

# TAMWORTH CO-OPERATIVE SOCIETY LIMITED

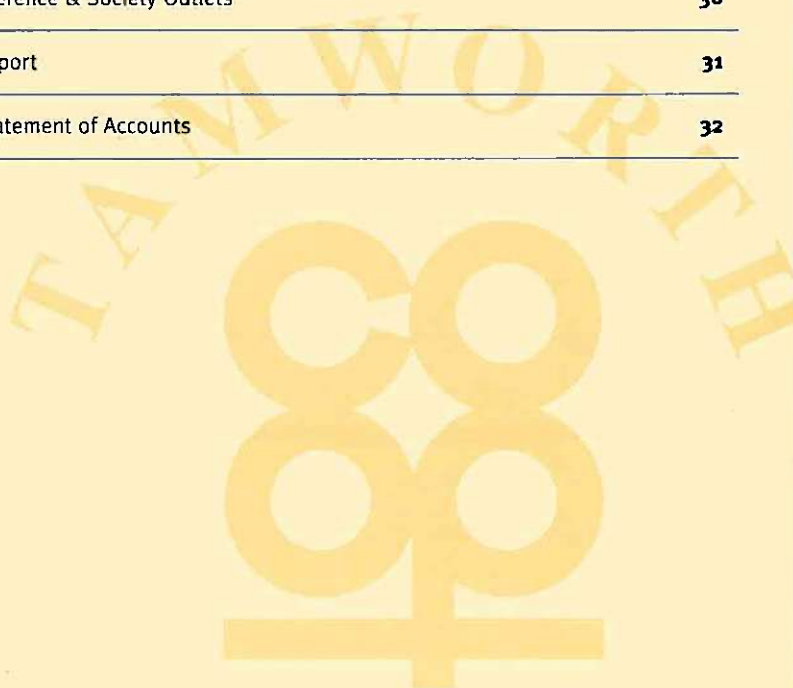


from generation  to generation

ANNUAL REPORT & FINANCIAL STATEMENTS 2001

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## DIRECTORS, OFFICERS, SENIOR MANAGERS, ADVISERS & NOTICE OF MEETING



### Board of Directors

(left to right top)

Mrs. E. M. Johnson (Chairman)

Mr. G. W. Johnson (Vice-Chairman)

Mr. W. B. Atkins, J.P.

Mr. T. J. Coton

(left to right bottom)

Mr. D. Johnson

Mr. A. M. King

Mrs. A. M. Poulten

Mr. R. W. Read

Mr. P. Buckley\*

### Chief Executive Officer & Secretary

Mr. R. A. Hughes (top right)

### Deputy Chief Executive Officer

Mr. J. Coles F.C.C.A., A.C.I.S. (bottom right)

### Non Food Trades Manager

Mr. K. G. Wood

### Food Controller

Mr. R. W. Read

### Funeral Manager

Miss A. J. Woodward

### Financial Services Manager

Mrs. S. Park

\*Mr. P. Buckley not shown, resigned April 2000.

### 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.  
Dewes Sketchley, 10 Colehill,  
Tamworth B79 7HE.

### Registered Office

5 Colehill, Tamworth, B79 7HJ.  
Registered Number 2582R

### Notice of 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.

Wednesday 11th April 2001 at 7.15pm.

Admission on presentation of a valid  
Pass Card.

### Agenda

1. To confirm the Minutes of the Ordinary General Meeting held on 13th April 2000.
2. To receive the Report of the Board of Directors.
3. To consider and adopt the accounts of the Group for the 52 weeks ended 27th January 2001 and the Balance Sheet together with the Auditors' Report thereon.
4. To confirm donations authorised by the Board of Directors.
5. To declare the results of the election to the Board of Directors.
6. To elect:
  - (a) A Delegate to the Meetings of the Shareholders of the CWS Limited.
  - (b) Scrutineers
7. To appoint Auditors.
8. To receive a report upon the Annual General Meeting of the CWS Limited.
9. To receive a report upon the Co-operative Congress 2000.
10. To receive the Report and Accounts of the Member Relations Committee.
11. To elect 4 Members to serve on the Member Relations Committee.

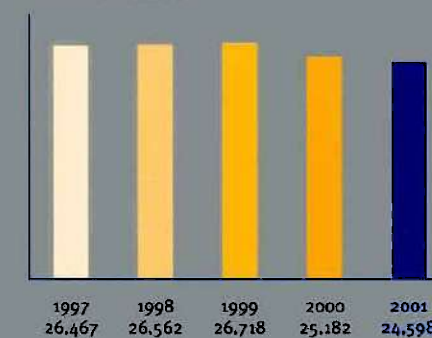
### By Order of the Board

Richard A. Hughes - Secretary  
6th March 2001

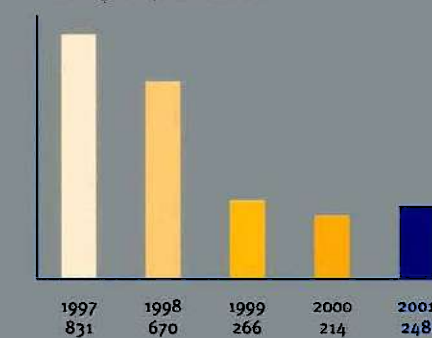
## FIVE YEAR COMPARATIVE STATEMENT

year ended 27th January 2001

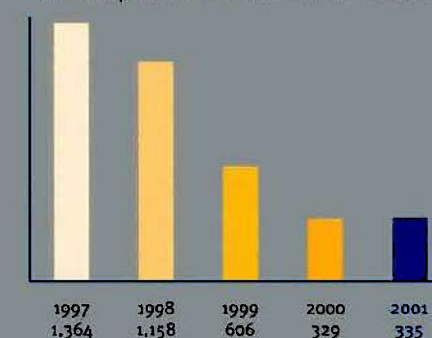
Turnover £000's



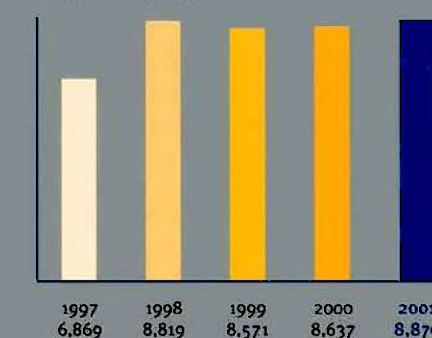
Trading Surplus £000's



Total Surplus Before Distribution £000's



Reserves £000's



Bar charts comparing key performance figures for the previous five years

	1997	1998	1999	2000	2001
Membership (000's)	48	50	52	38	39
Net Sales	£000's 23,936	£000's 23,920	£000's 24,096	£000's 22,705	£000's 22,179
Trading surplus	831	670	266	214	248
Surplus before distribution	1,364	1,158	606	329	335
Members' dividend	1,147	990	828	575	208
Retained surplus/(deficit)	133	82	(315)	(215)	145
Depreciation	448	589	756	626	579
Capital expenditure	811	1,051	614	1,281	591
Fixed assets	8,074	9,949	8,310	9,207	9,339
Intangible assets	67	24	—	—	—
Net current assets	615	870	2,400	1,612	1,727
Total assets less current liabilities	8,756	10,843	10,710	10,819	11,066
Less:					
Creditors after more than one year	(461)	(564)	(619)	(724)	(792)
Provisions for liabilities and charges	(260)	(260)	(260)	(183)	(98)
Net assets	8,035	10,019	9,831	9,912	10,176
Share capital	1,166	1,200	1,260	1,275	1,246
Reserves	6,869	8,819	8,571	8,637	8,930



#### Principal Activities

Tamworth Co-operative Society Limited was formed in 1886 and the policy of the Board of Directors has been to provide a Co-operative alternative method of trading in a variety of commodities, wherever it has felt it would be in the Members' interests.

Currently the Society operates retail shops in both Food and Non-Food. In addition it has a comprehensive Funeral Division and provides a range of Financial Services for Members. It also operates a Transport Division which is, in the main, there to provide vehicle services for the Society's internal fleet, but in addition it provides full MOT services and the Society also operates two petrol stations.

The Board of Directors has also built up a property portfolio for investment purposes.

Currently the Society operates in the area of South and East Staffordshire, North Warwickshire and South Derbyshire.

The Society endeavours to take a totally non-political stance.

#### Financial Review

Total turnover for the year amounted to £24,597,800; a decrease of 2.3% on the previous year.

As there were no major changes in trading activities, this also indicates a similar drop in like for like sales.

The decrease in turnover has been across the organisation with small decreases in each of the trading divisions. However, the Society remains particularly concerned with the future of the Tamworth town centre which still does not appear to be attracting the same number of customers as in the past. Lack of new buildings and little potential to develop has left the town in a position where it is finding it difficult to respond to the attractions of out of town and edge of town shopping.

At the beginning of the year the local authority was planning to considerably extend the pedestrianisation of the Tamworth town centre and Members will

**Tamworth  
Co-operative Society  
Limited was formed in  
1886 to provide a  
Co-operative  
alternative method  
of trading**

be aware that the society vowed to oppose these plans.

Subsequently the matter went to a public inquiry at considerable cost to both parties. Agreement was reached to curtail the plans to some extent which enables the society to continue to service its Tamworth department store. In addition the Society QC, acting on behalf of various disabled groups, extracted a number of concessions to ensure that provision was made for sufficient parking facilities to be available to people who might not otherwise have been able to shop in the town centre.

Whilst the Society remains deeply opposed to pedestrianisation in Tamworth, the Board of Directors feels that the money spent has been to the benefit of our Members.

Trading margins have again improved across the Society despite the very competitive market place and total trading surplus has increased by almost 16% on last year.

Interest received has decreased slightly and the Society has also had to pay slightly more in net interest, leaving a small increase in surplus for the year before distribution which now amounts to £335,000.

The Society has again been able to obtain a Taxation Credit and the Society's investment properties have produced a useful re-valuation surplus.

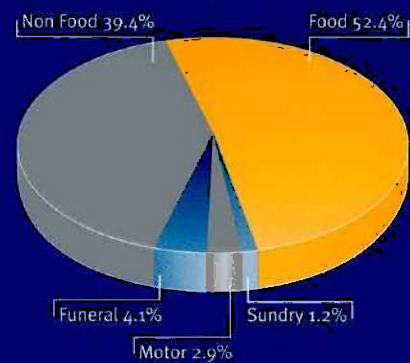
Reserves have now reached new record levels and the financial standing of the Society remains strong.



Left to Right:  
Sarah Mason, Neil Sharp,  
Michaela Charles, Stuart Newman  
and Amanda Woodward,  
the Funeral Division team,  
enjoying an employees'  
fundraising event.

Below:  
Funeral Manager Amanda Woodward  
goes 'over the top' for ChildLine.

#### Society Trade Balance



#### Dividend

The Board of Directors has been very aware that the change in Dividend policy will not have met with universal approval. Nevertheless, the Society cannot continue to give away more in Dividend than it is earning, and the Board believes that a fair method has now been reached.

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

Tamworth and Lichfield Victim Support

Tamworth Cruse

Tamworth Domestic Violence Forum

Amington Forget-Me-Not Club

Tamworth Fleet Air Arm Association

Asthma Group Atherstone

Arthritis Care Tamworth

Kingsbury Over 60's Club

Piccadilly Community Association Kingsbury

Salvation Army

South East Staffordshire Life Education Centres

South Derbyshire Talking Newspaper

Tamworth Disabled Holidays

In addition the Society has been able to donate smaller gifts to over 125 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.

The board recommends a distribution of surplus as follows:

	£
Dividend Certificates	200,000
Waived Dividend to Charities	8,000
<b>Total</b>	<b>208,000</b>

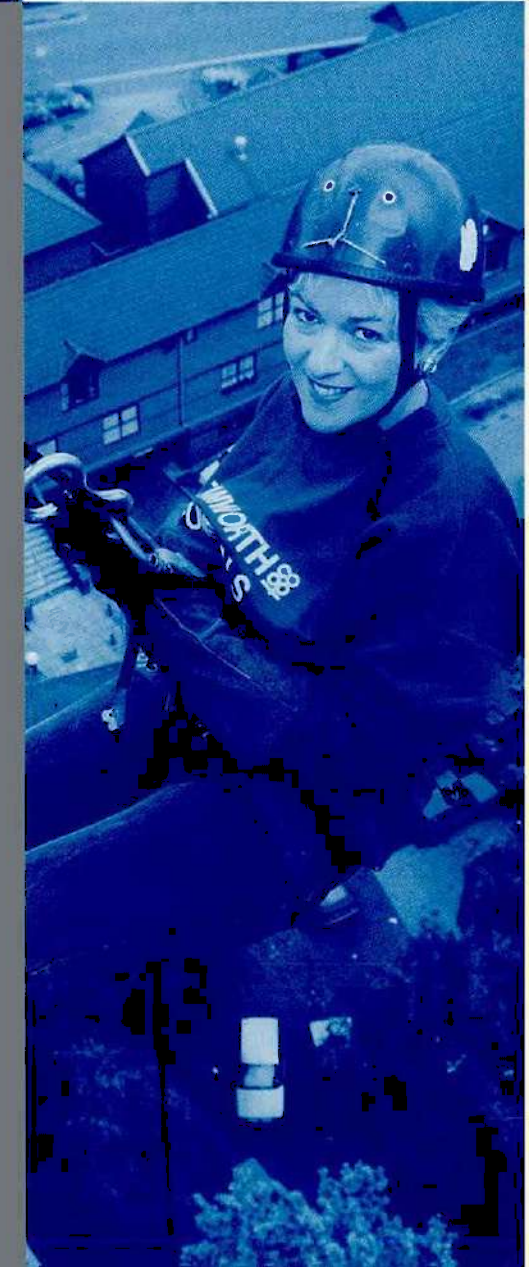
#### Membership

The Society was pleased to receive a further 1,308 Members into the Society during the year, whilst deaths and removals accounted for a closure of 163 accounts.

Total membership now amounts to 38,819.

#### Auditors

In accordance with the Industrial and 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.





## REPORT OF THE BOARD OF DIRECTORS

Right:  
The new development at  
Stretton Park, Burton upon Trent.

Below:  
Health and Beauty at  
the Tamworth Supermarket.

Below right:  
New sources of supply.



This page:  
Recently improved areas of  
the Tamworth Department Store  
include ladies fashions (top left),  
kitchenware (bottom left) and  
giftware (below).



### Food Division Supermarket and Convenience stores

Competition within the food trade remains intensive, although sales in the town centre Supermarket now appear to be evening out. Convenience Store trade varies from area to area and healthy gains in turnover have been made particularly at Glascote, Kingsbury and Whittington.

The Society has been hit by one or two severe, violent robberies in recent times and this is an aspect of considerable concern to staff and management alike.

Stock ranges have been kept under constant review and the decision has been taken to change the Society's main source of supply as from the beginning of the new trading year.

The Society has decided to join the national Co-operative Retail Trading Group and bring to an end the supply agreement with United Norwest Co-operatives.

The Board of Directors is very appreciative of the assistance which it has received from United Norwest Co-operatives over recent years which we believe to have been beneficial to both parties. However, the time has now been reached when management believes that it is in Members' interests to make the change and Members should see early signs of range improvements and a strengthening of the Co-op brand.

The building of the Society's new convenience store at Stretton Park, Burton upon Trent has been underway during the latter part of the year and it is hoped to commence trading from this store during Easter 2001.

The Board of Directors will continue to seek further opportunities within the area and is pleased to show its commitment by building this new unit which is the first grocery store that the Society has built for approaching 50 years.

We have continued to maintain the popular Grocery Delivery Service in Tamworth and telephone and facsimile orders are received on a regular basis. The Order Book service for the housebound continues to provide assistance to many people within the area.



### Non-Food

During the last few years our Non-Food trades department has experienced traumatic times; and with the deteriorating trade in Tamworth town centre, the Department Store continues to lose some ground.

The Board of Directors recognises the need to maintain the high standards our Members have come to expect, and consequently significant expenditure has been made in improving the Ground Floor.

**We are pleased to  
report much stronger  
sales at Homemaker  
and Homelectric**

Considerable steps have been taken to improve our position elsewhere and we are pleased to report much stronger sales at both Homemaker, on Ventura Park, and Homelectric at Burton.

The close monitoring of our Non-Food trading position has proved beneficial and the trading losses have been considerably reduced. Nevertheless the department continues to cause some concern and the Board of Directors carries out regular strategic reviews to ensure that the improvement continues.





## REPORT OF THE BOARD OF DIRECTORS

*Right:*  
The Society has a fleet of limousines available for wedding hire.

*Below:*  
The newly opened funeral office in Queen Street, Cheadle.

*Below right:*  
Post Office Services available at Tamworth, Swadlincote and Rosliston.



### Funeral Services

A very substantial decrease in the death rate within the Tamworth area has impacted on the number of funerals which the Society has undertaken. Nevertheless we believe that we have maintained market share within the area.

The Society opened a new branch at the beginning of the year at Cheadle, and we are now pleased to operate from 5 offices in total, including those at Tamworth, Atherstone, Woodville and Uttoxeter. The opening of these new offices does impact adversely upon profits, at first, but as turnover develops the department will benefit in the future.

The Board of Directors continues to believe that it is in the Society's interests to further develop this part of the business and our agents continue to look for new sites from which we can extend our services to Members.

### Property

No changes have been made to the Society's property portfolio during the year but the care which the Board of Directors has taken in developing this side of the business recently has again produced an encouraging increase in the value of the Property Division when the valuation was carried out at the year end.

The Board of Directors continues to closely monitor its portfolio to ensure that all opportunities for growth are taken.

Whilst retail trading has proved difficult in recent times, the importance of this division has become even greater and further opportunities to strengthen the portfolio will be taken if appropriate.

### Financial Services

We have been pleased to provide financial services to Members at Burton, Dordon, Kingsbury, Polesworth and Swadlincote in addition to the main counter in Tamworth throughout the year. Regrettably we have had to close down the facilities at Stanton due to lack of support.

Post Office facilities continue to be available at Tamworth, Swadlincote and Rosliston and this remains an important part of our business. Banking operations however continue to decrease and the Board of Directors is very aware of the high cost of maintaining the services for Members.



### Human Resources Staff

The Board of Directors again recognises the efforts which the staff have made during the year and wishes to record its thanks to all concerned for their loyalty and hard work.

The Society maintains a policy of promoting 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.

The Society continues to support its Long Service Association for employees who have worked for the Society for 20 years and above, and it is indeed noteworthy how many employees reach this milestone.



### 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 six male and two female directors. Senior management comprises four men and two women.

*The Society believes  
firmly in a policy of  
equal opportunity*

Wherever possible the Society aims to fill future vacancies from within and encourages staff to improve their prospects by sponsoring training opportunities.

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.

*Below:*  
The checkout is one of the main points of contact between Co-operative staff and Co-operative customers.

*As a Society we seek to be responsive to the needs of staff and customers alike whilst using our employees' talents and abilities to the full.*

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 re-training, the acquisition of special aids and equipment or the provision of suitable alternative employment.

### Retirements

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

Mr D. Johnson who has been a director of the Society since April 1998, has decided not to seek re-election. The Board of Directors places on record the Society's appreciation of his period of service to the benefit of our Members.

### Obituaries

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



The Board of Directors is ultimately responsible for the Society's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

***The Board of Directors is ultimately responsible for the Society's system of internal control and for reviewing its effectiveness.***

The Co-operative Union's amended (May 2000) Corporate Governance Code of Best Practice introduced a requirement that the Directors review the effectiveness of the Society's system of internal controls. This extends the existing requirement in respect of internal financial controls to cover all controls including financial, operational, compliance and risk management.

The objective of the Board is to comply with the Code of Best Practice as far as is practicable in the Society's particular circumstances. Most of the Code's recommendations have already been implemented by the Society as appropriate and all relevant disclosure recommendations are incorporated within this Annual Report and Financial Statements.

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 Certificates (ICD) and currently 5 Directors have received this certificate.

#### 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 Control

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

The Board of Directors has continued to review and report upon Internal Financial Controls. However, the Board confirms that the Society is establishing procedures necessary to implement the Turnbull Guidance, as adopted by the Co-operative Union Corporate Governance Code of Best Practice, issued in May 2000, so that it can comply with it as soon as possible.

The key elements of the Society's system of Internal Financial Controls are as follows:

#### Control Environment

The Society is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations.

The Society has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Society objectives. Lines of responsibility and delegations of authority are documented.

#### Risk Identification

Society Management are responsible for the identification and evaluation of key risks applicable to their areas of Business. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

#### Information and Communication

The Society's Businesses participate in periodic strategic reviews which include consideration of long term financial projections and the evaluation of Business alternatives. Operating units prepare annual budgets and strategic plans. Performance against plan is actively monitored at the Board and Sector level supported by regular forecasts. Forecasts and results are consolidated and presented to the Board on a regular basis.

Through these mechanisms, Society performance is continually monitored, risks identified in a timely manner, their financial implications assessed, control procedures re-evaluated and corrective actions agreed and implemented.

#### Control Procedures

The Society and its operating units have implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud.

#### Monitoring & Corrective Action

There are clear and consistent procedures in place for monitoring the system of Internal Financial Controls. The Board of Directors meets regularly to review the effectiveness of the Society's system of Financial Controls. Monthly Management Accounts are considered in detail and any action taken where appropriate.

For and on behalf of the Directors

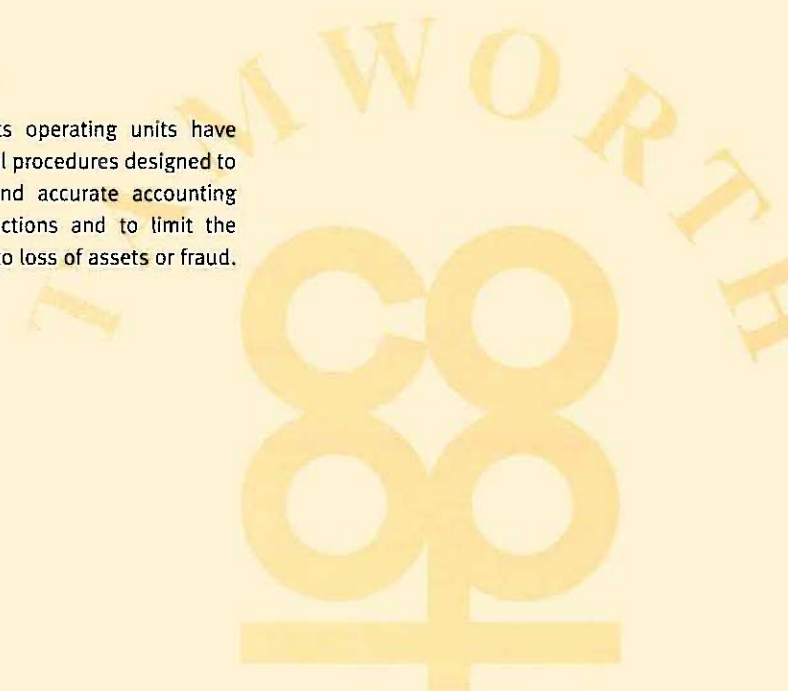
*E. M. Johnson*

**E. Margaret Johnson**  
Chairman of the Board

*Richard A. Hughes*

**Richard A. Hughes**  
Chief Executive Officer

6th March 2001





## 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
Mr. W. B. Atkins	2002	27	26
Mr. P. Buckley	—	6	4
Mr. T. J. Coton	2001	24	20
Mr. D. Johnson	2001	24	21
Mrs. E. M. Johnson	2002	24	24
Mr. G. W. Johnson	2003	27	26
Mr. A. M. King	2003	19	17
Mrs. A. M. Poulten	2001	22	18
Mr. R. W. Read	2002	19	18

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

## BOARD CERTIFICATION &amp; AUDITORS' REPORT

The accounts and notes on pages 14 to 28 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.

E. Margaret Johnson  
Chairman.

Graham W. Johnson  
Vice Chairman.

Richard A. Hughes  
Chief Executive Officer.

*E. M. Johnson* *E. M. Johnson*  
*Graham W. Johnson* *Graham W. Johnson*  
*Richard A. Hughes* *Richard A. Hughes*

6th March, 2001

## Auditors' Report

TO THE MEMBERS OF TAMWORTH  
CO-OPERATIVE SOCIETY LIMITED

We have audited the financial statements set out on pages 14 to 28.

Respective Responsibilities for Directors  
& Auditors

The Directors are responsible for preparing the Annual Report. As described on page 12 this includes responsibility for preparing financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent Auditors, are established by statute, the Auditing Practices Board, the Co-operative Union Limited's Code of Best Practice ("The Code") and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 1978 and the Industrial and Provident Societies (Group Accounts) Regulations 1969. We also report to you if, in our opinion, the Society has not kept proper accounting records and if we have not received all the information and explanations we require for our Audit.

We review whether the statement on pages 10 and 11 reflects the Society's compliance with paragraphs 31 and 32 of The Code, and we report if it does not. We are not required

to form an opinion on the effectiveness of the Society's Corporate Governance procedures or its internal financial controls.

We read the other information contained in the Annual Report, including the statement on paragraphs 31 and 32 of The Code, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## Basis of Audit 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 affairs of the Group and Society as at 27th January 2001 and of the income and expenditure of the Group for the year then ended, and have been properly prepared in accordance 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.

6th March, 2001



## STATEMENT OF ACCOUNTING POLICIES

**1. Basis of Accounts**

The Accounts are prepared in compliance with all Current Accounting Standards using the Historical Cost Accounting Convention modified to include the revaluation of investment properties.

**2. Accounting Date**

The Accounts are in respect of the 52 week period ended 27th January 2001 with comparative figures for the 52 week period ended 29th January 2000.

**3. Basis of Consolidation**

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. The results of Businesses which may have been acquired or sold during the year are included in the Group Accounts from or to their respective dates of acquisition or disposal.

**4. Group Turnover**

Turnover includes Cash Sales, Goods sold on Credit and Television/Video Rental Income, inclusive of Value Added Tax.

**5. Investment Income**

Interest receivable is accounted for on an accruals basis. Dividends are accounted for when received.

**6. Goodwill**

Goodwill purchased is capitalised and written off over its useful economic life. The useful economic life ranges from 1 year to 20 years.

**7. Tangible Fixed Assets and Depreciation**

No Depreciation is 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 annual installments at the following minimum rates:

- Freehold buildings - 2.5% per annum
- Leasehold buildings - over the unexpired period of the lease
- Fixtures, fittings and machinery - 10% per annum
- Plant - 10% per annum
- Transport - 25% per annum
- Rental sets - 33.3% per annum

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.

**8. Assets leased to the group**

Rentals due under Operating Leases are charged to the Revenue Account in the year that the cost accrues.

The future commitment relating to Operating Leases is based on the minimum amounts payable.

**9. Taxation***Current:*

Provision has been made for the estimated liability on Accounts to date at the appropriate rate.

*Deferred:*

Provision is made, using the liability method, for taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that liabilities will crystallise in the foreseeable future.

**10. Stocks**

Stocks are valued at the lower of cost and net realisable value.

**11. Repairs**

Repair expenditure is charged against profits in the year that the cost is incurred.

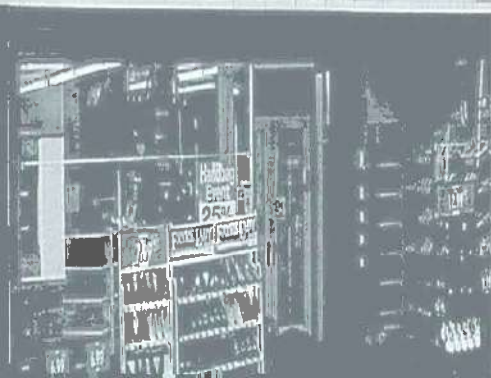
**12. Funeral Plan**

Liabilities under the Funeral Plan are based on the total commitment at the Balance Sheet date.

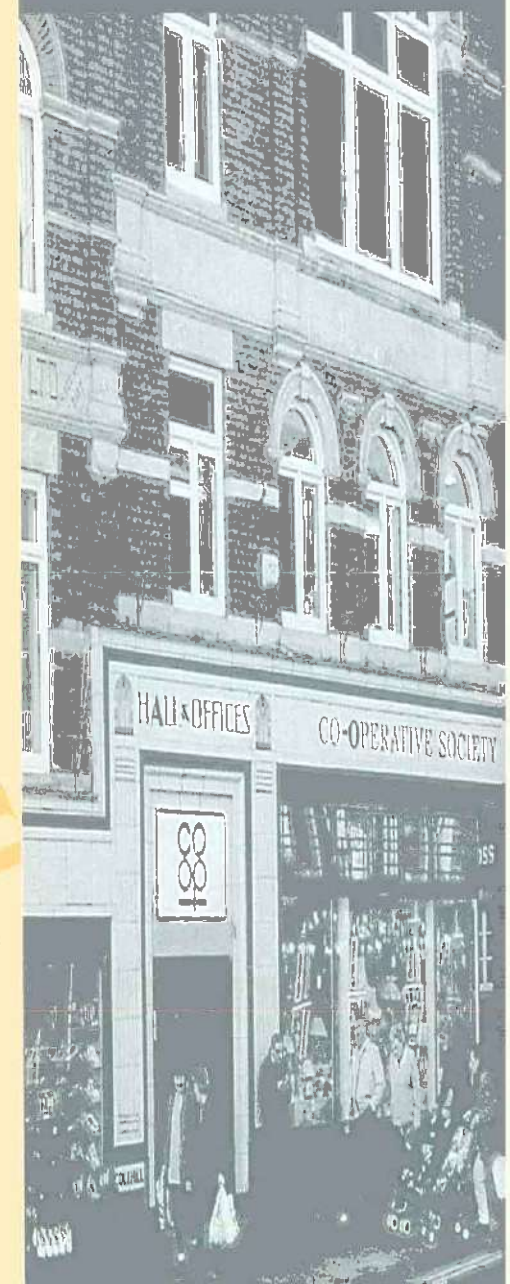
Based on the Group's experience of Funerals handled under its Pre-payment Plan, the liability has been divided between the current liability for those Plans which may be completed within 1 year, and the remainder, where the liability is classified as an amount falling due after 1 year.

**13. Pensions**

The Society operates a Pension Scheme covering the majority of its Employees. The funding for past service is invested externally through the Scheme's Trustees, whilst contributions for the current year are charged to the Revenue Account as they arise and the monies transferred to the Trustees for investment. Actuarial Valuation of the Funds are carried out every 3 years. Deficits arising on these Valuations are charged to the Revenue Account as special contributions in accordance with the Actuary's guidance.



## STATEMENT OF ACCOUNTING POLICIES





**GROUP REVENUE ACCOUNT**

year ended 27th January 2001

	NOTES	2001		2000	
		£'000	£'000	£'000	£'000
<b>Turnover</b>					
Value Added Tax		24,598	246	25,182	2,477
Net sales		22,172		22,705	
Cost of sales		5,937		16,287	
Gross profit		16,235		6,418	
Expenses less income from property	1	6,204		6,204	
<b>Trading surplus</b>		214		214	
Surplus on sale of Fixed Assets				11	
<b>Surplus before Interest</b>		225		225	
Interest received	2	125		125	
Interest paid	3	(21)		(21)	
<b>Surplus for year before distribution</b>		329		329	
Share interest		29		29	
Dividend	4	575		575	
Grants	5	40		40	644
Surplus/(Deficit) for year before taxation		(315)		(315)	
Taxation Credit	6	100		100	
<b>Surplus/(Deficit) for year</b>		(215)		(215)	

**GROUP BALANCE SHEET**

year ended 27th January 2001

	NOTES	2001		2000	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	7	5,570		5,586	
Investment properties	8	3,665		3,517	
Other Investments	9	104		104	
				9,207	
<b>Current Assets</b>					
Stocks	10	2,302		2,380	
Debtors and prepayments	11	692		690	
Investments	12	54		1,075	
Cash in hand and at bank		1,750		705	
				4,850	
<b>Current Liabilities</b>					
Amounts falling due within one year					
Creditors – Trade	13	2,699		2,674	
Dividend		237		432	
Other		5		4	
				3,110	
Loans	14			128	
		3,071		3,238	
<b>Net current assets</b>				1,612	
Total assets		11,066		10,819	
Provision for deferred taxation	16	98		183	
Funeral prepayment plans		792		724	
<b>Net assets</b>				9,912	
Financed by:					
Share capital	17	1,246		1,275	
Revaluation reserves	18	2,364		2,216	
Revenue reserves	18	6,566		6,421	
				9,912	



## GROUP CASH FLOW STATEMENT & RECONCILIATION OF NET CASH FLOW

year ended 27th January 2001

### GROUP CASH FLOW STATEMENT

	NOTES	2001 £'000	2000 £'000
Cash inflow from Operating Activities	21(a)	960	565
Returns on Investments and Servicing of Finance	21(b)	111	120
Benefits paid to Members		(403)	(696)
Taxation recovered		—	151
Capital expenditure and financial investment	21(c)	(581)	(1,267)
Cash inflow/(outflow) before use of Liquid resources and financing		87	(1,127)
Management of liquid resources	21(d)	1,021	1,094
Financing	21(e)	(63)	(18)
Increase/(decrease) in cash in the year		1,045	(51)

### RECONCILIATION OF NET CASH FLOW

	NOTES	2001 £'000	2000 £'000
Increase/(decrease) in cash in the year		1,045	(51)
Cash inflow from management of liquid resources		1,021	(1,094)
Change in net funds resulting from cash flows	21(f)	86	(1,145)
Net funds at 29th January 2000	21(f)	2,925	2,925
Net funds at 27th January 2001	21(f)	3,011	1,780

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES & RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

year ended 27th January 2001

### STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

	NOTES	2001 £'000	2000 £'000
Surplus/(Deficit)		(215)	(215)
Unrealised surplus on revaluation	18	281	281
Total recognised gains		66	66

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Surplus before distribution and tax	329	329
Distributions and tax	(544)	(544)
Surplus/(Deficit) after distributions and tax	(215)	(215)
Revaluation surplus arising in the year	281	281
Contributions and interest less withdrawals during the year	15	15
Movement in Year	81	81
Opening Shareholders' Funds	9,831	9,831
Closing Shareholders' Funds	9,912	9,912



## NOTES TO THE ACCOUNTS

year ended 27th January 2001

1 Expenses	2001 £'000	2000 £'000
Personnel costs	4,100	4,103
Occupancy costs	1,299	1,319
Depreciation †	515	522
Audit fees	16	18
Other fees paid to KPMG	29	29
Directors' fees	5	4
Other expenses	719	690
Income from property	(390)	(363)
Income from early surrender of lease	—	(118)
		6,204

† Depreciation charged to cost of sales amounts to £64,000 (2000 : £104,000)

No Director's remuneration exceeded £1,000

2 Interest Received	2001 £'000	2000 £'000
CWS Limited	7	7
Other I & P Societies: Shares and Loans	67	44
	74	51
Short term deposits/other	39	74
		125

3 Interest paid	2001 £'000	2000 £'000
Sales Club	2	4
Other	—	1
Funeral prepayment plans	24	16
		21

4 Dividend	2001 £'000	2000 £'000
Dividend to Shareholders	200	567
Waived dividends given to charity	8	8
		575

## NOTES TO THE ACCOUNTS (CONTINUED)

year ended 27th January 2001

5 Grants and Donations	2001 £'000	2000 £'000
Member Relations Committee	2	2
Employee related	39	38
		40

6 Taxation Credit	2001 £'000	2000 £'000
Corporation Tax at 30%	—	—
Deferred Tax	85	33
Prior year adjustment:		
Corporation Tax	—	23
Deferred Tax	—	44
		100

	2001		2000	
	Provided £'000	Not Provided £'000	Provided £'000	Not Provided £'000
Accelerated capital allowances	56	—	99	—
Other timing differences	42	—	84	—
			183	—

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.



**NOTES TO THE ACCOUNTS (CONTINUED)**

year ended 27th January 2001

<b>7 Tangible Assets</b>	Freehold Land & Buildings £'000	Leasehold Buildings £'000	Fixtures & Fittings, Plant £'000	Transport £'000	TV & Video Rental sets £'000	Total £'000
Cost at start of year	4,500	481	4,144	587	439	10,151
Additions	172	—	288	49	82	591
Disposals	—	—	(9)	(42)	(156)	(207)
<b>Cost at end of year</b>	<b>4,672</b>	<b>481</b>	<b>4,423</b>	<b>594</b>	<b>365</b>	<b>10,535</b>
Accumulated Depreciation: At start of year	988	131	2,671	441	334	4,565
Charge for year	98	22	310	85	64	579
Disposals	—	—	(9)	(42)	(128)	(179)
<b>At end of year</b>	<b>1,086</b>	<b>153</b>	<b>2,972</b>	<b>484</b>	<b>270</b>	<b>4,975</b>
<b>Net book value at 27th January 2001</b>	<b>3,586</b>	<b>328</b>	<b>1,451</b>	<b>110</b>	<b>95</b>	<b>5,570</b>
Net book value at 29th January 2000	3,512	350	1,473	146	105	5,586

The original cost of land included in the above figures which is not depreciated is £617,000.

**NOTES TO THE ACCOUNTS (CONTINUED)**

year ended 27th January 2001

<b>8 Investment Properties</b>	Freehold Investment Property £'000
Valuation at start of year	3,517
Additions	—
Disposals	—
Revaluation Surplus	148
<b>Valuation at end of year</b>	<b>3,665</b>

Freehold investment properties are stated at valuation by Peter J. Hicks &amp; Co., Chartered Surveyors on the basis of open market value as at 27th January 2001. The historic cost of investment properties included at valuation is as follows:

	£'000
Cost	1,397
Accumulated Depreciation	(96)
<b>Net Book Value</b>	<b>1,301</b>

<b>9 Fixed Asset Investments</b>	2001 £'000	2000 £'000
CWS Limited: Shares	100	100
Other I & P Societies: Shares	4	4
	<b>104</b>	<b>104</b>

<b>10 Stocks</b>	2001 £'000	2000 £'000
Goods held for resale	4,210	2,380



## NOTES TO THE ACCOUNTS (CONTINUED)

year ended 27th January 2001

<b>11 Debtors</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Customer accounts	431	453
Prepayments	239	232
VAT recoverable	22	5
		690
<b>12 Current Asset Investments</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Other I & P Societies: Loans	22	1,031
Shares	3	15
Deposit Protection Scheme	29	29
		1,075
<b>13 Creditors Falling Due Within 1 Year</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	2,226	2,065
Accrued charges	223	207
Value Added Tax	—	122
Holiday pay reserve	250	280
		2,674
<b>14 Loans Falling Due Within 1 Year</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Funeral prepayment plan	113	103
Sales Club	16	24
Other I & P Society	1	1
		128

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

**15 Capital Commitments**

Future capital expenditure authorised and contracted for £378,000 (2000 £59,000).

## NOTES TO THE ACCOUNTS (CONTINUED)

year ended 27th January 2001

<b>16 Provision for Liabilities and Charges</b>	<b>2001</b>	<b>2000</b>
	<b>Deferred Tax</b>	<b>Deferred Tax</b>
	<b>£'000</b>	<b>£'000</b>
Balance to commence	183	260
Transfer to Revenue Account	(85)	(77)
Balance to end		183
<b>17 Share Capital</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Balance to commence	1,275	1,260
Contributions	300	452
Interest	26	29
	1,601	1,741
Withdrawals	355	466
Balance to end		1,275

Share Capital is Non Equity Share Capital comprising 1,246,309 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>18 Reserves</b>	<b>Revaluation</b>	<b>Revenue</b>	<b>Total</b>	
	<b>reserves</b>	<b>reserves</b>	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance to commence	2,216	6,421	8,637	8,571
Revaluation surplus arising in the year	148	—	148	281
Surplus/(Deficit) for the year	—	145	145	(215)
Balance to end	2,364	6,566		8,637



## NOTES TO THE ACCOUNTS (CONTINUED)

year ended 27th January 2001

19 Staff	2001	2000
Full time	176	175
Part time	323	340
		515

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

	£'000	£'000
Salaries and wages	3,712	3,718
National Insurance	228	225
Pension Fund contributions	149	144
Other	11	16
		4,103

The remuneration of the Chief Executive Officer (who is also the highest paid employee) included above was as follows:

	2001 £	2000 £
Salary		69,447
Taxable Benefits		5,816
		75,263
Pension Contributions		6,099
		81,362

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

	2001 No.	2000 No.
£20,001 - £25,000		5
£25,001 - £30,000		1
£30,001 - £40,000		2
£40,001 - £50,000		—
£50,001 - £60,000		2
£70,001 - £80,000		1

## NOTES TO THE ACCOUNTS (CONTINUED)

year ended 27th January 2001

## 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 £149,000. The pension costs charged in the revenue account did not differ materially from this.

## 21 Cash Flow

## (a) Reconciliation of operating profit to operating cash flow

	2001 £'000	2000 £'000
Operating profit	238	214
Depreciation charge	579	626
Grants and donations	(41)	(40)
Decrease in stock	106	9
Increase in debtors	(2)	(9)
Increase/(decrease) in creditors	25	(339)
Increase in other liabilities	1	—
Increase in funeral prepayments	54	104
Net cash inflow from operating activities		565

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

	2001 £'000	2000 £'000
Interest received	113	125
Interest paid	(2)	(5)
Net cash inflow from returns on investment and servicing of finance		120



## NOTES TO THE ACCOUNTS (CONTINUED)

year ended 27th January 2001

## 21 (continued)

	2001 £'000	2000 £'000	
<b>(c) Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	(591)	(1,281)	
Sale of fixed assets	10	14	
Net cash outflow from capital expenditure and financial investment		(1,267)	
<b>(d) Management of liquid resources</b>			
	2001 £'000	2000 £'000	
Purchase of current asset investments	(7)	(506)	
Disposal of current asset investments	1,028	1,600	
Net cash inflow from management of liquid resources		1,094	
<b>(e) Financing</b>			
	2001 £'000	2000 £'000	
Contributions to share capital	300	452	
Withdrawals of share capital	(355)	(466)	
Loans due within a year - net repayment	(8)	(4)	
Net cash outflow from financing		(18)	
<b>(f) Analysis of net funds</b>			
	At beginning of year £'000	Cash flow £'000	At end of year £'000
Cash in hand and at bank	705	1,045	1,750
Current asset investments	1,075	(1,021)	54
Total	1,780	24	

## 22 Contingent Liabilities

The Society was a member of the Co-operative Deposit Protection Scheme (CDPS) which terminated at the end of March 2000. As a result of the ending of the scheme, investors in withdrawable share capital (WSC) are no longer protected by the scheme.

The Co-operative Union has been working with HM Treasury to develop a Code of Practice on Withdrawable Share Capital which is in the final stages of completion. The Society is committed to conforming with the governing principles and requirements of this code.

## GROUP VALUE ADDED STATEMENT

	2001 £'000	%	2000 £'000	%
Turnover	24,598		25,182	
Less Value Added Tax	2,419		2,477	
Sales			22,705	
Less bought-in materials and services			17,935	
Value added by group			4,770	100
Applied as follows:				
To employees:				
Net pay, Income Tax,				
National Insurance & Pension Fund deduction	3,723		3,733	
Group contributions for National Insurance	228		225	
Group contributions for Pension Fund	149		144	
Employee related distribution	39		39	
			4,141	86.8
To members and other providers of capital:				
Share interest	26		29	
Interest on savings club	2		4	
Interest on other loans	24		17	
Rent	254		297	
			347	
Less investment income and rents received			606	
			(259)	(5.4)
To members, customers and community:				
Dividend	200		567	
Charity dividend	8		8	
Education	2		2	
			577	12.1
Taxation credit (deferred and corporate)			(100)	(2.1)
For the replacement of assets and expansion of the group:				
Depreciation	579		626	
Retained surplus/(deficit)	145		(215)	
			411	8.6
			4,770	100



## THE CO-OPERATIVE DIFFERENCE & SOCIETY OUTLETS

On the 13th November 1886 a Meeting arranged in Tamworth and attended by just over 80 people decided to form what is now known as Tamworth Co-operative Society Limited. By the end of that month the first stock had been delivered and trading had commenced.

The Society was controlled by a democratically elected Committee, all local people and totalling 12 in number. Today's Society still has a Board of Directors now comprised of 8 Members who are still elected democratically by Members to serve for 3 years on rotation.

Members are actively encouraged to apply for Directorship and any training required will be provided.

In 1887 the Committee decided to allocate part of its turnover for education purposes. Nowadays the Society still allocates money in the same way and a Member Relations

Committee works hard to improve Members' knowledge of Co-operation.

On 26th March 1887 payment of the Society's first Dividend was arranged. Whilst Members waived their right to this Dividend on that occasion, nevertheless the Society has fully committed itself to the Dividend principle and still shares its profits to its Members consistently every year, and in the last 5 years almost £4,000,000 has been shared by local people.

In 1889 the first Charitable Grants were allocated by the Committee. Since that date the Society has continued to play its part within the Community by making Grants to local Charities. In the last 5 years nearly £50,000 has been allocated for these purposes.

- Your Society continues to be owned and controlled in a democratic way through its local Membership.

- We aim to achieve the highest standards of service and to provide a variety and choice within a range of trading outlets together with courteous and personal attention.

- It is our continued belief that Members should be entitled to share in the profits of the Society whilst ensuring that there are sufficient Reserves for the Society to be able to ensure a Co-operative trading future for Members in the years to come.

- The Society plays an important part in the local Community and is proud of its strong associations with the areas from which it trades.

Further details of how Members can play a full part in the Society can be obtained from the Chief Executive Officer.

### 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.

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, Tamworth.

Main Street, Rosliston.

#### Funeral Services

Upper Gungate, Tamworth.

Station Street, Atherstone.

Granville Street, Woodville.

High Street, Uttoxeter.

Queen Street, Cheadle.

#### Petrol Stations

Bonehill Road, Tamworth.

Main Street, Rosliston.

#### New Development

(opens April 2001)

James Brindley Way,

Stretton Park,

Burton upon Trent.



## MEMBER RELATIONS REPORT



### Working Together in the Community

The Member Relations Committee is elected by Members to further develop the work done in the community by the Society. Various activities are arranged so that Members can meet together in an informal manner to learn about the Co-operative Movement and the activities of their organisation.

The Committee is formed from a number of delegates appointed by the Society's Board of Directors, together with those elected directly by members at the Society's Annual General Meeting. The Committee therefore works from a unique base from which it can assist in the running of this democratic organisation and further increase Member participation in its affairs.

The Committee regularly organises rambles; this year one was arranged to Derwent Dams. Whilst the weather was extremely wet, nevertheless participants thoroughly enjoyed themselves as usual. The Co-op Cup Bowls Competition was revitalised and the Committee met the cost of catering in addition to supplying trophies. Agreement was reached with Tamworth Sons of Rest for the supply of a display board for names of competition winners.

Your Committee has also agreed to support the proposed new Tamworth Credit Union which hopes to become active during the coming year.

### Education

The Committee has continued its support of the Kingsbury Woodcraft Folk and in particular this year agreed to fund a coach to enable the group to attend the "Day of Hope" festival in Birmingham in June.

This year the Member Relations Committee had the honour of hosting a "team-building" day at the Phil Dix Centre on behalf of the West Midlands Education Group. In addition your Committee was pleased to support a Literacy Summer School at Belgrave High School.

Grants were given to three local girl guides to attend camps in Australia, Russia and Canada.

### The Future

Your Committee would welcome assistance and participation from any Members interested in the aims of the Committee and contact can be made through the Chief Executive's Office.

*Graham W. Johnson*

Graham W. Johnson  
Chairman

*E. M. Johnson*

E. Margaret Johnson  
Secretary





**MEMBER RELATIONS STATEMENT OF ACCOUNTS**

Year ended 27th January 2001

	2001		2000	
	£	£	£	£
Balance to Commence	2,398		2,567	
Grant from Society	1,884		2,595	
Grant from West Midlands Group	—		200	
				5,362
LESS Secretary's Salary	100		150	
Grants/Donations	100		385	
Woodcraft Folk	140		450	
Conference	140		—	
Affiliations and Subscriptions	299		298	
Social Events	54		529	
Sundry Expenses	217		318	
Competitions	489	1,539	834	2,964
Balance to End				2,398



**Tamworth Co-operative Society Limited**

*Registered Office:*

5 Colehill, Tamworth, Staffordshire B79 7HJ

Telephone: 01827 63711

Fax: 01827 62999

*Registered No: 2582R*