

Company number - 2854R

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011
FOR
PENRITH CO-OPERATIVE SOCIETY LIMITED**

PENRITH CO-OPERATIVE SOCIETY LIMITED

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FOR THE YEAR ENDED 08 JANUARY 2011**

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PENRITH CO-OPERATIVE SOCIETY LIMITED

**ESTABLISHED 1890
ONE HUNDRED AND EIGHTEENTH ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

DIRECTORS, OFFICIALS AND ADVISORS

BOARD OF DIRECTORS:

With attendances at all meetings held during the year

	Actual	Possible
Ralph Beaumont BA (Hons) LL.B (Hons) MSc – President	12	12
David Robinson Pg Dip.FRSPH.MCMI – Vice President	8	12
Ivan Jones (retired September 2010)	6	9
Christine McDonald	12	12
Linda Foulds	10	12
Robert Good	10	12
Alan Little MBA BA(Hons)	12	12
Nicholas Lloyd	10	12
Mitchell Smith	12	12

CHIEF EXECUTIVE OFFICER: John Mills (Chief Executive Officer and Secretary)

REGISTERED OFFICE: 19 Burrowgate
Penrith
Cumbria
CA11 7TD

REGISTERED NUMBER: 2854R (England and Wales)

AUDITORS: O'Reilly
Chartered Accountants
Ullswater House
Duke Street
Penrith
Cumbria
CA11 7LY

BANKERS: Co-operative Bank plc
53-59 Blandford Square
Newcastle upon Tyne
NE99 1AN

SOLICITORS: Gaynham King & Mellor
1-2 Mason Court
Gillan Way
Penrith 40 Business Park
Penrith
Cumbria
CA11 7AJ

PENRITH CO-OPERATIVE SOCIETY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 8th JANUARY 2011

The directors have pleasure in submitting their report together with the financial statements of the Society for the 52 weeks ending January 8th 2011.

PRINCIPAL ACTIVITY

The principal activity of the Society during the year under review was that of retail sales of food and non-food. We have stores in County Durham and Cumbria with our head office in Penrith. The Departmental store in Penrith offers a wide range of goods and continues to build on its success and our extensive branch network offers the opportunity to trade co-operatively in many rural areas.

REVIEW OF BUSINESS

To understand our business it may help to understand what a co-operative is. The accepted definition of a co-operative is 'an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically owned enterprise'. In 1844, the Rochdale Pioneers set up their successful retail co-operative and gave us the basis for Co-operative Values and Principles that co-operatives follow today and sets us apart from other businesses.

The Co-operative Values that we subscribe to are:

- Democracy and equality
- Self-help and Self-Responsibility
- Equity and Solidarity

There are also the Co-operative Ethical Values that co-operators across the world believe in:

- Honesty
- Openness
- Social Responsibility
- Caring for others

The Co-operative Principles that have been adopted by this Society are:

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation among co-operatives
- Concern for the community

We report that the Society has fared well considering the financial turmoil that has beset the world economy and which did not leave the UK untouched. The year was affected with the loss of the Morrison store in Penrith and the refurbishment of the former Somerfield store to the Co-operative format; the latter causing some confusion amongst the general public. The former had a direct affect on trading patterns and availability and your board would like to pay tribute to the management and staff at Burrowgate for their efforts in dealing with these challenging issues.

Furthermore our stores, particularly those located in the country, have battled against the elements as well as the competition. We wish to place on record especial thanks to our Home Delivery colleagues who went to extreme lengths, working long hours and walking through deep drifts, to ensure that during the snow and floods our customers received their goods: this when some competitors withdrew delivery services for up to three days at a time!

The board has recognised its need for ongoing development and has begun a comprehensive training programme to ensure that it is up to date with its role and responsibilities in this ever changing environment.

We recognise the challenges that will be forthcoming this year with the economic climate and the restrictions on members disposable income and would like to assure members that the Society will endeavour to maintain the value and quality of products that we offer at all times. It is anticipated that Sainsbury and Booths will both have opened their stores in Penrith by Christmas 2011 and management will ensure that your society is up to the challenge.

The Board would like to recognise the contribution made by Mr. Ivan Jones who retired in the current period after many years of loyal service both to the Society and the wider Co-operative movement.

SENIOR MANAGEMENT

There has been an addition to the senior management team and Ged Kelly has been appointed as General Manager Finance. He replaces Stewart Mitchell who left the society earlier in the year. Ged brings with him a wealth of experience inside and outside of the Co-operative movement. There has been a considerable amount of work done during the latter part of the year introducing our new Epos system. This will aid the smooth running of the stores and provide detailed management information to drive the business. In due course, developments to our dividend scheme will follow giving members the improvements that have been requested.

EMPLOYEE INVOLVEMENT/DIFFERENTLY ABLED EMPLOYEES

The Society believes that people are its key resource and Co-operative principles and values require it to pursue equality of opportunity in employment.

It is therefore committed to the development of positive policies to promote equal opportunity in employment regardless of workers' sex, marital status, age, sexual orientation, disability, creed, colour, race or ethnic origin. This principle will apply in all conditions of work governed by the terms and conditions of employment and to recruitment, training, promotion and redundancy.

TURNOVER

The total gross turnover for the period under review from all retail outlets amounted to £16,792,343. This represents an overall increase amounting to £1,172,707 (7.5%).

MEMBERSHIP

During the year there was a net increase of 329 members. The total number of members at the end of the year was 25,135 (2010 : 24,806).

TRADING RESULTS

The trading profit after providing for depreciation and other expenses and before exceptional items amounted £299,562, an increase of £18,182 compared to the 2010 results. Dividends of £80,010 have been distributed during the year. This leaves a net profit of £1 after dividends, other distributions and taxation. It should be noted that during the year several one off charges have had a detrimental effect on the results. There was a charge of £207,632 which was the society's share of the integration costs for the Somerfield group into the CRTG buying group, which it is hoped will be off set in future by better trading terms.

MEMBERS' BENEFITS AND SHARE CAPITAL

The share capital of the Society stands at £836,110. The interest paid on share capital during the year amounted to £6,696. The death benefit scheme provided free by the Society paid claims during the year amounting to £1,381, bringing the total claims paid to date to £135,838.

The Society further serves its members by continuing to provide a free home delivery service from all its branches and, when combined with taking orders by telephone, fax and through the website at www.penrithco-op.co.uk, there are few in the community who would not benefit from becoming a member.

CHARITABLE CONTRIBUTIONS

Monetary donations were made to the following organisations –

Shap School
BEEP Fund
Crosby Ravensworth Show
Olivia Story Trust
Vintage Penrith
Penrith Day Centre
Penrith Players

A number of other organisations were given non-cash donations such as gift vouchers and prizes. A total of £1,000 was received from CRTG to enable us to make these donations to good causes.

PENRITH CO-OPERATIVE SOCIETY LIMITED

**REPORT OF THE DIRECTORS - Continued
FOR THE YEAR ENDED 08 JANUARY 2011**

LAND AND BUILDINGS

In the opinion of the directors, the book value of the Society's interests in land and buildings in the accounts is considerably lower than the market value, which they would estimate to be in excess of £10million.

INTERNAL CONTROLS

In the opinion of the directors, the Society's system of internal control is adequate to enable the directors to discharge their responsibilities with regard to the stewardship of the Society's assets and the control of its activities. Ongoing training for both staff and directors is playing an important part in ensuring the future stability and economic security of the Society's affairs and will continue.

MANAGEMENT AND STAFF

Once again, the Board would like to thank management and staff for their continued commitment and hard work during the year.

ON BEHALF OF THE BOARD OF DIRECTORS:

A.R. Beaumont – PRESIDENT

Date:

PENRITH CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
Year Ended 08 January 2011

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 affairs of the Society 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:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) 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 the requirements of the Industrial and Provident Societies Acts. 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.

So far as the directors are aware, there is no relevant audit information of which the Society's auditors are unaware. Also each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PENRITH CO-OPERATIVE SOCIETY LIMITED**

We have audited the financial statements of Penrith Co-operative Society Limited for the year ended 08 January 2011 on pages 8 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Society's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Society's members those matters which we are required to state to them in an auditor's 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, and the Society's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 2002. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Society has not kept proper accounting records, if a satisfactory system of internal control has not been established and maintained or if we have not received all the information and explanations we require for our audit, or if the information specified by law is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Society'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.

Qualified opinion arising from disagreement about accounting treatment of investment properties

The accounts do not comply with the requirements of SSAP19 for Investment Properties, in that non-trading properties have not been treated in the balance sheet as investment properties. The Standard requires that such properties are stated at open market value which we understand is significantly in excess of their book value of £85,272. Also investment properties should not have been depreciated. The depreciation charge for the year which related to investment properties amounted to £2,968.

With this exception, in our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the Society as at 8 January 2011 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of Matter – going concern

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in note 1 of the financial statements regarding going concern. We consider that this matter should be brought to your attention, but our opinion is not qualified in this respect.

Mr Gary Ritzema (Senior Statutory Auditor)
For and on behalf of O'Reilly, Chartered Accountants

Chartered Accountants
Statutory Auditor
Ullswater House
Duke Street
Penrith
Cumbria
CA11 7LY

Date:

PENRITH CO-OPERATIVE SOCIETY LIMITED
REVENUE ACCOUNT
FOR THE YEAR ENDED 08 JANUARY 2011

		2011			2010
	Notes	£	£	£	As restated £
TURNOVER	1		16,792,343		15,619,636
Less: Value Added Tax			<u>(1,251,665)</u>		<u>(914,244)</u>
NET SALES			15,540,678		14,705,392
Cost of sales	2		<u>(11,077,734)</u>		<u>(10,627,711)</u>
GROSS PROFIT			4,462,944		4,077,681
Administrative expenses	3		<u>(4,163,382)</u>		<u>(3,796,301)</u>
TRADING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS			299,562		281,380
Exceptional Items	25				867,214
Profit on sale of assets			58,705		-
Somerfield integration costs			<u>(207,632)</u>		<u>-</u>
TRADING PROFIT/(LOSS)			150,635		1,148,594
Income from fixed asset investments	5	1,137		1,137	
Interest receivable and similar income	6	8,766		6,912	
Non trading property – net surplus	7	<u>15,153</u>		<u>45,192</u>	
			<u>25,056</u>		<u>53,241</u>
Interest payable and similar charges	8	124,488		117,349	1,201,835
Other finance costs	26	<u>11,000</u>		<u>51,000</u>	
			<u>(135,488)</u>		<u>(168,349)</u>
PROFIT/(LOSS) FOR THE YEAR BEFORE PAYMENTS ON BEHALF OF MEMBERS			40,203		1,033,486
Share interest		7,431		9,060	
Members dividends		80,010		47,278	
Donations		506		1,501	
Death benefits		<u>1,381</u>		<u>2,727</u>	
			<u>(89,328)</u>		<u>(60,566)</u>
PROFIT/(LOSS) BEFORE TAXATION			(49,125)		972,920
Taxation	9		<u>49,126</u>		<u>(156,469)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR			<u>1</u>		<u>816,451</u>

CONTINUING OPERATIONS

None of the Society's activities were acquired or discontinued during the current year or previous year.

PENRITH CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 08 JANUARY 2011

	2011	2010
	£	£
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	1	816,451
Actuarial gain / (loss) Note 26	(100,000)	224,000
Prior year adjustment Note 22	<u>(10,477)</u>	<u>(100,916)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(110,476)</u>	<u>939,535</u>

PENRITH CO-OPERATIVE SOCIETY LIMITED
BALANCE SHEET
08 JANUARY 2011

			2011	2010
	Notes		£	£
FIXED ASSETS				
Intangible assets	10		67,695	85,615
Tangible assets	11		4,442,652	4,461,414
Investments	12		88,338	87,578
Investment property	13		<u>85,272</u>	<u>88,240</u>
			4,683,957	4,722,847
CURRENT ASSETS				
Stocks		640,193	741,051	
Debtors	14	349,281	364,614	
Investments	15	223,921	137,194	
Cash in hand		<u>25,861</u>	<u>43,178</u>	
		1,239,256	1,286,037	
CREDITORS				
Finance Lease Creditor	18	37,000	-	
Bank loans and overdraft	17	541,957	2,092,795	
Creditors – trade & expenses		621,983	737,083	
Sundry creditors	16	217,620	171,778	
Social security and other tax		124,863	211,173	
Corporation tax		-	115,705	
Proposed share interest		<u>3,046</u>	<u>2,311</u>	
		1,546,469	3,330,845	
NET CURRENT LIABILITIES			<u>(307,213)</u>	<u>(2,044,808)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,376,744	2,678,039
CREDITORS DUE AFTER MORE THAN ONE YEAR				
Bank Loan	17	1,662,622	-	
Finance Lease Creditor	18	<u>119,000</u>	-	
			(1,781,622)	-
ACCRUALS & DEFERRED INCOME			(53,634)	(55,218)
NET PENSION LIABILITY			<u>(707,840)</u>	<u>(706,260)</u>
NET ASSETS			<u>1,833,648</u>	<u>1,916,561</u>
CAPITAL AND RESERVES				
Called up share capital	21		836,110	819,024
Profit and loss account	22		<u>997,538</u>	<u>1,097,537</u>
	24		<u>1,833,648</u>	<u>1,916,561</u>

**PENRITH CO-OPERATIVE SOCIETY LIMITED
BALANCE SHEET
08 JANUARY 2011 (contd)**

ON BEHALF OF THE COMMITTEE:

A.R. Beaumont – PRESIDENT

D. Robinson – VICE PRESIDENT

J. Mills – SECRETARY

Approved by the Board and authorised for issue on _____

Company Number – 2854R

PENRITH CO-OPERATIVE SOCIETY LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 08 JANUARY 2011**

			2011		2010
	Notes	£	£	£	£
Net cash inflow from operating activities	1		32,085		392,505
Taxation			(71,766)		10,272
Capital expenditure and financial investment	2		<u>(262,506)</u>		<u>796,180</u>
			(302,187)		1,198,957
Financing	2		<u>101,561</u>		<u>(852,670)</u>
Increase/(Decrease) in cash in the period			<u>(200,626)</u>		<u>346,287</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period			(200,626)	346,287	
Cash inflow/(outflow) from increase in liquid resources		86,727		85,422	
Cash inflow/(outflow) from decrease in debt and lease financing		<u>(84,475)</u>		<u>862,960</u>	
Change in net debt resulting from cash flows			<u>(198,374)</u>		<u>1,294,669</u>
Movement in net debt in the period			(198,374)		1,294,669
Net debt at 10 January 2010			<u>(1,912,423)</u>		<u>(3,207,092)</u>
Net debt at 8 January 2011			<u>(2,110,797)</u>		<u>(1,912,423)</u>

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 08 JANUARY 2011**

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Profit/(deficit) after payments on behalf of members	(49,125)	983,397
Depreciation charges	333,589	302,128
Amortisation	17,920	17,920
Government grants	(1,584)	(1,585)
Decrease / (Increase) in investments	(86,727)	(85,422)
Decrease / (Increase) in stocks	100,858	1,295
Decrease / (Increase) in debtors	20,100	28,800
Increase / (Decrease) in creditors	(154,833)	38,386
Current service cost	35,000	38,000
Contributions	(144,000)	(113,000)
Other finance income / (costs)	11,000	51,000
Profit on disposal of fixed assets	(50,113)	(1,200)
Profit on disposal of investment property	-	(867,214)
Net cash inflow from operating activities	<u>32,085</u>	<u>392,505</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011	2010
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(326,746)	(145,109)
Purchase of fixed asset investments	(760)	-
Purchase of investment property	-	(6,911)
Sale of tangible fixed assets	65,000	1,200
Sale of investment property	-	947,000
Net cash inflow/(outflow) for capital expenditure and financial investment	<u>(262,506)</u>	<u>796,180</u>
Financing		
Loans redeemed in year	84,475	(862,960)
Capital repayments in year	-	-
Share issue	17,086	10,290
Net cash (outflow)/inflow from financing	<u>101,561</u>	<u>(852,670)</u>

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 08 JANUARY 2011**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 09.01.10 £	Cash flow £	At 08.01.11 £
Net cash:			
Cash at bank and in hand	43,178	(17,317)	25,861
Bank overdraft	<u>(334,036)</u>	<u>(183,309)</u>	<u>(517,345)</u>
	<u>(290,858)</u>	<u>(200,626)</u>	<u>(491,484)</u>
Liquid resources:			
Current asset investments	<u>137,194</u>	<u>86,727</u>	<u>223,921</u>
	<u>137,194</u>	<u>86,727</u>	<u>223,921</u>
Debt:			
Bank Loans falling due within one year	(1,758,759)	1,734,147	(24,612)
Finance Leases falling due within one year	-	(37,000)	(37,000)
Bank Loans falling due in over one year	-	(1,662,622)	(1,662,622)
Finance Leases falling due in over one year	<u>-</u>	<u>(119,000)</u>	<u>(119,000)</u>
	<u>(1,758,759)</u>	<u>(84,475)</u>	<u>(1,843,234)</u>
Total	<u>(1,912,423)</u>	<u>(198,374)</u>	<u>(2,110,797)</u>

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

1. ACCOUNTING POLICIES

Going concern

The Society is in the process of selling some of their investment properties to repay bank loans which stood at £1,687,234 at 8 January 2011. The terms of the bank loans are detailed in note 18 to the financial statements, and they and the bank overdraft facility are due for review 23rd July 2011. The Society is dependent on the support of the bank for both the loans and the overdraft, however the Directors are confident that these facilities will be extended.

An actuarial review was performed at 8 January 2011 which revealed a Pension Scheme deficit of £896,000. It is proposed that the Society will continue to make additional special contributions of £100,000 per annum to address this deficit. The Directors believe that the Society will generate sufficient funds to meet this commitment.

Accounting date

The accounts are for a fifty two week period ended 08 January 2011 compared with a period of 52 weeks ended 9 January 2010.

Accounting convention

The financial statements have been prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and applicable accounting standards using the historical cost accounting convention.

Members' payments

Proposed member dividends are not accrued as they do not represent a liability of the company at the balance sheet date. Only member dividends declared before the balance sheet date are included as a finance cost in the revenue account. Share interest payments represent an obligation at the year end and are therefore accrued at the balance sheet date.

Trading results

The results for the year have been computed after allowing for all known charges.

Goodwill

Goodwill is being written off evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land and buildings	- 2.5% on cost
Plant and machinery	- 10% on cost and 20% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on cost
Computers	- 25% on cost

Investment income

Investment income is accounted for on an accruals basis. Dividends are accounted for when received.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a first in first out basis. Net realisable value is based on estimated selling price.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

1. ACCOUNTING POLICIES - continued

right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Unlisted Investments are carried in the balance sheet at the lower of cost and net realisable value. Listed investments are carried in the balance sheet at market value.

Leasing commitments

Assets obtained under finance leases are capitalised as tangible assets, and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account on a straight line basis.

Rentals paid under operating leases are charged to the profit and loss account in the year that the cost accrues. The future commitment relating to operating leases is based upon the minimum amounts payable.

Pensions

The company operates a defined benefit pension scheme. The regular pension cost is charged to the profit and loss account and is based on the expected pension costs over the service life of the employees. The current pension deficit is spread in the profit and loss account over the remaining service lives of current employees.

Government grants

Revenue grants are credited in the year in which they accrue. Capital grants are treated as deferred income released to the revenue account over the anticipated working life of the relevant asset.

Turnover

Turnover represents cash sales, goods sold on credit and value added tax. All turnover arose from trading in the UK.

Investment properties

Investment properties are those which are rented (or available to rent) to third parties. Investment properties are carried at cost and depreciated over 40 years on a straight line basis.

Holiday pay

For employees who commenced employment on or before 1 April 1998, the Society accrues for the cost of outstanding holiday entitlement. These employees were required to accrue one year of their annual holiday entitlement before taking any holiday. The required accrual is calculated by multiplying one year of their annual holiday entitlement for each employee by their current daily pay rate.

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

2. COST OF SALES

Cost of goods sold is stated after deducting trade dividends of £81,522 and trade commissions of £744,930.

3. EXPENSES

Expenses comprised:	2011	2010
	£	£
Personnel costs (note 4)	2,660,644	2,441,500
Occupancy costs	709,568	613,744
Depreciation – owned assets	330,241	299,161
Depreciation – assets held under finance leases or hire purchase contracts	380	-
Operating lease rentals – vehicles and plant	16,406	5,829
- land and buildings	49,141	18,023
Amortisation	17,920	17,920
Auditors' remuneration - statutory audit	7,800	7,500
- other	-	4,500
Directors' fees	12,818	1,718
Amortisation written off investments	(1,069)	2,235
Other expenses (net)	350,941	385,371
Loss/(Profit) on disposal of assets	8,592	(1,200)
	<hr/>	<hr/>
	4,163,382	3,796,301

4. EMPLOYEES

The average number of employees was:	2011	2010
Full-time	123	117
Part-time	143	134
	<hr/>	<hr/>
	266	251

The costs in respect of these employees were:

	£	£
Salaries and wages	2,466,120	2,250,610
Social security costs	148,423	140,520
Pension costs	35,468	49,220
Staff training	10,633	1,150
	<hr/>	<hr/>
	2,660,644	2,441,500

5. INCOME FROM FIXED ASSET INVESTMENTS

	2011	2010
	£	£
Unlisted	<hr/>	<hr/>
	1,137	1,137

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

6.	INTEREST RECEIVABLE AND SIMILAR INCOME	2011	2010
		£	£
	Income from current asset investments		
	- listed	594	594
	- unlisted	4,897	4,816
	Entrance fees	3,275	916
	Other interest	<u>-</u>	<u>586</u>
		<u>8,766</u>	<u>6,912</u>
7.	NON-TRADING PROPERTY SURPLUS	2011	2010
		£	£
	Rents receivable	26,485	55,739
	Depreciation	(2,968)	(2,967)
	Other expenses	<u>(8,364)</u>	<u>(7,580)</u>
		<u>15,153</u>	<u>45,192</u>
8.	INTEREST PAYABLE AND SIMILAR CHARGES	2011	2010
		£	£
	Bank overdraft interest	14,022	20,310
	Finance lease interest	10,255	-
	Loan interest	67,306	80,039
	Bank arrangement fees	24,950	17,000
	Other interest payable	<u>7,955</u>	<u>-</u>
		<u>124,488</u>	<u>117,349</u>
9.	TAXATION		
	The tax (credit)/charge on the profit on ordinary activities for the period was as follows:		
		2011	2010
		£	£
	Corporation tax – current year	-	115,809
	– prior years	(48,706)	-
	Deferred tax:		
	Pension scheme related deferred tax (assets)/liabilities	<u>(420)</u>	<u>40,660</u>
		<u>(49,126)</u>	<u>156,469</u>

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS*
FOR THE YEAR ENDED 08 JANUARY 2011**

9. TAXATION - continued

Factors affecting the tax charge/(credit)

The tax charge assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2011	2010
	£	£
Profit/(loss) on ordinary activities before tax	<u>(49,125)</u>	<u>983,397</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 – 28%)	(13,755)	275,351
Effects of:		
Expenses not deductible for tax purposes	(23,933)	(6,556)
Benefit of small company rate	-	(17,819)
Capital allowances in advance of depreciation	(21,169)	(38,301)
Franked investment income	(38)	(38)
Chargeable gain	(2,657)	(96,828)
Finance lease rentals	2,734	-
Tax on trading losses carried back to previous year	<u>58,818</u>	<u>-</u>
Current tax charge/(credit)	<u>-</u>	<u>115,809</u>

The Society has tax losses of £683,079 (2010 £683,079) available to carry forward against future trading profits.

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 10 January 2010	179,200
at 08 January 2011	<u> </u>
AMORTISATION	
At 10 January 2010	93,585
Amortisation for year	<u>17,920</u>
At 08 January 2011	<u>111,505</u>
NET BOOK VALUE	
At 08 January 2011	<u>67,695</u>
At 9 January 2010	<u>85,615</u>

PENRITH CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011

11. TANGIBLE FIXED ASSETS

	Freehold Land and buildings £	Plant and machinery £	Fixtures and fittings £
COST			
At 10 January 2010	5,040,612	1,104,542	1,161,522
Additions	33,947	12,438	63,735
Disposals	<u>(10,340)</u>	<u>(128,875)</u>	<u>-</u>
At 08 January 2011	<u>5,064,219</u>	<u>988,105</u>	<u>1,225,257</u>
DEPRECIATION			
At 10 January 2010	1,181,257	830,774	838,845
Charge for year	125,758	109,519	88,638
Eliminated on disposal	<u>(4,045)</u>	<u>(120,283)</u>	<u>-</u>
At 08 January 2011	<u>1,302,970</u>	<u>820,010</u>	<u>927,483</u>
NET BOOK VALUE			
At 08 January 2011	<u>3,761,249</u>	<u>168,095</u>	<u>297,774</u>
At 9 January 2010	<u>3,859,355</u>	<u>273,768</u>	<u>322,677</u>
	Motor vehicles £	Computer Equipment £	Totals £
COST			
At 10 January 2010	93,445	-	7,400,121
Additions	-	216,626	326,746
Disposals	<u>-</u>	<u>-</u>	<u>(139,215)</u>
At 08 January 2011	<u>93,445</u>	<u>216,626</u>	<u>7,587,652</u>
DEPRECIATION			
At 10 January 2010	87,831	-	2,938,707
Charge for year	2,807	3,899	330,621
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(124,328)</u>
At 08 January 2011	<u>90,638</u>	<u>3,899</u>	<u>3,145,000</u>
NET BOOK VALUE			
At 08 January 2011	<u>2,807</u>	<u>212,727</u>	<u>4,442,652</u>
At 9 January 2010	<u>5,614</u>	<u>-</u>	<u>4,461,414</u>

Included above in computer equipment are assets held under finance leases as follows –

	2011	2010
Net book value	£184,620	-
Depreciation charge in the year	£380	-

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

12.	FIXED ASSET INVESTMENTS	2011	2010
		£	£
	Shares (Industrial and Provident Societies)	67,760	67,240
	Shares (Other bodies)	578	338
	Debenture stock (Other bodies)	<u>20,000</u>	<u>20,000</u>
		<u>88,338</u>	<u>87,578</u>
13.	INVESTMENT PROPERTY		Total
			£
	COST		
	At 10 January 2010		121,345
	Additions		-
	Disposals		<u>-</u>
	At 08 January 2011		<u>121,345</u>
	DEPRECIATION		
	At 10 January 2010		33,105
	Charge for year		2,968
	Eliminated on disposal		<u>-</u>
	At 08 January 2011		<u>36,073</u>
	NET BOOK VALUE		
	At 08 January 2011		<u>85,272</u>
	At 9 January 2010		<u>88,240</u>

**PENRITH CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

**14. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2011	2010
	£	£
Member and other debts	281,514	316,125
Hire purchase	<u>16,510</u>	<u>19,174</u>
	298,024	335,299
Provision for doubtful debts	<u>(12,506)</u>	<u>(17,501)</u>
	285,518	317,798
Corporation tax debtor	4,767	-
Expenses prepaid and other debtors	<u>58,996</u>	<u>46,816</u>
	<u>349,281</u>	<u>364,614</u>

15. CURRENT ASSET INVESTMENTS

	2011	2010
	£	£
Corporate Investor Shares	208,958	122,540
Government Securities	12,345	12,036
Building Society Deposits	<u>2,618</u>	<u>2,618</u>
	<u>223,921</u>	<u>137,194</u>

The market value of the Government Securities at the year end was £12,345 (2010: £12,036).

**16. SUNDRY CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2011	2010
	£	£
Accrued charges and other creditors	<u>217,620</u>	<u>171,778</u>

17. LOANS

	2011	2010
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	517,345	334,036
Bank loans	<u>24,612</u>	<u>1,758,759</u>
	<u>541,957</u>	<u>2,092,795</u>

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

17. LOANS (cont'd)

	2011	2010
Amounts falling due within more than one year :		
Bank Loans	<u>1,622,622</u>	<u>-</u>
An analysis of the maturity of loans is given below:		
Wholly repayable within five years not by instalments	1,000,000	2,092,795
Repayable after more than five years by instalments	<u>687,234</u>	<u>-</u>
	1,687,234	2,092,795
Included in current liabilities	<u>(24,612)</u>	<u>(2,092,795)</u>
	<u>1,662,622</u>	<u>-</u>
Repayable -		
In more than one year but not more than two years	25,614	-
In more than two years, but not more than five years	1,082,438	-
In more than five years	<u>554,570</u>	<u>-</u>
	<u>1,662,622</u>	<u>-</u>

The bank loans are due for review 23rd July 2011.

The loans consist of

- £1 million interest-only loan, repayable 24th August 2015, with interest charged at a fixed rate of 5.375%, and
- £687,234 variable rate loan, repayable in instalments by 23 July 2020 with interest charged at 3% over the bank base rate.

18. SECURED DEBTS

The following secured debts are included within creditors:

	2011	2010
	£	£
Bank overdrafts	517,345	334,036
Bank loans	1,687,234	1,758,759
Finance lease contracts	<u>156,000</u>	<u>-</u>
	<u>2,360,579</u>	<u>2,092,795</u>

The finance leases are secured on the underlying assets, being the computer EPOS system and are repayable within five years.

The bank loans are secured by the following:

- i) 1st legal charge over the registered freehold property 12 to 33 Burrowgate, Penrith, CA11 7TD dated 9 January 2008 and
- ii) Solicitors undertaking to remit sales proceeds less the costs of sale, being the legal fees and the estate agents fees, of properties at:
 - 23 Front Street, Wearhead
 - Pennine Road, Halton Lea Gate
 - The Flat, 35 Front Street, Stanhope
 - 1-2 Dodding House, Hunter Lane
 - South View, Lazonby
 - Store House, Pennine Road, Halton Lea Gate
 - Flat above store, Pennine Road, Halton Lea Gate

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

19. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax for which provision has been made in the financial statements is as follows:

	Provided		Not provided	
	2011	2010	2011	2010
	£	£	£	£
Accelerated Capital Allowances	-	-	45,458	30,792
Losses	-	-	<u>(143,447)</u>	<u>(145,415)</u>
	-	-	<u>(97,989)</u>	<u>(114,623)</u>

The pension scheme related deferred tax asset has been provided as it is assumed that the tax benefit of the scheme deficit will be received before that of the brought forward tax losses.

20. ACCRUALS AND DEFERRED INCOME

	2011	2010
	£	£
Deferred government grants:		
Brought forward	55,218	56,802
Released in year	<u>(1,584)</u>	<u>(1,584)</u>
Carried forward	<u>53,634</u>	<u>55,218</u>

21. SHARE CAPITAL

	2011	2010
	£	£
The movement in share capital during the year was as follows:		
At beginning of year	819,024	808,734
Contributions	51,382	43,904
Members dividend	80,010	47,278
Interest	<u>6,696</u>	<u>17,007</u>
	957,112	916,923
Withdrawals	<u>(121,002)</u>	<u>(97,899)</u>
At end of year	<u>836,110</u>	<u>819,024</u>

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011**

22. RESERVES

	Profit and loss account £
At 10 January 2010 as previously reported	1,108,014
Prior Year Adjustment	(10,477)
Balance at 10 January 2010 as restated	<u>1,097,537</u>
Loss for the year	1
Actuarial gain on pension scheme assets	<u>(100,000)</u>
At 8 January 2011	<u>997,538</u>

The prior year adjustment relates to an overstatement of a corporation tax debtor of £10,477 in the previous year.

23. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

24. RECONCILIATION OF MOVEMENTS IN RESERVES

	2011	2010
	£	£
Profit/(Loss) for the financial year	1	816,451
Other recognised gains and (losses) relating to the year (net)	(100,000)	224,000
Movement in share capital	<u>17,086</u>	<u>10,290</u>
Net increase/(reduction) of reserves	(82,913)	1,050,741
Opening reserves	<u>1,916,561</u>	<u>865,820</u>
Closing reserves	<u>1,833,648</u>	<u>1,916,561</u>

PENRITH CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011

25. **EXCEPTIONAL ITEMS**

	2011	2010
	£	£
Profit on sale of properties	58,705	867,214
Integration costs in relation to Somerfield	<u>(207,632)</u>	<u>-</u>
	<u>(148,927)</u>	<u>867,214</u>

The tax effect of the above profit on sale of property of £58,705 is to reduce the tax losses available for carry back against the previous year's income by £47,799, being the amount of the chargeable gain in relation to this sale. The effect of the above integration costs in relations to Somerfield is to increase the tax losses available for carry back against the previous year's income by £207,632.

26. **PENSION COMMITMENT**

The company operates a defined benefit fund in the UK (the Penrith Co-operative Society Limited Employees' Superannuation Fund), the assets of which are held in a separate fund administered by trustees. A full actuarial valuation of the scheme was carried out at 31 March 2008, and updated to 8 January 2011, by a qualified independent actuary. The service cost has been calculated using the Projected Unit method.

	At 8/01/11	At 10/01/10
	£,000	£'000
Change in benefit obligation		
Benefit obligation at beginning of year	3,255	3,003
Current service cost	35	38
Interest cost	178	173
Plan participants' contributions	38	43
Past service costs	-	-
Actuarial (gains)/losses	192	127
Benefits paid	<u>(121)</u>	<u>(129)</u>
Benefit obligation at end of year	3,577	3,255
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	3,577	3,255
Plans that are wholly unfunded	<u>-</u>	<u>-</u>
Total	3,577	3,255
Change in plan assets		
Fair value of plan assets at beginning of year	2,361	1,861
Expected return on plan assets	167	122
Actuarial gains/(losses)	92	351
Employer contribution	144	113
Member contributions	38	43
Benefits paid	<u>(121)</u>	<u>(129)</u>
Fair value of plan assets at end of year	2,681	2,361

PENRITH CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 08 JANUARY 2011

26. PENSION COMMITMENTS - continued

	At 8/01/11 £000	At 10/01/10 £000
Funded status	(896)	(894)
Unrecognised past service cost (benefit)	-	-
Total amount recognised (before deferred tax)	(896)	(894)
Deferred tax @ 21% (21%)	188	188
Net amount recognised	(708)	(706)
Components of pension cost	Year to 8/01/11 £000	Year to 10/01/10 £000
Current service cost	35	38
Interest cost	178	173
Expected return on plan assets	(167)	(122)
Past service cost	-	-
Total pension cost recognised in the profit and loss account	46	89
Actuarial (gains)/losses immediately recognised	100	(224)
Effect of surplus cap	-	-
Total pension cost recognised in the STRGL	100	(224)
Cumulative amount of actuarial (gains)/losses immediately recognised	900	800

Plan assets

The weighted-average asset allocation at the year-end were as follows:

<u>Asset category</u>	Plan assets at 8/01/11	Plan assets at 10/01/10
Equities	71%	71%
Bonds (incl. cash)	29%	29%
	100%	100%

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 7% assumption.

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 8 JANUARY 2011**

26. PENSION COMMITMENTS - continued

	Year to	Year to
	8/01/11	10/01/10
	£000	£000
Actual return on plan assets	259	473

Weighted average assumptions used to determine benefit obligations at:

	8/01/10	11/01/10	10/01/09
Discount rate	5.40%	5.50%	5.80%
Rate of compensation increase	3.90%	3.80%	4.20%
Rate of increase of pensions in payment (5% LPI)	3.20%	3.30%	3.20%
Rate of increase of pensions in payment (2.5% LPI)	2.25%	2.40%	2.40%
Rate of increase of pensions in deferment	3.40%	3.30%	3.20%
Inflation	3.40%	3.30%	3.20%

Weighted average assumptions used to net pension cost for year ended:

	8/01/10	11/01/10
Discount rate	5.50%	5.80%
Expected long-term return on plan assets	7.00%	6.50%
Rate of compensation increase	3.80%	4.20%
Rate of increase of pensions in payment (5% LPI)	3.30%	3.20%
Rate of increase of pensions in payment (2.5% LPI)	2.40%	2.40%
Inflation	3.30%	3.20%

Weighted average life expectancy for mortality tables used to determine benefit obligations at 8 January 2011:

	Male	Female
Member age 65 (current life expectancy)	20.9	24.1
Member age 45 (life expectancy at age 65)	22.7	26.0

Five year history

	Financial year ending in				
	2011	2010	2009	2008	2007
Benefit obligation at end of year	3,577	3,255	3,003	3,260	3,165
Fair value of plan assets at end of year	2,681	2,361	1,861	2,186	2,095
Surplus / (deficit)	(896)	(894)	(1,142)	(1,074)	(1,070)
Difference between actual and expected return on scheme assets:					
amount (£000)	92	351	(470)	(83)	31
percentage of scheme assets	3%	15%	-25%	-4%	1%
Experience gains and (losses) on scheme liabilities:					
amount (£000)	-	-	-	5	5
percentage of scheme liabilities	0%	0%	0%	0%	0%

Contributions

The Society expects to contribute £130,000 to its pension plan in 2011.

PENRITH CO-OPERATIVE SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 8 JANUARY 2010**

27. FINANCIAL COMMITMENTS

As at 8 January 2011, the Society was committed to making the following payments under non-cancellable operating leases in the year to 8 January 2012.

	2011		2010	
	Land and Buildings	Other	Land and Buildings	Other
Operating leases which expire :				
Within one year	-	-	-	-
In the second to fifth year	-	17,137	-	12,751
After five years	<u>44,276</u>	<u>-</u>	<u>17,500</u>	<u>-</u>
	<u>44,276</u>	<u>17,137</u>	<u>17,500</u>	<u>12,751</u>

28. RELATED PARTY TRANSACTIONS

During the year, Alan Little received payment of £21,170 for non-board related services.

29. PENSION FUND LEGAL CHARGE

The trustees of the Penrith Co-operative Society Employees' Superannuation Fund have taken out a legal charge over the freehold properties at Shap and Keswick dated 22nd March 2010.

PENRITH CO-OPERATIVE SOCIETY LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 08 JANUARY 2011

	2011		2010	
	£	£	£	£
Sales		15,540,678		14,705,392
Cost of sales:				
Purchases		<u>11,077,734</u>		<u>10,627,711</u>
GROSS PROFIT		4,462,944		4,077,681
Other income:				
Rents received	26,485		55,739	
Capital grant released	1,585		1,585	
Unlisted investment income	6,034		5,953	
Listed investment income	594		594	
Other income	-		(59)	
Other interest received	-		586	
Entrance fees	<u>3,275</u>		<u>916</u>	
		<u>37,973</u>		<u>65,314</u>
		4,500,917		4,142,995
Expenditure:				
Administrative salaries	2,466,120		2,250,610	
Social security costs	148,423		140,520	
Superannuation	35,468		49,220	
Redundancies	37,229		-	
Staff discount	2,077		-	
Staff training	10,633		1,150	
Telephone & fax	25,308		23,085	
Printing, postage & stationery	47,305		47,367	
Advertising	73,143		59,271	
Point of sale expenses	9,635		18,078	
Trade commissions receivable	(47,847)		(32,225)	
Motor running expenses	47,049		60,872	
Licences & insurance	56,405		50,656	
Trade subscriptions	11,042		11,394	
Repairs & renewals	175,302		128,012	
Rent payable	32,307		18,023	
Cleaning & sundries	89,260		96,096	
Auditors' remuneration	7,800		12,000	
Committee fees	12,818		1,718	
Legal & professional fees	101,929		85,263	
Depreciation	330,621		299,161	
Depreciation: Investment Property	2,968		2,967	
Rental Property Expenses	8,364		7,580	
Amortisation	17,920		17,920	
Work wear	8,641		8,898	
Rates	116,186		96,585	
Light & heat	240,108		242,395	
Donations	506		1,501	
Death benefits	1,381		2,727	
Management charge	13,815		15,678	
(Profit)/loss on sale of tangible fixed assets	<u>8,592</u>		<u>(1,200)</u>	
		<u>4,090,508</u>		<u>3,715,322</u>
Carried forward		410,409		427,673

PENRITH CO-OPERATIVE SOCIETY LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
Year Ended 08 January 2011

	2011		2010	
	£	£	£	£
Brought forward		410,409		427,673
Finance costs:				
Bank overdraft interest	14,022		20,310	
Finance lease charges	10,255		-	
Overdraft renewal fee	8,000		-	
Share interest	7,431		9,060	
Bank charges	30,253		32,133	
Credit card charges	58,494		58,278	
Bad debts	-		4,634	
Dividends	80,010		47,278	
Loan interest	67,306		80,039	
Loan arrangement fee	16,950		17,000	
Other interest paid	7,955		-	
		300,676		268,732
NET PROFIT/(LOSS)		109,733		158,941
Other finance income/costs:				
Expected return on pension scheme assets	167,000		122,000	
Interest on pension scheme liabilities	(178,000)		(173,000)	
		(11,000)		(51,000)
		98,733		107,941
Amounts written off investments				
Amounts written off investments		1,069		(2,235)
		99,802		105,706
Exceptional items				
Profit on sale of assets		58,705		867,214
Somerfield integration costs		(207,632)		-
NET PROFIT/(LOSS)		(49,125)		972,920