Tax Strategy

August 2020

James Jones & Sons Limited Tax Strategy: Contents

1 Introduction

1.1 Objective

It is important to ensure that James Jones & Sons and its subsidiary undertakings ("The Group") has consistent and effective tax standards. These tax standards must be maintained across the Group as tax (both direct and indirect) can have a significant cash and profit and loss impact on the Group as well as reputational risk implications.

Tax will have an impact on the majority of the Group's business activities. In every transaction there will likely be a potential tax risk or opportunity.

This document sets out the framework within which the Group manages its tax operations and is arranged under the following headings:

- Governance of tax;
- Organisation, communication and resourcing of tax operations;
- Tax planning parameters.

1.2 Scope

Tax includes all tax liabilities of the group, whether in the UK or overseas.

1.3 Review and communication

This document will be owned by James Jones & Sons Limited. It will be reviewed annually by the Group Finance Director, and any proposed changes will be discussed and approved by the Group Board.

1.4 Risk management

Effective risk management is paramount for the Group and underpins the strategy for continued growth. The Group's appetite for risk is a carefully calibrated part of the business model aligned to the strategic and corporate objectives. The aim is not to avoid or eliminate risk entirely, but to strictly manage the Group's exposure to risk.

1.5 Tax Objectives

The objective for the Group's finance team, when managing the Group's tax position, is to support the Group's strategy whilst ensuring compliance with tax laws and filing obligations. Tax performance will be measured in the following ways:

- paying the correct amount of tax in the correct jurisdiction in a timely manner;
- forecasting tax cash payments accurately;
- ensuring the relevant claims and elections are made to minimise the tax cash paid by the Group; and
- implementing and maintaining controls and procedures relating to all taxes to enable the correct tax to be paid, inspections by HM Revenue & Customs ("HMRC") and other regulators to result in no penalties;

- establishing and maintaining appropriate tax accounting arrangements, thereby enabling the Group's Senior Accounting Officer ('SAO") to fulfil their obligations under Schedule 46 Finance Act 2009.

2 Governance of tax

2.1 Policy oversight

The Group Finance Director has responsibility for tax at Board level and will provide updates to the board on the tax affairs and risks of the Group, to ensure:

- the proper control and management of tax risk;
- the tax position is optimised; and
- the tax charge is correctly stated in the statutory accounts and tax returns.

The Group Finance Director is also the designated Senior Accounting Officer. The legislation regarding SAO accountability places a personal obligation on the appointed SAO to come to the decision as to whether appropriate tax accounting arrangements were in place throughout the financial year. As part of the Group's reporting framework the SAO will be required to certify the appropriateness of the UK Group companies' tax accounting arrangements to HMRC.

2.2 Policy principles

The Board has established that the following principles will form the basis of the tax policy of the Group:

- the Group will adopt an over-riding approach to tax which is both transparent and compliant;
- to ensure that all key tax risks are identified and managed effectively;
- to ensure that all tax compliance is properly controlled and managed to meet the Group's legal obligation to fulfil its duties under UK and overseas tax law. This document considers the position of the UK group entities only, with the position of overseas entities considered by their Boards;
- to ensure that professional working relationships are developed with the relevant departments within HMRC and, as necessary, with overseas tax authorities;
- to ensure the Group will only adopt filing positions it is prepared to defend robustly - where a position has been adopted which may conflict with HMRC's published view this will be fully disclosed;
- in the event of any inadvertent error(s) arising, full disclosure will be made to HMRC. Consideration will also be given to the reasons for the error and the impact that these may have upon the accuracy of historic SAO certification.

3 Organisation, processes and communication

3.1 Roles and responsibilities

Tax operation roles and responsibilities should be clearly defined. This Tax Strategy clearly defines these roles and responsibilities to enable the effective operation of processes and delivery of the Group's tax strategy.

The key areas of responsibility and processes are set out below:

3.2 The Board

The Board is ultimately responsible for the Tax Governance policy, with the Group Finance Director reporting to the Board. The Board has delegated the responsibility for day-to-day implementation of the Tax Strategy to the Group Finance Director, as required. The Group Finance Director is responsible for ensuring there is an appropriate framework for implementation of the policy and oversight of the identification and management of tax risk.

Day to day responsibilities and ownership of the Group's tax operations and oversight of tax risk include:

- regular communication with the Group Board, regarding management of material tax risks and opportunities (such as capital expenditure, provisions and implementation of new controls);
- managing the on-going process in relation to SAO risk identification, coordinating regular round table discussions, involving relevant members of the finance team and professional advisers as appropriate;
- ensuring that relevant tax risks are documented and that they are then monitored regularly to ensure that these risks are managed effectively.
- reviewing any significant transactions (e.g. acquisitions, disposals, financing arrangements);
- monitoring adherence to the Tax Strategy;
- final review of tax disclosures for the Group's financial statements prior to approval by the Group Board;
- final review of the corporation tax returns prior to submission by the Group tax advisors;
- ensuring accounting systems and controls report accurate and timely information for tax reporting purposes;
- maintaining regular dialogue with the Group's tax advisers.

3.3 Compliance with all taxation filing obligations

In all areas of taxation, to continue to strengthen its relationship with the tax authorities, the Group believes it is essential to make all tax payments, fulfil all reporting obligations, and file all tax returns, including VAT returns on time and on the basis of clear and full disclosure. The group will enter into real-time discussion with HMRC as and when appropriate.

Johnston Carmichael have been engaged to prepare the corporation tax computations and returns based on information provided by the Group Finance Manager and the accounts teams across the Group. The tax returns are reviewed by the Group Finance Director.

The Group understands that it should consult VAT specialists in connection with non routine transactions (e.g. land and property) to ensure compliance with VAT legislation.

In respect of legislative changes and emerging best practice, relevant members of the finance team are signed up to receive updates from external advisers via email alerts and are signed up to be invited to attend update meetings and web casts. The finance team also has access to training material from third party providers. The Group can also contact external advisers with technical queries. There are regular meetings between the Group and its various tax advisers to make the Group aware of relevant legislative changes. The external auditors, challenge the tax position and processes as part of the statutory audit.

3.4 Statutory reporting of taxation

The Group will ensure that it has robust controls and processes in place for providing the information necessary for the reporting and disclosing current and deferred taxes in its financial statements. The Group have engaged tax advisers to undertake the necessary mechanical calculations to achieve this objective, and to highlight the areas where the Group need to make decisions.

This will ensure that adequate provisions are made for all material tax exposures. This includes current and deferred taxes together with other relevant taxes. The disclosures within the financial statements are challenged by the Group auditors, Johnston Carmichael.

The Group will comply with all relevant accounting standards in respect of the reporting and disclosure of taxes.

3.5 Employee taxes

The Group believes that the well being of its employees is paramount. The Group will therefore consider opportunities to enhance employee benefits which are government approved. The Group's approach to tax planning in relation to employee taxes is set out in section 4. The Group will not provide employees with taxation advice.

The Group will not undertake tax planning for employee taxes where it is likely to be considered aggressive by HMRC and/or by other tax authorities. Only routine tax planning, which has a high likelihood of being accepted by the relevant tax authority, would be considered. Any planning undertaken would be fully disclosed to the relevant tax authority and would be undertaken using the Group's tax advisers.

The Group is open to discussion of non-aggressive tax planning with its various tax advisers to the extent that the ideas are aligned with this Tax Strategy.

3.6 Corporate and indirect taxes

In addition to the obligations in 3.3 above and 4 below, to maximise shareholder value, the Group will seek to minimise its taxation liabilities through filing appropriate tax claims and elections, for example group relief and capital allowance claims.

The Group will also ensure that cashflow benefits are maximised using the throughput of Indirect Taxes through the systems such as ensuring that VAT is recovered at the earliest possible opportunity.

In addition, the Group will engage in responsible taxation planning for corporate, indirect, or employee taxes where under a full and complete cost benefit analysis the opportunity is deemed appropriate to pursue and where the taxation planning details can be fully disclosed to HMRC.

As a general policy, the Group will not undertake any corporate or indirect taxation planning which:

- does not comply with current tax laws;
- is likely to be considered aggressive by HMRC;
- cannot be fully disclosed to HMRC;
- is likely to generate press attention; or
- adversely impacts other taxes, for example the Group's VAT recovery.

4 Tax planning parameters

4.1 Tax planning

Proactive and timely communication of business transactions is key to allowing effective tax treatment to be undertaken through liaison with external advisors. Effective liaison at the planning stage of a transaction will ensure that tax risks and opportunities inherent in transactions are effectively managed.

4.2 Controls over tax planning

All papers put forward to the Board that contain comments on tax must be supported by an appropriate level of tax analysis. The Group Finance Director will be responsible for ensuring sufficient tax analysis has been undertaken in advance of the papers being submitted to the Board.

All transactions falling within the above principles and/or specifically mentioned must have Board level approval before they can proceed.

4.3 Assessment of tax planning

The Group Finance Director will understand tax risks and opportunities on future transactions and current tax planning opportunities. The general principles defined in section 2.2 will be adhered to for all tax planning. In addition, these principles are supplemented by the following parameters defined by the Board and should be used in the assessment of tax planning. The Group will use these parameters to determine whether tax risks presented by adopting any particular tax planning opportunity are acceptable or not.

- ***Commercial purpose***: All transactions must have a commercial purpose.
- ***Reputation impact***: The planning should have no or limited impact if details were in the public domain.
- ***Impact on cash flow:*** Cash flow should be positively impacted if planning is successful, with the potential upside benefit outweighing the downside cost.
- ***Impact on financial accounts***: Profitability (post tax return) should be positively impacted if planning is successful, with the potential upside benefit outweighing the downside cost.
- ***Authority to implement:*** All tax planning ideas should be authorised by the Group Finance Director. Where the tax planning is not "routine", and may be subject to challenge by HMRC, approval to undertake the planning will be from the Group Board.
- Appropriate external advice will be obtained and taken into account in making tax related decisions.

5 Conclusion

The Group Board recognises the importance that tax has on the financial performance of the Group. This is not only in the context of corporation tax but covers all taxes including, VAT, custom duties and employment taxes.

As such, the Board has put this Tax Strategy in place to ensure tax is considered when strategic decisions are being made as well as to ensure that the Group has appropriate tax risk management in place for the size of the overall Group.

The Group will seek to have a strong relationship with the HMRC's Customer Compliance Manager, meeting annually to provide an update on Group performance, structure and strategy.