

EURONICS LIMITED

Registered number 03029834

EURONICS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**



EURONICS LIMITED

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EURONICS LIMITED

COMPANY INFORMATION

DIRECTORS

R Putland
A Thomas
S Scogings
M Arnell
J L Parkinson

COMPANY NUMBER

03029834

REGISTERED OFFICE

Euro House, Joule Road
West Portway
Andover
Hampshire
SP10 3GD

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

EURONICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their strategic report for the year ended 31 March 2022.

BUSINESS STRATEGY

The company's strategy continues to be that of developing its offering to its agents, and therefore the turnover of their individual businesses. The agents of Euronics Limited are all members in Combined Independents (Holdings) Limited but are also independent retailers in their own right. Any commissions earned by being an agent of Euronics Limited are profits directly for their own businesses. The company takes advantage of economies of scale to ensure the agents have the benefit of consistent margins to support their businesses, together with just in time stock access to release their cashflow for other business activities. Streamlined Energy and Carbon Reporting has been reported on within the group financial statements of Combined Independents (Holdings) Limited.

SECTION 172 (1) STATEMENT

Whilst carrying out their duties as directors, the Board have had regard to ensure that the company meets the needs of its agents, the consumer, and therefore the longevity of the needs of the company itself. In order to carry out their duties responsibly and fully, training is offered and undertaken where appropriate. Decisions are made to ensure the maintenance of the long-term relationships between the company, its suppliers, its customers and other interested third parties. The directors ensure that the company acts responsibly, fairly and in good faith towards all third parties with which it engages and, where possible the environment itself. They also ensure that the company is seen to be maintaining its high standards with regards to the manner in which it conducts its business with its key stakeholders, being the consumers, agents and suppliers. Members continue to have a fair and equal ability to obtain stock where available and service their local community, more so now with the new warehouse and its larger capacity - the members continued ability to trade is key to maintaining the longevity and going concern of the company.

Surveys are undertaken with various stakeholders, obtaining feedback on specific areas of the business functionality - this year included a further updated survey to the members with regards to recycling/Waste from Electrical and Electronic Equipment, and potential next steps to take this project forward.

Consumer awareness of the Euronics brand is one of the directors' main considerations, together with maintaining the high standards to which consumers have become accustomed from independent retailers. The brand is key to the company's success, and therefore, the directors need to ensure that it is maintained and, where possible, enhanced for the future to include recognising changes in the consumers focus on sustainability and ensure it is also aligned with the cost of living crisis. The continued support of the suppliers enables the continued supply to the consumers via our agents, through this adversity. Euronics point of difference is that each business is independent...giving back to their own communities on a personal basis. With the brands sponsorship of the UEFA Women's Football, this aligns with that community spirit and core values, such as equality, team work, 'grassroots' engagement, promoting health and wellbeing, building confidence and self-image, and driving positive social change. To assist consumers in making energy efficient decision when choosing their products, energy savings labels and information is provided within euronics.co.uk.

The main strategy of the company is to achieve economies of scale, and therefore sustain a profit for the agents, to assist their own businesses in surviving the continued challenges of business today, even more so post-pandemic. Decisions made in support of agents in the high street assists in providing long-term security for the company, and therefore benefits all stakeholders, including consumers. The Directors have discussed a proposal to invest in new role opportunities to further support the membership in their own communities, together with the expansion of the membership and enabling more independents to enjoy the benefits of being part of the buying group. Consideration is also given to the ever-growing ability to purchase larger electrical products online, especially following the pandemic and the demand for remote purchasing by consumers, therefore giving the consumer choice.

All agents who are full members belong to a group (structured geographically), who elect a member to serve on the Board of Directors of the group company, of which a voted number serve on the company's Board. Board decisions are shared with these groups in regular meetings where agents are given the opportunity to discuss/challenge decisions made and, or vote on pending items, including any decisions made/to be made, by the group company. Minutes are taken of both the company and main group Board meetings and shared with the members (agents). Suppliers are invited to relevant and specific meetings to discuss their relationship with the companies, and any relevant long-term plans, prospects, and projects.

EURONICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

SECTION 172 (1) STATEMENT (continued)

The Board has the responsibility of ensuring that the reputation of both the companies and the brands are maintained, to include the high standards under which it conducts business both with its consumer, and its suppliers – two of its key stakeholders. The Board meetings are key for discussing both the companies' current activities, but also the long-term plans, impacts of these long-term plans, relationships both current and future as well as its overall going concern.

To enable the Board to undertake such discussions and make informed decisions on a timely basis, regional groups continue to merge, thus reducing the number of Directors on the group Board, and ultimately reducing the size of the company Board. Relevant members of the senior management team present to the directors during board meetings setting out items of note such as:

- Financial information – this provides group details of turnover, debtors, membership numbers, cash balances, and company trading results, each month. These reports are reviewed on a regular basis to ensure they are complete and relevant, and adjusted accordingly where required. Decisions are made based on this information with regards to campaigns and the company plans for the future, both short-term and long term. Quarterly Management accounts and budget rephases are also provided to ensure that decisions previously made remain relevant, appropriate and managed.
- Promotional and Marketing campaigns – this may be both ongoing campaigns, together with potential future campaigns, depending on the market-place and where the Board believe it may be heading. Decisions on where they wish the companies to be positioned in the market, using the media appropriate at the time. The format of these campaigns is considered, ensuring that the company reaches the appropriate market and consumer sector, giving consideration to the current economy and market-place, together with where they believe it will head in the future. All campaigns are planned with the aforementioned financial information provided in mind to ensure that the cashflow of the company is adequately maintained and the company continues to be considered a going concern. This would include any specific projects with selected suppliers.
- Pricing and ranging of products – ranging is made with consideration of both the market-place and current/pending changes, always having in mind the needs of the consumers and the agents themselves. This continued to be very relevant during the lockdowns where consumers needs had already changed very dramatically and very suddenly, and continued to do so as it became clear that a different style of living was likely to remain. This included the fact that many businesses recognised the benefit of their employees working from home, and therefore needing a differing home environment, such as quieter and less intrusive home appliances, together with valuing family time within the home. As such, the Board continue to review ranging and pricing decisions in line with these changes. The cost of living crisis is also changing the focus of many consumers, so consideration is given more towards the running cost of the product over its life cycle, together with trying to protect the planet and the individual consumers social responsibility.
- Business and market changes – as mentioned previously, changes continued to be apparent post-lockdowns for both consumers and businesses alike. The aforementioned meetings covered what the Board could see at the time, what had already occurred, together with their thoughts on how the market and consumers were likely to continue to change, given the after effects of the pandemic. The Board continues to ensure that a safe environment is maintained for all, whilst meeting the needs of all parties, and safeguarding the wellbeing and third-party relationships for the future, given that the virus is still affecting people, and their health and wellbeing. Developments on euronics.co.uk and the processes behind the scenes are also discussed to ensure that the structure continues to support all aspects of the business, and all its partners, especially the rise in cyber fraud and the potential risk for the business.

EURONICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

SECTION 172 (1) STATEMENT (continued)

- Environmental matters – this forms part of every Board meeting discussion, 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, together with further advancing our efforts towards a paperless office. Solar panels have been installed in the new warehouse (owned by the group company), and will be used where possible, including electric car charging points at all locations. Tankersley is run by 100% renewable clean energy, and already looking at the 2nd phase of solar panels, working towards our goal of being fully solar powered site. A project is also underway to install solar panels at the southern location, ensuring not only an overhead saving, but to further assist the company in being environmentally responsible. The Board shows consideration of the company's impact on the environment, and will continue to do so, as and when changes can be made to fulfil their obligations. The company is also reviewing opportunities for in house recycling of packaging to support all stakeholders to be considerate of the environment.
- 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 company acts responsibly towards all interested parties. The virus continues to be a risk for employees providing a service to Euronics, and as such, decisions continue to be reviewed and actions taken to mitigate these risks.
- 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, or likely to happen since the last meeting and until the next meeting. The continued existence of the virus was an example whereby the Board had to make prompt and precise decisions, and react to the changing circumstances as new virus variants continued to be detected and published, with regards to the members' (agents) and the suppliers, given that this clearly was not going to be a short term situation.

Principal decisions made during the year were to ensure the continued growth of the company, maintaining stability, supporting all stakeholders including the changing focus of the consumer, and securing the going concern of the company. Other decisions have been noted earlier in this section, and include:

- Energy savings and social responsibility for the company to include expanding the range of products with energy labelling to support consumers making 'greener' choices within the home, together with the project to install solar panels at both properties;
- Further future developments on the system in order to provide enhanced facilities to the members, suppliers, and consumers alike, to include a greater online offering to support the consumers increased demand for remote purchasing;
- The enhancement of the new warehouse in the northern parts of UK with regards to social and environmental responsibilities, to include additional solar panels and the use of electric forklifts;
- Further discussions with Europe on the brand and ensuring proper use both online and with the agents high street and out of town stores;
- Reduction of the number of Directors on the Board, to maintain an efficient decision-making process.

Discussions continue with regards to the future development of euronics.co.uk, and ultimately the systems that feed the website, to ensure the company maintains the support of the changing demands and focus of the consumer. 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.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of the retail of electrical appliances. The company owns the rights to use the brand name Euronics in the United Kingdom. The Company licenses use of this trademark to Combined Independents (Holdings) Limited.

EURONICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

BUSINESS REVIEW

The results for the year and financial position of the company are shown on page 11 for the statement of comprehensive income and page 12 for the balance sheet.

Turnover has increased from £236,266,126 to £265,208,752 during the year due to an increase in online sales of 5.8% and in-store sales of 12.4%. The company hopes that both the online and in-store sales will continue to see an increase, more so after the development currently underway on euronics.co.uk.

Debtors has decreased by 66.7% overall to £201,401 being Prepayments and Accrued Income, and VAT. Creditors has decreased by 36.7% to £2,908,237 being Group Undertakings due to Combined Independents (Holdings) Limited ('CIH') and Trade Creditors, offset by an increase in Accruals and Deferred Income.

KEY PERFORMANCE INDICATORS

The directors do not consider that those key performance indicators relating to profit are relevant to the business. The directors consistently monitor the key performance indicators that are considered to be applicable and, in particular, turnover which is disclosed in the statement of comprehensive income on page 11 and analysed in the business review section of this report.

CREDIT RISKS

The directors are aware that, as with any business, there is a risk that customers will not pay however, they believe that adequate controls are in place to mitigate this risk, with minimal customers being provided with credit, all of which are covered.

LIQUIDITY RISKS

The company manages its working capital position by daily monitoring of cash and commitments in order to maintain the ability to fund commitments and repay liabilities in accordance with their required terms.

This report was approved by the board on 2 November 2022 and signed on behalf of the board.



S Scogings
Director
2 November 2022

EURONICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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

STAKEHOLDER ENGAGEMENT

The directors have considered the engagement with other stakeholders, which has been noted in the Section 172 (1) Statement section of the Strategic report.

FUTURE DEVELOPMENTS

In the future, turnover is expected to increase as a result of the ongoing expansion in online selling and other development plans the company has in place. The increased brand awareness due to the impact of the lockdowns and continued advertising should support this marginal increase, together with further enhancements planned for the euronics.co.uk website in the coming year.

STREAMLINED ENERGY AND CARBON REPORTING

SECR has been reported on within the group financial statements of Combined Independents (Holdings) Limited, which has been noted in the Business Strategy section of the Strategic report.

RESULTS AND DIVIDENDS

The profit for the financial year, amounted to £76,339 (2021: £177,945 profit). The directors do not recommend the payment of a dividend (2021: £nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were

R Putland
A Thomas
D B Yelland (resigned 1 October 2022)
P Lord (resigned 31 July 2022)
S Scogings
M Arnell
J L Parkinson (appointed 14 October 2022)

DIRECTORS' INDEMNITIES

The company has management liability insurance for the above director's, capped at a maximum of £5m. This is in relation to certain losses and liabilities which they may incur in the course of acting as directors of the company.

The indemnities are categorised as qualifying third party indemnities for the purposes of the Companies Act 2006 and will continue in force for the benefit of the directors and officers for as long as they remain in their positions. The third party indemnity was in force during the financial year, and also at the date of approval of the financial statements.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks including credit risk and liquidity risk. The directors consider the primary risks for the business to be credit risk and liquidity risk, which have been included in the Strategic report.

EURONICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution to re-appoint them as auditors will be proposed at the annual general meeting.

This report was approved by the board on 2 November 2022 and signed on behalf of the board:



Scogings

Director

2 November 2022

EURONICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EURONICS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Euronics Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2022; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

EURONICS LIMITED

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK tax legislation, Generally Accepted Accounting Practice and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, specifically revenue. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Reviewing meeting minutes of the Board of directors;
- Identifying and testing journal entries based on our risk assessment and evaluating whether there was evidence of management bias that represents a risk of material misstatement due to fraud; and
- Incorporating elements of unpredictability into the audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

EURONICS LIMITED

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Sotiris Kroustis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
2 November 2022

EURONICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
TURNOVER	5	265,208,752	236,266,126
Cost of sales		(262,505,173)	(233,885,076)
GROSS PROFIT		2,703,579	2,381,050
Administrative expenses		(3,915,337)	(4,196,278)
Other operating income	6	1,288,406	1,991,165
OPERATING PROFIT	7	76,648	175,937
Interest receivable and similar income	8	1,439	2,008
PROFIT BEFORE TAXATION		78,087	177,945
Tax on profit	9	(1,748)	-
PROFIT FOR THE FINANCIAL YEAR		76,339	177,945

The results for the year shown above are derived entirely from continuing activities.

There are no further items which would be included in other comprehensive income, so no separate statement of comprehensive income has been prepared.

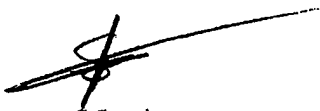
EURONICS LIMITED

BALANCE SHEET AS AT 31 MARCH 2022

	Note	2022 £	2021 £
CURRENT ASSETS			
Debtors	10	201,401	605,295
Cash at bank and in hand		3,322,879	4,529,036
		<u>3,524,280</u>	<u>5,134,331</u>
CREDITORS: amounts falling due within one year	11	(2,908,237)	(4,594,627)
NET CURRENT ASSETS		<u>616,043</u>	<u>539,704</u>
NET ASSETS		<u>616,043</u>	<u>539,704</u>
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Retained earnings		616,041	539,702
TOTAL SHAREHOLDERS' FUNDS		<u>616,043</u>	<u>539,704</u>

The notes on pages 14 to 20 form part of these financial statements.

The financial statements on pages 11 to 20 were approved by the Board of Directors on 2 November 2022 and were signed on behalf of the board:


 S Scogings
 Director
 Registered no. 03029834

EURONICS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Retained earnings	Total shareholders' Funds
	£	£	£
Balance as at 1 April 2020	2	361,757	361,759
Profit for the financial year	-	177,945	177,945
Total comprehensive income for the year	-	177,945	177,945
Balance as at 31 March 2021	2	539,702	539,704
Balance as at 1 April 2021	2	539,702	539,704
Profit for the financial year	-	76,339	76,339
Total comprehensive income for the year	-	76,339	76,339
Balance as at 31 March 2022	2	616,041	616,043

EURONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. GENERAL INFORMATION

Euronics Limited is a retailer of electrical appliances in the UK. The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The company information is shown on page 1.

These financial statements are the company's separate financial statements.

2. STATEMENT OF COMPLIANCE

The financial statements of Euronics Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

(i) The financial statements have been prepared under the historical cost convention and on a going concern basis. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(ii) The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company continues to adopt the going concern basis in preparing its financial statements.

3.2 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. The company has taken advantage of the following available exemptions:

- (i) the requirement to prepare a statement of cash flows [Section 7 of FRS 102 and para 3.17(d)];
- (ii) the non-disclosure of key management personnel compensation in total [FRS 102 para 33.7]; and
- (iii) the financial instrument disclosures, required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

3.3 Foreign Currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

3.4 Turnover Recognition

Turnover, which all relates to continuing activities, is stated net of value added tax and trade discounts and represents amounts invoiced to third parties. Turnover is recognised once the goods have been shipped as this is when the risks and rewards are passed to the customer.

EURONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Promotional contributions

Promotional contributions receivable from suppliers on the purchase of stock, to fund discounts on the sale of the related stock, are recognised as a deduction to cost of sales.

3.6 Licence fee income

During the year Euronics Limited charged Combined Independents (Holdings) Limited for use of the Euronics trademark. This is calculated based on 25% of qualifying expenditure incurred during the year and is included netted against amounts owed to group undertakings at the year end.

3.7 Cash flow statement

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Combined Independents (Holdings) Limited, includes the company's cash flows in its own consolidated financial statements.

3.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income. Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.9 Cost of sales

Cost includes all direct costs, net of supplier discounts and contributions.

3.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts would be shown within Creditors in current liabilities.

3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

EURONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments

The company has chosen to adopt Section 11 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical accounting judgements and estimates.

5. TURNOVER

The company's activities consist solely of the sale of electronics in the United Kingdom.

EURONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

6. OTHER OPERATING INCOME

	2022	2021
	£	£
Licence fee (see note 13)	600,173	410,585
Marketing contributions	688,233	1,580,580
	<hr/>	<hr/>
	1,288,406	1,991,165
	<hr/>	<hr/>

7. OPERATING PROFIT

The operating profit is stated after charging:

	2022	2021
	£	£
Services provided by the company's auditors		
- Fees payable for the audit	57,200	55,100
- Fees payable for non-audit work	4,500	3,750
	<hr/>	<hr/>
	61,700	58,850
	<hr/>	<hr/>
Directors Aggregate Emoluments	30,479	27,090
	<hr/>	<hr/>

There were no employees (2021: nil) and 6 directors (2021: 6) in the company during the year.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Interest receivable and similar income	1,439	2,008
	<hr/>	<hr/>

EURONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

9. TAX ON PROFIT

(a) Tax result included in statement of comprehensive income

	2022	2021
	£	£
Current tax:		
UK corporation tax on profit for the year	1,748	-
UK corporation tax on interest received for the year	-	-
Adjustment in respect of prior periods	-	-
Total current tax	1,748	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Impact of change in tax rate	-	-
Total deferred tax	-	-
Tax on profit	1,748	-

(b) Reconciliation of tax charge

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£	£
Profit before taxation	78,087	177,945
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	14,837	33,810
Effects of		
Tax loss carried forward/Utilisation of tax losses	(13,089)	(33,810)
Adjustment in respect of prior periods	-	-
Total Tax for the year	1,748	-

The unused tax losses carried forward are £0 (2021: £13,089).

(c) Tax rate changes

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. However, in the September 2022 interim Budget, the UK Government announced a new growth plan in which this corporation tax rise is cancelled, keeping the rate to 19%, albeit a late government reversal of this decision retaining the original increase to 25%.

EURONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

10. DEBTORS

	2022	2021
	£	£
Trade debtors	6,683	4,866
Other debtors	1,800	1,800
VAT	36,036	93,840
Prepayments and accrued income	156,882	504,789
	<u>201,401</u>	<u>605,295</u>

Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

11. CREDITORS: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	63,424	121,204
Corporation Tax	1,748	-
Amounts owed to group undertakings (see note 13)	1,097,544	3,104,339
Accruals and deferred income	1,745,521	1,369,084
	<u>2,908,237</u>	<u>4,594,627</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. CALLED UP SHARE CAPITAL

	2022	2021
	£	£
Allotted, called up and fully paid		
2 (2021: 2) Ordinary shares of £1 each	<u>2</u>	<u>2</u>

EURONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

13. RELATED PARTY TRANSACTIONS

The agents of the company are members of Combined Independents (Holdings) Limited (CIH). During the year commissions of £63,078,079 were paid to agents (2021: £57,805,815) and as at 31 March 2022 a balance of £19,076,276 was owed by the agents in CIH (2021: £17,163,654).

During the year the company purchased goods from CIH totalling £199,316,070 (2021: £176,079,295). In addition, the company charged CIH £600,173 (2021: £410,585) for the use of the 'Euronics' trademark; this entire amount is included netted off in creditors at year end.

The company receives management services from CIH, for which it was charged £2,868,027 (2021: £2,302,577).

At 31 March 2022 a balance of £1,097,544 was owed to CIH (2021: £3,104,339 owed to CIH).

14. CONTROLLING PARTY

The company was under the control of Combined Independents (Holdings) Limited for the whole of the year under review. The issued share capital of Euronics Limited is held in trust on behalf of the agents, jointly between S Scogings and A Thomas, directors of both Euronics Limited and Combined Independents (Holdings) Limited.

Combined Independents (Holdings) Limited is a company incorporated in England, and the consolidated financial statements are available at Euro House, Joule Road, West Portway, Andover, Hampshire, SP10 3GD.