

Although we have not yet been asked by customers if we are reducing our prices to take into account the reduction in VAT, we have decided to release a statement anyway.

Our main aim on our websites is to make them easy to use and hope we have achieved this. When we designed the sites we looked at the 2 different systems for creating websites available then, HTML & Database. At the time, Database sites often all looked the same and there was little scope to set out pages exactly how you wanted. At that time our webmaster, Carole, had no experience of Databases, also the first shopping basket we used did not support them. However they can be slightly easier to globally change a price like VAT. Hindsight is a wonderful thing. HTML is more labour intensive but gives the webmaster total control over navigation, therefore giving ease of use for customers, and is also relatively easy to do day to day changes without outside help. As our webmaster was (and still is) in-house and was experienced in HTML, we chose HTML.

Along with ease of use, we have always wanted to make sure that we are up front with our prices for customers. This is why we chose, almost 9 years ago, to use VAT inclusive prices on our websites. Then a couple of years later when we started using Mal's e-commerce shopping baskets, we had the choice on whether to show VAT inclusive prices in the actual shopping basket pages or to add VAT separately. We felt that the second option could cause confusion with a different price being shown in the basket to the price ones on the websites. Therefore we went with the first option even though we knew it would be very difficult to change our mind later on.

These 2 reasons (HTML site with VAT inclusive prices and VAT inclusive prices in the shopping basket) do mean however that we cannot easily change the prices on the websites to take account of the VAT rate change as some other retailers may be able to.

We have calculated that there are over 7000 price codes in the HTML to manually work out and edit which could take Carole over 120 HOURS to change on the CPU Enterprises websites. That is 5 days, 24 hours a day – no sleep; no food; no other work; no sending out orders; no emails; etc. The websites would have to close while the prices were updated as all pages would have to be published together. That is obviously too much work for one person and completely unworkable for our websites.

Another option was to employ an outside agency. This would mean that Carole would lose total control over the websites and would not be able to update pages while it was being done. Carole also feels that allowing 'outsiders' to edit the websites may compromise their integrity. Add to this the fact that these outside web design agencies are, unsurprisingly, charging very high rates at the moment. We have calculated that to afford to pay an outside agency to do this work we would have to put up prices to compensate. Therefore, while they put the prices down by the VAT reduction, they would also have to put all the prices up by more than the VAT reduction to pay for it, possibly as much as 5%. In 13 months time we would have to do the same exercise again. But this time we would be putting up the prices by the VAT increase of 2.5% PLUS the percentage needed to pay the agencies. All in all our prices (without any manufacturers' price increases) would be much higher in 13 months time than they need to be **because** of the VAT reduction. This is obviously totally unacceptable to us and, probably, to most customers.

Therefore we will regrettably not be able to pass on the VAT reduction at this time unless the Government give us some real help with the cost and a more realistic time scale to do it in.

In real terms this means the prices in the Shopping Basket will not change to UK and EU customers. The before VAT prices (except books which are Zero VAT Rated and therefore not effected) will go up by 2.13% before the reduced VAT rate of 15% is added back on.

However this does mean that we will commit to NOT put up prices next December by the VAT increase. We will also commit to not put up prices because of manufacturers' prices increases unless they are above 2.5% and then the maximum we will increase prices by is the difference between the two. For instance – Toy Stuffing just went up by 6% to us but we have increased the price on our website by less than 3%.

We are committed to continuing to give you the best deal we can and hope you understand our position.

Peter Underwood

For and on behalf of the CPU Enterprises Partners