

JAMES JONES & SONS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

JAMES JONES & SONS LIMITED

DIRECTORS AND ADVISERS

Directors	T R Bruce-Jones R T Stevenson R E Boyd E F Balfour D S Leslie G Blyth A F S Leslie P McKenzie S Roberts
Secretary	S Roberts
Company number	SC005832
Registered office	Broomage Avenue Larbert FK5 4NQ
Registered auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

JAMES JONES & SONS LIMITED

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JAMES JONES & SONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Strategic report

The Directors present the strategic report and financial statements for the year ended 31 December 2020.

Fair review of the business

Despite the Covid-19 pandemic, the economic shocks to the global economy and the Government lead lockdowns, the Group delivered an increased operating profit for the year of £15.8m (2019-£11.0m). From March 2020, the employees in the UK timber processing and pallet sectors were designated as vital and key workers due to some of our core products, pallets and packaging, being required to keep food, pharmaceuticals, chemicals and other essential products moving during the lockdown periods. Subsequently, demand for home improvement, DIY and garden products soared in the UK during the summer of 2020, augmented by an easing of the construction sector, and all of our sites remained very busy to the year end. Global demand for timber products has driven global prices to uncharted levels, and lead times have extended markedly.

The Pallet and Packaging Division achieved another strong year in terms of turnover and profitability due to the heightened demand to move essential products during the pandemic. The division started a new operating facility in Coventry and has committed investment into additional kilns and biomass boilers to support the demand from its customer base. The Timber Systems Division was impacted by the national, and regional, construction industry lockdowns during the spring and summer months.

The Group's financial position remained strong with net assets of £423m (2019-£417m), and cash reserves of £243m at the year-end.

Future Developments

The Board believes that the results represented a very creditable trading performance considering the ongoing overhang of Brexit and the multiple lockdowns caused by the Covid-19 virus. The Group's financial position, and vertically integrated business model, provide a resilient platform for future trading and multiple changes have been undertaken to ensure the company can operate under the new working procedures and safety measures.

The Group is continuing to make investments in its existing infrastructure to increase production, deliver efficiencies and is evaluating multiple acquisition opportunities within the sector and in related industries, as well as a number of R&D initiatives. As detailed in Note 28 Post Balance Sheet Events, the Group is delighted to report that it acquired 100% of GT Timber Limited on 28th February 2021, which operates sawmills at Durham and Annan respectively. The acquisition will significantly increase the Group's annual sawn output thereby consolidating its position as the UK's largest privately owned sawmill, timber engineering and pallet manufacturing company.

Principal risks and uncertainties

The Directors consider the main business risks to be the supply and price of raw materials, and the demand and selling price volatility for its finished products. The Group seeks to manage these by entering into medium- and long-term supply agreements with key suppliers and customers with whom it has well established and mutually beneficial relationships. The global Covid-19 pandemic has impacted the entire building products supply chain and the Group's finance division has prudently managed the Group's debtors and contracted appropriate credit insurance policies.

The Group has significant cash reserves, and these funds are being invested prudently with a number of well capitalised financial institutions. The Group makes material and capital purchases in other currencies and, where appropriate, the Group will enter into foreign exchange hedging arrangements.

People & Communities

Health and Safety is a prime Board consideration, and the H&S team has been particularly active throughout the pandemic ensuring all new procedures, work instructions and measures are adopted and adhered to at every Group site. The Group is a multi-site business across the UK and has implemented communication mechanisms to inform employees of key information and changes across the Group, as well as informing local communities, leaders and schools about our activities. The Group takes advice on all employment, benefits and legal matters and consults with the employee base on a regular basis.

The quality of our staff and workforce is our most valuable asset and it is the Group's strategic aim to create a high-performance culture in the safest possible environment. The Group Board would like to take this opportunity to thank the entire James Jones employee base for their hard work, commitment and dedication throughout one of the most challenging times in the Company's history. The employee base has grown from 873 to 937 over the last 12 months,

JAMES JONES & SONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

an increase of 7%, and the Group continues to invest in employee training programmes, staff development, graduate schemes and focussing on succession planning.

Key financial information affecting the performance of the Group is shared with all senior and site management. The Group operates several employee bonus schemes to create a competitive and efficient culture to deliver a strong and profitable company performance.

Key Performance Indicators

The Group uses a number of KPIs to measure performance, the most notable of which are selling price and raw material price. With significant capital investments being planned and evaluated, return on capital remains a key focus for the Board.

	2020	2019	Change
	£'000	£'000	%
Turnover	£187,812	£189,469	-0.9%
Gross Profit	£51,999	£45,635	+13.9%
Return on Capital Employed	3.7%	2.4%	+1.3%

Section 172 (1) Statement

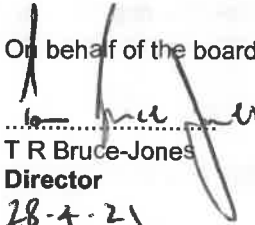
The Board's priority is to promote the long-term success of the Group for the benefit of its employees and shareholders and to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. Regular communications take place with all shareholders and their approval is sought and taken into account in the decision-making of the Board.

The Group is committed to developing and maintaining strong, mutually beneficial long term supplier and customer relationships. We have frequent meetings with suppliers and customers to assess contractual terms, service, quality, innovation and activity levels.

The Group recognises the importance of supporting local businesses in the localities where we operate to support rural employment and supply chains. The Group encourages and supports as many local initiatives as possible, as well as local charities nominated by our employees. The Group ensures local communities, leaders, and schools are fully engaged with our activities.

Effective engagement and regular meetings with our key stakeholders is critical to the long-term success of the business and this drives Group policies and practices, predicts future industry developments and trends and aligns key divisional strategies. Updates on significant supply chain initiatives, R&D and product developments are assessed by the Board to assist in the annual budgeting process and the future strategic direction of the Group.

On behalf of the board


.....
T R Bruce-Jones
Director

28.7.21.....

JAMES JONES & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and financial statements for the year ended 31 December 2020.

Principal activities

The Group's principal activities are sawmilling, timber harvesting and the manufacture of pallets and engineered wood products. There have not been any significant changes in the Group's principal activities during the year under review and the directors are not aware, at the date of this report, of any likely major changes.

Results and dividends

As shown in the Group's consolidated statement of total comprehensive income on page 10, the Group achieved a turnover of £187.8 million and operating profit increased to £15.8 million.

A final dividend of £15 per share was paid in the year in relation to 2019. The directors have proposed a final dividend of £19 per share for the current year. This will be recommended to the shareholders at the company's Annual General Meeting.

Directors

The following directors have held office since 1 January 2020:

T R Bruce-Jones

R T Stevenson

R E Boyd

E F Balfour

D S Leslie

G Blyth

A F S Leslie

P McKenzie

S Roberts

(Appointed 6 January 2020)

Disabled persons

It is Group policy that there should be no unfair discrimination in considering applications for employment including those from disabled persons. Should any employee become disabled during the course of his/her employment, every practical effort is made to provide employment and necessary retraining.

Employee involvement

The wide geographical distribution of the Group's operating locations makes it difficult, but nonetheless essential, to communicate with employees. Whilst the normally frequent site visits have had to be curtailed during the travel restrictions, senior management have adopted new communication methodologies to ensure employees have direct access to Group policies and information.

Environment and health and safety

The directors recognise the importance of the Group's environmental and health and safety responsibilities and continuously monitor the Group's performance and policies in these areas.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

JAMES JONES & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

In the first year of reporting under the Regulations, the annual energy consumption and associated greenhouse gas emissions across the relevant categories is summarised below. These are reported for the Group including data from James Jones & Sons (Pallets and Packaging) Limited.

Calculation methodology

Gas and electricity: Consumption is derived using recorded site and invoice data to calculate kilowatt hour (kWh) and/or Litres. The consumption totals are converted to Carbon Dioxide tonnes equivalent (tCO₂e) using published UK Government Greenhouse Gas Conversion Factors.

Transport costs: Consumption is derived from the spend in the Accounts and converted using the average price per litre from our fuel cards to obtain the litres consumed. The litres consumption totals are converted to kWh and tCO₂e using published UK Government Greenhouse Gas Conversion Factors.

JAMES JONES & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Energy consumption used to calculate emissions

	2020
	kWh
Electricity	26,960,031
Gas	32,193,989
Transport Fuel	23,176,146
Total energy consumption (kWh)	82,330,166

Emissions

	2020
	tCO ₂ e
Electricity	6,285
Gas	6,974
Transport Fuel	5,720
Total energy consumption (tCO ₂ e)	18,979

Note: Using Life Cycle Assessment and Environmental Product Declaration methodologies, the total embodied energy far exceeds the output tCO₂e figures above and all of the Group's timber products should be regarded as carbon negative.

Intensity Ratio

	2020
Production/Bought Volume (m ³)	652,093
Total emissions (tCO ₂ e)	18,979
Tonnes of CO ₂ e per 1,000 m ³ consumed	29.10

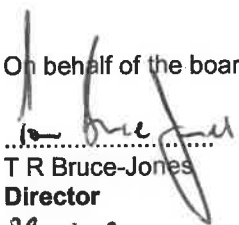
James Jones operates under the environmental management system ISO14001:2015 to ensure environmental legal compliance and targeted annual improvements.

Energy efficiency measures carried out during this period consisted of:

- Introduction of one new 3.5MW biomass installation to substitute natural gas and gas oil usage.
- Replacement of one 2.5MW biomass installation to enable a broader self-supplied fuel mix.
- Reduction of business travel through the introduction of video conferencing and other communication tools.
- Capex with one sawmill and one JJI-Joist line to improve our kWh/m³ efficiencies.
- The Group funded the acquisition of the UK's first subsidy-free windfarm located in the West of Scotland. The windfarm consists of eight wind turbines and has a total capacity of 24 MW. The clean energy produced will displace more than 18,000 tonnes of CO₂ emissions annually.

The Group will benchmark performance over time with a view to further reduction of emissions.

On behalf of the board


.....
T R Bruce-Jones

Director

28.4.21.....

JAMES JONES & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JAMES JONES & SONS LIMITED

Opinion

We have audited the financial statements of James Jones & Sons Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprises the consolidated statement of total comprehensive income, group balance sheet, company balance sheet, group statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020, and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

JAMES JONES & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JAMES JONES & SONS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

JAMES JONES & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JAMES JONES & SONS LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- the nature of the industry;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities; and;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, tax and health and safety legislation.

Our procedures to respond to risks identified included the following:

- tracing a sample of sales orders from inception to sales invoice ensuring these were recorded within revenue in line with revenue recognition policy;
- using data analytics to highlight any missing or duplicated references within sales transactions;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing the financial statement disclosures to assess compliance with the laws and regulation described as having a direct effect on the financial statements;
- enquiring of management regarding the potential existence and extent of any litigation claims;
- reviewing board minutes for any reference to breaches in laws or regulations or indications of any potential litigation or claims, including any health and safety issues;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

JAMES JONES & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JAMES JONES & SONS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP
Irvine Spowart (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

29 April 2021

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

JAMES JONES & SONS LIMITED

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £000	2019 £000
Turnover	3	187,812	189,469
Cost of sales		<u>(135,813)</u>	<u>(143,834)</u>
Gross profit		51,999	45,635
Distribution costs		(17,839)	(18,246)
Administrative expenses		(20,141)	(17,149)
Other operating income	3	<u>1,774</u>	<u>791</u>
Operating profit	4	15,793	11,031
Joint ventures and associates – share of operating profit net of disposals	12	128	(4,529)
Joint ventures and associates – share of net interest		-	1,745
Interest receivable and similar income	3	2,823	2,238
Interest payable and similar charges		(89)	(95)
Other dividends receivable		<u>381</u>	<u>162</u>
Profit before taxation		19,036	10,552
Taxation	8	<u>(3,911)</u>	<u>(3,735)</u>
Profit after taxation		15,125	6,817
Group		15,053	10,415
Joint ventures and associates		<u>128</u>	<u>(3,598)</u>
		15,125	6,817
Other comprehensive income			
Actuarial gain on pension scheme		330	1,120
Movement in restriction on recognised surplus	23	<u>(368)</u>	<u>(1,211)</u>
		15,087	6,726
Joint venture – other comprehensive income movements	12	<u>-</u>	<u>7,891</u>
Total comprehensive income for the year		<u>15,087</u>	<u>14,617</u>
Group		14,959	10,324
Joint ventures and associates		<u>128</u>	<u>4,293</u>
		<u>15,087</u>	<u>14,617</u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.


JAMES JONES & SONS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020		2019	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	10		1,190		1,649
Tangible assets	11		99,735		93,478
Investments	12		<u>17,102</u>		<u>7,701</u>
			118,027		102,828
Current assets					
Stocks	13	22,907		26,639	
Debtors	15	74,545		33,645	
Cash at bank and in hand	16	<u>242,539</u>		<u>279,316</u>	
		339,991		339,600	
Creditors: amounts falling due within one year	17	<u>(33,914)</u>		<u>(23,670)</u>	
Net current assets			306,077		315,930
Long term debtors	15		<u>1,427</u>		<u>894</u>
Total assets less current liabilities			425,531		419,652
Creditors: amounts falling due after more than one year	18		(1,258)		(1,431)
Provisions for liabilities	21		<u>(1,102)</u>		<u>(1,049)</u>
Net assets			<u>423,171</u>		<u>417,172</u>
Capital and reserves					
Called up share capital	24		287		292
Revaluation reserve			191		191
Other reserves			-		1,073
Capital redemption reserve			103		98
Profit and loss reserves			<u>422,590</u>		<u>415,518</u>
Total equity			<u>423,171</u>		<u>417,172</u>

These financial statements were approved by the board of directors and authorised for issue on 29th April 2021 and are signed on its behalf by:



S Roberts
 Director

Company Registration No. SC005832

JAMES JONES & SONS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		91,263		87,043
Investments	12		<u>27,744</u>		<u>18,788</u>
			119,007		105,831
Current assets					
Stocks	13	19,219		22,670	
Debtors	15	62,403		24,057	
Cash at bank and in hand	16	<u>240,474</u>		<u>277,287</u>	
		322,096		324,014	
Creditors: amounts falling due within one year	17	<u>(25,981)</u>		<u>(17,552)</u>	
Net current assets			296,115		306,462
Total assets less current liabilities			<u>415,122</u>		<u>412,293</u>
Creditors: amounts falling due after more than one year	18		(1,258)		(1,431)
Provisions for liabilities	21		(841)		(823)
Net assets			<u>413,023</u>		<u>410,039</u>
Capital and reserves					
Called up share capital	24		287		292
Revaluation reserve			191		191
Other reserves			-		1,073
Capital redemption reserve			103		98
Profit and loss reserves			<u>412,442</u>		<u>408,385</u>
Total equity			<u>413,023</u>		<u>410,039</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £12,072,000 (2019 - £178,798,000).

These financial statements were approved by the board of directors and authorised for issue on 28th April 2021 and are signed on its behalf by:



S Roberts

Director

Company Registration No. SC005832

JAMES JONES & SONS LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

	Notes	Share capital £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2019		292	191	98	17,353	402,095	420,029
Profit for the year		-	-	-	-	6,817	6,817
Transfers		-	-	-	-	-	-
Other comprehensive income		-	-	-	7,891	(91)	7,800
Total comprehensive income for the year		-	-	-	7,891	6,726	14,617
Share redemption		-	-	-	-	(246)	(246)
Transfers		-	-	-	(24,171)	24,171	-
Dividends	9	-	-	-	-	(17,228)	(17,228)
Balance at 31 December 2019		292	191	98	1,073	415,518	417,172
As at 1 January 2020		292	191	98	1,073	415,518	417,172
Profit for the year		-	-	-	-	15,125	15,125
Transfers		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	(38)	(38)
Total comprehensive income for the year		-	-	-	-	15,087	15,087
Share redemption		(5)	-	5	-	(4,774)	(4,774)
Transfer to retained earnings		-	-	-	(1,073)	1,073	-
Dividends	9	-	-	-	-	(4,314)	(4,314)
Balance at 31 December 2020		287	191	103	-	422,590	423,171

JAMES JONES & SONS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

	Notes	Share capital £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2019		292	191	98	1,073	247,152	248,806
Profit for the year		-	-	-	-	178,798	178,798
Transfers		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	(91)	(91)
Total comprehensive income for the year		-	-	-	-	178,707	178,707
Share redemption		-	-	-	-	(246)	(246)
Dividends	9	-	-	-	-	(17,228)	(17,228)
Balance at 31 December 2019		292	191	98	1,073	408,385	410,039
Balance at 1 January 2020		292	191	98	1,073	408,385	410,039
Profit for the year		-	-	-	-	12,110	12,110
Transfers		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	(38)	(38)
Total comprehensive income for the year		-	-	-	-	12,072	12,072
Share redemption		(5)	-	5	-	(4,774)	(4,774)
Transfer to retained earnings		-	-	-	(1,073)	1,073	-
Dividends	9	-	-	-	-	(4,314)	(4,314)
Balance at 31 December 2020		287	191	103	-	412,442	413,023

JAMES JONES & SONS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	30		30,685		17,377
Interest paid			(89)		(95)
Taxation			(5,041)		(3,859)
Net cash inflow from operating activities			25,555		13,423
Investing activities					
Purchase of tangible fixed assets		(14,294)		(40,833)	
Payments to acquire intangibles		(4)		(25)	
Proceeds on disposal of tangible fixed assets		539		320	
Repayment of investments		-		228	
Investment in listed and unlisted investments		(9,317)		-	
Cash received on sale of investment in joint venture		-		441	
Cash acquired from unlisted investments		44		-	
Finance provided to unlisted investments		-		(1,630)	
Interest received		2,823		2,238	
Loans made		(32,900)		-	
Dividends received		381		252,904	
Net cash used in investing activities			(52,728)		213,643
Financing activities					
Share redemption		(4,779)		-	
Amounts received under finance leases		416		353	
Purchase of assets under finance lease		(874)		-	
Capital element of finance lease obligations		(53)		(55)	
Dividends paid		(4,314)		(17,228)	
Net cash used in financing activities			(9,604)		(16,930)
(Decrease)/ increase in cash and cash equivalents			(36,777)		210,136
Cash and cash equivalents at beginning of year			279,316		69,180
Total cash and cash equivalents at end of year			242,539		279,316

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

James Jones & Sons Limited ("the company") is a limited company domiciled and incorporated in Scotland. The registered office is Broomage Avenue, Larbert, Stirlingshire, FK5 4NQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of James Jones & Sons Limited and all its subsidiary undertakings. Intra Group sales and purchases are eliminated on consolidation and all sales and profit figures relate to external transactions only.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities. The acquisition method of accounting is used to account for the purchase of subsidiaries. Goodwill arising on consolidation represents the difference between the fair value of the identifiable assets and liabilities of the business acquired, in accordance with FRS 102 sections 18 and 19.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other ventures under a contractual agreement are treated as joint ventures. In the Group statements, joint ventures are accounted for using the equity method with an allowance for tax on undistributed profits.

Entities other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Gresham House Renewable Energy LP is not consolidated on the basis that Gresham House Asset Management has the right to exercise control over the LP. As the sole limited partner following investment on 3 December 2020 James Jones & Sons has full beneficial entitlement, refer to Note 15 for further detail.

1.3 Turnover

Turnover is the fair value of consideration received or receivable for timber products and related services invoiced during the year, net of VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of services represents the value of services provided under contracts to the client that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.4 Intangible fixed assets – goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 - 10 years.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land	Not depreciated
Buildings	Straight line over twelve years
Plant and machinery	Straight line between three and twenty years
Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	Straight line over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the profit and loss account.

Included in land and buildings is freehold land of £45,685,003 (2019 - £44,361,305) which has not been depreciated.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Dividends are recorded as receivable once declared, as there is then a reasonable expectation that the amount will be received.

Unlisted investments are valued based on underlying net assets or earnings or the dividend record, as appropriate. Sometimes, where there is no readily available market value for an investment asset, the cost of obtaining a valuation outweighs the benefit to the users of the accounts. In such a situation, the asset may be included in the accounts at cost.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.7 Impairment of fixed assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

1.8 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale - purchase cost on a first-in, first-out basis.

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Standing timber stock is estimated as the potential yield from an area of woodland. Should the actual yield be lower or higher than estimated then this would have an adverse/positive effect on the future results of the company.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Financial instruments

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance income/finance cost as appropriate.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash in hand and short-term deposits held at call with banks.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price including transaction costs. Any losses arising from an impairment review at the reporting date are recognised in the profit and loss account.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

Classification of financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow Group companies are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The deferred tax balance has not been discounted.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance lease receivables are stated at net investment less rentals received. Net investment is the cost of the assets purchased at fair value. Rentals received are calculated at a rate to recover the net investment in equal instalments over 3 to 10 years.

Assets acquired under finance leases are capitalised in the balance sheet and the corresponding liability is recorded in the balance sheet as a finance lease obligation. Assets acquired under finance leases are depreciated in accordance with the Group's depreciation policy for that class of asset. The interest elements of the rental obligations are charged in profit and loss over the period of the lease and HP contract and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.16 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.17 Hedge accounting

The company uses forward currency contracts to hedge foreign exchange risk. Exchange rate differentials are recognised net through finance income. Dividends receivable are revalued to fair value at the year-end using the forward rate.

2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Defined benefit pension scheme

Estimates are used when calculating the assets and liabilities of the defined benefit pension scheme. Scheme liabilities are estimated as the present value of benefit payments made over the future lifetimes of current scheme members and their beneficiaries. In order to calculate the present value, the directors have had to estimate an applicable discount rate. The directors are also required to estimate the future lifetimes of current scheme members. Adverse changes to the assumptions in future could have an adverse effect on the future results of the company.

Standing timber stock

Standing timber stock is estimated as the potential yield from an area of woodland. Should the actual yield be lower or higher than estimated then this would have an adverse/positive effect on the future results of the company.

Stock provision

Stock is valued at the most recent cost to purchase and manufacture. Stock can have a residual value through secondary use if not sellable as is. Estimates are used when determining when a product will not be able to achieve its value and also estimate the recoverable portion of the stock.

Fair value of fixed asset investments

Fixed asset investments are valued at cost of initial investment less impairment. Impairment is an estimate based on the performance and environment in which the investment is currently operating.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

An analysis of the Group's turnover is as follows:

	2020 £000	2019 £000
Turnover		
Sale of goods	170,330	170,651
Sale of services	17,482	18,818
	<u>187,812</u>	<u>189,469</u>
	2020 £000	2019 £000
Interest income	2,879	2,238
Investment income	381	162
	<u>3,260</u>	<u>2,400</u>
Other operating income	308	369
Government grant income	862	-
R&D expenditure credit income	604	422
	<u>1,774</u>	<u>791</u>

The total turnover of the Group for the year has been derived from its principal activities primarily undertaken in the United Kingdom.

4 Operating profit

An analysis of the Group's turnover is as follows:

	2020 £000	2019 £000
Operating profit is stated after charging / (crediting):		
Depreciation of owned tangible assets	7,686	8,612
Depreciation of tangible fixed assets held under finance leases	80	80
Profit on disposal of tangible fixed assets	(269)	(178)
Amortisation of intangible assets	463	409
Operating lease charges	1,106	805

5 Auditors' remuneration

Fees payable to the company's auditor and its associates:

For audit services

	2020 £000	2019 £000
Audit of financial statements of : the company	45	44
: subsidiaries	37	36
	<u>82</u>	<u>80</u>

For other services

Taxation compliance services : the company	10	9
: subsidiaries	9	8
All other non-audit services	10	32
	<u>29</u>	<u>49</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees	2020 Number	2019 Number
Number of employees		
The average monthly number of employees (including directors) during the year was:		
Production	751	658
Management and office	186	215
	<u>937</u>	<u>873</u>
Employment costs	2020 £000	2019 £000
Wages and salaries	30,914	29,334
Social security costs	3,016	2,734
Other pension costs	2,778	2,546
	<u>36,708</u>	<u>34,614</u>
7 Directors' remuneration	2020 £000	2019 £000
Remuneration for qualifying services	<u>2,201</u>	<u>1,618</u>
No directors accrued retirement benefits under either defined contribution or defined benefit schemes in the year, or in the prior year.		
Remuneration disclosed above includes the following amounts paid to the highest paid director:		
	2020 £000	2019 £000
Remuneration for qualifying services	<u>699</u>	<u>488</u>

The directors are considered to be the key management of the company and Group.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Taxation	2020 £000	2019 £000
Current tax		
U.K. corporation tax on profits for the current period	3,731	2,827
Adjustments in respect of prior periods	127	75
Total UK current tax	3,858	2,902
Share of joint ventures tax	-	814
Total current tax	3,858	3,716
Deferred tax		
Origination and reversal of timing differences	(68)	43
Adjustment in respect of prior periods	24	(24)
Share of joint ventures tax	97	-
Total deferred tax	53	19
Total tax charge	3,911	3,735
	2020 £000	2019 £000
The charge for the year can be reconciled to the profit per the profit and loss account as follows:		
Profit before taxation	19,036	10,552
Expected tax charge based on a corporation tax rate of 19% (2019: 19%)	3,617	2,005
Tax effect of expenses that are not deductible in determining taxable profit	30	73
Tax effect of income not taxable in determining taxable profit	(227)	(34)
Adjustments in respect of prior years	103	75
Fixed asset differences	350	388
Loan relationship adjustments	9	8
Deferred tax adjustments in respect of prior years	-	(24)
Difference in joint venture companies tax	-	1,352
Deferred tax adjustment in current year	123	(5)
R&D tax credit	-	(73)
Exempt dividend income	(73)	(30)
Chargeable gains / (losses)	(21)	-
Tax expense for the year	3,911	3,735

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Dividends	2020 £000	2019 £000
Final paid	4,314	17,228

10 Intangible fixed assets Group	Software costs £000	Goodwill £000	Total £000
Cost			
At 1 January 2020	239	4,058	4,297
Additions	4	-	4
At 31 December 2020	243	4,058	4,301
Amortisation			
At 1 January 2020	152	2,496	2,648
Charge for the year	42	421	463
At 31 December 2020	194	2,917	3,111
Carrying amount			
At 31 December 2020	49	1,141	1,190
At 31 December 2019	87	1,562	1,649

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tangible fixed assets Group

	Assets under construction	Land and buildings	Plant and machinery	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 January 2020	64	59,886	117,020	14,056	191,026
Additions	1,369	2,839	7,990	2,096	14,294
Disposals	-	(105)	(38)	(1,590)	(1,733)
At 31 December 2020	<u>1,433</u>	<u>62,620</u>	<u>124,972</u>	<u>14,562</u>	<u>203,587</u>
Depreciation					
At 1 January 2020	-	11,245	75,230	11,073	97,548
On disposals	-	-	(5)	(1,457)	(1,462)
Charge for the year	-	486	6,264	1,016	7,766
At 31 December 2020	<u>-</u>	<u>11,731</u>	<u>81,489</u>	<u>10,632</u>	<u>103,852</u>
Net book values					
At 31 December 2020	<u>1,433</u>	<u>50,889</u>	<u>43,483</u>	<u>3,930</u>	<u>99,735</u>
At 31 December 2019	<u>64</u>	<u>48,641</u>	<u>41,790</u>	<u>2,983</u>	<u>93,478</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tangible fixed assets (continued)

Company	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2020	55,478	111,465	13,330	180,273
Additions	2,761	7,168	1,611	11,540
Disposals	(105)	-	(1,411)	(1,516)
At 31 December 2020	<u>58,134</u>	<u>118,633</u>	<u>13,530</u>	<u>190,297</u>
Depreciation				
At 1 January 2020	10,710	71,623	10,897	93,230
Depreciation charged in the year	334	5,974	790	7,098
Eliminated in respect of disposals	-	-	(1,294)	(1,294)
At 31 December 2020	<u>11,044</u>	<u>77,597</u>	<u>10,393</u>	<u>99,034</u>
Net book values				
At 31 December 2020	<u>47,090</u>	<u>41,036</u>	<u>3,137</u>	<u>91,263</u>
At 31 December 2019	<u>44,768</u>	<u>39,842</u>	<u>2,433</u>	<u>87,043</u>

Included in both the Group and company's tangible fixed assets are assets held under finance leases or hire purchase contracts with net book values as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Plant and machinery	<u>800</u>	<u>880</u>	<u>800</u>	<u>880</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Fixed asset investments

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Investments in joint ventures & associates (company: joint ventures, associates, and subsidiaries)	1,285	840	11,927	11,927
Listed investments	2,500	-	2,500	-
Unlisted investments	13,317	6,861	13,317	6,861
	<u>17,102</u>	<u>7,701</u>	<u>27,744</u>	<u>18,788</u>
Listed investment carrying amount	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>

Movements in fixed asset investments

Group

	Investments in joint ventures and associates £000	Unlisted investments £000	Listed investments £000	Total £000
Cost or valuation				
At 1 January 2020	840	6,861	-	7,701
Share of profit after tax	128	-	-	128
Additions	317	6,500	2,500	9,317
Repaid	-	(44)	-	(44)
At 31 December 2020	<u>1,285</u>	<u>13,317</u>	<u>2,500</u>	<u>17,102</u>

Company

	Share in Group undertakings £000	Unlisted investments £000	Listed investments £000	Total £000
Cost or valuation				
At 1 January 2020	11,927	6,861	-	18,788
Additions	-	6,500	2,500	9,000
Repaid	-	(44)	-	(44)
At 31 December 2020	<u>11,927</u>	<u>13,317</u>	<u>2,500</u>	<u>27,744</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Fixed asset investments (continued)

The company holds investments in the following entities:

Name of undertaking	Country of incorporation	Nature of business	Class of shareholding	% Held	
				Direct	Indirect
James Jones & Sons (Pallets and Packaging) Limited	Scotland	Pallet manufacturer	Ordinary	100.00	
Larch Limited (a)	England	Dormant subsidiary	Ordinary		100.00
Unit Investments Limited (a)	England	Holding company	Ordinary		100.00
Unit Pallets Limited (a)	England	Dormant subsidiary	Ordinary		100.00
TWP Packaging Limited (a)	England	Dormant subsidiary	Ordinary		100.00
JJPM Newco Limited (a)	England	Holding company	Ordinary		100.00
Trueperch Export Services Limited (a)	England	Pallet manufacturer	Ordinary		100.00
Billington (International) Limited (a)	England	Pallet collar distributor	Ordinary		100.00

(a) Held by subsidiary undertaking

Joint ventures and associates are:

- ST & JJ Limited, a holding company registered in Scotland, of which the Group owns 50% of the share capital.
- United Box Limited, a company registered in Scotland, whose principal activities are box manufacturing. United Box Limited is a 100% subsidiary of ST & JJ Limited.
- Upall Limited is a company registered in England and a manufacturer of plastic products. James Jones & Sons (Pallets and Packaging) Limited holds 37.5% of the share capital of Upall Limited.

13 Stocks and work in progress

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Raw materials and consumables	14,262	15,391	11,094	12,447
Work in progress	862	702	838	702
Finished goods and goods for resale	7,783	10,546	7,287	9,521
	<u>22,907</u>	<u>26,639</u>	<u>19,219</u>	<u>22,670</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Finance leases receivables

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Gross amounts receivable under finance leases:				
Within one year	517	525	-	-
Within two to five years	1,567	894	-	-
	<u>2,084</u>	<u>1,419</u>	<u>-</u>	<u>-</u>
Unearned finance income	(207)	-	-	-
	<u>1,877</u>	<u>1,419</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments receivable				
	<u>1,877</u>	<u>1,419</u>	<u>-</u>	<u>-</u>
The present value is receivable as follows:				
Within one year	450	525	-	-
In two to five years	1,427	894	-	-
	<u>1,877</u>	<u>1,419</u>	<u>-</u>	<u>-</u>

15 Debtors

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Amounts falling due within one year:				
Trade debtors	37,664	31,084	23,820	18,177
Amounts owed by Group undertakings	-	-	2,895	4,612
Finance lease receivables	450	525	-	-
Corporation tax recoverable	981	-	981	-
Other debtors	33,922	733	33,676	386
Government grants	-	86	-	-
Prepayments and accrued income	1,528	1,217	1,031	882
	<u>74,545</u>	<u>33,645</u>	<u>62,403</u>	<u>24,057</u>
Amounts falling due after one year:				
Finance leases receivable	1,427	894	-	-
	<u>1,427</u>	<u>894</u>	<u>-</u>	<u>-</u>
Total debtors	<u>75,972</u>	<u>34,539</u>	<u>62,403</u>	<u>24,057</u>

Included in other debtors is a loan for £32.9m receivable from Gresham House Renewable Energy LP. The loan is at market rate of interest and is expected to be repaid within 12 months following a refinancing.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Cash at bank and in hand

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Cash at bank and in hand	<u>242,539</u>	<u>279,316</u>	<u>240,474</u>	<u>277,287</u>

17 Creditors: falling due within one year

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Obligations under finance lease and hire purchase contracts	58	53	58	53
Corporation tax payable	515	719	-	338
Other taxes and social security costs	5,374	2,671	3,131	1,294
Trade creditors	21,635	16,068	18,741	13,483
Amounts owed to Group undertakings	-	-	26	1
Other creditors	647	484	197	247
Government grants	45	51	-	-
Accruals and deferred income	5,640	3,624	3,828	2,136
	<u>33,914</u>	<u>23,670</u>	<u>25,981</u>	<u>17,552</u>

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Obligations under finance leases and hire purchase agreements	797	855	797	855
Government grants	461	576	461	576
	<u>1,258</u>	<u>1,431</u>	<u>1,258</u>	<u>1,431</u>

Finance lease payments represent rentals payable by the company or Group for certain items of plant and machinery.

19 Financial commitments, guarantees and contingent liabilities

The company has provided an unlimited intercompany guarantee to the Royal Bank of Scotland plc in respect of subsidiaries Unit Pallets Limited and Unit Investments Limited.

The Crown Estate Scotland hold standard securities over 3.2 hectares of land at Dinwoodie Farm and 5 hectares of land at Chipknowe, Lockerbie.

The Buccleuch Estates Limited hold standard securities over 127.4 hectares of land at Glendivan, Dumfries.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Finance lease obligations

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Future minimum lease payments under finance leases				
Within one year	58	53	58	53
In two to five years	302	273	302	273
In over five years	495	582	495	582
	<u>855</u>	<u>908</u>	<u>855</u>	<u>908</u>

21 Provisions for liabilities

Deferred tax assets and liabilities are offset where the Group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset for financial reporting purposes):

	Group		Company	
	Liabilities 2020 £000	Liabilities 2019 £000	Liabilities 2020 £000	Liabilities 2019 £000
Accelerated capital allowances	1,097	996	829	768
Short term timing differences	65	74	65	77
Capital gains	(60)	(21)	(53)	(22)
	<u>1,102</u>	<u>1,049</u>	<u>841</u>	<u>823</u>

Movements in the year

	Group 2020 £000	Company 2020 £000
Liability at 1 January 2020	1,049	823
Credit to profit and loss	53	18
Balance at 31 December 2020	<u>1,102</u>	<u>841</u>

The amount of the net reversal of deferred tax expected to occur next year is £318,000 (2019: £289,000) due to the reversal of the existing timing differences on tangible fixed assets.

22 Deferred income

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Government grants	<u>461</u>	<u>576</u>	<u>461</u>	<u>576</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Retirement benefit schemes

	2020	2019
	£000	£000
Defined contribution scheme		
Charge to profit and loss in respect of defined contributions schemes	1,890	1,244

A defined contribution scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Defined benefit scheme

Key assumptions

	2020	2019
	%	%
Discount rate	1.4	2.1
RPI price inflation	2.9	2.8
CPI price inflation	2.6	2.1

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2020	2019
	Years	Years
Retiring today		
- Males	21.7	21.7
- Females	23.4	23.4

	2020	2019
	Years	Years
Retiring in 20 years		
- Males	23.0	23.0
- Females	25.0	24.9

Amounts recognised in the profit and loss account:

	2020	2019
	£000	£000
Admin expenses paid by employer	111	37
Net interest on defined benefit liability/(asset)	(94)	(91)
Losses due to benefit changes	56	-
Total expense/(income)	73	(54)

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Retirement benefit schemes (continued)

	2020 £000	2019 £000
Amounts taken to other comprehensive income:		
Actual return on scheme assets	(3,829)	(2,976)
Less: calculated interest element	402	461
Return on scheme assets excluding interest income	(3,427)	(2,515)
Actuarial changes related to obligations	3,097	1,395
Movements in unrecognised plan surplus	368	1,211
Total charge	38	91

The amounts included in the balance sheet arising from obligations in respect of defined benefit plans are as follows:

	Group and company	
	2020 £000	2019 £000
Present value of defined benefit obligations	17,995	14,822
Fair value of plan assets	(22,846)	(19,305)
Surplus in scheme	(4,851)	(4,483)
Unrecognised plan surplus	4,851	4,483
Total asset recognised	-	-

FRS 102 limits the amount of surplus that can be recognised on the balance sheet. Surplus can only be recognised to the extent that the employer can expect to secure economic benefit from it. The surplus has been restricted to nil following the scheme's closure to future accrual with effect from 31 March 2011.

	Group and company	
	2020 £000	2019 £000
Movements in the present value of defined benefit obligations:		
Liabilities at 1 January 2020	14,822	13,339
Benefits paid	(399)	(319)
Administration expenses	111	37
Losses due to benefit changes	56	-
Actuarial gains and losses	3,097	1,395
Interest cost	308	370
At 31 December 2020	17,995	14,822

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Retirement benefit schemes (continued)

The defined benefit obligations arise from plans funded as follows:

	Group and company	
	2020	2019
	£000	£000
Wholly or partly funded obligations	17,995	14,822

Movements in the fair value of plan assets:

	Group and company	
	2020	2019
	£000	£000
Fair value of assets at 1 January 2020	19,305	16,611
Interest income	402	461
Return on plan assets (excluding amounts included in net interest)	3,427	2,515
Benefits and expenses paid	(399)	(319)
Administrative expenses paid by employer	111	37
Fair value of assets at 31 December 2020	22,846	19,305

The fair value of the plan assets at the reporting period end was as follows:

	Group and company	
	2020	2019
	£000	£000
Equity instruments	15,301	13,019
Debt instruments	6,231	5,375
Cash	1,314	911
	22,846	19,305

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Share capital

	2020	2019
Group and company:	£000	£000
Allotted, called up and fully paid		
2,800 'A' ordinary shares of £1 each	3	3
284,362 (2019: 288,961) 'B' ordinary shares of £1 each	284	289
	<u>287</u>	<u>292</u>

The 'B' ordinary shares carry no voting rights nor any rights to attend meetings of the company, but otherwise the same rights apply to both 'A' and 'B' ordinary shares.

During the year James Jones & Sons Limited repurchased a total of 4,599 (2019: 237) 'B' ordinary shares for a consideration of £4,773,762 (2019: £246,006).

25 Reserves

Other reserves

Other reserves within the accounts relate to exchange rate differences on the translation of the Group's investment in its overseas joint ventures, in addition to its share of the other comprehensive movements within these overseas entities. As these investments were disposed of in the prior year, and there are no longer any foreign investments, a transfer to retained earnings has taken place.

Revaluation reserve

The revaluation reserve represents accumulated gains and losses derived from the revaluation of assets.

Capital redemption reserve

The capital redemption reserve represents amounts retained on redemption of share capital under company's legislation.

26 Operating lease commitments

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Within one year	1,398	1,169	250	-
Between two and five years	3,688	4,118	385	-
Due in more than five years	879	1,231	-	-
	<u>5,965</u>	<u>6,518</u>	<u>635</u>	<u>-</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

27 Commitments

At 31 December 2020 the Group had capital commitments as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Contracted for but not provided in the financial statements	5,550	2,124	2,945	2,124

The Group and company has entered into several medium and long term supply agreements with various raw material suppliers. Due to the nature of the contracts, it is not deemed practical to detail these contractual commitments at the year end.

28 Events after the reporting date

The directors have proposed a final dividend of £19 per share for the current year. This will be recommended to the shareholders at the company's Annual General Meeting.

On the 28th February 2021 the Group acquired 100% of GT Timber Limited, the holding company of Taylormade Timber Products Limited and Kerr Timber Products Limited.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

29 Related party relationships and transactions

Controlling party

The directors are of the opinion that there is no ultimate controlling party.

Transactions with related parties

James Jones & Sons Limited owned 49% of Stella Jones International SA. Transactions up to the date of disposal with this company was as follows:

	2020	2019
	£000	£000
Dividends received	-	170,124

James Jones & Sons Limited owns 50% of United Box Limited. Transactions with United Box Limited were as follows:

	2020	2019
	£000	£000
Sales	2,024	1,906
Dividends received	-	-
Amounts owed by United Box Limited at 31 December	485	314

James Jones & Sons Limited owns 44,389 Preference Shares of SWL Limited which equates to a 20% shareholding of the issued share capital of the company. Transactions with SWL Limited and its wholly owned subsidiary, Scottish Woodlands Limited, were as follows:

	2020	2019
	£000	£000
Sales	174	162
Purchases	8,974	7,270
Dividends received	55	47
Amounts owed to SWL Limited at 31 December	1,246	1,030
Amounts owed by SWL Limited at 31 December	48	22

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 Cash generated from operations	2020 £000	2019 £000
Profit for the financial year	15,125	6,817
Adjustments for:		
Taxation recognised in profit and loss account	3,911	3,735
Interest expense	89	95
Share of pre-tax profit – joint ventures and associates	(128)	2,503
Interest income	(2,823)	(2,238)
Dividend income	(381)	-
Foreign exchange on sale of investment	-	(86)
Net defined benefit pension scheme interest	(38)	(91)
Gain on disposal of tangible fixed assets	(269)	(178)
Amortisation and impairment of intangible fixed assets	463	409
Depreciation and impairment of tangible fixed assets	7,766	8,692
Movements in working capital:		
Decrease/(increase) in stocks	3,732	(5,275)
(Increase)/decrease in debtors	(7,095)	8,198
Increase/(decrease) in creditors	10,453	(5,069)
Decrease in deferred income	(120)	(135)
Cash generated from operations	30,685	17,377

Analysis of changes in net debt

	At 1 January 2020 £000	Cash flows £000	New Finance Leases £000	At 31 December 2020 £000
Cash and cash equivalents				
Cash	279,316	(36,777)	-	242,539
Finance lease receivable	1,419	(416)	874	1,877
Finance leases payable	(908)	53	-	(855)
Total	279,827	(37,140)	874	243,561