STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2021

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place policies and procedures that seek to limit the potentially adverse effects on the financial performance of the company of such risks. These policies are set by the directors.

The company does not use derivative financial instruments to manage interest rate risks.

Price risk
Due to the market the company operates in, the company is exposed to price risk from its suppliers and competitors. However, given the size of the company's operations and in addition to the actions identified above, the company is able to manage the potential exposure through supplier agreements and rebate mechanisms.

Credit risk
The majority of the company's sales are not made on credit. However, for those sales made on credit, appropriate credit checks on customers who apply for credit accounts are made prior to the sale. The amount of any individual customer is subject to a limit and the exposure of the company as a whole is mitigated by multiple credit control procedures and the diverse nature of the customer base.

Liquidity risk
Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities. The risk is mitigated as the company has sufficient cash resources available to it through either its own funds or access to further bank facilities.

Brexit
The company continues to monitor the impact of Brexit and as shown in note 4 the company derives all of its income from within the UK, and primarily purchases from UK suppliers. Where suppliers bring goods into the UK, the company has discussed with their supplier their stock holding levels & continuity of supply such that the company anticipates that there will be no significant disruption to the supply chain. Additionally, the group is able to source products from different suppliers and is also not dependent on any one brand of product.

The company also has a low proportion of staff from EU countries and, therefore, considers that the likelihood of being unable to find replacement staff as very low.

Covid-19
The company has managed to remain open & trade throughout the COVID-19 pandemic and is classed as an "essential service" by the UK Government. Following the government's decision to extend MOT expiry dates during the first lockdown, the shape of the company's turnover has shifted somewhat from April, May and June into August, September and October. The company did furlough a small number of employees during quieter periods of trade in the period as lockdowns and the changed MOT phasing impacted. However, the company feel that across the full year, trade has continued to grow above pre-Covid levels.
The company received a substantial CLBILS Government-backed loan during the period to protect against a potential further decline in business. This was repaid in full before the period end.

Interest rate cash flow risk
The company had both interest-bearing assets and interest-bearing liabilities during the year. Interest bearing assets include cash balances which earn interest as floating rates. Interest bearing liabilities include debt facilities and loans from the company's bankers which accrue interest at floating rates of interest.
At the end of the period, the company renewed and extended its revolving credit facility with the bank to support the expansion plans.