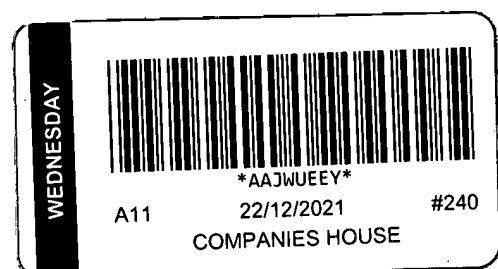


Bira Trading Limited
Financial Statements
For the Year Ended
31 December 2020

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 2020

Contents	Page
Officers and Professional Advisers	1
Strategic Report	2
Directors' Report	4
Independent Auditor's Report to the Members	6
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

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
J C Morris
C J Patterson
H J H Pullen
R D Rowlett
G B Sangster
C L Leigh

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 2020

Review of business

This is the second set of accounts for Bira Trading since the trade and assets of BIRA were transferred to Bira Trading limited on 1 January 2019 in exchange for Bira Holdings acquiring a 100% share in Bira Trading Limited.

The principal activity of the company is that of a retail trade organisation. The company has investments in a buying company (Bira Direct Limited), a bank (Bira Bank Limited), a publishing company (Bira Publishing Limited) and a co-operative buying Group (MICA DIY Limited). The company acquired MICA DIY Limited in August 2019 and also sold the trade and assets of The Oxford Summer School in June 2019 which was a company providing retail training. The bank has been sold subsequent to the year end.

During the second period of trading from 1 January 2020 to 31 December 2020 the company had revenue of £2.295m (2019: £2.544m) and delivered a gross profit of £2.180m (2019:£2.373m) as shown in the attached consolidated statement of comprehensive income.

The company reports a net profit after tax of £387k for the year (2019: deficit £107k). This improved performance is primarily due to the reduction in overheads of £459k in 2020 compensating for the reduction in gross profit of £193k and also a reduction in the tax charge which in 2019 was £110k which related to prior years where group relief claims have subsequently been disallowed after a review by HMRC. The current year tax credit reflects a deferred tax asset being prior losses available for utilisation. The reduction in overheads in 2020 was due to the impact of COVID-19 with Furlough payments contributing £80,507 to salary cost and reduced overheads for travel with most staff working from home for 9 months of the year.

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 2020 the company had 3,801 members generating turnover of £1.027m from subscriptions. Membership income was 6.6% down on the 2019 income of £1.1m and the number of members was down by 212 to 3,801.

The directors believe that the most important performance indicators are the membership renewals, profitability, and liquidity.

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

Bira Trading Limited

Strategic Report *(continued)*

Year Ended 31 December 2020

Future outlook

After a difficult and challenging 2020, the directors expect to see growth in incomes and profitability in 2021 and beyond. This optimism is based on positive results so far from 2021, a more secure financial basis for the group and a significant reduction in overheads.

In 2019 we put in place a strategy based on digitalisation and simplification of the business. This strategy would focus on the key income streams that were sustainable, with investment in digital systems that would make us more productive and economical. Over the past couple of years we have sold assets that did not fit with our strategic direction, and used this money to become debt free, and to invest in new income streams. Selling these assets has also allowed us to improve the cash flow of the company and remove the borrowing facilities.

The company's main income stream is subscriptions from members. Subscriptions income will be reduced in the immediate future due to sale of BAGMA. We are also reviewing the whole subscription fee structure, which will ultimately reduce the subscription per member. However, by offering even better value, we believe that we will see membership growth return in 2023.

With lower overheads within the company (due to redundancies and transfer of employees with sale of assets), we are confident of a return to operating profit in 2021 and 2022. There are new pressures in 2022, especially with regards to subscription income, yet we believe that the core company will be able to operate profitably through to the end of 2023.

Today Bira Trading is smaller than it used to be, but it is stronger, more resilient, more focused and will continue to invest in services to the benefit of its members

Principal risks and uncertainties

Risk management remains a high priority for the group and the directors believe that there could be a risk of consumer confidence falling if there is a prolonged period of economic uncertainty as has been the case in 2020 and 2021 with the impact of COVID-19. The principal risks and uncertainties facing the company include the interest rate environment, liquidity risk and credit risk.

However, the day to day involvement of the directors in the business and the underlying strength of the members ensures that we identify business risks quickly and can mitigate these risks when they are identified. The company is developing policies and procedures to identify, mitigate and manage risk and uncertainties and the directors believe the company can successfully deal with any challenges as they arise.

Liquidity risk is that the group might be unable to meet its obligations as they fall due. To mitigate this risk cash flows and headroom are monitored on a daily basis and forecasts are prepared to ensure that the company remains within its bank facilities. Compliance with the bank facility covenants is also monitored closely.

Credit risk is a key risk to the business and policies and procedures have been developed to strengthen credit control.

This report was approved by the board of directors on 17 December 2021 and signed on behalf of the board by:



A J Goodacre
Director

Bira Trading Limited

Directors' Report

Year Ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

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
J C Morris
C J Patterson
H J H Pullen
R D Rowlett
G B Sangster
K Bellwood (Resigned 27 April 2020)

C L Leigh was appointed as a director on 19 February 2021.

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 27 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.

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.
-

Bira Trading Limited

Directors' Report *(continued)*

Year Ended 31 December 2020

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.

Beever and Struthers were appointed as auditors to the Company by the Board of Directors in place of Haines Watts Birmingham LLP.

This report was approved by the board of directors on 17 December 2021 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 2020

Opinion

We have audited the financial statements of Bira Trading Limited (the 'company') for the year ended 31 December 2020 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 2020 and of its profit 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 2020

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 2020

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

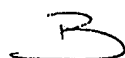
Independent Auditor's Report to the Members of Bira Trading Limited *(continued)*

Year Ended 31 December 2020

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*

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

17 December 2021

Bira Trading Limited

Statement of Comprehensive Income

Year Ended 31 December 2020

		Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 (restated)
	Note	£	£
Turnover	4	2,295,872	2,544,232
Cost of sales		(115,332)	(170,263)
Gross profit		2,180,540	2,373,969
Administrative expenses		(2,542,922)	(3,002,374)
Other operating income	5	111,214	25,300
Operating loss	6	(251,168)	(603,105)
Gain/(loss) on investment property at fair value through profit or loss		55,000	—
Cost on acquisition of MICA DIY		—	(80,145)
Income from shares in group undertakings	11	543,668	706,582
Interest payable and similar expenses	12	(43,100)	(19,880)
Profit before taxation		304,400	3,452
Tax on profit	13	83,000	(110,605)
Profit/(loss) for the financial year		387,400	(107,153)
Remeasurement of the net defined benefit plan		(324,000)	(365,000)
Initial recognition of defined benefit plan		—	(899,000)
Other comprehensive income for the year		(324,000)	(1,264,000)
Total comprehensive income for the year		63,400	(1,371,153)

All the activities of the company are from continuing operations.

The notes on pages 13 to 28 form part of these financial statements.


Bira Trading Limited

Statement of Financial Position

31 December 2020

	Note	2020 £	2019 (restated) £
Fixed assets			
Tangible assets	14	2,434,630	2,865,976
Investments	15	2,313,301	2,313,301
		<u>4,747,931</u>	<u>5,179,277</u>
Current assets			
Debtors	16	562,333	539,934
Cash at bank and in hand		4,315	4,411
		<u>566,648</u>	<u>544,345</u>
Creditors: amounts falling due within one year	17	(2,329,681)	(2,830,089)
Net current liabilities		<u>(1,763,033)</u>	<u>(2,285,744)</u>
Total assets less current liabilities		2,984,898	2,893,533
Creditors: amounts falling due after more than one year	18	(29,978)	(243,013)
Net assets excluding defined benefit pension plan liability		2,954,920	2,650,520
Defined benefit pension plan liability	21	(1,423,000)	(1,182,000)
Net assets including defined benefit pension plan liability		<u>1,531,920</u>	<u>1,468,520</u>
Capital and reserves			
Called up share capital	24	100	100
Merger reserve	25	2,839,573	2,839,573
Fair value reserve	25	55,000	–
Profit and loss account	25	(1,362,753)	(1,371,153)
Shareholders funds		<u>1,531,920</u>	<u>1,468,520</u>

These financial statements were approved by the board of directors and authorised for issue on 17 December 2021, and are signed on behalf of the board by:



A. J. Goodacre
Director

Company registration number: 11628600

The notes on pages 13 to 28 form part of these financial statements.

Bira Trading Limited

Statement of Changes in Equity

Year Ended 31 December 2020

	Note	Called up share capital £	Merger reserve £	Fair value reserve £	Profit and loss account £	Total £
At 17 October 2018		–	–	–	–	–
Loss for the year					(107,153)	(107,153)
Other comprehensive income for the year:						
Remeasurement of the net defined benefit plan	21	–	–	–	(365,000)	(365,000)
Initial recognition of defined benefit plan		–	–	–	(899,000)	(899,000)
Total comprehensive income for the year		–	–	–	(1,371,153)	(1,371,153)
Issue of shares		100	–	–	–	100
Issue of bonus shares		–	2,839,573	–	–	2,839,573
Total investments by and distributions to owners		100	2,839,573	–	–	2,839,673
At 31 December 2019 (as previously reported)		100	5,452,775	–	(1,401,153)	4,051,722
Prior period adjustments	23	–	(2,613,202)	–	30,000	(2,583,202)
At 31 December 2019 (restated)		100	2,839,573	–	(1,371,153)	1,468,520
Profit for the year					387,400	387,400
Other comprehensive income for the year:						
Remeasurement of the net defined benefit plan	21	–	–	–	(324,000)	(324,000)
Reclassification from fair value reserve to profit and loss account		–	–	55,000	(55,000)	–
Total comprehensive income for the year		–	–	55,000	8,400	63,400
At 31 December 2020		100	2,839,573	55,000	(1,362,753)	1,531,920

The notes on pages 13 to 28 form part of these financial statements.

Bira Trading Limited

Notes to the Financial Statements

Year Ended 31 December 2020

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.

The comparative information is for the period 17 October 2018 to 31 December 2019.

Comparative period numbers have been restated as set out in the note 23.

Going Concern

The company has net current liabilities. Post year end, the company has sold its investment in Birmingham bank (formerly Bira Bank) which has generated cash for the company. 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 are required to consider 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 2020

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 June 2018. In the interim, the directors assess the fair value of investment property to consider whether there has been any material change.
- Defined benefit pension - The present value of the defined benefit liability 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 liability. 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 pensions liability at 31 December 2020. 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 liability.

Significant judgements

Management have not made any judgements (other than those including estimates) in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

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 2020

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.

A deferred tax asset has not been recognised in respect of the defined benefit pension plan liability due to the significant carried forward trading losses.

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 2020

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.

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.

Government Grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

3. Accounting Policies *(continued)*

Government Grants *(continued)*

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate.

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 net defined benefit liability/asset 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 2020

4. Turnover

Turnover arises from:

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 <i>(restated)</i>
	£	£
Subscription income	1,027,713	1,101,232
Services income	414,805	335,340
Management income	853,354	1,107,660
	<u>2,295,872</u>	<u>2,544,232</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

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 <i>(restated)</i>
	£	£
Government grant income	86,507	—
Rental income	24,707	25,300
	<u>111,214</u>	<u>25,300</u>

6. Operating Loss

Operating loss is stated after charging/crediting:

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 <i>(restated)</i>
	£	£
Depreciation of tangible assets	78,230	93,703
Gains on disposal of tangible assets	(16,367)	(9,020)
Impairment of trade debtors	300	300
Operating lease rentals	<u>14,099</u>	<u>13,995</u>

7. Auditor's Remuneration

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 <i>(restated)</i>
	£	£
Fees payable for the audit of the financial statements	<u>21,500</u>	<u>21,595</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

8. Staff Costs

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

	2020	2019
	No.	No.
Administrative staff	<u>46</u>	<u>56</u>

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

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 (restated)
	£	£
Wages and salaries	1,459,309	1,815,193
Social security costs	155,186	159,682
Other pension costs	<u>95,770</u>	<u>48,000</u>
	<u>1,710,265</u>	<u>2,022,875</u>

9. Directors' Remuneration

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

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 (restated)
	£	£
Remuneration	241,711	233,500
Company contributions to defined contribution pension plans	<u>16,257</u>	<u>15,250</u>
	<u>257,968</u>	<u>248,750</u>

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

	2020	2019 (restated)
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

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

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 (restated)
	£	£
Aggregate remuneration	102,926	101,272
Company contributions to defined contribution pension plans	<u>5,185</u>	<u>4,499</u>
	<u>108,111</u>	<u>105,771</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

10. Exceptional Items

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19
	£	£
Cost on acquisition of MICA DIY Limited	<u>–</u>	<u>80,145</u>

Exceptional items relate to the cost of acquiring equity in MICA DIY Limited in the prior year.

11. Income from Shares in Group Undertakings

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 (restated)
	£	£
Dividends from group undertakings	<u>543,668</u>	<u>706,582</u>

12. Interest Payable and Similar Expenses

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 (restated)
	£	£
Interest on obligations under finance leases and hire purchase contracts	21,100	19,880
Net finance costs in respect of defined benefit pension plans	<u>22,000</u>	<u>–</u>
	<u>43,100</u>	<u>19,880</u>

13. Tax on Profit

Major components of tax (income)/expense

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 (restated)
	£	£
Current tax:		
Adjustments in respect of prior periods	–	110,605
Deferred tax:		
Origination and reversal of timing differences	<u>(83,000)</u>	<u>–</u>
Tax on profit	<u>(83,000)</u>	<u>110,605</u>

The company has carried forward trading losses of £5.5m. A deferred tax asset of £83,000 has been recognised for part of these losses.

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

13. Tax on Profit *(continued)*

Tax recognised as other comprehensive income or equity

No tax has arisen in the current year or prior period on items recognised in other comprehensive income.

Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	Year to 31 Dec 20	Period from 17 Oct 18 to 31 Dec 19 <i>(restated)</i>
	£	£
Profit on ordinary activities before taxation	304,400	3,452
Profit on ordinary activities by rate of tax	57,837	655
Adjustment to tax charge in respect of prior periods	—	110,605
Effect of expenses not deductible for tax purposes	1,103	3,629
Effect of capital allowances and depreciation	756	(24,456)
Effect of revenue exempt from tax	(116,112)	(134,251)
Utilisation of tax losses	(979)	—
Unused tax losses	(83,000)	—
Group relief surrendered	55,030	154,423
Chargeable gains	2,365	—
Tax on profit	<u>(83,000)</u>	<u>110,605</u>

14. Tangible Assets

	Leasehold property £	Investment property £	Fixtures and fittings £	Motor vehicles £	Total £
Cost/Valuation					
At 1 January 2020 (as restated)	2,410,000	—	369,651	176,167	2,955,818
Additions	—	—	13,999	—	13,999
Disposals	(365,000)	—	—	(99,174)	(464,174)
Revaluations	—	55,000	—	—	55,000
Transfers	(1,070,000)	1,070,000	—	—	—
At 31 December 2020	<u>975,000</u>	<u>1,125,000</u>	<u>383,650</u>	<u>76,993</u>	<u>2,560,643</u>
Depreciation					
At 1 January 2020	—	—	43,206	46,636	89,842
Charge for the year	—	—	45,474	32,756	78,230
Disposals	—	—	—	(42,059)	(42,059)
At 31 December 2020	<u>—</u>	<u>—</u>	<u>88,680</u>	<u>37,333</u>	<u>126,013</u>
Carrying amount					
At 31 December 2020	<u>975,000</u>	<u>1,125,000</u>	<u>294,970</u>	<u>39,660</u>	<u>2,434,630</u>
At 31 December 2019	<u>2,410,000</u>	<u>—</u>	<u>326,445</u>	<u>129,531</u>	<u>2,865,976</u>

Bira Trading Limited

Notes to the Financial Statements (continued)

Year Ended 31 December 2020

14. 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 £975,000 is not depreciated, as, in the directors' opinion, the valuation reflects the residual value of the property. The property was valued in June 2018 by professional property valuers. The directors have assessed the value of the property as at 31 December 2020. No change in the valuation was identified from the prior period.

Two other properties have been transferred to investment properties on the basis that they are not in use by the Company but are rented to third parties. These leasehold properties relate to the valuation of 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. The change in the valuation has been reflected within the numbers.

15. Investments

	Shares in group undertakings £	Unlisted investments £	Total £
Cost			
At 1 January 2020 as restated and 31 December 2020	<u>2,298,301</u>	<u>15,000</u>	<u>2,313,301</u>
Impairment			
At 1 January 2020 as restated and 31 December 2020	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amount			
At 31 December 2020	<u>2,298,301</u>	<u>15,000</u>	<u>2,313,301</u>
At 31 December 2019	<u>2,298,301</u>	<u>15,000</u>	<u>2,313,301</u>

Subsidiaries, associates and other investments

Subsidiary undertakings	Registered office	Class of share	Percentage of shares held
Bira Direct Limited	Sourcing and supply of goods to members	Ordinary	99
Bira Publishing Limited	Distribution of information to retailers	Ordinary	100
Bira Bank Limited	Depositor and loan lender	Ordinary	100
Bira Trustee Company Limited	Dormant	Ordinary	100
Oxford Summer School Limited	Dormant	Ordinary	100
British Shops and Stores Association Ltd	Dormant	Ordinary	100
BSSA Insurance Limited	Dormant	Ordinary	100
Mica DIY Limited (*)	Sourcing and supply of goods to members	Preference	100

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

15. Investments *(continued)*

	Registered office	Class of share	Percentage of shares held
Bolts Mica Limited (**)	Hardware store	Ordinary	100
Niblets Mica Limited (**)	Hardware store	Ordinary	100

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

(**) Bolts Mica Limited and Niblets 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.

16. Debtors

	2020	2019 <i>(restated)</i>
	£	£
Trade debtors	58,218	81,963
Amounts owed by group undertakings	284,205	84,303
Deferred tax asset	83,000	—
Prepayments and accrued income	58,011	96,040
Other debtors	78,899	277,628
	<u>562,333</u>	<u>539,934</u>

17. Creditors: amounts falling due within one year

	2020	2019 <i>(restated)</i>
	£	£
Bank loans and overdrafts	302,634	446,627
Trade creditors	123,951	60,974
Amounts owed to group undertakings	1,085,230	1,454,268
Accruals and deferred income	231,589	452,109
Corporation tax	192,635	110,605
Social security and other taxes	128,183	87,413
Obligations under finance leases and hire purchase contracts	140,457	154,593
Other creditors	125,002	63,500
	<u>2,329,681</u>	<u>2,830,089</u>

The bank overdraft is secured by means of an unlimited debenture dated 6 March 1996 and a first legal charge over the leasehold property located on 225 Bristol Road, Birmingham, B5 7UB. The company also entered into a guarantee and set off agreement with Bira Direct Limited and Bira Trustee Company Limited on 12 February 2019.

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

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

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

	2020	2019 <i>(restated)</i>
	£	£
Obligations under finance leases and hire purchase contracts	29,978	179,513
Other creditors	—	63,500
	<u>29,978</u>	<u>243,013</u>

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

19. Finance Leases and Hire Purchase Contracts

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

	2020	2019 <i>(restated)</i>
	£	£
Not later than 1 year	140,457	154,593
Later than 1 year and not later than 5 years	29,978	179,513
	<u>170,435</u>	<u>334,106</u>

20. Deferred Tax

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

	2020	2019 <i>(restated)</i>
	£	£
Included in debtors (note 16)	<u>83,000</u>	<u>—</u>

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

	2020	2019 <i>(restated)</i>
	£	£
Unused tax losses	<u>(83,000)</u>	<u>—</u>

21. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £95,770 (2019: £48,000).

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

21. Employee Benefits *(continued)*

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 2020.

The 31 December 2020 benefit obligation includes a loading effect to reflect the estimated additional liability arising in respect of the requirement to equalise Guaranteed Minimum Pensions (GMPs) in the Scheme following the October 2018 court ruling in respect of the Lloyds pension scheme.

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

	2020	2019
	£	£
Present value of defined benefit obligations	(3,807,000)	(3,355,000)
Fair value of plan assets	2,384,000	2,173,000
	<u>(1,423,000)</u>	<u>(1,182,000)</u>

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

	2020
	£
At 1 January 2020 as restated	3,355,000
Interest expense	65,000
Benefits paid	(55,000)
Remeasurements:	
Actuarial gains and losses	442,000
At 31 December 2020	<u>3,807,000</u>

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

	2020
	£
At 1 January 2020 as restated	2,173,000
Interest income	43,000
Benefits paid	(55,000)
Contributions by employer	105,000
Remeasurements:	
Return on plan assets, excluding amount included in interest income	118,000
At 31 December 2020	<u>2,384,000</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

21. Employee Benefits *(continued)*

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

	2020 £	2019 £
Recognised in profit or loss:		
Current service credit	—	2,000
Past service credit	—	14,000
Net interest expense	22,000	98,000
	<u>22,000</u>	<u>114,000</u>
Recognised in other comprehensive income:		
Initial recognition of pension liability	—	(899,000)
Remeasurement of the liability:		
Actuarial gains and losses	(442,000)	(475,000)
Return on plan assets, excluding amounts included in net interest	118,000	110,000
	<u>(324,000)</u>	<u>(1,264,000)</u>

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

	2020 £	2019 £
Equity instruments	1,683,000	1,581,000
Debt instruments	631,000	573,000
Property	70,000	19,000
	<u>2,384,000</u>	<u>2,173,000</u>

The return on plan assets are as follows:

	2020 £	2019 £
Return on assets of benefit plan	<u>161,000</u>	<u>179,000</u>

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

	2020 %	2019 %
Discount rate	1.25	1.95
Expected rate of increase in pensions	2.30	2.30
Inflation assumption	<u>3.00</u>	<u>3.00</u>

22. Government Grants

The amounts recognised in the financial statements for government grants are as follows:

	2020 £	2019 (restated) £
Recognised in other operating income:		
Government grants recognised directly in income	<u>86,507</u>	<u>—</u>

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

23. Prior Period Adjustments

Per the accounting policies, investments in subsidiaries are stated at cost. In the prior period, the investments were included at the net asset value of the subsidiaries which was not in agreement with the accounting policy. A prior period adjustment has now been reflected to recognise the investments at cost in accordance with the accounting policy. The impact on the prior period numbers has been to reduce the investment in the subsidiaries and the merger reserve by £2,613,202.

In addition, prior period accruals have been reduced by £30,000 as a result of an error within their calculation. This decreased the loss for the prior period by £30,000.

24. Called Up Share Capital

Issued, called up and fully paid

	2020		2019 (restated)	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

25. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

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

Fair value reserve - This reserve records the unrealised fair value gains and losses of assets held at fair value.

26. Operating Leases

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

	2020	2019 (restated)
	£	£
Not later than 1 year	12,505	13,472
Later than 1 year and not later than 5 years	<u>1,709</u>	<u>14,213</u>
	<u>14,214</u>	<u>27,685</u>

27. Events after the End of the Reporting Period

On 8 January 2021, following approval of the PRA/FCA the company sold its 100% shareholding in Birmingham Bank Limited (formerly Bira Bank Limited) for a consideration of £2.9m.

Bira Trading Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2020

28. 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.

During the prior year, the company acquired a part shareholding in MICA DIY Limited for a total consideration of £196,001. Deferred consideration of £63,500 (2019 - £127,000) was owed by Bira Trading Limited to MICA DIY Limited at the period end. Other costs incurred by Bira Trading Limited on behalf of MICA DIY Limited amounted to £nil (2019 - £60,416).

29. Controlling Party

The ultimate controlling party is Bira Holdings Limited.