

Company Registration No. SC005832 (Scotland)

JAMES JONES & SONS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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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 2021

Strategic report

The Directors present the strategic report and financial statements for the year ended 31 December 2021.

Fair review of the business

The Group traded very strongly during 2021 despite the continued Covid-19 lockdowns and restrictions that were experienced across the UK. The Group increased turnover to £331m (2020: £188m) and delivered a profit before tax for the year of £60.8m (2020-£19.0m).

The success achieved in 2021 is a result of the strong team working and dedication from our talented and highly skilled employees, and from the targeted capital expenditure programmes within each Division. The integration of GT Timber Limited, acquired in February 2021, has been very successful and the acquisition has significantly increased the Group's annual sawn output.

Trading for all Group products was very robust during the first eight months of the year due to strong demand for DIY products, increased housebuilding activity and improving economic output. Demand however tailed off during Quarter 4, and production was scaled back to avoid excessive stock build ups.

The Group's financial position remained strong with net assets of £465m (2020-£423m), and cash reserves of £232m at the year-end.

Future Developments

The Ukrainian crisis that has unfolded since the year end has created further significant economic and inflationary upheaval for the UK and Europe, compounded by the continuing impacts of Covid-19. However the Group's financial strength, vertically integrated business model and strategic focus on risk management will help to mitigate the anticipated shocks to the global economy and to provide a resilient supply chain to our customer base.

The Group is undertaking investments in its existing infrastructure to increase production and deliver efficiencies. Multiple acquisition opportunities within the sector and in related Industries, as well as R&D Initiatives, are at different stages of evaluation.

As detailed in Note 30 "Events after the reporting date" the Group is delighted to report that, on 31st January 2022, it has acquired a 59.64% stake in Mayflower Enterprises Pty Limited, the holding company of Hyne Timber and XLam with operations in Australia and New Zealand.

Principal risks and uncertainties

The Directors consider the main risks to the business to be selling price volatility, the supply and price of raw materials and the demand for its products. The global Covid-19 pandemic has impacted the entire supply chain and prudent management of the Group's debtors and contracting appropriate insurance policies are a core function of our finance division. Since the last quarter of 2021, the Group has experienced continued inflationary cost pressures with significant increases in electricity, gas, diesel, haulage, insurance, and employment costs.

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 enters into foreign exchange hedging arrangements.

People & Communities

The average number of employees has grown from 937 to 1,237 employees over the last 12 months, an increase of 32%. Health and safety is a prime Board consideration for each and every one of these employees and the H&S team has been particularly active throughout the pandemic to ensure all new procedures, work instructions and measures are adopted and adhered to at every Group site. 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 through employee training programmes, staff development, graduate schemes, and succession planning. Key financial information affecting the performance of the Group is shared with all senior and site management. The Group operates a number of employee bonus schemes to create a competitive and efficient culture to deliver a strong and profitable company performance.

JAMES JONES & SONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Group Board would like to take this opportunity to thank all employees for their hard work and dedication.

Key Performance Indicators

The Group uses a number of KPI's 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.

	2021	2020	Change
	£'000	£'000	%
Turnover	£330,917	£187,812	+76.2%
Gross Profit	£114,500	£51,999	+120.2%
Return on Capital Employed	12.8%	3.7%	+245.9%

Section 172 (1) Statement

The Board's priorities are to promote the long term success of the Group for the benefit of its employees and shareholders and to adhere 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 supplier and client relationships for the long term. There are frequent, formal reviews with key suppliers and customers which involves senior management and covers quality, service, commercial contracts, innovation and key business updates. The Group seeks to enter into medium and long term supply agreements with key suppliers and customers with whom it has well established and mutually beneficial relationships

Effective engagement and regular meetings with other 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. Local supply options are explored as part of the supplier evaluation process, particularly given the Ukrainian crisis, and the Group has many successful long term relationships with such partners.

The Group supports local businesses in the localities where we operate, and encourages as many local initiatives as possible, as well as offering donations to local charities nominated by our employees. The Group ensures local communities, leaders, and schools are fully engaged with our activities.

On behalf of the board

T R Bruce-Jones
Director

29.4.22...

JAMES JONES & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and financial statements for the year ended 31 December 2021.

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 £331 million and profit before tax increased to £60.8 million.

A final dividend of £19 per share was paid in the year in relation to 2020. The directors have proposed a final dividend of £35 per share for the current year.

Directors

The following directors have held office since 1 January 2021:

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

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 2021

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 second year of reporting under the Regulations, the annual energy consumption and associated greenhouse gas emissions across the relevant categories are summarised below. These are reported for the Group including data from James Jones & Sons (Pallets and Packaging) Limited and GT Timber 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 Group fuel cards to obtain the litres consumed. Savings have been made during the period due to the lower mileage covered as a result of the Covid-19 pandemic. The litre 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 2021

Energy consumption used to calculate emissions

	2021	2020
	kWh	kWh
Electricity	36,126,832	26,960,031
Gas	27,953,400	32,193,989
Transport Fuel	29,599,430	23,176,146
Total energy consumption (kWh)	93,679,662	82,330,166

Emissions

	2021	2020
	tCO ₂ e	tCO ₂ e
Electricity	7,671	6,285
Gas	6,062	6,974
Transport Fuel	7,199	5,720
Total emissions (tCO ₂ e)	20,932	18,979

Note: Using Life Cycle Assessment and Environmental Product Declaration methodologies, the total embodied energy far exceeds the output tCo2e figures below and all of the Group's timber products should be regarded as carbon negative.

Intensity Ratio

	2021	2020
Production/Bought Volume (m3)	897,544	652,093
Total emissions (tCO ₂ e)	20,932	18,979
Tonnes of CO ₂ e per 1,000 m3 consumed	23.32	29.10

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

Continued energy efficiency measures used during this period consisted of:

- Completion of the new 3.5MW biomass boiler to substitute natural gas and gas oil usage.
- Completion of the replacement 2.5MW biomass boiler to enable a broader self-supplied fuel mix.
- Reduction of business travel through the introduction of video conferencing and collaboration tools such as Microsoft Teams.
- Planting of over 380 hectares of new woodlands across the Group's forestry estate and has restocked areas covering a further 112 hectares.
- Replacement of several mobile plant vehicles from red diesel to electric fuel.
- The Groups acquisition of the country's first subsidy-free windfarm located South of Greenock produced 44,925,766 kWh during the year. This clean energy was sold to a third party via a long-term PPA.

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

27.4.22

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 2021 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 2021, 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.

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the company, 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 most relevant frameworks we identified include:

- FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation
- General Data Protection Regulation

We gained an understanding of how the group is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and of board minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. As a result of performing these procedures we have assessed no areas as having a heightened risk of fraud.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- enquiring of management and those charged with governance regarding the actual or suspected instances of non-compliance with laws and regulations and following up on any items identified to ensure no irregularities included;
- reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- 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;
- performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that 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 intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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

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

Chartered Accountants
Statutory Auditor

29 April 2022

7-11 Melville Street
Edinburgh
EH3 7PE

JAMES JONES & SONS LIMITED

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
Turnover	3	330,917	187,812
Cost of sales		<u>(216,417)</u>	<u>(135,813)</u>
Gross profit		114,500	51,999
Distribution costs		(20,356)	(17,839)
Administrative expenses		(37,075)	(20,141)
Other operating income	3	<u>2,169</u>	<u>1,774</u>
Operating profit	4	59,238	15,793
Joint ventures and associates – share of operating profit net of disposals	14	103	128
Interest receivable and similar income	3	1,369	2,823
Interest payable and similar charges		(112)	(89)
Other dividends receivable		<u>219</u>	<u>381</u>
Profit before taxation		60,817	19,036
Taxation	8	<u>(12,426)</u>	<u>(3,911)</u>
Profit after taxation		48,391	15,125
Group		48,288	15,053
Joint ventures and associates	14	<u>103</u>	<u>128</u>
		48,391	15,125
Other comprehensive income			
Actuarial gain on pension scheme		533	330
Movement in restriction on recognised surplus	25	<u>67</u>	<u>(368)</u>
Total comprehensive income for the year		<u>48,991</u>	<u>15,087</u>
Group		48,888	14,959
Joint ventures and associates		<u>103</u>	<u>128</u>
		<u>48,991</u>	<u>15,087</u>

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

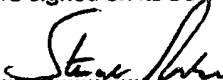
JAMES JONES & SONS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible assets	10		17,754		1,190
Tangible assets	11		143,155		99,735
Investment properties	12		7,804		-
Investments	14		<u>13,702</u>		<u>17,102</u>
			182,415		118,027
Current assets					
Stocks	15	45,707		22,907	
Debtors	17	59,484		74,545	
Cash at bank and in hand	18	<u>232,218</u>		<u>242,539</u>	
		337,409		339,991	
Creditors: amounts falling due within one year	19	<u>(52,347)</u>		<u>(33,914)</u>	
Net current assets			285,062		306,077
Long term debtors	17		<u>1,208</u>		<u>1,427</u>
Total assets less current liabilities			466,885		425,531
Creditors: amounts falling due after more than one year	20		(1,079)		(1,258)
Provisions for liabilities	23		<u>(2,389)</u>		<u>(1,102)</u>
Net assets			<u>465,217</u>		<u>423,171</u>
Capital and reserves					
Called up share capital	26		286		287
Revaluation reserve			191		191
Other reserves			-		-
Capital redemption reserve			104		103
Profit and loss reserves			<u>464,626</u>		<u>422,590</u>
Equity attributable to owners of the parent company			465,207		423,171
Non-controlling interests			<u>10</u>		<u>-</u>
			<u>465,217</u>		<u>423,171</u>

These financial statements were approved by the board of directors and authorised for issue on 29th April 2022 and are signed on its behalf by:



S Roberts

Director

Company Registration No. SC005832

JAMES JONES & SONS LIMITED

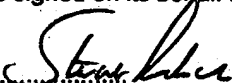
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		93,665		91,263
Investment properties	12		7,804		-
Investments	14		<u>83,203</u>		<u>27,744</u>
			184,672		119,007
Current assets					
Stocks	15	32,140		19,219	
Debtors	17	45,421		62,403	
Cash at bank and in hand	18	<u>217,339</u>		<u>240,474</u>	
		294,900		322,096	
Creditors: amounts falling due within one year	19	<u>(34,929)</u>		<u>(25,981)</u>	
Net current assets			259,971		296,115
Total assets less current liabilities			<u>444,643</u>		<u>415,122</u>
Creditors: amounts falling due after more than one year	20		(1,079)		(1,258)
Provisions for liabilities	23		(1,371)		(841)
Net assets			<u>442,193</u>		<u>413,023</u>
Capital and reserves					
Called up share capital	26		286		287
Revaluation reserve			191		191
Other reserves			-		-
Capital redemption reserve			104		103
Profit and loss reserves			<u>441,612</u>		<u>412,442</u>
Total equity			<u>442,193</u>		<u>413,023</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 £36,125,000 (2020 - £12,072,000).

These financial statements were approved by the board of directors and authorised for issue on 29th April 2022 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 2021

	Notes	Share capital £000	Revaluation reserve £000	Capital redemption reserve £000	Other reserves £000	Profit and loss reserves £000	Total controlling interest £000	Non- controlling interest £000	Total £000
Balance at 1 January 2020		292	191	98	1,073	415,518	417,172	-	417,172
Profit for the year		-	-	-	-	15,125	15,125	-	15,125
Other comprehensive income		-	-	-	-	(38)	(38)	-	(38)
Total comprehensive income for the year		-	-	-	-	15,087	15,087	-	15,087
Share redemption		(5)	-	5	-	(4,774)	(4,774)	-	(4,774)
Transfer to retained earnings		-	-	-	(1,073)	1,073	-	-	-
Dividends		-	-	-	-	(4,314)	(4,314)	-	(4,314)
Balance at 31 December 2020		<u>287</u>	<u>191</u>	<u>103</u>	<u>-</u>	<u>422,590</u>	<u>423,171</u>	<u>-</u>	<u>423,171</u>
Balance at 1 January 2021		287	191	103	-	422,590	423,171	-	423,171
Profit for the year		-	-	-	-	48,391	48,391	-	48,391
Other comprehensive income		-	-	-	-	600	600	-	600
Total comprehensive income for the year		-	-	-	-	48,991	48,991	-	48,991
Share redemption	26	(1)	-	1	-	(1,527)	(1,527)	-	(1,527)
Dividends	9	-	-	-	-	(5,428)	(5,428)	-	(5,428)
Non-controlling interest on assets acquired		-	-	-	-	-	-	10	10
Balance at 31 December 2021		<u>286</u>	<u>191</u>	<u>104</u>	<u>-</u>	<u>464,626</u>	<u>465,207</u>	<u>10</u>	<u>465,217</u>

JAMES JONES & SONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2021

	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 2020		292	191	98	1,073	408,385	410,039
Profit for the year		-	-	-	-	12,110	12,110
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		-	-	-	-	(4,314)	(4,314)
Balance at 31 December 2020		<u>287</u>	<u>191</u>	<u>103</u>	<u>-</u>	<u>412,442</u>	<u>413,023</u>
Balance at 1 January 2021		287	191	103	-	412,442	413,023
Profit for the year		-	-	-	-	35,525	35,525
Other comprehensive income		-	-	-	-	600	600
Total comprehensive income for the year		-	-	-	-	36,125	36,125
Share redemption		(1)	-	1	-	(1,527)	(1,527)
Dividends	9	-	-	-	-	(5,428)	(5,428)
Balance at 31 December 2021		<u>286</u>	<u>191</u>	<u>104</u>	<u>-</u>	<u>441,612</u>	<u>442,193</u>

JAMES JONES & SONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£000	£000
Cash flows from operating activities			
Cash generated from operations	32	50,461	31,101
Interest paid		(112)	(89)
Taxation		<u>(13,751)</u>	<u>(5,041)</u>
Net cash inflow from operating activities		36,598	25,971
Investing activities			
Payments to acquire property, plant and equipment		(16,253)	(14,294)
Payments to acquire investment properties		(7,804)	-
Payments to acquire intangibles		(71)	(4)
Proceeds on disposal of tangible fixed assets		757	539
Investment in listed and unlisted investments		(1,017)	(9,317)
Cash acquired from unlisted investments		4,120	44
Purchase of subsidiary undertaking net of cash acquired		(20,963)	-
Interest received		706	2,823
Loans made		-	(32,900)
Dividends received		<u>619</u>	<u>381</u>
Net cash used in investing activities		(39,906)	(52,728)
Financing activities			
Share redemption		(1,527)	(4,779)
Purchase of assets under finance lease		-	(874)
Capital element of finance lease obligations		(58)	(53)
Dividends paid		<u>(5,428)</u>	<u>(4,314)</u>
Net cash used in financing activities		(7,013)	(10,020)
(Decrease)/ increase in cash and cash equivalents		(10,321)	(36,777)
Cash and cash equivalents at beginning of year		<u>242,539</u>	<u>279,316</u>
Total cash and cash equivalents at end of year		<u>232,218</u>	<u>242,539</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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 2021

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 £49,577,000 (2020 - £45,685,000) which has not been depreciated. Land includes land on which timber is grown to be used in the group's operations.

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 measured at fair value if the investments can be measured reliably. Where we are unable to reliably measure fair value, unlisted investments are measured at cost less impairment. If applicable, any fair value gain / loss will be recognised in the profit or loss.

Listed investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 31 December 2021 with reference to quoted bid prices from reliable external sources.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 at the date of acquisition. 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. The cost of woodland management, maintenance and plantation are expensed in the period when incurred, net of any related subsidies.

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 2021

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.

Research and development tax credits

Research and development tax credits are recognised only to the extent that the directors are satisfied amounts will be recoverable, based on completion and submission of a Research and Development tax credit claim.

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 2021

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.

Operating lease rentals are charged to income in equal annual amounts over the lease term. Rentals receivable under operating leases, are recognised within income on a straight-line basis over the term of the lease.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

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.

Goodwill amortisation

Goodwill arising on acquisition is being amortised over the directors' estimate of its useful life of between 5-10 years. The estimate is based on a variety of factors such as expected use of the acquired business and the expected useful life of the cash generating units to which goodwill is attributable.

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.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty (continued)

Impairment of fixed asset investments

Fixed asset investments are measured at fair value if the investments can be measured reliably. Where we are unable to reliably measure fair value, fixed asset investments are measured at cost less impairment. Impairment is an estimate based on the performance and environment in which the investment is currently operating.

3 Turnover and other revenue

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

	2021 £000	2020 £000
Turnover		
Sale of goods	309,198	170,330
Sale of services	21,719	17,482
	<u>330,917</u>	<u>187,812</u>
	2021 £000	2020 £000
Interest income	1,369	2,879
Investment income	219	381
	<u>869</u>	<u>308</u>
Other operating income	747	862
Government grant income	553	604
R&D expenditure credit income	2,169	1,774

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 operating profit is as follows:

Operating profit is stated after charging / (crediting):

	2021 £000	2020 £000
Depreciation of owned tangible assets	10,388	7,686
Depreciation of tangible fixed assets held under finance leases	80	80
Profit on disposal of tangible fixed assets	(237)	(269)
Amortisation of intangible assets	1,292	463
Operating lease charges	1,671	1,106

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of financial statements of : the company	53	45
: subsidiaries	65	37
	<u>118</u>	<u>82</u>
For other services		
Taxation compliance services : the company	14	10
: subsidiaries	18	9
All other non-audit services	69	10
	<u>101</u>	<u>29</u>

6 Employees

Number of employees	2021 Number	2020 Number
The average monthly number of employees (including directors) during the year was:		
Production	1,011	751
Management and office	226	186
	<u>1,237</u>	<u>937</u>

Employment costs	2021 £000	2020 £000
Wages and salaries	50,020	30,914
Social security costs	4,904	3,016
Other pension costs	2,263	2,778
	<u>57,187</u>	<u>36,708</u>

7 Directors' remuneration

	2021 £000	2020 £000
Remuneration for qualifying services	<u>4,545</u>	<u>2,201</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:

	2021 £000	2020 £000
Remuneration for qualifying services	<u>1,274</u>	<u>699</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 2021

8	Taxation	2021 £000	2020 £000
	Current tax		
	U.K. corporation tax on profits for the current period	11,871	3,731
	Adjustments in respect of prior periods	(110)	127
	Total UK current tax	11,761	3,858
	Share of joint ventures tax	-	-
	Total current tax	11,761	3,858
	Deferred tax		
	Origination and reversal of timing differences	51	(68)
	Adjustment in respect of prior periods	220	24
	Share of joint ventures tax	394	97
	Total deferred tax	665	53
	Total tax charge	12,426	3,911
		2021 £000	2020 £000
	The charge for the year can be reconciled to the profit per the profit and loss account as follows:		
	Profit before taxation	60,817	19,036
	Expected tax charge based on a corporation tax rate of 19% (2020: 19%)	11,555	3,617
	Tax effect of expenses that are not deductible in determining taxable profit	(110)	30
	Tax effect of income not taxable in determining taxable profit	(4)	(227)
	Adjustments in respect of prior years	(316)	103
	Fixed asset differences	186	350
	Loan relationship adjustments	-	9
	Deferred tax adjustments in respect of prior years	215	-
	Difference in joint venture companies tax	-	-
	Deferred tax adjustment in current year	829	123
	R&D tax credit	(105)	-
	Exempt dividend income	-	(73)
	Chargeable gains / (losses)	176	(21)
	Tax expense for the year	12,426	3,911

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9	Dividends	2021	2020
		£000	£000
	Final paid	5,428	4,314
<hr/>			
10	Intangible fixed assets		
	Group		
		Software costs	Goodwill
		£000	£000
	Cost		Total
			£000
	At 1 January 2021	243	4,058
	Additions on acquisition of subsidiaries	-	17,785
	Additions on acquisition of trade & assets	-	65
	Additions	6	6
		<hr/>	<hr/>
	At 31 December 2021	249	21,908
		<hr/>	<hr/>
	Amortisation		
	At 1 January 2021	194	2,917
	Charge for the year	28	1,264
		<hr/>	<hr/>
	At 31 December 2021	222	4,181
		<hr/>	<hr/>
	Carrying amount		
	At 31 December 2021	27	17,727
		<hr/>	<hr/>
	At 31 December 2020	49	1,141
		<hr/>	<hr/>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021	1,433	62,620	124,972	14,562	203,587
Acquired on acquisition	-	6,260	6,707	424	13,391
Additions	2,225	4,706	30,094	3,992	41,017
Disposals	-	-	(1,947)	(1,006)	(2,953)
At 31 December 2021	<u>3,658</u>	<u>73,586</u>	<u>159,826</u>	<u>17,972</u>	<u>255,042</u>
Depreciation					
At 1 January 2021	-	11,731	81,489	10,632	103,852
On disposals	-	-	(1,565)	(868)	(2,433)
Charge for the year	-	1,140	6,951	2,377	10,468
At 31 December 2021	<u>-</u>	<u>12,871</u>	<u>86,875</u>	<u>12,141</u>	<u>111,887</u>
Net book values					
At 31 December 2021	<u>3,658</u>	<u>60,715</u>	<u>72,951</u>	<u>5,831</u>	<u>143,155</u>
At 31 December 2020	<u>1,433</u>	<u>50,889</u>	<u>43,483</u>	<u>3,930</u>	<u>99,735</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021	58,134	118,633	13,530	190,297
Additions	4,300	4,143	2,353	10,796
Disposals	-	-	(806)	(806)
At 31 December 2021	<u>62,434</u>	<u>122,776</u>	<u>15,077</u>	<u>200,287</u>
Depreciation				
At 1 January 2021	11,044	77,597	10,393	99,034
Depreciation charged in the year	690	5,821	1,836	8,347
Eliminated in respect of disposals	-	-	(759)	(759)
At 31 December 2021	<u>11,734</u>	<u>83,418</u>	<u>11,470</u>	<u>106,622</u>
Net book values				
At 31 December 2021	<u>50,700</u>	<u>39,358</u>	<u>3,607</u>	<u>93,665</u>
At 31 December 2020	<u>47,090</u>	<u>41,036</u>	<u>3,137</u>	<u>91,263</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	
	2021 £000	2020 £000	2021 £000	2020 £000
Plant and machinery	<u>720</u>	<u>800</u>	<u>720</u>	<u>800</u>

12 Investment property

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Fair value				
At 1 January 2021	-	-	-	-
Additions	<u>7,804</u>	<u>-</u>	<u>7,804</u>	<u>-</u>
At 31 December 2021	<u>7,804</u>	<u>-</u>	<u>7,804</u>	<u>-</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Acquisitions

GT Timber Limited

On 28th February 2021, the group acquired 100% of the shares of GT Timber Limited and subsidiaries (GT Group). The fair value of the identifiable assets and liabilities of the GT Group at date of acquisition were:

	Initial book value £000	Fair value adjustment £000	Accounting policy alignment £000	Other adjustments £000	Fair value at date of acquisition £000
Tangible fixed assets	13,394	-	-	-	13,394
Stocks	3,070	485	-	-	3,555
Trade debtors	8,943	-	-	-	8,943
Prepayments and other debtors	208	-	-	-	208
Cash at bank	1,999	-	-	-	1,999
Total assets	27,614	485	-	-	28,099
Trade creditors	6,264	-	-	-	6,264
Accruals and other creditors	1,443	-	-	-	1,443
Corporation tax payable	676	-	-	-	676
Intercompany loan	4,159	-	-	-	4,159
Provision for deferred tax	823	-	-	-	823
Total liabilities	13,365	-	-	-	13,365
Net assets	14,249	485	-	-	14,734
Non-controlling interest					-
Goodwill					10,928
Total consideration					25,662
Satisfied by:					
- Cash consideration for 80,000 Ordinary £1 shares at share price of £298.95 per share					23,916
- Cash working capital adjustment					1,746
					25,662

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Acquisitions (continued)

Gresham House Renewable Energy Limited Partnership

On 4th December 2021, control over the underlying assets of the business was obtained including an indirect shareholding in Inverclyde Wind farm Limited and a shareholding in Inverclyde Renewables LLP. The fair value of the identifiable assets and liabilities at date of acquisition were:

	Initial book value £000	Fair value adjustment £000	Accounting policy alignment £000	Other adjustments £000	Fair value at date of acquisition £000
Tangible fixed assets	24,761	-	-	-	24,761
Trade debtors	333	-	-	-	333
Prepayments and other debtors	362	-	-	-	362
Cash at bank	2,700	-	-	-	2,700
Deferred tax asset	210	-	-	-	210
Total assets	28,366				28,366
Trade creditors	740	-	-	-	740
Accruals and other creditors	1,573	-	-	-	1,573
Total liabilities	2,313				2,313
Net assets	26,053				26,053
Non-controlling interest					(10)
Goodwill					6,857
Total consideration					32,900
Satisfied by:					
- Loan provided in prior year					32,900

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Fixed asset investments

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Investments in joint ventures & associates (company: joint ventures, associates, and subsidiaries)	988	1,285	70,489	11,927
Listed investments	2,500	2,500	2,500	2,500
Unlisted investments	10,214	13,317	10,214	13,317
	<u>13,702</u>	<u>17,102</u>	<u>83,203</u>	<u>27,744</u>
Listed investment carrying amount	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</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 2021	1,285	13,317	2,500	17,102
Share of profit after tax	103	-	-	103
Additions	-	1,017	-	1,017
Dividends received	(400)	-	-	(400)
Repaid	-	(4,120)	-	(4,120)
At 31 December 2021	<u>988</u>	<u>10,214</u>	<u>2,500</u>	<u>13,702</u>

Company

	Shares in Group undertakings £000	Unlisted investments £000	Listed investments £000	Total £000
Cost or valuation				
At 1 January 2021	11,927	13,317	2,500	27,744
Additions	58,562	1,017	-	59,579
Repaid	-	(4,120)	-	(4,120)
At 31 December 2021	<u>70,489</u>	<u>10,214</u>	<u>2,500</u>	<u>83,203</u>

The Fair Value movement in listed investment held is not considered to be material.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 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	England	Pallet manufacturer	Ordinary	100.00
Billington (International) Limited (a)	England	Pallet collar distributor	Ordinary	100.00
GT Timber Limited	England	Holding Company	Ordinary	100.00
Sonicege Limited (a)	England	Holding Company	Ordinary	100.00
Kerr Timber Products Limited (a)	England	Production and distribution of timber products	Ordinary	100.00
Taylormade Timber Products Limited (a)	England	Production and distribution of timber products	Ordinary	100.00
Gresham House Renewable Energy Limited Partnership	Scotland	Holding company	Ordinary	100.00
Inverclyde Wind Farm Limited (a)	Scotland	Holding company	Ordinary	100.00
Inverclyde Renewables LLP (a)	Scotland	Onshore windfarm	Ordinary	66.67

(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.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Stocks and work in progress

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Raw materials and consumables	18,219	6,841	8,355	3,673
Work in progress	791	862	730	838
Finished goods and goods for resale	18,309	7,783	14,667	7,287
Standing timber	8,388	7,421	8,388	7,421
	<u>45,707</u>	<u>22,907</u>	<u>32,140</u>	<u>19,219</u>

During the year total standing stock purchases of £2,035,000 were made and £1,068,000 was removed from standing stock.

Stock is net of provision for impairment of £3,042,000 (2020: £111,000)

16 Finance leases receivables

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Gross amounts receivable under finance leases:				
Within one year	359	517	-	-
Within two to five years	<u>1,409</u>	<u>1,567</u>	-	-
	1,768	2,084	-	-
Unearned finance income	<u>(151)</u>	<u>(207)</u>	-	-
Present value of minimum lease payments receivable	<u>1,617</u>	<u>1,877</u>	-	-
The present value is receivable as follows:				
Within one year	409	450	-	-
In two to five years	<u>1,208</u>	<u>1,427</u>	-	-
	<u>1,617</u>	<u>1,877</u>	-	-

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Debtors

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	52,553	37,664	22,418	23,820
Amounts owed by Group undertakings	-	-	19,802	2,895
Finance lease receivables	409	450	-	-
Corporation tax recoverable	2,160	981	1,610	981
Other debtors	573	33,922	305	33,676
Government grants	-	-	-	-
Prepayments and accrued income	3,789	1,528	1,286	1,031
	<u>59,484</u>	<u>74,545</u>	<u>45,421</u>	<u>62,403</u>
Amounts falling due after one year:				
Finance leases receivable	1,208	1,427	-	-
	<u>1,208</u>	<u>1,427</u>	<u>-</u>	<u>-</u>
Total debtors	<u>60,692</u>	<u>75,972</u>	<u>45,421</u>	<u>62,403</u>

Included in other debtors for 2020 is a loan for £32.9m receivable from Gresham House Renewable Energy LP. The loan was at market rate of interest and was expected to be repaid within 12 months following a refinancing. This balance has been reclassified as shares in group undertakings as at 31 December 2021.

18 Cash at bank and in hand

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Cash at bank and in hand	<u>232,218</u>	<u>242,539</u>	<u>217,339</u>	<u>240,474</u>

Included in cash at bank and in hand are amounts held on 95 day notice accounts amounting to £97.5m (2020 - £152.9m).

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Creditors: falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Obligations under finance lease and hire purchase contracts	65	58	65	58
Corporation tax payable	137	515	-	-
Other taxes and social security costs	3,647	5,374	1,256	3,131
Trade creditors	33,125	21,635	23,245	18,741
Amounts owed to Group undertakings	-	-	67	26
Other creditors	2,878	647	673	197
Government grants	40	45	-	-
Accruals and deferred income	12,655	5,640	9,623	3,828
	<u>52,347</u>	<u>33,914</u>	<u>34,929</u>	<u>25,981</u>

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Obligations under finance leases and hire purchase agreements	732	797	732	797
Government grants	347	461	347	461
	<u>1,079</u>	<u>1,258</u>	<u>1,079</u>	<u>1,258</u>

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

21 Financial commitments, guarantees and contingent liabilities

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.

22 Finance lease obligations

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Future minimum lease payments under finance leases				
Within one year	65	58	65	58
In two to five years	333	302	333	302
In over five years	399	495	399	495
	<u>797</u>	<u>855</u>	<u>797</u>	<u>855</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 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 2021 £000	Liabilities 2020 £000	Liabilities 2021 £000	Liabilities 2020 £000
Accelerated capital allowances	3,111	1,097	1,736	829
Short term timing differences	(808)	65	(451)	65
Capital gains	86	(60)	86	(53)
	<u>2,389</u>	<u>1,102</u>	<u>1,371</u>	<u>841</u>
Movements in the year			Group 2021 £000	Company 2021 £000
Liability at 1 January 2021			1,102	841
Credit to profit and loss			665	530
Addition on acquisition of subsidiaries			<u>622</u>	<u>-</u>
Balance at 31 December 2021			<u>2,389</u>	<u>1,371</u>

The amount of the net reversal of deferred tax expected to occur next year is £362,000 (2020: £318,000) due to the reversal of the existing timing differences on tangible fixed assets.

24 Deferred income

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Government grants	<u>387</u>	<u>461</u>	<u>347</u>	<u>461</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Retirement benefit schemes

	2021 £000	2020 £000
Defined contribution scheme		
Charge to profit and loss in respect of defined contributions schemes	1,248	1,890

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

	2021 %	2020 %
Discount rate	1.8	1.4
RPI price inflation	3.3	2.9
CPI price inflation	3.0	2.6

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2021 Years	2020 Years
Retiring today		
- Males	21.7	21.7
- Females	23.5	23.4
Retiring in 20 years		
- Males	23.0	23.0
- Females	25.0	25.0

Amounts recognised in the profit and loss account:

	2021 £000	2020 £000
Admin expenses paid by employer	111	111
Interest effect on asset ceiling	68	-
Net interest on defined benefit liability/(asset)	(63)	(94)
Losses due to benefit changes	-	56
Losses on settlements	552	-
Total expense/(income)	668	73

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Retirement benefit schemes (continued)

	2021 £000	2020 £000
Amounts taken to other comprehensive income:		
Actual return on scheme assets	(443)	(3,829)
Less: calculated interest element	293	402
Return on scheme assets excluding interest income	(150)	(3,427)
Actuarial changes related to obligations	(383)	3,097
Movements in unrecognised plan surplus	(67)	368
Total charge	(600)	38

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

	Group and company	
	2021 £000	2020 £000
Present value of defined benefit obligations	14,667	17,995
Fair value of plan assets	(19,451)	(22,846)
Surplus in scheme	(4,784)	(4,851)
Unrecognised plan surplus	4,784	4,851
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	
	2021 £000	2020 £000
Movements in the present value of defined benefit obligations:		
Liabilities at 1 January 2021	17,995	14,822
Benefits paid	(458)	(288)
Administration expenses	-	-
Losses due to benefit changes / settlements	552	56
Actuarial (gains) / losses	(383)	3,097
Interest cost	230	308
Settlement payments	(3,269)	-
At 31 December 2021	14,667	17,995

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Retirement benefit schemes (continued)

The defined benefit obligations arise from plans funded as follows:

	Group and company	
	2021	2020
	£000	£000
Wholly or partly funded obligations	14,667	17,995

Movements in the fair value of plan assets:

	Group and company	
	2021	2020
	£000	£000
Fair value of assets at 1 January 2021	22,846	19,305
Interest income	293	402
Return on plan assets (excluding amounts included in net interest)	150	3,427
Benefits paid	(458)	(288)
Administrative expenses paid from plan assets	(111)	(111)
Employer contributions to administrative expenses	-	111
Settlement payments	(3,269)	-
Fair value of assets at 31 December 2021	19,451	22,846

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

	Group and company	
	2021	2020
	£000	£000
Equity instruments	13,001	15,301
Debt instruments	5,566	6,231
Cash	884	1,314
	19,451	22,846

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 Share capital

	2021 £000	2020 £000
Group and company:		
Allotted, called up and fully paid		
2,800 'A' ordinary shares of £1 each	3	3
282,891 (2020: 284,362) 'B' ordinary shares of £1 each	283	284
	<u>286</u>	<u>287</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 1,471 (2020: 4,599) 'B' ordinary shares for a consideration of £1,527,000 (2020: £4,774,000).

27 Reserves

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.

28 Operating lease commitments

Lessee

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	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	1,363	1,398	221	250
Between two and five years	2,495	3,688	334	385
Due in more than five years	528	879	-	-
	<u>4,386</u>	<u>5,965</u>	<u>555</u>	<u>635</u>

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

28 Operating lease commitments (continued)

Lessor

The operating leases represent leases to third parties. The leases are negotiated over terms of 23 years and rentals are fixed for 23 years.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	510	-	510	-
Between two and five years	2,040	-	2,040	-
Due in more than five years	8,925	-	8,925	-
	<u>11,475</u>	<u>-</u>	<u>11,475</u>	<u>-</u>

29 Commitments

At 31 December 2021 the Group had capital commitments as follows:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Contracted for but not provided in the financial statements	<u>11,744</u>	<u>5,550</u>	<u>3,466</u>	<u>2,945</u>

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.

30 Events after the reporting date

Dividends

The directors have proposed a final dividend of £35 per share for the current year. This has been agreed and paid in March 2022.

Business Combinations

£114m has been committed and invested in acquisitions, strategic investments, property and commercial woodlands which provides further long term growth opportunities and earnings diversification for the Group.

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

31 Related party relationships and transactions

Controlling party

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

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

	2021	2020
	£000	£000
Sales	1,962	2,024
Dividend received	400	-
Amounts owed by United Box Limited at 31 December	149	485
Purchases	3	-

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:

	2021	2020
	£000	£000
Sales	13	174
Purchases	8,581	8,974
Dividends received	69	55
Amounts owed to SWL Limited at 31 December	1,315	1,246
Amounts owed by SWL Limited at 31 December	-	48

JAMES JONES & SONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

32 Cash generated from operations	2021 £000	2020 £000
Profit for the financial year	48,391	15,125
Adjustments for:		
Taxation recognised in profit and loss account	12,426	3,911
Interest expense	112	89
Share of pre-tax profit – joint ventures and associates	(103)	(128)
Interest income	(1,369)	(2,823)
Dividend income	(219)	(381)
Net defined benefit pension scheme interest	600	(38)
Gain on disposal of tangible fixed assets	(237)	(269)
Finance lease received	334	416
Amortisation and impairment of intangible fixed assets	1,292	463
Depreciation and impairment of tangible fixed assets	10,468	7,766
Pension scheme non-cash movement	663	-
Movements in working capital:		
Decrease/(increase) in stocks	(19,248)	3,732
(Increase)/decrease in debtors	(5,587)	(7,095)
Increase/(decrease) in creditors	3,059	10,453
Decrease in deferred income	(121)	(120)
Cash generated from operations	50,461	31,101

33 Analysis of changes in net debt

	At 1 January 2021 £000	Cash flows £000	At 31 December 2021 £000
Cash and cash equivalents			
Cash	242,539	(10,321)	232,218
Finance leases payable	(855)	58	(797)
Total	241,684	(10,263)	231,421