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Central Board of Directors, Officers & Advisors

President Mr John P Cronan (10)

Vice President Mr David Moon Snr (10)

Minute Secretary Mr James Duffy (9)

Directors

Mr J Anderson (2) (*Appointed May 2001*)

Mr R Brown (10)

Mr H Cairney (8)

Mrs J Cronan (10)

Mr J Gilchrist (10)

Mr G Hill (4) (*Resigned March 2001*)

Mr J Hill (7)

Mrs M Hume (10)

Mr P Kane (10)

Mrs C Kerr (8)

Mr G Manderson (10)

Mrs A Middleton (9) (*Resigned June 2001*)

Mr D Moon Jnr (10)

Mr H Smallman (10)

Mr D Todd (6) (*Replaced May 2001*)

Mr J Watson (1) (*Appointed June 2001*)

Mrs M Wilkinson (8)

Miss A Williamson (10)

10 Board meetings held.

The figure after each name indicates the number of meetings attended.

Officers and Advisors

Chief Executive Officer and Secretary Mr Colin S Bird, FFA

Depute Chief Executive

and Head of Finance Mr John R Brodie, CA

Auditors Deloitte & Touche

Bankers Royal Bank of Scotland plc

Registered Office 92 Fountainbridge, Edinburgh, EH3 9QE

Directors' Report

The key features of the first 32 weeks of our financial year are detailed in the following report. The year to date has again been an eventful period. The revenue account shows a modest improvement in operating surplus but with reduced exceptional costs and financing charges there is a significant increase in transfer to reserves of over 70%. The financial standing of the Society as shown in the balance sheet continues to show an impressive position with net assets in excess of £69 million, an increase of around £4m since this report last year.

Retail

Following a major restructuring of roles and responsibilities, Food and Semi-Chem have been brought together under the umbrella of Retail. Both are to benefit from the synergies this brings and from proposed major investment in technology. This investment has commenced with the development of a Sales Based Ordering System which will be rolled out to both Food and Semi-Chem branches once testing is complete. Benefits arising from this system are widespread but primarily it will aid the branches to ensure optimum availability to customers at all times.

Food

Performance has been satisfactory despite the effects of the foot and mouth outbreak at the start of the period. Sales are ahead of last year at this time. A pilot regeneration programme designed to counteract the increased competition in the Edinburgh area has recently commenced and is showing positive results. The Sales Based Ordering System is now in operation for ambient products in the test branch and this is showing very strong sales growth this year. The next phase involving a further seven branches will be implemented prior to Christmas trading.

Semi-Chem

Sales growth in certain areas of Scotland has proved difficult this year due to additional competition however Northern Ireland has delivered excellent sales which are well ahead of expectation. The warehouse under new management is constantly looking to improve its service level and this ultimately will have a positive effect on sales. The facility continues to allow for significant expansion of the branch network.

The retail department is looking forward to a strong Christmas campaign.

Funeral

The Funeral Department has had a good start to the year with very positive sales figures particularly in Broxburn and Fountainbridge. The earlier restructuring of the department is clearly starting to generate results and the focus on providing affordable dignity to customers is succeeding.

Property Department

The Property Department has recently completed its first major development project with the conversion of the vacant space above an Edinburgh food store into 12 luxury residential flats which have now been let. Also during the period a joint venture has been set up with Miller Ventures to develop two specified sites. Joint ventures have the advantage of bringing significant development expertise within our reach which should help achieve maximum potential from selected locations within the Property portfolio.

Directors' Report

Service Departments

The head office departments continue to provide vital support to the trading functions of the Society. The systems developments currently being undertaken involve multi disciplinary consultation across all service departments. The IT Department has been key to many of the developments and has an ambitious programme of work scheduled.

A collaboration between Corporate Affairs and IT has resulted in the Scotmid website going on line. This is currently used for advertising promotions, properties and job vacancies.

Development of staff

The Scotmid Chair in Retailing at Caledonian University, created in the latter part of last year is providing both an important source of market information and an excellent platform to develop managers. Many are actively involved in programmes this year.

Investors in People status has been awarded to Human Resources, Property and Development services and other departments will be seeking this award in the near future.

Community Activities

Chest Heart and Stroke Scotland has been nominated as the charity of the year for 2001 and fundraising activities have been taking place in all areas of the Society.

During the period a Members Relations Officer was appointed and this role will provide closer links with members in the community and also recruit new members.

Appreciation

The directors wish to thank our members, customers and staff for their continued support and look forward to a successful Christmas trading period.

Interim Statement of Group Trading Activities

	32 weeks to 8 September 2001 £'000	32 weeks to 9 September 2000 £'000
Turnover		
Total turnover	<u>132,028</u>	<u>130,812</u>
Profit		
Trading profit	2,911	2,904
Exceptional items	<u>(15)</u>	<u>(664)</u>
Profit before interest	2,896	2,240
Net interest payable	<u>(777)</u>	<u>(943)</u>
Profit before distributions	2,119	1,297
Share interest	(76)	(74)
Grants and donations	<u>(31)</u>	<u>(45)</u>
Profit before taxation	<u>2,012</u>	<u>1,178</u>
Net Assets		
Fixed assets	82,700	83,896
Net current liabilities	(1,211)	(3,679)
Long term liabilities	(12,402)	(14,840)
Net assets	<u>69,087</u>	<u>65,377</u>
Cash Flow		
Inflow from operating activities	5,399	4,246
Net interest paid	(884)	(1,063)
Corporation tax (payment)/refund	(100)	33
(Purchase)/sale of investments	113	(58)
Capital expenditure	(4,206)	(4,169)
Proceeds from sales of fixed assets	1,669	1,926
Acquisitions	0	(1,496)
Increase/(decrease) in members' share capital	92	(29)
Decrease in short term loans	0	(19)
(Increase)/reduction in net debt	<u>2,083</u>	<u>(629)</u>
Net Debt		
Opening net debt	(14,446)	(14,479)
(Increase)/reduction in period	2,083	(629)
Closing net debt	<u>(12,363)</u>	<u>(15,108)</u>

Notes to the Interim Statement

1. The financial information does not constitute statutory accounts and is not audited.
2. The interim statement has been prepared on the basis of the accounting policies set out in the year ended 27 January 2001 Annual Report and Accounts.
3. No provision has been included in the net assets statement for any possible tax charge, either current or deferred, which may arise.

Notice of Meeting and Agenda of Business

Notice is hereby given that an Ordinary General Meeting of the Society will be held on Monday, 5 November 2001 at 7 p.m. at the following places: **The Gorgie Suite, Tynecastle Park, Gorgie Road, Edinburgh; Motherwell Football Club, Fir Park, Motherwell** and also on Tuesday, 6 November 2001 at the **Rainbow Theatre, Montrose** at 7 p.m.

Agenda of Business

1. Synopsis of Minutes of Annual General Meeting held on 7/8 May 2001.
2. Obituary References.
3. Directors' Report/Interim Accounts.
4. Appointment of Tellers.
5. Nominations for Area Committees:-
 - East Area**
 - 6 Members to serve for 3 years
 - 1 Member to serve for 2 years
 - West Area**
 - 6 Members to serve for 3 years
 - 4 Members to serve for 1 year
 - North Area**
 - 1 Member to serve for 3 years
6. Nominations for Education Committees:
 - East Area Education Committee** - 2 Members to serve for 3 years
 - West Area Education Committee** - 2 Members to serve for 3 years
7. Nomination and Election of Members' Delegates to Co-operative Party Annual Conference 2002
 - East Area** - 1 Delegate
 - West Area** - 1 Delegate
 - North Area** - 1 Delegate
8. Education Committees' Reports.
9. Society Co-operative Party Council Report.
10. Report by Member's Delegate on attendance at Co-operative Party Annual Conference, Edinburgh, 15/16 September 2001.
11. General Business.

At the conclusion of the General Meeting of Members, a Special Meeting of Members will be held to consider and if thought fit, adopt an amendment to the Society's Rules to incorporate an All Employee Share Ownership Plan.

Admission to General Meeting

Members will be admitted to the General Meeting by presenting their Share Books showing the minimum qualification of £1.00 shareholding deposited prior to 27 January 2001.

The next General Meeting (Annual General Meeting) will be held on Monday, 6 May 2002 at Edinburgh and Bathgate and on Tuesday, 7 May 2002 at Montrose.

Synopsis of Previous Meeting

Annual General Meeting of Members of Scottish Midland Co-operative Society Limited held at the Gorgie Suite, Tynecastle Park, Gorgie Road, Edinburgh and Motherwell Football Club, Fir Park, Motherwell on Monday, 7 May 2001 and at the Rainbow Theatre, Montrose, on Tuesday, 8 May 2001.

Mr John P Cronan, President of the Society, presiding at Edinburgh and Montrose.

Mr David Moon Snr, Vice President of the Society, presiding at Motherwell.

1. Synopsis of Minutes of Ordinary General Meetings held on 6 and 7 November 2000 was submitted and adopted.
2. Obituary References.
3. The Directors' Report and Annual Accounts were accepted.
4. The following Tellers were appointed:-
 - (East Area) Mrs Swift, Mrs Duffy and Mrs Nisbett
 - (West Area) Mrs Gilchrist, Mr Smith and Mrs Kane
5. Election of Members of Area Committees
 - East Area**
 - 6 Members to serve for 3 years
 - Mr J Cronan, Mr R Brown, Mr J Hill, Mrs C Kerr, Mr G Manderson and Mr D Paterson.
 - 1 Member to serve for 2 years
 - Mr F Murphy
 - West Area**
 - 6 Members to serve for 3 years
 - Mr T McKnight, Mr J Middleton, Mr R Kelt, Mr J Watson, Mr D McGrouther and Mr M Clark.
 - North Area**
 - 1 Member to serve for 3 years
 - Mrs A Anderson.
6. Election of Members of Education Committees
 - East Area**
 - 2 Members to serve for 3 years
 - Mr J MacKenzie.
 - West Area**
 - 1 Member to serve for 3 years
 - Mrs E Moon.
7. Nomination and Election of Members' Delegates to Co-operative Group Half Yearly Meeting, October 2001
 - East Area** - 2 Delegates
 - Mr S Kerr and Mr J MacKenzie.
 - West Area** - 2 Delegates
 - Mr P Smith and Mrs M Moon.
 - North Area** - 2 Delegates
 - Mr D Begg and Mr F Wood.
8. Synopses of Minutes of Board Meetings were accepted.

Synopsis of Previous Meeting

9. Agreed to 15% increase in remuneration of Office Bearers and Directors as recommended by Central Board.
10. Agreed to status quo in the scale of fees for Directors' Delegations as recommended by Central Board.
11. Agreed to give authority to Central Board to decide remuneration for Auditors.
12. The following reports were submitted and approved:-
Education Committees; Society Co-operative Party Council; Report by Members' Delegates on attendance at CWS Half Yearly Meeting.
13. Under general business, questions were raised and satisfactorily answered.

Standing Orders for Ordinary and Special Meetings

1. Notice of motion, other than alterations of Rules, for inclusion in agenda of business must be in the hands of the Secretary twenty-one days before date of meeting.
2. Notice of any proposed new rule or alteration or repeal of an existing rule must be submitted in writing to the Secretary 42 days before the Annual Meeting or any Special Meeting called for the purpose.
3. Movers of motions shall be allowed five minutes but shall not introduce new matters.
4. Any Member may move, without debate “that the question be now put”, and if seconded, the motion shall be put forthwith.
5. No Member may speak twice on the same subject. Should a Member, however, persist in speaking more than once, thereby causing disruption, or make interjection during the discussion he shall be named by the Chairman and forbidden to take part in any further business on the Agenda, either by vote or speech.
6. Any Member may speak on a point of order, and the Member who was speaking must resume his seat until the Chairman has decided the point of order.
7. All questions of order, and questions arising out of debate or irrelevance to the question under discussion shall be decided by the Chairman. His decision shall be final unless same is challenged. In the event of such a challenge a vote of the Members present shall be taken, and the Chairman’s decision shall be overturned if two-thirds of the votes cast are against the Chairman’s decision.
8. If disorder should arise, the Chairman, acting on his discretion, may quit the chair and announce the adjournments of the meeting, and by that announcement the meeting is immediately adjourned, and no business subsequently transacted will be valid.
9. A motion once carried shall not be rescinded at any meeting without three months notice.
10. Where a negative is expressed against a motion or resolution, the Chairman shall declare an authoritative “For and Against” vote and no amendment shall be valid.
11. These Standing Orders may be suspended at any time at any meeting provided that two-thirds of the members present and voting decide in favour of the course.

Notes

Area Committees

East

Mr J P Cronan (Chairman) (6), *Miss A Williamson (Vice Chairman) (6), Mr J Duffy (Minute Secretary) (6), Mr H Smallman (Treasurer) (5), Mr R Brown (5), *Mr H Cairney (2), Mrs J Cronan (6), Mr G Hill (*resigned March 2001*) (2), Mr J Hill (4), *Mr D Jamieson (4), Mrs C Kerr (4), *Mr J Lynch (6), #Mr G Manderson (6), Mr F Murphy (*Elected May 2001*) (1), Mr G O'Brien (5), Mr D Paterson (5), Mr R Robinson (*resigned July 2001*) (6), Mrs G Smallman (5), †Mrs M Wilkinson (*not seeking re-election*) (6)

6 meetings held.

West

#Mr D Moon Snr (Chairman) (6), *Mr P Kane (Vice Chairman) (6), Mr T McKnight (Minute Secretary) (4), *Mr J Gilchrist (Treasurer) (6), *Mr I Bailey (6), Mr D Bryson (*left June 2001*) (2), Mr M Clark (*elected May 2001*) (1), *Mr P Devenney (6), Mr A Dewson (3), #Mrs M Flynn (2), *Mrs M Hume (6), Mr R Kelt (6), Mr David McGrouther (*elected May 2001*) (0), Mrs A Middleton (*resigned June 2001*) (5), Mr J Middleton (6), Mr D Moon Jnr (6), *Mr J Reid (6), Mr J Watson (4)

6 meetings held

North

Mr J Anderson (Chairman) (6), #Mr R Gilbert (Vice Chairman) (6), Mrs M Smith (Treasurer and Minute Secretary) (5), Mrs A Anderson (*Elected May 2001*) (1), Mrs E Morton (5), Mr D Todd (6)

6 meetings held

Those marked * retire by rotation and are eligible for re-election. Those marked # retire under the Age Rule and are not eligible for re-election. Those marked † are not seeking re-election

Education Committees

East

Mr D Crombie (Chairman), *Mr S Kerr (Secretary), Mr J MacKenzie, *Mrs J Reid, Miss H Syme

West

Mrs M Ross (Chairman), Mrs E Moon (Secretary), Mrs J Hill, *Mrs A Milne, Mrs M Moon, *Mrs H Smith