



Combined Independents (Holdings) Ltd

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Combined Independents (Holdings) Limited - Section 172 (1) Statement year ended 31st March 2020

Whilst carrying out their duties as directors, the Board have had regard to ensure the group meets the needs of its members, the consumer, and therefore the longevity of the needs of the group itself. In order to carry out their duties responsibility and fully, training is offered and undertaken where appropriate. Decisions are made to ensure the maintenance of the long-term relationships between the group, its suppliers, its customers and other interested third parties, including its subsidiary company. The directors ensure that the group acts responsibly, fairly and in good faith, towards all third parties with which it engages, and where possible, the environment itself. During the COVID-19 lockdown, the strong relationship between the business and its suppliers was apparent with the support provided to the group and its members, when the supply of stock was limited. This ensured that the group was seen to be maintaining its high standards with regards to the manner in which it conducts its business with its key stakeholders, being the members and suppliers. Members all then have a fair and equal ability to obtain stock, where available, and service their local community in their time of need - the members continued ability to trade is key to maintaining the longevity and going concern of the group. Surveys are undertaken with various stakeholders, obtaining feedback on specific areas of the business functionality - this year included a survey to the members on the topic of marketing.

Consumer awareness of the Euronics brand is one of the directors' main regards, together with maintaining the high standards to which consumers have become accustomed from independent retailers. The brand and reputation is key to the group's success, and therefore, the directors need to ensure that it is maintained, and, where possible, enhanced for the future.

The main strategy of the group is to achieve economies of scale for the members, and therefore, sustain a profit for the members to assist their own businesses in surviving challenges of the high street. The structure also allows the members to have an account with one trade partner instead of many, thus minimising their administrative burden especially for those businesses with lower levels of staff. Decisions made in support of members in the high street assists in providing long-term security for the group, and therefore, benefits other stakeholders.

All full members belong to a group (structured geographically), who elect a member to serve on the Board of Directors. All board decisions are shared with these groups in regular meetings where members are given the opportunity to discuss/challenge decisions made, and or vote on pending items. Minutes are taken and shared with the members. Suppliers are invited to relevant and specific meetings to discuss their relationship with the group, and any relevant long-term plans. The Board has the responsibility of ensuring that the reputation of both the group and the brand are maintained, to include the high standards under which it conducts business both with its customers, and its suppliers. The Board meetings are key for discussing both the groups' current activities, but also the long-term plans and going concern. To enable the Board to undertake such discussions and make informed decisions, relevant members of the senior management team present to the directors during board meetings, setting out items of note such as:

- Financial information – a monthly report is sent to the Board providing details of turnover (sales), purchases, debtors, membership numbers, and cash balances. Decisions are made based on this information with regards to campaigns, together with the current and long-term company plans.
- Debtors risk – this expands on the main debtor information provided as previously mentioned, looking not only at current debtor risks, but also beyond at potential risks. This forms the basis of any further decisions to be made with regards to future trading with these members, to ensure fair treatment across the membership.
- Promotional and Marketing campaigns – both ongoing and potential future campaigns are discussed, ensuring that the business can react to the market-place based on where the Board believe it currently is, and may be heading, using the media appropriate at the time. All campaigns are planned with the aforementioned financial information provided in mind, to ensure that the cashflow of the company is adequately maintained and therefore the group remains as a going concern.
- Pricing and ranging of products – ranging is made with consideration of both the market-place and, current and potential changes, always having in mind the needs of the relevant parties - being the consumers, the members, and the suppliers. COVID-19 lockdown caused a dramatic and sudden change in consumers needs, to which the Board responded immediately. Emergency remote Board meetings were held to ensure that pricing and ranging met these new needs, and that the business could be fair to the suppliers, bringing them on the journey to ensure products were

available, given their restricted production abilities. These meetings were in addition to the regular communications that the Board may ordinarily undertake with suppliers.

- Business and market changes – this was never more apparent than during this current year with COVID-19 and the lockdown of consumers and businesses. The aforementioned emergency meetings covered what the Board could see at the time, together with their thoughts on how the market and consumers were likely to change, given the new circumstances in which they found themselves. They are in prime position to do so, being independent retailers themselves, of varying sizes and geographical locations. Thought was also given to how the business itself was going to function during this time, making sure that the group acted responsibly and fairly towards its consumers, suppliers and staff alike. During all this time, the Board ensured that a safe environment was maintained for all, whilst meeting the needs and safeguarding the wellbeing of all parties, and relationships for the future. Developments on the system and processes are also discussed to ensure that the IT and system structure continues to support all aspects of the business and its partners.
- Distribution and warehousing – the Board discussions always include how the distribution and warehousing elements of the business are performing, ensuring that the relationship is maintained with those third parties. Part of retaining the ongoing relationship is inviting the partners to attend relevant Board meetings to take part in specific discussions. The Board have high regard to their responsibility towards the health and safety aspect of all parties concerned, together with any changes that can be made to ensure the business remains a low energy user. Prior to lockdown, the Directors would make ad-hoc visits to the warehouses, but clearly that has not been possible in the recent months. This ensured that their knowledge of the warehouse functionality and processes are maintained, coupled with the discussions held with the respective partners. All members have equal access to stock, and delivery schedules, in accordance with their location and financial position.
- Environmental matters – this forms part of most discussions, as noted previously. The business continues to discuss and report on ways in which it can be environmentally responsible, such as the use of LED bulbs where this has been possible. The Board shows consideration of the groups impact on the environment, and will continue to do so, as and when changes can be made to fulfil their obligations.
- Health and Safety – HR reports to the Board on a monthly basis, and any matters specifically relevant would be discussed as part of the meeting to ensure that the group acts responsibly towards its staff and other interested parties. COVID-19 provided a serious risk for staff and as such, decisions were made and actions were taken to mitigate these risks. Where appropriate, staff were provided with equipment to work from home, and then on returning to the office, extensive measures were implemented to ensure their safety.
- The Board will discuss any other ad-hoc matters that may arise, either as a result of the usual discussions, or anything that has happened during the time since the last meeting, or likely to happen during the time until the next meeting. COVID-19 was an example whereby the Board had to make prompt and precise decisions with regards to the staff at head office, the members' and the suppliers. PPE equipment was sourced to support the members in the retail premises to enable them to keep their shops open, where appropriate; virtual meetings were held with suppliers to ensure a supply of stock to enable the members to continue selling to the public.

Principal decisions made during the year were to ensure the continued growth of the group, maintaining stability, and securing the going concern of the group. The latter part of the year focused mainly around minimising the impact of COVID-19 on all stakeholders, to include the members, suppliers and staff. Such decisions have been noted earlier in this section, and include:

- business processes around the recent upgrade of the IT system and website, ensuring the provision of information and facilities to the members, suppliers, staff and consumers alike;
- future development of the systems and processes to ensure continued ability for the system to cope with increased demand both internally and externally. This includes a review of future phases for added value for all stakeholders, such as reporting;
- supply of stock involving discussions with key suppliers to secure stock availability for the members just prior to, and during, the lockdown period;
- source and supply of PPE for both members and staff alike to ensure their ability to continue to work safely, efficiently and effectively;

