

# TAMWORTH CO-OPERATIVE SOCIETY LIMITED

## INTERIM REPORT



TAMWORTH  
CO-OPERATIVE SOCIETY

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UNAUDITED INTERIM REPORT FOR THE  
26 WEEKS ENDED 29TH JULY 2006

# REPORT OF THE BOARD OF DIRECTORS

Half Year Ended 29th July 2006

Total Turnover of the Society for the Half Year Ended 29th July 2006 amounted to £11,518,460 a decrease of 1.95% on the previous year.

A comparison with the previous year is not easy as there have been a number of mitigating factors within the results. These include the opening of a new Convenience Store purchased in Brownhills and considerable changes to the Non-Food Operations as we have further developed the Concession arrangements, some of which are not included in Turnover.

The trading climate has continued to prove extremely difficult as Government policy has been to reduce consumer spending. In particular the change in Interest Rates announced after the Half Year End, in August, appears to have been deliberately put in place to curb consumer expenditure across the Country.

The Society's Half Year started off very badly as the poor performance encountered at the end of the previous financial year continued into the new Half Year. As the period has continued the overall Turnover deficit has reduced. Costs, on the other hand, have continued to increase and total expenses are up by £113,000.

Continuing to support the Society's Superannuation Fund means that we have to accept the heavy pension costs incurred and this is likely to continue to hit the results for the foreseeable future.

Competitive trading has resulted in a drop in Food margins and this has impacted on the overall performance of that Division. In addition the death rate continues to move downwards and as a result the Funeral results are not so good as in the previous year.

On a brighter note losses have been reduced in the Non-Food Division and we trust that this improvement will be maintained.

Continued improvements to the Tarnworth Department Store have been broadly welcomed by our Members and work is continuing in this respect. In addition we have taken the decision during the Half Year to change the merchandise content of our Branch in the Octagon Centre, Burton on Trent and have closed down the Electrical Operations and re-opened as a Ladies Fashion Store under the new Co-op "Invite" fascia. Early indications are that this has been a worthwhile move.

There have been no changes to the Society's Investment Portfolio during the period, although Management continue to look out for any opportunities which may become available.

The Half Year can only be described as extremely disappointing, although the Society's Balance Sheet remains financially very strong. Directors hope that the second Half Year, including the busy Christmas Season, will enable the Society to reverse the decline of the first six months.

For and on the behalf of the Directors



E. Margaret Johnson,  
Chairman.



Richard A. Hughes,  
Chief Executive Officer.

22nd August 2006

## INTERIM STATEMENT OF TRADING ACTIVITIES

For the 26 weeks  
ended 29th July  
2006

1. CONSOLIDATED SALES	26 weeks to 29 July 2006 (unaudited) £000	26 weeks to 30 July 2005 (unaudited) £000	52 weeks to 28 Jan 2006 (audited) £000
Turnover	11,518	11,747	23,495
Less Value Added Tax	(1,004)	(1,027)	(2,068)
Net sales	10,514	10,720	21,427
2. CONSOLIDATED PROFIT	26 weeks to 29 July 2006 (unaudited) £000	26 weeks to 30 July 2005 (unaudited) £000	52 weeks to 28 Jan 2006 (audited) £000
Trading profit	7	252	384
Net investment income less interest payable	(69)	(65)	(160)
(Loss)/Profit after interest	(62)	187	224
3. CONSOLIDATED NET ASSETS	As at 29 July 2006 (unaudited) £000	As at 30 July 2005 (unaudited) £000	As at 28 Jan 2006 (audited) £000
Trading activities			
Fixed assets	6,967	6,533	6,698
Goodwill	490	449	437
Net current (liabilities)/assets	(436)	283	75
Long term liabilities	(4,794)	(4,309)	(4,640)
Investments and Investment Properties	9,458	8,562	9,286
Net assets	11,685	11,518	11,856
4. CURRENT BORROWINGS	As at 29 July 2006 (unaudited) £000	As at 30 July 2005 (unaudited) £000	As at 28 Jan 2006 (audited) £000
	231	197	214
5. CURRENT (OVERDRAFT)/CASH	As at 29 July 2006 (unaudited) £000	As at 30 July 2005 (unaudited) £000	As at 28 Jan 2006 (audited) £000
	(837)	(78)	(708)
6. SHARE CAPITAL	As at 29 July 2006 (unaudited) £000	As at 30 July 2005 (unaudited) £000	As at 28 Jan 2006 (audited) £000
	2,606	2,671	2,675

## NOTES

- The interim statement has been prepared on the basis of the accounting policies set out in the 2006 Statutory Accounts subject to notes (b) and (c) below. The figures shown for the year to 28th January 2006 are extracted from the Audited Accounts for 2006. The financial information does not constitute Statutory Accounts and is not audited.
- The consolidated profit figures exclude share interest and other appropriations and taxation.
- The assets and liabilities at 29th July 2006 and 30th July 2005 shown in the consolidated net assets statement are after making estimated provisions for share interest, grants and taxation. No provision has been made for dividends which traditionally have been declared following the results of the full 52 week period.



# INDEPENDENT REVIEW REPORT BY KPMG LLP

to *Tamworth Co-operative Society Limited*

## INTRODUCTION

We have been engaged by the Society to review the financial information set out on pages 2 to 3 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Society in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Society those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society for our review work, for this report, or for the conclusions we have reached.

## DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the interim report which requires that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

## REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of Interim Financial Information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise declared. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 29th July 2006.

**KPMG LLP**

KPMG LLP Chartered Accountants  
2 Cornwall Street, Birmingham B3 2DL  
22nd August 2006.

## TRADING AREA

Tamworth Co-operative Society's trading area now extends from Cheadle in the north to Coseley in the West Midlands and east as far as Woodville.

## TAMWORTH CO-OPERATIVE SOCIETY LIMITED

Registered Office:  
5 Colehill, Tamworth,  
Staffordshire  
B79 7HA

Telephone: 01827 63711  
Fax: 01827 62999

Registered No: 2582R  
Website: [www.tamworth.coop](http://www.tamworth.coop)

