

White Rose UK Ltd

Strategic Report for the Year Ended 31 December 2021

The director presents his strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the company is an operator of a group of McDonald's restaurants.

Fair review of the business

The results for the year and the financial position at the end of the year are shown in the annexed financial statements. Following the previous year's difficult trading experience caused by the effects of the Covid-19 pandemic, the year ended 31 December 2021 proved to be much improved, with all company stores remaining open throughout the year and with demand for ready-to-eat home delivery foods increasing significantly throughout the year.

As an operator of a chain of McDonald's restaurants the directors consider the company's key performance indicators to be turnover and gross profit. Turnover for the year increased by just under 53% with an increase in gross profit of 85% compared to the previous year. In common with many other businesses and industries the director believes the trading environment in which the company operates will continue to be challenging but remains optimistic regarding future trading and is committed to increasing both future turnover and profitability and to continuing the company's reinvestment program. The company has continued to invest in the business and the development and training of its employees, as well as continued investment in IT and store equipment.

Principal risks and uncertainties

The company operates in a highly competitive market with high levels of price sensitivity. Consumer behaviour can impact the company's turnover and profitability. The company mitigates this risk by adopting a policy of constantly assessing its pricing strategy with ongoing market research.

The Coronavirus pandemic introduced risks to the business by way of store closures, reductions in the number of customers visiting the restaurants, and the associated costs of implementing health and safety initiatives. The company has utilised the various support measures made available by the UK Government and is optimistic that the governments' road map out of the Coronavirus lockdown will see all restaurants now remain open for the foreseeable future.

The company remains exposed to periods of food cost inflation together with the variability of commodity prices both of which impact on profitability. In addition, the effects of Brexit have the possibility of impacting the business in terms of the access to, and cost of, both food and labour. The company continually assesses any risks identified, with the aim of mitigating the threats these may have on the company's operations and profitability. The company's supply chain is closely maintained by McDonald's, who endeavour to negotiate effectively on behalf of all franchisees to ensure better purchasing terms. This helps as much as possible to protect the company from risks associated with fluctuating food costs.

The company is also inherently exposed to pressures within the labour market and to wage cost inflation. The company mitigates this risk by a policy of adopting remuneration and benefits packages designed to be competitive within the market as well as ensuring full compliance with labour market regulations, with employment policies to allow fulfilling career opportunities for all employees.

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Section 172(1) statement

The success of the Company is the driving factor behind all decisions made by the Director. Decision making processes are structured to enable the Director to evaluate the merit of proposed business activities and the likely consequences of its decisions over the short, medium and long term. The director remains mindful that any strategic decisions taken can have long term implications for the business and its stakeholders, and these implications are carefully assessed. An example of this is in decisions taken relating to capital investment in terms of possible new store acquisitions and equipment upgrades.

Our people are key to our success. That is why we endeavour to create jobs and opportunities for all our people, regardless of gender, age, or life stage that enhance their work experience. Understanding how our people feel about McDonald's is vital. The director takes active steps to ensure that the suggestions, views and interests of the workforce are incorporated and considered as part of any decision-making process, helping to ensure that our employees are given the right support to help achieve their potential. We undertake quarterly surveys and have embarked on a "Big Conversation" with all restaurant crew and managers to drive the conversation about how they feel at work. We also conduct regular "Love to Listen" surveys to check how satisfied our employees are with their jobs.

Our customers are the reason for our existence and we therefore strive to provide high quality food with superior service in a clean and welcoming environment, all at an exceptional value. Long-term commitment to supply McDonald's UK, has enabled our suppliers to grow with us and drive positive change within their own businesses.

The director carefully considers the impact of the business on communities and the environments in which the company operates. We arrange regular litter collections in the local area around our restaurants. Recycling units are installed around our restaurants and our paper cups are sent to specialist recycling centres in the UK.

In all our activities the director requires that employees and suppliers conduct business with the highest ethical and professional standards by adhering to our Standards of Business Conduct set by McDonald's Corporation.

Engagement with employees

Our workforce is our most valuable asset and is one of the main reasons for the success of the company and brand. The company invests strongly in training, coaching, and skills acquisition. The personal development and improvement of our employees is a key aim of the Company's strategy. We strive to be a responsible employer in our approach to the pay and benefits of employees and the health, safety and wellbeing of our employees is one of the primary considerations in the way we do business.

Engagement with suppliers, customers and other relationships

As a company we endeavour to build long-term commitments with our suppliers which has enabled them to grow with us and drive positive change within their own businesses. The company recognises that relationships with suppliers are important to its long-term success and is briefed on supplier feedback and issues on a regular basis.

We also endeavour to forge positive relationships with our customers by providing high quality food and an excellent service in a clean and welcoming environment at a competitive price.

Approved and authorised by the director on 10 October 2022



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D P Wynne
Director