



18th October 2020

To whomever it may concern.

Brexit and Covid Trading Statement

2020 has been consumed by the COVID-19 pandemic, however as we approach the end of 2020, we understand the continued uncertainty surrounding the impact of Brexit and its imminent deadline.

On the 16th October, the Prime Minister made an announcement advising that the UK to prepare for a “no deal” outcome.

Please be assured that Total Office are here to support you throughout whatever the impacts of a no deal may bring. It is of course still a possibility a deal will be reached but now is the time for us to update you on our position.

Total Office - BREXIT STATEMENT

Total Office is taking all reasonable steps to mitigate the potential impacts of Brexit. We have identified that the primary risks are as follows:

(1) Supply Chain Delays

Total Office does not directly import any goods into the UK so our preparation for Brexit has been focussed on working with our key suppliers who do.

It is likely that the import arrangements for goods from the EU to Great Britain (England, Scotland and Wales) will be impacted at the end of the transition period. This could mean that disruption for supply chains becomes a more tangible risk, but all of our main suppliers are prepared and ready to adapt to new processes and activities to smooth the transition.

New Customs Arrangements

Our suppliers have been working through the key challenges and assessing how the rules for imports between the EU and GB may change after the transition period. The government has introduced a new staged approach to imports from the EU as of January 2021, which will apply both in a deal or no deal scenario, with the intention of facilitating the smooth flow of goods.

From January 2021:

- The import of standard goods will be covered by basic customs requirements, such as keeping sufficient records of imported goods. Any physical checks will be conducted at the point of destination until July





2021. Total Office works with an experienced wholesaler who uses freight forwarders and supply chain partners, who are prepared for these requirements.

- Our main suppliers and their freight forwarders and supply chain partners are preparing for the introduction of the goods Vehicle Movement Service (GVMS), which will be introduced from January. The GVMS will most likely work on a 'pre-lodgement' model, where goods arriving at ports will have already made a customs declaration. The GVMS will be in place fully by July 2021 to facilitate smooth movement of goods.
- Our main suppliers are making and have made all necessary arrangements to account for and pay VAT on imported goods. We understand that there will be up to six months to complete the relevant customs declarations. While tariffs may be payable on certain goods that we supply, the actual payment can be deferred until the customs declaration has been made, allowing these activities to run in parallel and reducing the risk of delays.

From July 2021:

- Importers moving any goods will have to make full customs declarations at the point of importation and pay relevant tariffs.
- The GVMS will be fully in place for all imports and transit movements at those border locations that have chosen to introduce it.

After July, the trading conditions under which we will operate depends on the outcome of the negotiations with the EU. But as the UK government has put the above measures for EU imports in place unilaterally, they will apply in both a "Deal" and a "No Deal" scenario, reducing the risk of supply disruption.

Risk Mitigation

The only products that our main supplier, VOW Wholesale, imports directly are Q Connect private label lines from the Far East. The imports of these private label products from Far East factories come into the UK via Southampton or Felixstowe. The intake at these ports is 95%+ deep sea vessels from outside the EU, so any disruption should be very limited. There will be no changes to the customs procedure for orders coming from outside the EU and our freight forwarder is confident that we will not see material delays due to Brexit.

With regards to other products, our main supplier, VOW Wholesale's Merchandising team has been working with our vendors to identify possible risks to supply and mitigate them wherever possible. They are planning to buy an additional £5m of stock by the end of this year.





(2) Cost Increases

It is possible that the value of Sterling will fall following Brexit, which would make imports of both raw materials and finished products more expensive. It is also possible that tariffs will be payable on some imported goods.

Total Office partners with the UK's largest Business Supplies Wholesaler, VOW Wholesale, who will continue to leverage their purchasing power as much as possible, to secure the best possible prices.

Nonetheless, it is possible that VOW Wholesale will be forced to take significant cost increases as a result of Brexit, that are wholly beyond our control and that we cannot avoid or absorb, these may result in price increases having to be applied with short notice.

(3) Staff Shortages

Total Office employs some EU citizens within its operations. They all hold permanent positions and will continue to work for us into 2021 and beyond. We have been given the same assurance by our main wholesale partner, Vow Wholesale.

Clearly other risks may emerge as the precise form of our exit from the EU becomes clearer. In all events, however, we are committed to communicating all issues that arise to our customers as soon as they emerge, openly and honestly, and mitigating any impacts on service and/or pricing as much as reasonably possible.

Total Office - COVID UPDATE

Total Office continues to meet all current guidelines and our premises in Basildon and Kent are Covid-Secure.

The government announced a new 3-tier system on 12th October and the new tiered system is unclear in terms of specifics for office workers, the guidance was clear that workers could go to work if they could not work effectively from home.

Current rating:

We have premises in Basildon, Essex and Sandwich in Kent.

- The rating for Essex is currently "High"
- The rating for Kent is currently "Medium"



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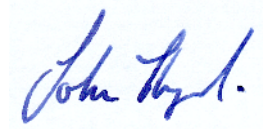
totaloffice
Totally possible

We continue to utilise home working where possible but where it is necessary for people to work in our business premises, we follow all measures identified in our Covid Risk Assessment to mitigate risk of infection.

Covid measures for our business and supply chain are well established and we do not envisage an impact on our service under the 3-tier system.

We have continued to operate throughout the period of the pandemic and will continue to react and abide by all government guidelines.

Yours sincerely



John Thurgood
Director

