

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present the strategic report for the year ended 31 December 2020.

#### Principal activities and business review

The principal activity of the company during the year was importation of wines from France, Chile, Spain, Italy, New Zealand, Australia, Argentina, South Africa and the USA.

The directors consider that the company has traded satisfactorily during the year.

#### Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of the business risks. Where possible, processes are in place to monitor and mitigate such risks.

The directors have set out below the principal risks facing the business:

#### Covid-19

In the Spring Covid was expected to have a significant adverse impact upon the business. This did not turn out to be the case, with business actually growing year on year. The long term impact upon the UK economy is still uncertain, but the company is in a strong position to ensure it optimises market share and will continue to take the correct long term decisions for the Company in the face of whatever challenges may arise in 2021.

#### Competition

The market in which the company operates is highly competitive. As a result, there is a constant downward pressure on margins. Policies of constant price checking and ongoing market research are in place to monitor and mitigate such risks.

#### Fluctuations in currency exchange rates

A significant portion of the company's purchases are denominated in foreign currency. As a company, there is therefore exposure to foreign currency fluctuations. The company manages its foreign exchange exposure through regular monitoring and, if required, uses forward exchange contracts to reduce the exposure.

## Brexit

The Board put in place a Committee to plan for all possibilities post Brexit. This planning has born fruit with imports continuing after the end of 2020 with no significant difficulties.

## Statement by the directors relating to their statutory duties under s172(1) Companies Act 2006

The Board of Directors considers, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020. The Board has developed a rolling business plan which is based around achieving our long-term goal of being regarded as the leading independent premium drinks business in the UK, recognised for the excellence of our portfolio and for the service that we provide to our customers.

Our team of staff remains fundamental to achievement of our business plan. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual employees' potential within the business.

We continue to engage with our customers, who tend to operate in both the on and off-trade sector, for example, retailers, distributors and operators of licenced premises. Our aim is to understand how they are developing their drinks portfolio and therefore which range of products we can provide which will enhance their portfolio.

As a premium drinks business, we work with a relatively small number of suppliers. Our aim is to develop and enter into long term distribution agreements with our key suppliers as this enables us to develop a consistent, premium brand portfolio whilst also developing long-term partnerships with our suppliers. We remain committed to being fair and transparent in our dealings with all of our suppliers.

The Board takes sustainability and environmental responsibility very seriously and the company holds ISO 14001 accreditation. ISO 14001 is a comprehensive environmental management system and many of our suppliers also implement this to manage their environmental impact through the production chain from vineyard to packaged product. Some of the key features required by ISO 14001 include:

- A thorough ongoing analysis of our environmental impacts;
- A structured response, policy and plan;
- A commitment to continuous improvement and reduction of pollution;
- A detailed knowledge of legal compliance;
- Full engagement with the Hatch Mansfield team; and
- Annual external audits.

In addition, in 2013, the company started working with the Woodland Trust to mitigate its impact on the environment by locking up carbon emissions in the UK through woodland creation. Through this ongoing support, the company has so far removed 1,150 tonnes of carbon by planting in excess of 6,500 native British trees.

The Board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards of business conduct and good governance expected of a business of our nature and size. In doing so, we believe we will achieve our long-term business strategy and also further develop our reputation in our sector.

The Board also seeks to behave in a responsible manner towards our shareholders and to treat them fairly and equally, in order that they too can benefit from the company achieving its long-term business strategy.

Key performance indicators

The directors have monitored the performance of the company with particular reference to the following key performance indicators:

1. Average selling price per case, calculated as total sales divided by total cases sold;
2. Sales volume by comparing budgeted sales to actual sales; and
3. Budgeted gross profit margin is compared to actual on an ongoing basis.

On behalf of the board

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P W McGrath

Director