

bira

ANNUAL REPORT

YEAR ENDING

31st December 2023



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PRESIDENTS REPORT

Guy Lachlan

2023 proved to be one of the most exciting years for BIRA. Many of you will know that BIRA was formed out of a succession of mergers between small associations, the final one being in 2009 when BHF merged with BSSA to form BIRA. Since then it has all been relatively quiet until this year when BIRA acquired the Association of Cycle Traders. This is a long established association with over 1,000 members, income from other sources such as bespoke insurance and credit services, and a very strong training brand. We also welcomed 5 excellent people to our team. The merger was finalised in March 2023 and the integration process has been ongoing since then. Already we are seeing considerable benefits from this merger with the independent cycle shops having access to a wider range of business benefits. We are also using our advocacy network to support this sector with reforms that would help retailers, such as the removal of VAT from children's bikes and improvement to the Cycle to Work scheme.

In 2023 we also reviewed the BIRA strategy as we look to the next 5-10 years. There is no doubt that it is increasingly difficult for all associations (and there are many small retail associations) as business look to review costs and many sadly deciding to close. Strategically we believe that BIRA is well placed to become an administrative hub for the smaller associations, whereby we can offer economies of scale by giving these smaller groups access to our CRM system (database) and our services. These partnerships would benefit both entities and hopefully secure the future of retail association which do so much good work for their members. This strategy is already paying dividends as the RETRA group (electrical retailers) and HCVA (Historic and Classic vehicles Alliance) joined BIRA in 2024.

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PRESIDENTS REPORT

Guy Lachlan

I have really enjoyed being President for BIRA – it is a real privilege. During my time we have seen membership growth, further evidence of financial stability within the group and established a clear direction for the future. Most importantly, hard working independent retailers have remained at the heart of everything we do. I know that life on the high street has never been more challenging with consumer confidence and consumer spend being lower than we would all like. We (indie retailers) are famed for our resilience. I know that BIRA will contribute to work hard for all of us and hopefully a new government will bring about more economic stability and economic growth.



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CEO INSIGHT

Andrew Goodacre

After a challenging 2022, I wanted 2023 to be a year of growth to bring about financial stability. I am pleased to say that we achieved both. Our President has already reference the merger with ACT – 1,000 new members increasing our membership by 33%. This association was also very efficient with only 5 employees and generating profits in excess of £200,000 per annum. New members and new income providing the financial stability. It is an efficient business model for an association and one we are learning from as we strategically assess the whole of the BIRA group. I am also delighted to say that having met some of the members (owners of cycle shops throughout the UK), I know that they have a lot in common with our existing membership – passionate, committed, creative and community orientated. They are a very welcome addition to our family.

As CEO for BIRA it is my role to work with my fellow directors and ensure that BIRA has a plan for the future. Given the seismic events that have impacted on our sector since March 2020 (Covid, war in Ukraine and cost of living crisis) it has been necessary to focus on the ‘here and now’, which I believe we have done very well. However, towards to the end of 2023 we started to look at future challenges. How do we achieve growth? How do ensure members succeed? How do we retain members, etc? All important questions and many more to consider as a we develop a longer terms plan.

Our revised strategy has a focus on growth in members and other income streams. In our sector there is an association for nearly every type of of retailer – booksellers, butcher, bakers and sandwich makers to name a few. We believe there is an opportunity to establish an operational partnership with these smaller associations. We already chair the Independent Retailer Confederation, an informal group of 20+ retail associations. With this in mind I was absolutely thrilled when 400 RETRA members joined the BIRA family in April 2024 – a sign that the strategy is already working.

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CEO INSIGHT

Andrew Goodacre

Our strategy also has a focus on member engagement – how we communicate and interact with our members. We have so much loyalty from our members. We have important services to help these members, but all too often not enough members are making the most of them. It is our responsibility to ensure that members are engaged with their association and over the next 12 months you will see developments such as improved newsletter content, an interactive member forum and much more besides.

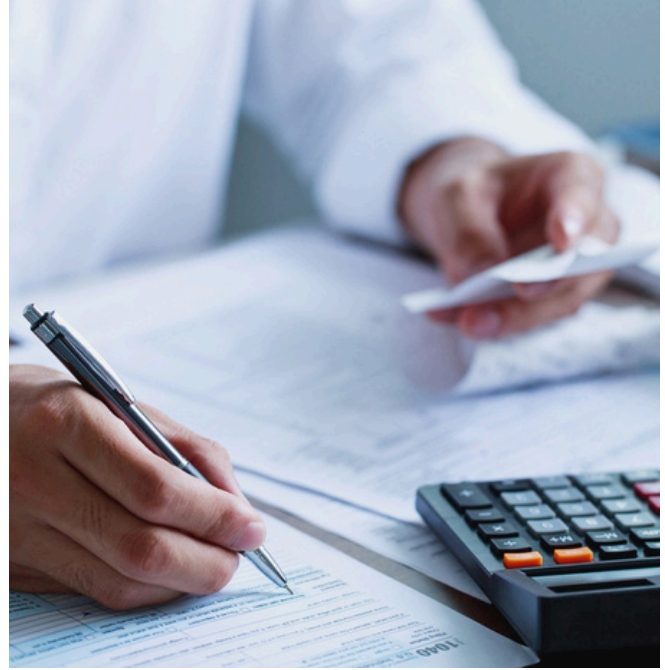
Finally, in terms of improving other income streams (aside from member subscriptions) we continue to focus on new services. These services are important as they allow us to keep our member subscriptions as low as possible and we have not increased our subs for 5 years. We are reviewing our insurance partners and also looking to introduce a much stronger training platform for members and your employees.

Retail will always be challenging, but it will also be dynamic. BIRA has to follow suit.



ANNUAL REPORT TRADING IN 2023

2023, like 2022, was still being impacted by the cost of living crisis. Inflation was high, interest rates were rising, consumer confidence was low, footfall was falling and consequently consumer spending was lower than we would have liked. On top of this we had unseasonal weather (warm winter, wet spring, poor summer) that disrupted many of our retail sectors, especially clothing shops. It is against this backdrop that BIRA operated its business, seeing income streams (subscriptions, subsidiary profits, etc) put under pressure. However, we responded well, producing a good financial performance and growth.



MEMBERSHIP

In 2023 we recruited 400 new members into the Bira community from an eclectic range of sectors and we continued to improve membership retention to over 88%.

Through our merger with the Association of Cycle Traders we boosted membership with over 1,000 cycle stores and outdoor leisure members increasing the community beyond 4,000.

We also welcomed a wide range of new members from our new partnership with Kings Heath BID and will continue build on our work with Business Improvement Districts.

The challenges faced by businesses continued to bear down on the sector with main reasons for lost members being business closures, sold shops and cost pressures.

OTHER SERVICES

In our strategy to increase the services we provide and the value our members get from being a part of the Bira community. We have always had a core number of services valued by our members – legal help line, insurance, card payments via Global and our buying groups. Each year we look to enhance these core services and also launch a number of new service partnerships. This year we have launched:

- Liberis – an added benefit of Global Payments, Liberis is a groundbreaking finance solution that enables members to access funds for a variety of reasons from developing their business, to enabling stock-level increases ahead of busier sales periods, the repayment of which are repaid through card payment throughput.
- Social media workshop webinars – We worked closely with Maybe* to start delivering a monthly workshop webinar on everything social media, empowering businesses to take control of their social media marketing and customer engagement through the use of Maybe's management platform and utilising the power of AI to create social media content with ease.
- TSB Banking – We launched our new partnership with TSB who have an impressive number of branches, 30 months of free business banking and a range of services available throughout the Post Office network.
- A Good Thing – As part of our aim to make retailing more sustainable, our new partnership with A Good Thing means members can dispose of unwanted furniture, equipment, stock and other items in a way that avoids unnecessary landfill, whilst supporting a number of amazing charities.
- OP Charge – We started to promote our partnership with OP Charge, enabling members to take advantage of car parking facilities by installing low cost electric vehicle charging points that not only give your customers a place to charge their vehicles, but earn additional income from charger usage.
- Love Your High Street Week – In November 2023, Bira launched it's first, extremely successful Love Your High Street Week, a whole week dedicated to celebrating and showing love for the small businesses that make our towns and cities special. The campaign attracted widespread interest from members and non-members, and media coverage was excellent. We and our members are excited for November 2024 as we look to make Love Your High Street Week bigger and better.

BIRA DIRECT

The year 2023 saw a slowdown in the increased sales witnessed in 2022 following weakening consumer demand compared to the end of the Covid period. Bira Direct sales declined to £19,930,068 which was -3.2% on 2022 due to reduced demand in the key areas of DIY/Hardware, after the previous successful year with increased consumer spending. Margin at 4.46% was slightly less than last year's 4.53% which is due to the larger share of our sales going through distribution which is a lesser margin than Branded suppliers. The investment and introduction of our Buying Portal – Bira Direct Plus both App and Mobile versions saw over 150 members sign up in the first year with 14 suppliers trading on the platform resulting in over £417,000 of sales which we will look to invest in and grow in 2024.

We saw an increase in the number of shop closures in both DIY and Cookware during 2023 which reduced the number of users of the Direct company, which impacted on sales but this has now slowed down.

I am pleased to say our credit control procedure continued to show positive reductions in both payment days and bad debts. We did see an increase in the number of members looking to settle accounts with Credit Cards to stretch credit period, this resulted in increased bank charges during 2023 of £7,500 over budget.

Despite the fall in sales and margin by careful management and monitoring of the overheads we ended the year with a net profit before Dividend and Tax of £219,631 which was £39k below the budget figure.



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LEGAL AND PARLIAMENTARY AFFAIRS

2023 was another year when BIRA continued to establish its credibility in terms of advocacy, lobbying and influencing policy decisions. We also gained chairmanship and control of the Independent Retailers Confederation. This is an informal group of 20+ smaller retail associations. We meet monthly to discuss issues affecting our sectors and indie retail in general. As you can imagine, business rates and the increasing cost burdens figure highly! This is a very complimentary part of BIRA's own advocacy work and gives us an extra platform to promote the needs of independent retailers. Our main areas of focus are:

- Business rates – the ongoing burden remains and our ongoing battle for reform continues. At least we did secure the Retail Discount for another 12 months, and this time set at a 75% discount up to £110,000 rates paid business. This is an important rate relief and our focus is set on making this discount permanent and this will be our main request for the new Chancellor when she makes her Autumn Statement on the 30th October.
- The impact of the 9.8% increase in the National Living Wage (NLW) is still being felt. This means that the NLW has now increased by almost 20% in the past two years and it has significantly increased costs for retailers – not just for the hourly paid but also for those employees on salaries. BIRA's CEO is now a Low Pay Commissioner and hopefully he can have a positive impact in 2024/25.
- Local planning and parking continue to cause issues and we challenged many local councils regarding their car parking policies – both the provision of spaces and the cost. Accessibility to the high streets is vital for local shops and we continue to discuss the issues with local authorities.
- Retail crime – theft and abuse – has come to the top of our members agenda. We have seen a significant increase and BIRA worked with the former government (and police forces in England and Wales) to develop the retail crime action plan. We believe that some progress has been made and the new government needs to maintain this momentum.

Our advocacy work is very important and does make a real difference for our members and high streets in general. We now have new government to work with and the first time we will have worked with a Labour government since 2010. Whilst the government may have changed, our priorities remain the same. In the Labour manifesto there was a commitment to reform business rates, to focus on neighborhood policing and to support small businesses in general. BIRA will be part of these discussions, ensuring that the voice of the indie retailer is heard loud and clear.

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FINANACE

2023 saw a small group profit of £30k compared to a loss of £147k in 2022 due in part to the acquisition of C2 Zero Limited and its contribution to the group. The cost of living crisis continues to affect sales in Direct and MICA but membership has been consistent for Bira and boosted by the numbers joining from the cycling association. We have continued to control overheads as much as we are able given the pressures we have faced from increasing prices and cost of living increases.

- **Membership**

2023 saw the acquisition of C2Zero Limited (Association of Cycle Traders ACT) which added 1000 members. At 31 December 2023 the group had 3,907 members generating turnover of £819k from subscriptions. Membership income was 15.8% up on the 2022 income of £706k and the number of members was up by 1087 from 2,820 mainly due to the new members for ACT.

- **Bira Direct**

Bira Direct has seen a further small decline in sales in 2023 following the slowdown seen in 2022. The key sectors of the business are DIY/hardware and Cookware/housewares both of which felt the impact of reduced consumer confidence as the cost of living crisis resulted in consumers no longer investing in home improvements. As a result Bira Direct experienced a small decline in sales in of 3.2% and a fall in operating profits from £395,590 to £204,766. We have improved our cash collection and are now achieving our DSO target consistently of 40 days or better , which has led to improved cash flow and enabled us to earn interest on unused cash in hand.

- **Mica**

MICA was under the same pressures as Direct and has also suffered a decline in turnover of £150k or 5.3% from the previous year and a consequent reduction in net profit from £24k in 2022 to £17K in 2023.

- **Balance sheet**

The group balance sheet has been weakened slightly by the negative movement in the pension fund asset from £330k at the end of 2022 to £254k at the end of 2023 and a reduction in the value of the investment properties of £50k offset by the group profit before pension asset movements of £30k.

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FINANCE

Bira Holdings Limited											
Accounts for the year ended 31st December 2023		Consolidated Balance sheet at 31 December								Consolidated statement of comprehensive income for the year ended 31st December 2023	
	2023	2022				2023	2022				
	£	£				£	£				
Fixed Assets								Turnover	24,194,153	24,663,768	
Intangible Assets	1,343,622	48,100						Cost of sales	(21,644,436)	(22,361,530)	
Tangible Assets	2,295,667	2,402,956						Gross profit	2,549,717	2,302,238	
Investments	15,000	80,981						Administrative expenses	(2,664,264)	(2,545,206)	
								Other operating income	166,318	188,752	
Current Assets								Operating profit/(loss)	50,751	(54,216)	
Stocks	75,890	122,142						Loss on financial assets at fair value through profit or loss	(48,464)	(56,378)	
Debtors	3,563,396	3,550,978						Income, gains and (losses) from fixed asset investments	(1,933)	8,251	
Cash at bank and in Hand	989,335	2,170,666						Other interest receivable and similar income	34,480	8,337	
								Interest payable and similar expenses	(2,757)	(29,525)	
Creditors	4,628,621	5,873,785						Profit/(loss) before taxation	32,077	(123,531)	
Amounts falling due in less than one year	(3,968,564)	(4,034,532)						Tax on profit/(loss)	(2,374)	(23,572)	
Net Current Assets	660,057	1,839,253						Profit/(loss) for the financial year	29,703	(147,103)	
Total Assets less Current Liabilities	4,314,546	4,371,329						Remeasurement of the net defined benefit plan	(153,000)	767,000	
Creditors								Tax relating to components of other comprehensive income	38,250	(62,348)	
Amounts falling due after more than one year	(5,280)	(18,465)						Other comprehensive income for the year	(114,750)	704,652	
Provisions								Total comprehensive income for the year	(85,047)	557,549	
Taxation including deferred tax	(64,750)	(96,250)						Total comprehensive income attributable to:			
Net assets excluding defined benefit pension plan asset	4,244,516	4,256,614						The owners of the parent company	-95,929	568,509	
Defined benefit pension plan asset	254,000	330,000						Non-controlling interests	10,882	-10,960	
Net assets including defined benefit pension plan asset	4,498,516	4,586,614							(85,047)	557,549	
Capital & Reserves											
Revaluation reserve	25,000	25,000									
Merger reserve	839,573	839,573									
Fair value reserve	5,000	55,981									
Profit and loss account	3,378,783	3,423,731									
Equity attributable to the owners of the parent company	4,248,356	4,344,285									
Non-controlling interests	250,160	242,329									
Total Reserves	4,498,516	4,586,614									