

Bira Trading Limited
Financial Statements
For the Year Ended
31 December 2022

BEEVER AND STRUTHERS

Chartered accountants & statutory auditor
The Beehive
Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS



Bira Trading Limited

Financial Statements

Year Ended 31 December 2022

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Bira Trading Limited

Officers and Professional Advisers

The Board of Directors

W D Coe
A J Goodacre
M A Hughes
S P S Josan
C G Lachlan
B A Long
J T Moody
C J Patterson
C L Leigh
S Leader
A J J Jones
H F L Stirling-Baker
G R Marsh
A Roades Pankhurst
J Shah

Registered Office

225 Bristol Road
Egbaston
Birmingham
West Midlands
England
B5 7UB

Auditor

Beever and Struthers
Chartered accountants & statutory auditor
The Beehive
Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

Bira Trading Limited

Strategic Report

Year Ended 31 December 2022

Review of business

The principal activity of the company is that of a retail trade organisation. The company has investments in a buying company (Bira Direct Limited) and a co-operative buying Group (MICA DIY Limited).

During the period of trading from 1 January 2022 to 31 December 2022 the company had revenue of £1.541m (2021: £1.789m) and delivered a gross profit of £1.425m (2021:£1.660m) as shown in the attached statement of comprehensive income.

The company reports a net loss after tax of £286k for the year (2021: profit £1,327k). 2021 included the sale of Bira Bank and BAGMA which were one off occurrences which improved the result for 2021.

The company has a wide range of members operating in several retail markets with no single market representing more than 50% of the membership. The mix of members and the diversity of the group activities is a significant benefit in spreading the commercial risks of the Company.

At 31 December 2022 the company had 2,820 members generating turnover of £707k from subscriptions. Membership income was 18% down on the 2021 income of £864k and the number of members was down by 196 from 3,016.

Other services operated by the company are aimed at improving members' profitability and include insurance, legal benefits and training.

Future outlook

Having sold Bira Bank and BAGMA in 2021 the company was able to establish financial independence and this allowed it to focus on its core businesses of membership and support other companies in the BIRA group. It also allowed Bira to look at new opportunities for growth and in March 2023 it acquired C2Zero Limited.

Cost control continues to be integral to our success and we will continue to review all processes to maximise all efficiencies. Cash flow has remained positive in 2022 and the acquisition was funded from realisation of investments and use of cash and did not require any borrowing. Surplus cash has been invested in 2023 to take advantages of the favourable interest rates.

The acquisition of C2Zero is the first part of the company's growth by merger/acquisition which was highlighted as necessary for the company to grow and be able to continue to support its existing members. For many years the membership has declined, arguably reflecting the decline of independent shops on high streets around the UK. Organic growth of membership is still difficult and so the future focus will be to create partnerships with other retail and property groups. The BIRA group exists due to a series of mergers over the years, and over the next couple of years we will identify opportunities for future mergers in order to grow our membership base.

Bira Trading Limited

Strategic Report *(continued)*

Year Ended 31 December 2022

Principal risks and uncertainties

The risks and uncertainties are driven by the challenges faced by members on the high street. Subscriptions and income streams are impacted by trends on the high street, and ultimately by consumer spending. The retail environment continues to be fluid and challenging. Whilst 2022 was a 'Covid free' year, we saw the rise of a new challenge for high street businesses in the form of the cost of living crisis. Not only does this crisis hurt the spending power of the consumer, it has also resulted in some significant rises in the cost of doing business for shops on the high street.

The cost of running retail premises continues to rise - the cost of energy, cost of labour and now the rising cost of interest charges on any loans. We understand the need to curb inflation but there remains a risk of sending the economy into recession as interest rates rise and people continue to reduce expenditure.

With spending and confidence lower than we would like, there is an increased risk of bad debt in the buying groups. In recent years we have done well to improve our credit control and reduce the debtor days to more manageable levels. However we are mindful that cashflow in retail businesses will be under pressure and debt levels may increase as a result

Many of our income streams are dependent on consumer and business confidence - subscription fees, purchases through the buying groups and use of some of our services. We are working hard to deliver fantastic value to members to give them more confidence, and we have started to see benefits from this focus in terms of improved member retention.

This report was approved by the board of directors on 22 September 2023 and signed on behalf of the board by:



A J Goodacre
Director

Bira Trading Limited

Directors' Report

Year Ended 31 December 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Principal Activities

The principal activity of the company during the year was that of a retail trade association.

Directors

The directors who served the company during the year were as follows:

W D Coe	
A J Goodacre	
M A Hughes	
S P S Josan	
C G Lachlan	
B A Long	
J T Moody	
C J Patterson	
C L Leigh	
S Leader	(Appointed 28 January 2022)
A J J Jones	(Appointed 28 January 2022)
H F L Stirling-Baker	(Appointed 19 February 2022)
G R Marsh	(Appointed 18 February 2022)
J C Morris	(Resigned 28 January 2022)
H J H Pullen	(Resigned 4 October 2022)
R D Rowlatt	(Resigned 4 October 2022)
G B Sangster	(Resigned 28 January 2022)

Post year end changes to directors:

A Roades Pankhurst was appointed as a director on 2 April 2023

J Shah was appointed as a director on 25 May 2023

Dividends

The directors do not recommend the payment of a dividend.

Events after the End of the Reporting Period

Particulars of events after the reporting date are detailed in note 28 to the financial statements.

Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

Bira Trading Limited

Directors' Report *(continued)*

Year Ended 31 December 2022

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 22 September 2023 and signed on behalf of the board by:



A J Goodacre
Director

Bira Trading Limited

Independent Auditor's Report to the Members of Bira Trading Limited

Year Ended 31 December 2022

Opinion

We have audited the financial statements of Bira Trading Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Bira Trading Limited

Independent Auditor's Report to the Members of Bira Trading Limited *(continued)*

Year Ended 31 December 2022

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Bira Trading Limited

Independent Auditor's Report to the Members of Bira Trading Limited *(continued)*

Year Ended 31 December 2022

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements based on our understanding of the Company and through discussion with the Directors and other management (as required by auditing standards).

We also had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. Audit procedures performed included:

- Discussions with management, inquiring over non-compliance with laws, regulations, and fraud;
- Review of minutes of all Board meetings held in the year and post year end;
- Review of transactions (including journals) using data analytic software; and
- Review of key business processes and evaluation of internal controls.

There are inherent limitations in the audit procedures described above. We did not identify any such irregularities however as with any audit, there remained a higher risk of non-detection of irregularities due to fraud, as these may involve deliberate concealment, collusion, forger, intentional omissions, misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Bira Trading Limited

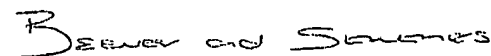
Independent Auditor's Report to the Members of Bira Trading Limited *(continued)*

Year Ended 31 December 2022

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Suzanne Lomax BA BFP FCA (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountants & statutory auditor
The Beehive
Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

22 September 2023

Bira Trading Limited

Statement of Comprehensive Income

Year Ended 31 December 2022

		2022			2021	
	Note	Continuing operations £	Discont'd operations £	Total £	Continuing operations £	Discont'd operations £
Turnover	4	1,541,829	–	1,541,829	1,594,793	194,672
Cost of sales		(117,079)	–	(117,079)	(120,178)	(9,079)
Gross profit		1,424,750	–	1,424,750	1,474,615	185,593
Administrative expenses		(1,948,114)	–	(1,948,114)	(1,809,903)	(115,816)
Other operating income	5	94,151	–	94,151	90,189	–
Operating loss	6	(429,213)	–	(429,213)	(245,099)	69,777
Gain on impairment or disposal of operations		–	–	–	–	332,898
Gain/(loss) on financial assets at fair value through profit or loss		(56,378)	–	(56,378)	1,386	–
Income from shares in group undertakings	10	215,144	–	215,144	1,302,355	–
Income from other fixed asset investments	11	8,251	–	8,251	–	–
Other interest receivable and similar income	12	7,773	–	7,773	167	–
Interest payable and similar expenses	13	(11,307)	–	(11,307)	(37,304)	–
(Loss)/profit before taxation		(265,730)	–	(265,730)	1,021,505	402,675
Tax on (loss)/profit	14	(20,152)	–	(20,152)	(96,750)	–
(Loss)/profit for the financial year		(285,882)	–	(285,882)	924,755	402,675

The statement of comprehensive income
continues on the following page.

The notes on pages 15 to 30 form part of these financial statements.

Bira Trading Limited

Statement of Comprehensive Income *(continued)*

Year Ended 31 December 2022

	Note	Continuing operations £	2022 Discont'd operations £	Total £	Continuing operations £	2021 Discont'd operations £	Total £
Revaluation of tangible assets				–			25,000
Remeasurement of the net defined benefit plan				767,000			460,000
Tax relating to components of other comprehensive income				(62,348)			–
Other comprehensive income for the year				<u>704,652</u>			<u>485,000</u>
Total comprehensive income for the year				<u>418,770</u>			<u>1,812,430</u>

The notes on pages 15 to 30 form part of these financial statements.

Bira Trading Limited

Statement of Financial Position

31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	15	2,400,111	2,438,140
Investments	16	379,282	1,066,481
		<u>2,779,393</u>	<u>3,504,621</u>
Current assets			
Debtors	17	241,253	333,343
Cash at bank and in hand		1,243,210	698,016
		<u>1,484,463</u>	<u>1,031,359</u>
Creditors: amounts falling due within one year	18	(718,647)	(624,880)
Net current assets		<u>765,816</u>	<u>406,479</u>
Total assets less current liabilities		3,545,209	3,911,100
Creditors: amounts falling due after more than one year	19	(15,839)	–
Provisions	21	(96,250)	(13,750)
Net assets excluding defined benefit pension plan asset/(liability)		3,433,120	3,897,350
Defined benefit pension plan liability	23	–	(553,000)
Defined benefit pension plan asset	23	330,000	–
Net assets including defined benefit pension plan asset/(liability)		<u>3,763,120</u>	<u>3,344,350</u>
Capital and reserves			
Called up share capital	24	100	100
Revaluation reserve	25	25,000	25,000
Merger reserve	25	839,573	839,573
Fair value reserve	25	55,981	56,386
Profit and loss account	25	2,842,466	2,423,291
Shareholders funds		<u>3,763,120</u>	<u>3,344,350</u>

The statement of financial position
continues on the following page.

The notes on pages 15 to 30 form part of these financial statements.

Bira Trading Limited

Statement of Financial Position *(continued)*

31 December 2022

These financial statements were approved by the board of directors and authorised for issue on 22 September 2023, and are signed on behalf of the board by:



A J Goodacre
Director

Company registration number: 11628600

The notes on pages 15 to 30 form part of these financial statements.

Bira Trading Limited

Statement of Changes in Equity

Year Ended 31 December 2022

	Note	Called up share capital £	Revaluation reserve £	Merger reserve £	Fair value reserve £	Profit and loss account £	Total £
At 1 January 2021		100	–	2,839,573	55,000	(1,362,753)	1,531,920
Profit for the year						1,327,430	1,327,430
Other comprehensive income for the year:							
Revaluation of tangible assets	15	–	25,000	–	–	–	25,000
Remeasurement of the net defined benefit plan	23	–	–	–	–	460,000	460,000
Reclassification from fair value reserve to profit and loss account		–	–	–	1,386	(1,386)	–
Sale of shares in subsidiary		–	–	(2,000,000)	–	2,000,000	–
Total comprehensive income for the year		–	25,000	(2,000,000)	1,386	3,786,044	1,812,430
At 31 December 2021		100	25,000	839,573	56,386	2,423,291	3,344,350
Loss for the year						(285,882)	(285,882)
Other comprehensive income for the year:							
Remeasurement of the net defined benefit plan	23	–	–	–	–	767,000	767,000
Reclassification from fair value reserve to profit and loss account		–	–	–	(405)	405	–
Tax relating to components of other comprehensive income	14	–	–	–	–	(62,348)	(62,348)
Total comprehensive income for the year		–	–	–	(405)	419,175	418,770
At 31 December 2022		100	25,000	839,573	55,981	2,842,466	3,763,120

The notes on pages 15 to 30 form part of these financial statements.

Bira Trading Limited

Notes to the Financial Statements

Year Ended 31 December 2022

1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 225 Bristol Road, Edgbaston, Birmingham, West Midlands, B5 7UB, England.

2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are presented in sterling, which is the functional currency of the entity.

Going Concern

At the time of the approval of these financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment the directors have considered a period of at least 12 months from the date of approval of the financial statements.

Disclosure Exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Bira Holdings Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) No cash flow statement has been presented for the company.

Consolidation

The financial statements contain information about Bira Trading Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Bira Holdings Limited.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

3. Accounting Policies *(continued)*

Judgements and Key Sources of Estimation Uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Properties held at fair value - Professional valuations are undertaken periodically, the last being carried out in October 2021. In the interim, the directors assess the fair value of the properties to consider whether there has been any material change.
- Defined benefit pension - The present value of the defined benefit scheme depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the pension note, will impact the carrying amount of the pension scheme valuation. Furthermore, a roll forward approach which projects results from the latest actuarial valuation performed at 30 September 2018 has been used by the actuary in valuing the pension scheme at 31 December 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset. The pension scheme valuation at 31 December 2022 was an asset of £330,000. The asset has been recognised as the terms of the Trust Deed and Rules state that the company has an unconditional right to a refund of any surplus that remains in the Scheme after benefits have been secured.
- Determination of recoverability of debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable. During the year, £1,726 was charged to the profit and loss account in respect of bad debts net of VAT (2021: £75,762). Trade debtors are stated net of a total bad debt provision of £35,040 (2021: £33,314) and amounts owed by related parties are stated net of a bad debt provision of £48,000 (2021: £48,000).

Significant judgements

Management have made the following judgements (other than those including estimates) that have a significant effect on the amounts recognised in the financial statements in the process of applying the entity's accounting policies:

- The directors consider the leasehold property to be in such a state of repair that the residual value at the end of its useful economic life is at least equal to its net book value.

Revenue Recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Membership income is recognised on a straight line basis.

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

3. Accounting Policies *(continued)*

Taxation and Deferred Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

In the prior year a deferred tax asset was not recognised in respect of the defined benefit pension plan liability due to the significant carried forward trading losses. In the current year a deferred tax liability has been recognised in respect of the defined benefit pension plan asset to reflect the unwinding of the future gain from the asset.

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

The company has a policy of periodical revaluation of leasehold property. Revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

3. Accounting Policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	- 10% on reducing balance or 10%, 20% or 25% on cost
Motor vehicles	- 33% straight line

The directors consider the leasehold property to be in such a state of repair that their residual value is at least equal to their net book value. As a result, no depreciation has been charged in the profit and loss account.

Investment properties are held at valuation and are not depreciated.

Investment Property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

Investments

Investments in subsidiary undertakings and unlisted investments are recognised at cost. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Hire Purchase and Leasing Commitments

Assets held under hire purchase and leasing commitments are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

3. Accounting Policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial Instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Defined Benefit Plans

Bira Trading Limited operates a funded defined benefit pension scheme providing benefits based on final pensionable pay. The actuarial valuations are updated at each balance sheet date.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

The amounts charged to net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs incurred. Net interest on the scheme is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations.

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains or losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Subscription income	706,889	864,049
Services income	289,395	418,580
Management income	541,757	474,965
Publishing income	3,788	31,871
	<u>1,541,829</u>	<u>1,789,465</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other Operating Income

	2022	2021
	£	£
Rental income	<u>94,151</u>	<u>90,189</u>

6. Operating Profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	71,021	68,536
Gains on disposal of tangible assets	(5,695)	—
Impairment of trade debtors	1,726	75,762
Operating lease rentals	<u>21,775</u>	<u>11,476</u>

7. Auditor's Remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>34,160</u>	<u>67,765</u>

The audit fees above include costs borne by the company in respect of other group members. The fees payable for the audit of the company for the year is £15,000 (2021 - £22,000).

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

8. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022 No.	2021 No.
Administrative staff	27	30
Management staff	3	3
	<u>30</u>	<u>33</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022 £	2021 £
Wages and salaries	910,710	1,037,123
Social security costs	101,701	105,716
Other pension costs	85,838	75,086
	<u>1,098,249</u>	<u>1,217,925</u>

9. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022 £	2021 £
Remuneration	228,396	272,191
Company contributions to defined contribution pension plans	35,677	17,150
	<u>264,073</u>	<u>289,341</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2022 No.	2021 No.
Defined contribution plans	<u>3</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022 £	2021 £
Aggregate remuneration	95,519	114,682
Company contributions to defined contribution pension plans	17,585	5,872
	<u>113,104</u>	<u>120,554</u>

10. Income from Shares in Group Undertakings

	2022 £	2021 £
Dividends from group undertakings	215,144	697,761
Gain/(loss) on disposal of shares in group	–	604,594
	<u>215,144</u>	<u>1,302,355</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

10. Income from Shares in Group Undertakings *(continued)*

In the prior year, following approval by the PRA and FCA, the group sold its 100% shareholding in Bira Bank Limited on 8 January 2021.

11. Income from Other Fixed Asset Investments

	2022	2021
	£	£
Dividends from other fixed asset investments	<u>8,251</u>	<u>—</u>

12. Other Interest Receivable and Similar Income

	2022	2021
	£	£
Interest on cash and cash equivalents	<u>7,773</u>	<u>167</u>

13. Interest Payable and Similar Expenses

	2022	2021
	£	£
Interest on obligations under finance leases and hire purchase contracts	2,307	2,699
Net finance costs in respect of defined benefit pension plans	9,000	15,000
Other interest payable and similar charges	—	19,605
	<u>11,307</u>	<u>37,304</u>

14. Tax on (Loss)/Profit

Major components of tax expense

	2022	2021
	£	£
Deferred tax:		
Origination and reversal of timing differences	<u>20,152</u>	<u>96,750</u>
Tax on (loss)/profit	<u>20,152</u>	<u>96,750</u>

The company has carried forward trading losses of £5.1m (2021: £4.9m). A deferred tax asset of £nil (2021: £79,962) has been recognised for part of these losses.

Tax recognised as other comprehensive income or equity

In the current year, a deferred tax charge of £62,348 (2021: nil) has been recognised in respect of the defined benefit pension movement recognised in other comprehensive income.

Bira Trading Limited

Notes to the Financial Statements (continued)

Year Ended 31 December 2022

14. Tax on (Loss)/Profit (continued)

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
(Loss)/profit on ordinary activities before taxation	(265,730)	1,424,180
(Loss)/profit on ordinary activities by rate of tax	(50,489)	270,594
Effect of expenses not deductible for tax purposes	9,441	14,541
Effect of capital allowances and depreciation	(3,293)	(6,412)
Effect of revenue exempt from tax	(42,445)	(132,575)
Utilisation of tax losses	–	(22,075)
Unused tax losses	30,532	3,038
Group relief surrendered	66,836	–
Chargeable gains	(10,582)	(122,028)
Other timing differences	20,152	91,667
Tax on (loss)/profit	20,152	96,750

15. Tangible Assets

	Leasehold property £	Investment property £	Fixtures and fittings £	Motor vehicles £	Total £
Cost/Valuation					
At 1 January 2022	1,000,000	1,125,000	430,696	76,993	2,632,689
Additions	–	–	6,541	33,623	40,164
Disposals	–	–	–	(17,939)	(17,939)
At 31 December 2022	1,000,000	1,125,000	437,237	92,677	2,654,914
Depreciation					
At 1 January 2022	–	–	143,996	50,553	194,549
Charge for the year	–	–	58,174	12,847	71,021
Disposals	–	–	–	(10,767)	(10,767)
At 31 December 2022	–	–	202,170	52,633	254,803
Carrying amount					
At 31 December 2022	1,000,000	1,125,000	235,067	40,044	2,400,111
At 31 December 2021	1,000,000	1,125,000	286,700	26,440	2,438,140

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

15. Tangible Assets *(continued)*

The leasehold property relates to the valuation of the property at 225 Bristol Road, Edgbaston, Birmingham, which has a 999 year lease from 21 June 1990.

The leasehold property of £1,000,000 is not depreciated, as, in the directors' opinion, the valuation reflects the residual value of the property. The property was valued in October 2021 by professional property valuers. The Directors consider the valuation to remain appropriate as at December 2022 following review of local property market fluctuations and price indices.

The investment property relates to the valuation of two properties which are not in use by the Company but are rented to third parties. These leasehold properties relate to the property at 225a Bristol Road, Edgbaston, Birmingham, which has a 999 year lease from 21 June 1990 and 227 Bristol Road, Edgbaston, Birmingham, which has a 999 year lease from October 2003. The investment properties were valued in October 2021 by professional property valuers on an open market basis subject to and with benefit of the existing leases. The Directors consider the valuation to remain appropriate as at December 2022 following review of local property market fluctuations, price indices and terms of existing leases.

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 31 December 2022	<u>28,019</u>
At 31 December 2021	<u>13,247</u>

16. Investments

	Shares in group undertakings £	Listed investments £	Unlisted investments £	Total £
Cost				
At 1 January 2022	298,301	753,180	15,000	1,066,481
Additions	–	1,156,219	–	1,156,219
Disposals	–	(1,787,040)	–	(1,787,040)
Revaluations	–	(56,378)	–	(56,378)
At 31 December 2022	<u>298,301</u>	<u>65,981</u>	<u>15,000</u>	<u>379,282</u>
Impairment				
At 1 January 2022 and 31 December 2022	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Carrying amount				
At 31 December 2022	<u>298,301</u>	<u>65,981</u>	<u>15,000</u>	<u>379,282</u>
At 31 December 2021	<u>298,301</u>	<u>753,180</u>	<u>15,000</u>	<u>1,066,481</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

16. Investments *(continued)*

Listed investments of £65,981 (2021: £753,180) include £65,981 (2021: £689,180) recorded at valuation and £nil (2021: £64,000) recorded at cost.

Unlisted investments are recorded at cost.

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Bira Direct Limited	Ordinary	99
Bira Publishing Limited	Ordinary	100
Bira Trustee Company Limited	Ordinary	100
Oxford Summer School Limited	Ordinary	100
British Shops and Stores Association Ltd	Ordinary	100
BSSA Insurance Limited	Ordinary	100
Mica DIY Limited (*)	Preference	100
Bolts Mica Limited (**)	Ordinary	100
Niblett's Mica Limited (**)	Ordinary	100

(*) The company holds 1 co-operative member share in addition to the B preference shares.

(**) Bolts Mica Limited and Niblett's Mica Limited are 100% subsidiaries of Mica DIY Limited.

The registered office address for each company listed above is 225 Bristol Road, Birmingham, United Kingdom, B5 7UB.

17. Debtors

	2022	2021
	£	£
Trade debtors	42,966	17,777
Amounts owed by group undertakings	130,440	148,828
Prepayments and accrued income	62,948	66,711
Other debtors	4,899	100,027
	<u>241,253</u>	<u>333,343</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

18. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	83,859	81,998
Amounts owed to group undertakings	307,860	15,546
Accruals and deferred income	203,121	188,639
Social security and other taxes	25,881	103,729
Obligations under finance leases and hire purchase contracts	10,559	29,978
Other creditors	87,367	204,990
	<u>718,647</u>	<u>624,880</u>

The obligations under finance leases and hire purchase contracts are secured on the underlying assets.

19. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Obligations under finance leases and hire purchase contracts	<u>15,839</u>	<u>–</u>

The obligations under finance leases and hire purchase contracts are secured on the underlying assets.

20. Finance Leases and Hire Purchase Contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2022	2021
	£	£
Not later than 1 year	10,559	29,978
Later than 1 year and not later than 5 years	<u>15,839</u>	<u>–</u>
	<u>26,398</u>	<u>29,978</u>

21. Provisions

	Deferred tax (note 22) £
At 1 January 2022	13,750
Additions	<u>82,500</u>
At 31 December 2022	<u>96,250</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

22. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2022	2021
	£	£
Included in provisions (note 21)	<u>96,250</u>	<u>13,750</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022	2021
	£	£
Fair value adjustment of financial assets	–	79,962
Fair value adjustment of investment property	13,750	13,750
Unused tax losses	–	(79,962)
Pension plan obligations	<u>82,500</u>	<u>–</u>
	<u>96,250</u>	<u>13,750</u>

23. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £85,838 (2021: £75,086).

Defined benefit plans

Bira Trading Limited operates a funded defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of Bira Trading Limited, being invested with insurance companies. The scheme has been closed to new entrants for some time and as from September 2017 there were no current employees accruing further benefits in the scheme with the liabilities now relating to current scheme pensioners or previous employees awaiting their pensions at their normal retirement date.

The last full valuation of the scheme was 30 September 2018 and a roll forward approach has been used to value the assets as at 31 December 2022.

The amounts recognised in the statement of financial position are as follows:

	2022	2021
	£	£
Defined benefit pension plan asset	330,000	–
Defined benefit pension plan liability	<u>–</u>	<u>(553,000)</u>
Net defined benefit asset/liability	<u>330,000</u>	<u>(553,000)</u>

The statement of financial position net defined benefit asset/liability is determined as follows:

	2022	2021
	£	£
Present value of defined benefit obligations	(2,212,000)	(3,394,000)
Fair value of plan assets	<u>2,542,000</u>	<u>2,841,000</u>
	<u>330,000</u>	<u>(553,000)</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

23. Employee Benefits *(continued)*

Changes in the present value of the defined benefit obligations are as follows:

	2022
	£
At 1 January 2022	3,394,000
Interest expense	60,000
Benefits paid	(90,000)
Remeasurements:	
Actuarial gains and losses	(1,152,000)
At 31 December 2022	<u>2,212,000</u>

Changes in the fair value of plan assets are as follows:

	2022
	£
At 1 January 2022	2,841,000
Interest income	51,000
Benefits paid	(90,000)
Contributions by employer	125,000
Remeasurements:	
Return on plan assets, excluding amount included in interest income	(385,000)
At 31 December 2022	<u>2,542,000</u>

The total costs for the year in relation to defined benefit plans are as follows:

	2022	2021
	£	£
Recognised in profit or loss:		
Net interest expense	<u>9,000</u>	<u>15,000</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	1,152,000	242,000
Return on plan assets, excluding amounts included in net interest	(385,000)	218,000
	<u>767,000</u>	<u>460,000</u>

The fair value of the major categories of plan assets are as follows:

	2022	2021
	£	£
Equity instruments	61,000	2,038,000
Debt instruments	1,939,000	744,000
Property	542,000	59,000
	<u>2,542,000</u>	<u>2,841,000</u>

The return on plan assets are as follows:

	2022	2021
	£	£
Return on assets of benefit plan	<u>(334,000)</u>	<u>249,000</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

23. Employee Benefits *(continued)*

The principal actuarial assumptions as at the statement of financial position date were:

	2022	2021
	%	%
Discount rate	4.60	1.80
Expected rate of increase in pensions	2.40	2.60
Inflation assumption	<u>3.30</u>	<u>3.60</u>

24. Called Up Share Capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

25. Reserves

Revaluation reserve - Unrealised fair value gains and losses of tangible fixed assets (excluding investment properties).

Merger reserve - The difference between the value of shares issued by the group in exchange for the value of shares acquired under merger accounting principles.

Fair value reserve - Unrealised fair value gains and losses of other assets held at fair value.

Profit and loss account - Retained earnings and accumulated losses.

26. Disposals

In the prior year, following approval by the PRA and FCA, the company sold its 100% shareholding in Bira Bank Limited on 8th January 2021. Net proceeds were £2,604,594. The carrying value of the underlying assets were £2,796,408 (including £1,541,702 of cash). The gain on disposal was £604,594 as stated in Note 10.

In the prior year, the company sold the trade of the BAGMA segment of the business operations on 30 June 2021. The net proceeds and profit on disposal of the operation was £332,898 as disclosed in the statement of comprehensive income.

27. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	23,100	11,844
Later than 1 year and not later than 5 years	49,620	37,425
Later than 5 years	<u>1,756</u>	<u>—</u>
	<u>74,476</u>	<u>49,269</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2022

28. Events after the End of the Reporting Period

On 17 March 2023, the company purchased 100% of the issued share capital of C2 Zero Limited for a consideration of £2.188m.

29. Related Party Transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The key management personnel are considered to be the Directors of the company.

30. Controlling Party

The ultimate controlling party is Bira Holdings Limited.