total of both these two items amounted to approximately £100,000.

Total depreciation is at record levels of £756,000 compared with £589,000 in the previous year.

As a result, trading profit shows a significant drop to £266,000.

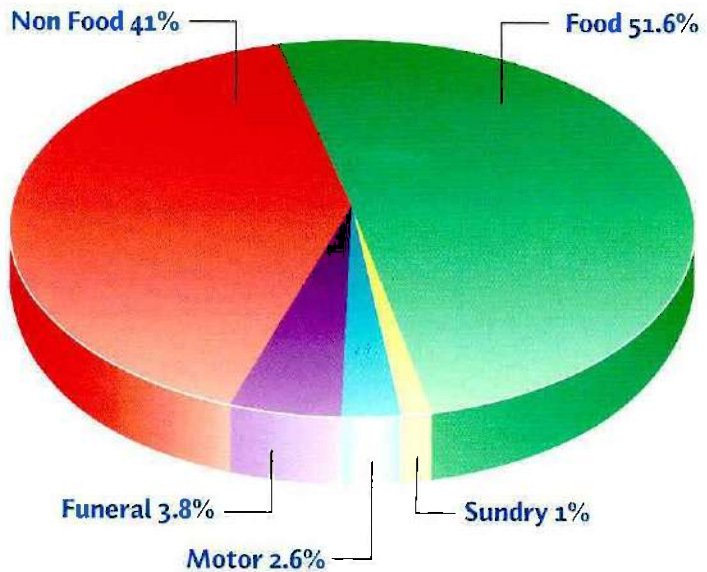
Falling Interest Rates mean that Interest received, less Interest paid, is down to £130,000 compared with £139,000 in the previous year.

The Board of Directors has reviewed its Investments during the period, and took the decision to dispose of its entire holdings of Gilt edge stocks when the Market was buoyant. This has produced a surplus on the sale of £210,000 bringing the Society's total surplus to £606,000.

In addition the Annual Revaluation of the Society's Investment Portfolio has produced an unrealised surplus of £67,000.

However, the total gains are insufficient to cover the total distribution of dividend. As a result it is necessary to reduce the total Reserves by £248,000 in order to ensure that all Members are able to receive some dividend on purchases on this occasion. The Directors are mindful that this consideration is unlikely to be repeated.

Society Trade Balance



Report of The Board of Directors (continued)

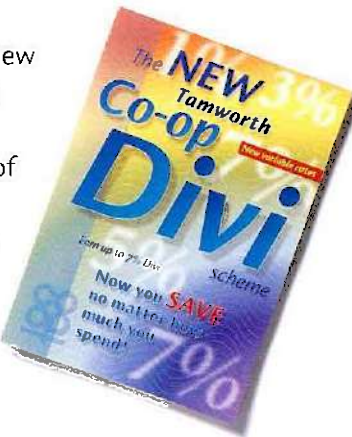
Dividend

The Board of Directors has reacted to comments made at three out of the last four Annual General Meetings of Members and has consequently reviewed the Dividend distribution.

As from the beginning of the new financial year the Society will be making a tiered structure of Dividend payments in the form of Certificates, as previously, and Members will no longer have to achieve the minimum spending limit of £600 before they are guaranteed any Dividend.

The Board has also taken into consideration the profitability levels throughout retailing, but has attempted to maintain the total amount of Certificates paid at around the same levels as in previous years.

However, in the event that the Society has a difficult year and cash dividend cannot be afforded, the new scheme ensures that all Members will receive something.



The Society has maintained its policy of supporting various local Charities during the year and major awards were made to:

- Warwickshire Retired Miners Leisure Club
- RNLI
- Tamworth Disabled Holidays
- St. Giles Hospice
- County Air Ambulance
- CRUSE
- Samaritans
- Youth Diabetes Group
- St. John Tamworth Division Welfare Group
- Wood End Village Hall Committee
- Goseley Evergreen Club
- Headway (Mid Staffs)

In addition the Society has been able to donate smaller gifts to over 140 local Groups and Charities.

We have also been pleased to maintain our policy of giving Gift Tokens of £20 to those Members who got Married or celebrated their Golden or Diamond Wedding Anniversaries during the year.

Membership

The Society was pleased to receive a further 2,884 Members into the Society during the year, whilst deaths and removals accounted for a closure of 1,159 accounts leaving a total Membership of 51,903 an increase of 1,725 during the year.

The Board recommends a distribution of surplus as follows:	
Interim Dividend Certificates	£289,000
Final Cash Dividend 0.5% plus Dividend Certificates	£539,000
Total	£828,000

Auditors

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





## ■ Food, Supermarket & Convenience Stores

The last twelve months has seen a slightly more stable period within Food retailing in the Tamworth area, with no further major openings within the Industry during the year.

Instead, we have seen a period of consolidation, as major Retailers have attempted to strengthen their various positions. Competition has therefore remained particularly intensive, and there would appear to be no likely change in this position during 1999, with further developments being planned for the edge of town.

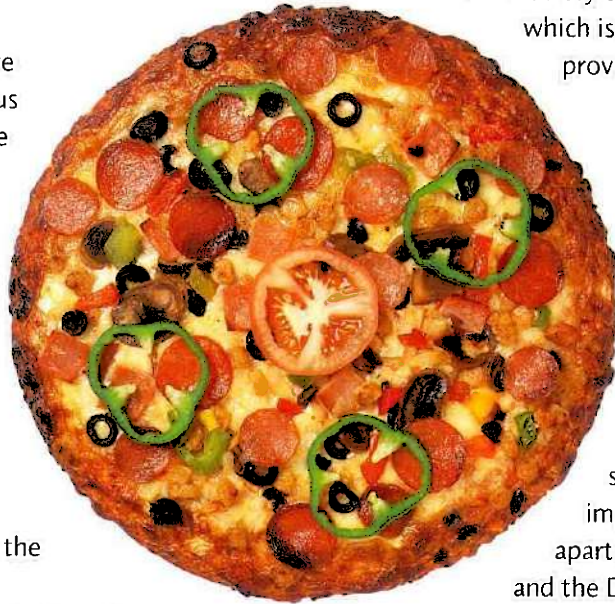
During the year, the Society has made improvements to its Branches at Glascote, Polesworth and Wood End, and significant changes have been made to the Amington Branch with a small increase in total selling area as a result.

This expenditure reflects the Society's commitment to maintain all of its properties to a very high standard. Convenience Store retailing remains a very high priority as the Society continues to strive to provide a service which is considerably in excess of that provided by any other Retailer in the area.

As a future part of the Society's commitment to improve its level of service to Members, a review has taken place with regard to trading hours, and we have been able to further extend opening hours at most of our local shops accordingly.

Total Food turnover for the year showed a small overall increase, with improved turnover in all Food stores apart from the Town Centre Supermarket and the Dordon Convenience Store.

During 1999, the Society will be replacing its EPOS systems throughout the Food Division. Whilst this is a significant capital outlay the Society anticipates that further increases in turnover should result due to increased marketing opportunities available following the change.



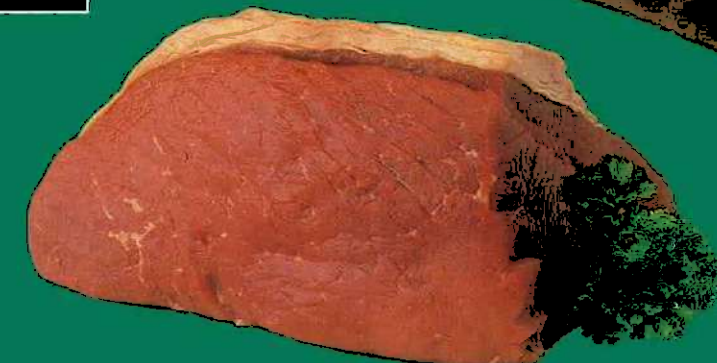
## "The last twelve months has seen a slightly more stable period within Food retailing in the Tamworth area"

The Society continues to operate its popular Grocery Delivery Service and its Order Book operation which is so valued by those of its Members who are housebound. In addition it is welcoming Orders placed by both telephone and facsimile machine.

Following the demise, during the year, of the Consortium of Independent Co-operatives (CIC) the Society has continued to source its Food products in conjunction with the United Norwest Co-operative Society, and considers this to be the best option available at this time, and a fine example of co-operation between Co-operative Societies.



**Bob Read**  
Food Controller





## ■ Non Food

Major problems have existed throughout the year nationally across Non Food trades, in particular Furniture and Electrical Retailers have been consistently reporting poor results during the whole of 1998. Competition has been particularly aggressive and prices have tumbled, especially in Electrical commodities where some products are retailing at very significant discounts compared with twelve months ago. This inevitably results in stock depreciations on any stocks held, and the Society has therefore endeavoured quite successfully to reduce its total stock-holdings. In fact stock-holdings are now at a lower level than at any time during the last 5 years.

Margins have consequently been attacked and the Non Food

Division has produced a trading loss during the year.

Sales are down approximately 3% on the previous year and this is extremely disappointing, although not so bad as some of the Society's Non Food Competitors.

The Board of Directors considers that competition is still likely to be particularly difficult during the early part of 1999, although it is hoped that conditions will improve in the latter part of the year as the Millennium approaches.

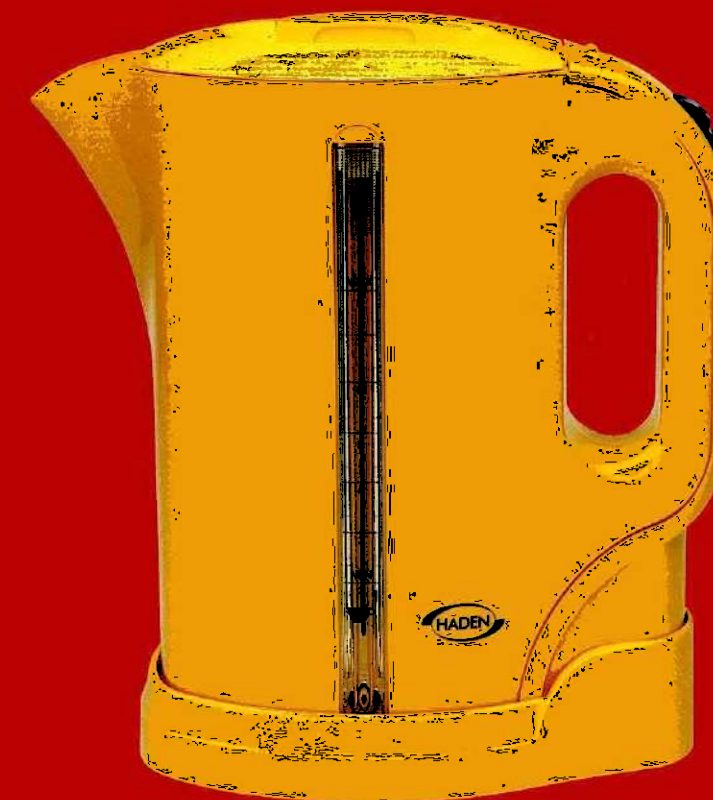
As part of the Society's aim to improve services to Members, changes are being planned and early in 1999 work commenced on significant improvements to the Society's Homemaker Store at the Ventura Park edge of Town Shopping Centre. The range of merchandise held there is being increased to include a Gift Area and a Homeelectric Department. We are sure that Members will appreciate the standard of both merchandise and fittings which will be on show at these premises.



## ***“Work commenced on significant improvements to the Society's Homemaker Store at the Ventura Park Shopping Centre”***

In addition merchandise ranges are being reviewed and altered at the Society's Toy Store in Swadlincote to include a range of Kitchen Ware in order to attract increased turnover and improved results from this Branch.

The Society has carefully planned that the Non Food Division would take a growing portion of the Society's turnover in recent years and the Board of Directors will be continually reviewing the situation in order to place considerable emphasis on trying to ensure that this Division makes an early return to respectable profitability as the economic situation hopefully improves.



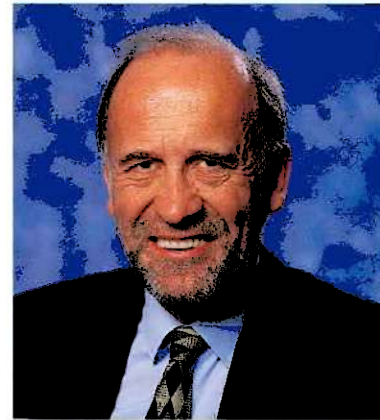




## ■ Non Food (continued)

The Society has noted that further development is anticipated at the Ventura Park edge of town Shopping Centre which is likely to provide more competition and this will require extra effort from Management and Staff in order to ensure that sales do not suffer in the town centre. In addition we are mindful that

Tamworth Borough Council is planning further pedestrianisation to the Tamworth town centre which we believe will be detrimental to trading and will pose major problems with regard to delivery and warehousing of stock. The Society will be doing everything it can to oppose these plans in order to ensure that trade does not further reduce from the central part of the town.



**Kevin Wood**  
Non Food Trade Manager



## ■ Funeral Services

The Society's Funeral Department has again far exceeded expectations with a very substantial increase in turnover as market share has significantly improved.

A further Daimler Limousine has been purchased during the year and there is no doubt that the Society's fleet of vehicles is superior to that of its competition. The standard of service is also extremely highly appreciated by Members.

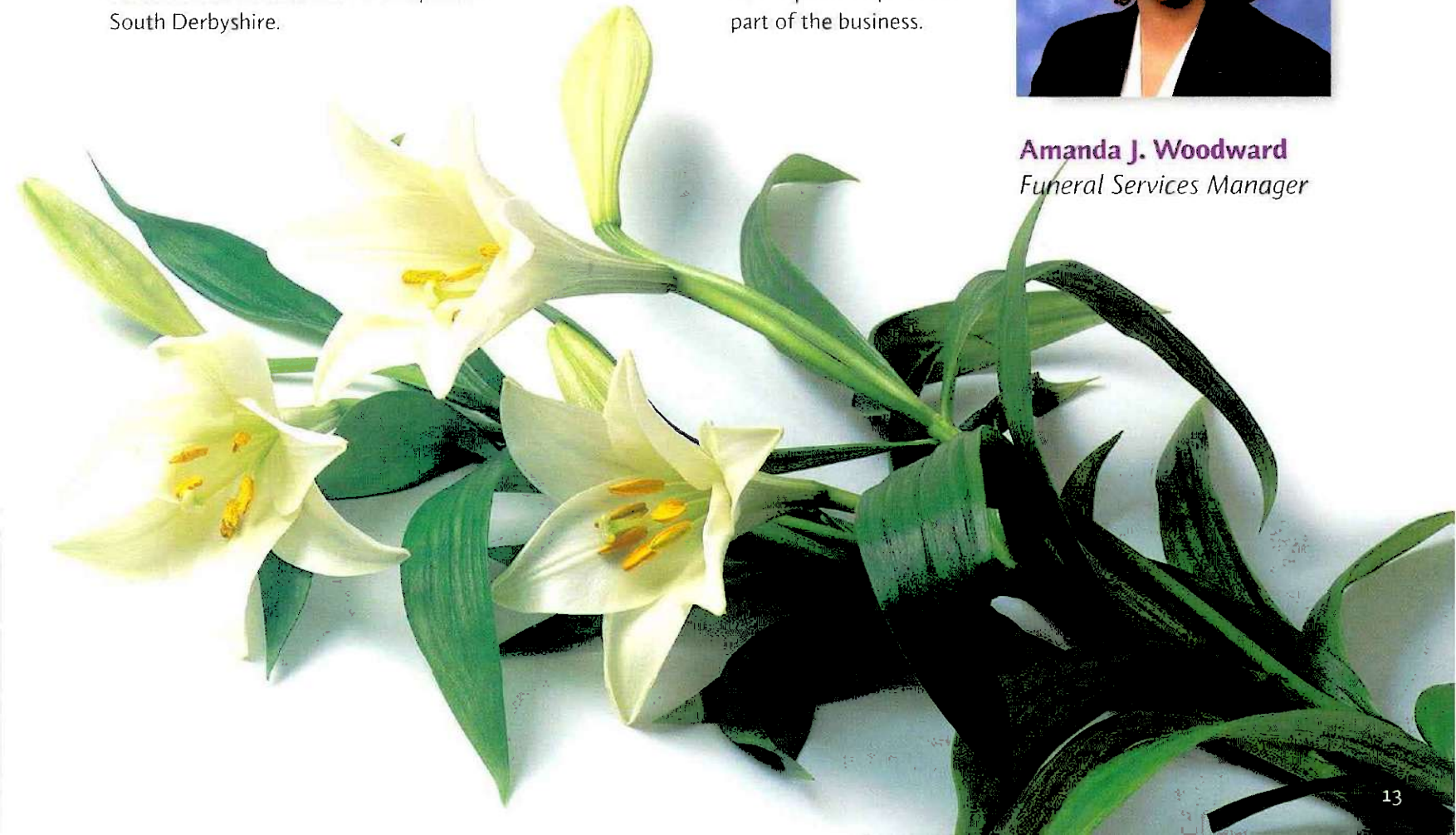
The Society has therefore continued to invest further monies into this Division, and purchased the Freehold of premises in the Uttoxeter Town Centre during the year, and late in 1998 a full Funeral service was opened on this site. The Woodville premises purchased in the previous year also provided additional turnover as the Society developed and consolidated its business in that part of South Derbyshire.

The Board of Directors has recognised during the year that its Atherstone premises were not large enough to provide the sort of service which our Members deserve in that area, and consequently new premises have been leased in Station Street, Atherstone with the business being transferred to those premises early in the 1999 trading year. The Board of Directors is convinced that the Society will now be able to operate much improved facilities for its Members and increased turnover is expected.

The Society will continue to be on the look out for further opportunities to develop this important part of the business.



**Amanda J. Woodward**  
Funeral Services Manager





## Financial Services

The Society's Agency with the Co-operative Bank has continued throughout the year and we have been pleased to provide this service to Members at Burton, Dordon,

Kingsbury, Polesworth, Stanton and Swadlincote in addition to the main counter in Tamworth. The banking Services at Rosliston, which have never been fully utilised by Members, have been discontinued although the Society has retained a Sub Post Office at that Branch where certain Co-operative Bank transactions can still be offered.



We have seen a substantial growth in the number of Members using the Burton facilities and small increases in income have also come from the Franchise Post Offices at Tamworth and Swadlincote.

As a result of increased commission and tightly controlled expenses the net cost of operating these services for our Members has been reduced this year.

We would however continue to remind Members that the operation of these services does affect the overall profitability of the Society and Members should recognise that some of these services are offered as an alternative to Dividend.



**Sandra Park**  
Financial Services Manager

## Property

The Property Division continues to take up much time of both Executives and the Board of Directors.

This year the Property Portfolio has been maintained at the same level as in the previous year, except that a new Investment Property has been purchased in Market Street, Tamworth.



The Board of Directors is very aware that whilst Interest Rates are relatively low, investment in property can on occasions provide a better return.

The total amount of rents received has shown a small increase to £333,000, and this remains an important part of the Society's profits.

The Board of Directors will continue to look for properties which could prove to be sound investments, and will help to maintain the strong financial base of the Society.

The annual Valuation of the Society's Investment Portfolio has again provided a surplus, which this year amounts to £67,000. This amount can be found in the Statement of Total Recognised Gains and Losses and has been added to the Revaluation Reserves on the Balance Sheet.

## Human Resources & Governance

### Staff

The total number of Staff employed within the business has shown a small total increase during the year with a larger number of part-time employees and a small decrease in full-time workers.

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 5 male and 3 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.

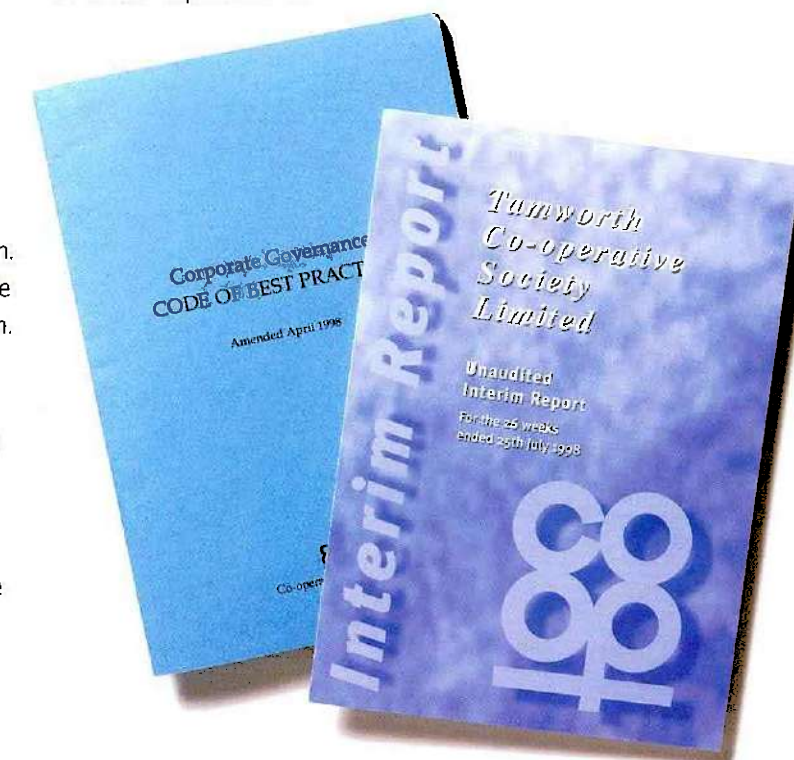
It is the Society's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities.

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 Co-operative Union Limited issued the Code of Best Practice on Corporate Governance in July 1995. This was amended in April 1998.

The objective of the Board is to comply with the Code of Best Practice as far as it is practicable in the Society's particular circumstances. Most of the Codes 40 recommendations have already been implemented by the Society as appropriate and all relevant disclosure recommendations are incorporated within this Annual Report and Financial Statements. During the past year the Rules of the Society have been amended in order to comply with more of these requirements.





## ■ Human Resources & Governance (continued)

In accordance with our obligations under the Code of Best Practice, Members are advised that to date the Society has not adopted Recommendation 7; Service Contracts or Recommendation 34; Code of Business Ethics and does not comply with Recommendation 33, Reporting of Large Transactions, which it believes is inappropriate.

The Society encourages its Directors to attend the Co-operative College to achieve the Institute of Co-operative Directors Certificate (ICD), and currently three Directors have received this Certificate.

The entire Board sits as the Audit Committee, and it has been agreed that the Vice Chairman should act as Chairman of this Committee.

Members may contact the Chief Executive Officer for further information on the Code of Best 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 controls which is designed to provide reasonable, but not absolute, assurance regarding:

- 1) The safeguarding of Society assets against unauthorised use or disposition; and
- 2) The maintenance of proper accounting records and the reliability of financial information used within the Society or for publication.

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

### Control Environment

The Directors have put in place an organisational structure with clearly defined lines of responsibility and delegated authority for key areas.

### Risk Management

Operating Society Management have a clear responsibility for identifying risks within 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.

As part of the ongoing process it has been identified that some of the Society's information technology systems are not compliant for the Year 2000. Appropriate measures have been taken to correct this and it is anticipated that the total costs will not be in excess of £300,000.

### 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 to each Board Meeting, and in addition the Directors are provided with detailed monthly accounts. Any significant adverse variances are examined by the Board and remedial action taken.



## ■ Human Resources & Governance (continued)

### Control Procedures

There are clearly defined policies to control expenditure and fixed assets. Authority limits are in place, with larger projects and business acquisitions requiring Board approval.

The Board of Directors has reviewed the effectiveness of the Group's internal financial control system for the period from February 1998 to January 1999.

As might be expected certain weaknesses have been identified during the period under review. These have included weaknesses within the Television Rental accounting system, which are referred to elsewhere in the report. Otherwise none have resulted in any material losses, contingencies or uncertainties which would require disclosure, necessary action having 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 30th January 1999 the number of creditor days outstanding for the Society was 41 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.

Mrs K.M. Johnson, who has been a Director with the Society since March 1973, has decided to stand down at the Annual General Meeting in April.

The Board of Directors places on record the Society's appreciation for the long period of service she has given to the Society, particularly during her periods of Chairmanship.

### 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

**William B. Atkins**  
Chairman of the Board

**Richard A. Hughes**  
Chief Executive Officer

9th March, 1999



## ■ Results at a glance

year ended 30th January 1999

	1999		1998	
	£'000	£'000	£'000	£'000
We received from:				
Selling goods and services		26,718		26,562
Interest on investments		153		164
Renting property		333		321
Surplus on sale of tangible fixed assets		-		307
Surplus on sale of fixed asset investments		210		42
Total received		27,414		27,396
We paid for:				
Goods and services	17,432		17,367	
Cost of staff	4,006		3,808	
Rates, heating, lighting and other operating costs	1,969		1,807	
Depreciation – money retained to cover cost of wear and tear of equipment	756		589	
Interest due to investors and Bank	59		61	
Grants	57		50	
Value Added Tax	2,622		2,642	
Dividends to Society members	828		990	
		27,729		27,314
(Deficit)/retained surplus for year		(315)		82

## ■ Statement of Accounting Policies

### 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 53 week period ended 30th January, 1999 with comparative figures for the 52 week period ended 24th January, 1998.

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 – over expected working life or 10 years, whichever is the least.

Transport – 4 years.

Television rental sets – 3 years.

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 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 arising on consolidation in respect of acquisitions since 1st January 1998 is capitalised as recommended by Accounting Standard FRS 10. Positive Goodwill is amortised by equal annual instalments over its estimated useful life.

Amounts paid in respect of Franchise fees are included in Intangible Assets and amortised over 5 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 30th January 1999

	NOTES	1999 £'000	1998 £'000
<b>Turnover</b>		<b>26,718</b>	26,562
Value Added Tax		<b>2,622</b>	2,642
Net sales		<b>24,096</b>	23,920
Cost of sales		<b>17,580</b>	17,510
Gross profit		<b>6,516</b>	6,410
Expenses less income from property	1	<b>6,250</b>	5,740
<b>Trading surplus</b>		<b>266</b>	670
Interest received	4	<b>153</b>	164
		<b>419</b>	834
Interest paid	3	<b>23</b>	25
		<b>396</b>	809
Surplus on sale of Tangible Fixed Assets		-	307
Surplus on sale of Fixed Asset Investments		<b>210</b>	42
<b>Surplus for year before distribution</b>		<b>606</b>	1,158
Share interest		<b>36</b>	36
Dividend	18	<b>828</b>	990
Grants	2	<b>57</b>	50
		<b>921</b>	1,076
(Deficit)/surplus for year before taxation		<b>(315)</b>	82
Taxation	13	-	-
<b>(Deficit)/retained surplus for year</b>	16	<b>(315)</b>	82

## ■ Statement of total recognised Gains and Losses

year ended 30th January 1999

	NOTES	1999 £'000	1998 £'000
(Deficit)/surplus for year		<b>(315)</b>	82
Unrealised surplus on revaluation of investment properties	16	<b>67</b>	1,868
<b>Total recognised (losses)/gains for year</b>		<b>(248)</b>	1,950

## ■ Group Balance Sheet

year ended 30th January 1999

	NOTES	1999 £'000	1998 £'000
<b>Fixed Assets</b>			
Tangible assets	5	<b>8,206</b>	8,335
Investments	6	<b>104</b>	1,614
		<b>8,310</b>	9,949
<b>Intangible Assets</b>	7	-	24
		<b>8,310</b>	9,973
<b>Current Assets</b>			
Stocks	8	<b>2,353</b>	2,634
Debtors and prepayments	9	<b>809</b>	1,072
Investments	10	<b>2,169</b>	129
Cash in hand and at bank		<b>756</b>	364
		<b>6,087</b>	4,199
<b>Current Liabilities</b>			
Amounts falling due within one year			
Creditors – Trade	11	<b>3,013</b>	2,475
Dividend		<b>553</b>	707
Other		<b>5</b>	5
		<b>3,571</b>	3,187
Loans	12	<b>116</b>	142
		<b>3,687</b>	3,329
<b>Net current assets</b>		<b>2,400</b>	870
<b>Total assets</b>		<b>10,710</b>	10,843
Provision for deferred taxation	21	<b>260</b>	260
Funeral prepayment plans		<b>619</b>	564
<b>Net assets</b>		<b>9,831</b>	10,019
<b>Financed by:</b>			
Share capital	15	<b>1,260</b>	1,200
Revaluation reserves	16	<b>1,935</b>	1,868
Revenue reserves	16	<b>6,636</b>	6,951
		<b>9,831</b>	10,019

## ■ Group Cashflow Statement

year ended 30th January 1999

	NOTES	1999 £'000	1998 £'000
Cash inflow from Operating Activities	22(a)	2,129	1,438
Returns on Investments and Servicing of Finance	22(b)	177	152
Benefits paid to Members		(982)	(1,043)
Taxation		29	13
Capital expenditure and financial investment	22(c)	1,106	(608)
<b>Cash inflow/(outflow) before use of liquid resources and financing</b>		<b>2,459</b>	<b>(48)</b>
Management of liquid resources	22(d)	(2,040)	(61)
Financing	22(e)	(27)	(26)
<b>Increase/(decrease) in cash in the year</b>		<b>392</b>	<b>(135)</b>

## ■ Reconciliation of net cash flow to movement in net funds

year ended 30th January 1999

	NOTES	1999 £'000	1998 £'000
Increase/(decrease) in cash in the year		392	(135)
Cash outflow from management of liquid resources		2,040	61
<b>Change in net funds resulting from cash flows</b>	22(f)	<b>2,432</b>	<b>(74)</b>
Net funds at 24th January 1998	22(f)	493	567
<b>Net funds at 30th January 1999</b>	22(f)	<b>2,925</b>	<b>493</b>

## ■ Notes to the Accounts

year ended 30th January 1999

1 Expenses	1999 £'000	1998 £'000
Personnel costs	4,006	3,808
Occupancy costs	1,295	1,196
Depreciation †	558	433
Audit fees	16	17
Other fees paid to KPMG	28	37
Directors' fees	5	5
Other expenses	675	565
Income from property	(333)	(321)
	<b>6,250</b>	<b>5,740</b>

† Depreciation charged to cost of sales amounts to £198,000 (1998 : £156,000)

No Director's remuneration exceeded £1,000

2 Grants and Donations	1999 £'000	1998 £'000
Member Relations Committee	3	3
Employee related	54	47
	<b>57</b>	<b>50</b>

3 Interest paid	1999 £'000	1998 £'000
Ordinary loans	1	3
Sales Club	4	5
Bank interest	-	1
Prepayment plans	18	16
	<b>23</b>	<b>25</b>



## ■ Notes to the Accounts (continued)

year ended 30th January 1999

### 4 Interest Received

	1999 £'000	1998 £'000
CWS Limited	7	7
Other I & P Societies: Shares and Loans Securities	6	3
	62	128
	75	138
Short term deposits/other	78	26
	153	164

### 5 Tangible Assets

	Freehold Land & Buildings £'000	Leasehold Buildings £'000	Fixtures & Fittings, Plant £'000	Transport £'000	TV & Video Rental sets £'000	Freehold Investment Property £'000	Total £'000
Cost or valuation at start of year	4,176	493	3,568	503	934	2,647	12,321
Additions	162	1	166	112	88	85	614
Disposals	-	-	-	(16)	(475)	-	(491)
Revaluation Surplus	-	-	-	-	-	67	67
<b>Cost or valuation at end of year</b>	<b>4,338</b>	<b>494</b>	<b>3,734</b>	<b>599</b>	<b>547</b>	<b>2,799</b>	<b>12,511</b>
Accumulated Depreciation							
At start of year	795	90	2,194	320	587	-	3,986
Charge for year	96	21	356	85	198	-	756
Disposals	-	-	-	(16)	(421)	-	(437)
<b>At end of year</b>	<b>891</b>	<b>111</b>	<b>2,550</b>	<b>389</b>	<b>364</b>	<b>-</b>	<b>4,305</b>
<b>Net book value at 30th January 1999</b>	<b>3,447</b>	<b>383</b>	<b>1,184</b>	<b>210</b>	<b>183</b>	<b>2,799</b>	<b>8,206</b>
Net book value at 24th January 1998	3,381	403	1,374	183	347	2,647	8,335

## ■ Notes to the Accounts (continued)

year ended 30th January 1999

The original cost of land included in the above figures which is not depreciated is £459,000.

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 30th January 1999. All other fixed assets are stated at cost. The historic cost of investment properties included at valuation is as follows:

	£'000
Cost	960
Accumulated Depreciation	(96)
Net Book Value	864

### 6 Fixed Asset Investments

	1999 £'000	1998 £'000
CWS Limited: Shares	100	100
Other I & P Societies: Shares	4	4
Securities quoted	-	1,510
	104	1,614
Securities quoted – market value	-	1,662

### 7 Intangible Assets

	1999 £'000
Franchise fees:	
Cost brought forward	200
Additions	-
<b>Cost carried forward</b>	<b>200</b>
Amortisation brought forward	176
Provided this period	24
<b>Amortisation carried forward</b>	<b>200</b>
<b>Net book value 1999</b>	<b>-</b>
Net book value 1998	24

## ■ Notes to the Accounts (continued)

year ended 30th January 1999

<b>8 Stocks</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
Goods held for resale	2,353	2,634
<b>9 Debtors</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
Customer accounts	422	640
Prepayments	259	275
Corporation Tax Recoverable	100	100
Income Tax Recoverable	28	57
	809	1,072
<b>10 Current Asset Investments</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
Other I & P Societies: Loans	530	26
Securities quoted	10	74
Deposit Protection Scheme	29	29
Short term deposit	1,600	-
	2,169	129
<b>11 Creditors Falling Due Within 1 Year</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
Trade creditors	2,256	1,894
Accrued charges	353	252
Value Added Tax	104	29
Holiday pay reserve	300	300
	3,013	2,475

## ■ Notes to the Accounts (continued)

year ended 30th January 1999

<b>12 Loans Falling Due Within 1 Year</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
Ordinary loans	-	53
Funeral prepayment plan	88	63
Sales Club	28	26
	116	142

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

<b>13 Taxation</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
Corporation Tax at 31%	-	-
Deferred tax	-	-
Prior year adjustment:		
Corporation Tax	-	-
Deferred Tax	-	-
	-	-

	<b>1999</b>		<b>1998</b>
	<b>Provided £'000</b>	<b>Not Provided For £'000</b>	<b>Provided £'000</b>
Accelerated capital allowances	30	-	246
Other timing differences	230	108	14
	260	108	260
			184

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 £221,655 (1998 £63,232).



## ■ Notes to the Accounts (continued)

year ended 30th January 1999

<b>15 Share Capital</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
Balance to commence	<b>1,200</b>	1,166
Contributions	<b>528</b>	501
Interest	<b>36</b>	36
	<b>1,764</b>	1,703
Withdrawals	<b>504</b>	503
Balance to end	<b>1,260</b>	1,200

Share Capital is Non Equity Share Capital comprising 1,259,746 shares of £1 each, attracting interest currently of 2.5% 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.

<b>16 Reserves</b>	Revaluation reserves £'000	Revenue reserves £'000	<b>Total 1999 £'000</b>	<b>1998 £'000</b>
Balance to commence	1,868	6,951	<b>8,819</b>	6,869
Revaluation surplus arising in the year	67	-	<b>67</b>	1,868
Retained (deficit)/surplus for the year	-	(315)	<b>(315)</b>	82
Balance to end	1,935	6,636	<b>8,571</b>	8,819

<b>17 Reconciliation of Movements in Shareholders' Funds</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
(Deficit)/surplus after tax	<b>(315)</b>	82
Revaluation surplus arising in the year	<b>67</b>	1,868
Contributions and interest less withdrawals during the year	<b>60</b>	34
	<b>(188)</b>	1,984
Opening Shareholders' funds	<b>10,019</b>	8,035
Closing Shareholders' funds	<b>9,831</b>	10,019

## ■ Notes to the Accounts (continued)

year ended 30th January 1999

<b>18 Dividend</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
Dividend to Shareholders	<b>818</b>	980
Waived dividends given to charity	<b>10</b>	10
	<b>828</b>	990

<b>19 Staff</b>	<b>1999</b>	<b>1998</b>
Full time	<b>178</b>	186
Part time	<b>332</b>	318
	<b>510</b>	504

The total employment costs of the Society for the year were:	<b>£'000</b>	<b>£'000</b>
Salaries/wages	<b>3,607</b>	3,444
National Insurance	<b>239</b>	219
Pension Fund contributions	<b>139</b>	124
Other	<b>21</b>	21
	<b>4,006</b>	3,808

The remuneration of the Chief Executive Officer (who is also the highest paid employee) included above was as follows:	<b>1999</b>	<b>1998</b>
Salary	<b>66,413</b>	60,405
Taxable Benefits	<b>6,937</b>	6,937
	<b>73,350</b>	67,342
Pension Contributions	<b>6,087</b>	5,077
	<b>79,437</b>	72,419

The following number of employees received remuneration (including taxable benefits) falling within the following ranges:	<b>1999</b>	<b>1998</b>
£20,001-£25,000	<b>3</b>	3
£25,001-£30,000	<b>2</b>	1
£30,001-£40,000	<b>1</b>	2
£40,001-£50,000	<b>2</b>	1
£60,001-£70,000	<b>-</b>	1
£70,001-£80,000	<b>1</b>	-

The 1998 figures include an ex gratia severance payment amounting to £12,000.



## ■ Notes to the Accounts (continued)

year ended 30th January 1999

### 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 1998 by a qualified actuary employed by 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 wages, pensions and equity dividends. For the purpose of the valuation, it was assumed that the investment return would average 8.5% per annum, that wage increases would average 6.5% per annum that present and future pensions would increase at the rate of 4.5% per annum and that equity dividends would increase at an average rate of 5.0% per annum.

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

At the date of the valuation, the market value of the Fund's assets was £8,862,000 and the actuarial value was £6,687,000. The actuarial value of the assets represented 107% of the actuarial value of all benefits accrued to members and pensioners at that date, after allowing for the assumed future increases in wages and pensions. The surplus is being amortised in the Society's accounts over the remaining expected service lives of the current members.

During the year, the Society made contributions to the Fund amounting to approximately £136,000. The pension costs charged in the revenue account did not differ materially from this.

### 21 Provision for Liabilities and Charges

	1999 Deferred Tax £'000	1998 Deferred Tax £'000
Balance to commence	260	260
Revenue account	-	-
Balance to end	260	260

### 22 Cashflow

	1999 £'000	1998 £'000
<b>(a) Reconciliation of operating profit to operating cash flow</b>		
Operating profit	266	670
Depreciation charge	756	589
Intangible asset amortisation	24	43
Grants and donations	(57)	(50)
Decrease in stock	335	168
Decrease in debtors	205	57
Increase/(decrease) in creditors	538	(127)
Increase in funeral prepayments	62	88
Net cash inflow from operating activities	2,129	1,438

## ■ Notes to the Accounts (continued)

year ended 30th January 1999

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

	1999 £'000	1998 £'000
Interest received	182	162
Interest paid	(5)	(10)
Net cash inflow from returns on investment and servicing of finance	177	152

### (c) Capital expenditure and financial investment

	1999 £'000	1998 £'000
Purchase of tangible fixed assets	(614)	(1,051)
Purchase of fixed asset investments	(458)	(807)
Sale of fixed asset investments	2,178	1,250
Net cash inflow/(outflow) from capital expenditure and financial investment	1,106	(608)

### (d) Management of liquid resources

	1999 £'000	1998 £'000
Purchase of current asset investments	(2,040)	(54)
Payment to Deposit Protection Scheme	-	(7)
Net cash outflow from management of liquid resources	(2,040)	(61)

### (e) Financing

	1999 £'000	1998 £'000
Contributions to share capital	528	501
Withdrawals of share capital	(504)	(503)
Loans due within a year - net repayment	(51)	(24)
Net cash outflow from financing	(27)	(26)



■ **Notes to the Accounts (continued)**

year ended 30th January 1999

**22(f) Analysis of net funds**

	At beginning of year £'000	Cash flow £'000	At end of year £' 000
Cash in hand and at bank	364	392	756
Current asset investments	129	2,040	2,169
Total	493	2,432	2,925

**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 current scheme terminates in March 2000 and discussions are taking place between the administrator of the Scheme, the Co-operative Union Limited, and H.M. Treasury about future arrangements.

■ **Board Certification**

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.

William B. Atkins, J. P.  
Chairman.

Audrey M. Poulten  
Vice Chairman.

Richard A. Hughes,  
Chief Executive Officer.

9th March, 1999

■ **Auditors' Report**

**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 35, 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 30th January 1999 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  
Chartered Accountants, Registered Auditors, 2 Cornwall Street, Birmingham, B3 2DL.  
9th March, 1999.



■ **Review Report by the Auditors on Corporate Governance Matters**

**TO THE MEMBERS OF TAMWORTH CO-OPERATIVE SOCIETY LIMITED**

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 15 and 16 on the Society's compliance with paragraphs 31 and 32 of the Corporate Governance Code of Best Practice issued by the Co-operative Union in July 1995 ('the Code'), and amended in April 1998.

**Basis of opinion**

We carried out our review in accordance with guidance issued by the Auditing Practices Board. This guidance does not require us to perform any additional work necessary to, and we do not, express a separate opinion on the effectiveness of either the Society's system of internal financial control or corporate governance procedures or on the ability of the Society to continue in operational existence.

**Opinion**

With respect to the directors' statements on internal financial control and going concern on page 16, in our opinion the directors have provided the disclosures required by paragraphs 31 and 32 of the Code and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

KPMG

KPMG  
Chartered Accountants, Registered Auditors, 2 Cornwall Street, Birmingham, B3 2DL.  
9th March, 1999.

■ **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*	-	8	3
Mr. W. B. Atkins	1999	33	33
Mr. P. Buckley	2000	29	23
Mr. D. Johnson†	2001	19	17
Mrs. E. M. Johnson	1999	28	27
Mr. G. W. Johnson	2000	33	30
Mrs. K. M. Johnson	1999	29	29
Mr. A. M. King	2000	26	23
Mrs. A. M. Poulten	2001	29	25

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

\* Retired from office April 1998.  
† Appointed April 1998.



## ■ 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.

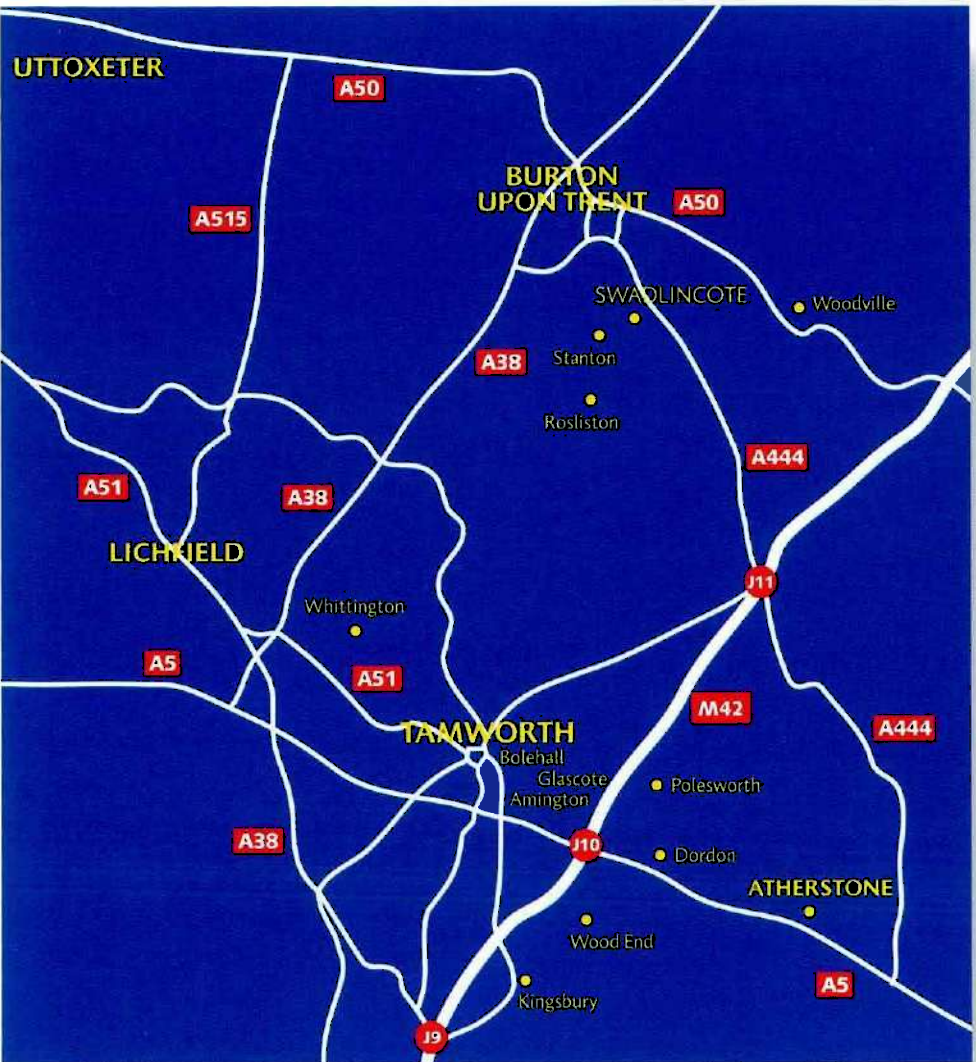
The Rules of the Society state that applicants for Directorship must satisfy the following criteria:-

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. 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.
3. No more than two Directors shall be employees, superannuated retired employees of the Society or members whose spouse or common law partner, father, mother, brother, sister, son or daughter is employed by the Society.

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, Glasgote.  
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.  
Station Street, Atherstone.  
Granville Street, Woodville.  
High Street, Uttoxeter

### 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