

Company Registration No. SC271214 (Scotland)

**JOHN R. ADAM & SONS (HOLDINGS)
LIMITED**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	J S Adam J R Adam D McWatt
Secretary	D McWatt
Company number	SC271214
Registered office	Riverside Berth King George V Dock GLASGOW G51 4SD
Auditor	Johnston Carmichael LLP 227 West George Street GLASGOW G2 2ND

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

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JOHN R. ADAM & SONS (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Principal Activities and Business Review

The Group is principally engaged in the processing and recycling of scrap metal.

Overall Strategy

The Group's ongoing aim is to continue to achieve maximum metal recovery from processing operations and reduce material going to landfill.

Business Review

In the opinion of the directors, the Group continued to trade at a reasonable level during the year in difficult market conditions. Margins were tight and reduced turnover and proportionally increased costs led to a reduction in profitability and overall Group loss for the year.

The Group loss for the year after taxation amounted to £138,692 (2018 profit £1,957,758).

The directors continue to update the Group's processing equipment and invested £688,461 (2018: £866,378) in capital expenditure during the year.

Financial Key Performance Indicators

	2019	2018
	£	£
Turnover	58,701,342	70,958,043
Operating (Loss)/Profit	(190,476)	2,318,623
Cash in Hand	12,678,732	13,875,658
Total Net Assets	21,534,064	22,179,441

In addition to financial indicators, the directors monitor on an ongoing basis, health and safety and environmental issues.

Covid-19

The outbreak of the Coronavirus (COVID-19) has detrimentally impacted both the global and UK economies. Throughout the coronavirus (Covid-19) pandemic we have taken practical steps and implemented measures to ensure the welfare of our employees and suppliers. We closed our premises for over 2 weeks at the height of the pandemic and re-opened on a phased basis to manage exposure to possible infection from the virus.

We are using hand sanitiser, social distancing, staggered breaks and staggered clocking on and off times to reduce the risk of spread of the virus. We have furloughed workers to shield the more vulnerable or when there was insufficient work to require all employees to attend our premises.

The on-going impact of the restrictions caused by the pandemic create uncertainty over levels of demand and supply in the short term but the Directors remain confident that the outbreak will have a minimum impact on the company's ability to remain operational in the long term.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Principal Risks and Uncertainties

The major risks facing the Group are changes to commodity prices which are monitored closely by management.

Financial Risk Management Objectives and Policies

The Group's operations expose it to a variety of financial risks as described in more detail below. In order to manage the Group's exposure to these risks, the Group enters into a number of derivative transactions, including forward currency contracts.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities.

The directors review and agree policies for managing each of these financial risks and they are summarised below. These policies have remained unchanged from previous years.

Price Risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the cost of managing exposure to commodity price risk exceeds the potential benefits.

Credit Risk

The principal credit risk that arises is from trade debtors. The Group implements a policy that requires credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the directors.

Liquidity Risk

The Group seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely.

Exchange Risk

The Group is exposed to an element of exchange risk as a result of their operations and transactions out with the United Kingdom.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Section 172 statement

As directors of the Company, we have and continue to act in a way that we consider, in good faith, to be most likely to promote the continuing success of the Company for the benefit of its shareholders, and in doing so had regard, amongst other matters, to:

- The likely consequences of decisions in the long-term;
- The interests of the Company's employees;
- The importance of the business relationships with the Company's customers, users, suppliers and others;
- The impact of the Company's operations on the community and the environment;
- The importance of maintaining strong controls around customer data and client funds;
- The desirability for the Company to maintain a reputation for high standards of business conduct; and
- The need to act fairly for all shareholders of the Company.

Shareholders

In order to protect the funds of the shareholders the operational strategy and financial matters are regularly reviewed and discussed with the ultimate shareholders.

Customers

We need customers to sustain our business and provide opportunities to get a return for the shareholders and keep the workforce employed.

We aim to give our customers a high level of service and are in regular contact by phone and email to keep the supply and sale of material flowing smoothly.

Workforce

Our workforce are key to providing support to our suppliers and customers. We are active in training and motivating our workforce to retain the high level of service that we pride ourselves in. Health and safety is of paramount importance to our business and is constantly reviewed.

Suppliers

We try to give our suppliers a high level of efficient service to ensure quick turnaround times. We are in constant contact with our suppliers by phone, email and personal contact to ensure a smooth and steady flow of material.

Environment

We are committed to supporting the communities that we work in and being environmentally responsible. To this end, the Company holds a Pollution, Prevention and Control (PPC) permit with SEPA. The objective of this permit is to promote the effective use of resources to avoid the unnecessary generation of waste and pollution, with a focus on sustainability and compliance with environmental standards and targets.

On behalf of the board

J S Adam

Director

6 November 2020

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the group continued to be that of processing and recycling scrap metal. The principal activity of the company was that of a holding company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J S Adam

J R Adam

D McWatt

A White

(Resigned 7 October 2020)

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £506,685 (2018: £506,688). The directors do not recommend payment of a further dividend.

Auditor

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually 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 auditor of the company is aware of that information.

On behalf of the board

J S Adam

Director

6 November 2020

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Annual 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 group and company, 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOHN R. ADAM & SONS (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of John R. Adam & Sons (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group profit and loss account, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 FRS 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 the parent company's affairs as at 31 December 2019 and of the group's loss 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JOHN R. ADAM & SONS (HOLDINGS) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the knowledge and understanding of the group and the parent company 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 by the parent company, 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 directors' responsibilities statement, 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 the 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.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JOHN R. ADAM & SONS (HOLDINGS) LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

James Hamilton (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

11 November 2020

Chartered Accountants
Statutory Auditor

227 West George Street
GLASGOW
G2 2ND

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	£	£
Turnover	3	58,701,342	70,958,043
Cost of sales		(48,074,950)	(57,585,775)
Gross profit		10,626,392	13,372,268
Administrative expenses		(11,078,942)	(11,475,747)
Other operating income		262,074	252,147
Fair value movements		-	169,955
Operating (loss)/profit	4	(190,476)	2,318,623
Interest receivable and similar income	8	73,776	115,695
Interest payable and similar expenses	9	(4)	(969)
(Loss)/profit before taxation		(116,704)	2,433,349
Tax on (loss)/profit	10	(21,988)	(475,591)
(Loss)/profit for the financial year	22	(138,692)	1,957,758
Total comprehensive income for the year		(138,692)	1,957,758

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12	5,116,642		5,573,428	
Investment properties	13	2,340,000		2,340,000	
		<u>7,456,642</u>		<u>7,913,428</u>	
Current assets					
Stocks	16	3,523,736		2,200,551	
Debtors	17	3,330,402		4,589,625	
Cash at bank and in hand		12,678,732		13,875,658	
		<u>19,532,870</u>		<u>20,665,834</u>	
Creditors: amounts falling due within one year	18	(4,924,124)		(5,955,493)	
Net current assets		<u>14,608,746</u>		<u>14,710,341</u>	
Total assets less current liabilities		<u>22,065,388</u>		<u>22,623,769</u>	
Provisions for liabilities	19	(531,324)		(444,328)	
Net assets		<u>21,534,064</u>		<u>22,179,441</u>	
Capital and reserves					
Called up share capital	21	460,625		460,625	
Revaluation reserve	22	1,273,092		1,273,092	
Capital redemption reserve	22	209,375		209,375	
Other reserves	22	894,783		894,783	
Profit and loss reserves	22	18,696,189		19,341,566	
Total equity		<u>21,534,064</u>		<u>22,179,441</u>	

The financial statements were approved by the board of directors and authorised for issue on 6 November 2020 and are signed on its behalf by:

J S Adam
Director

D McWatt
Director

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	14		1,692,846		1,692,846
Current assets		-		-	
Creditors: amounts falling due within one year	18	(832,951)		(826,266)	
Net current liabilities			(832,951)		(826,266)
Total assets less current liabilities			859,895		866,580
Capital and reserves					
Called up share capital	21		460,625		460,625
Capital redemption reserve	22		209,375		209,375
Profit and loss reserves	22		189,895		196,580
Total equity			859,895		866,580

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 £500,000 (2018 - £500,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 6 November 2020 and are signed on its behalf by:

J S Adam
Director

D McWatt
Director

Company Registration No. SC271214

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Capital redemption reserve	Other reserves/loss reserves	Profit and loss	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2018	460,625	1,273,092	209,375	894,783	17,890,496	20,728,371
Year ended 31 December 2018:						
Profit and total comprehensive income for the year	-	-	-	-	1,957,758	1,957,758
Dividends	-	-	-	-	(506,688)	(506,688)
Balance at 31 December 2018	460,625	1,273,092	209,375	894,783	19,341,566	22,179,441
Year ended 31 December 2019:						
Loss and total comprehensive expenditure for the year	-	-	-	-	(138,692)	(138,692)
Dividends	-	-	-	-	(506,685)	(506,685)
Balance at 31 December 2019	460,625	1,273,092	209,375	894,783	18,696,189	21,534,064

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		460,625	209,375	203,268	873,268
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	500,000	500,000
Dividends	11	-	-	(506,688)	(506,688)
Balance at 31 December 2018		460,625	209,375	196,580	866,580
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	500,000	500,000
Dividends	11	-	-	(506,685)	(506,685)
Balance at 31 December 2019		460,625	209,375	189,895	859,895

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28		(225,761)		9,885,665
Interest paid			(4)		(969)
Income taxes paid			(21,988)		(475,591)
Net cash (outflow)/inflow from operating activities			(247,753)		9,409,105
Investing activities					
Purchase of tangible fixed assets		(688,461)		(866,378)	
Proceeds on disposal of tangible fixed assets		172,197		73,833	
Interest received		68,776		108,195	
Other investment income received		5,000		7,500	
Net cash used in investing activities			(442,488)		(676,850)
Financing activities					
Settlement of derivative financial instruments		-		(852,457)	
Dividends paid to equity shareholders		(506,685)		(506,688)	
Net cash used in financing activities			(506,685)		(1,359,145)
Net (decrease)/increase in cash and cash equivalents			(1,196,926)		7,373,110
Cash and cash equivalents at beginning of year			13,875,658		6,502,548
Cash and cash equivalents at end of year			12,678,732		13,875,658

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

John R Adam & Sons (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Riverside Berth, George V Dock, Renfrew Road, Glasgow, G51 4SD.

The group consists of John R. Adam & Sons (Holdings) Limited and all of its subsidiaries, and its general activities are that of a scrap metal merchant.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of John R. Adam & Sons (Holdings) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

The Directors have prepared the financial statements on a going concern basis following a detailed assessment of the Group's liquidity and ability to navigate the uncertainty created by COVID-19 on the UK economy. The Directors have effectively managed their cashflow by utilising the Government furlough scheme. The Directors have prepared detailed trading projections to the end of October 2021 based on current trading conditions and applied sensitivities to key assumptions. The sensitivities include the impact of a sustained and enforced downturn in demand. These projections, the Group's cash reserves and the recovery in demand post lockdown provide the Directors with a reasonable expectation that the Company has significant funding in place to allow the Company to continue as a going concern for a minimum period of 12 months from the date of authorising the financial statements. In making this assessment, the Directors acknowledge that forecasts are by nature forward looking and therefore may vary from actual results. The Directors will closely monitor the business and marketplace and react to any changes in a timely manner.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of trade discounts, VAT and other sales related taxes. Revenue is recognised on despatch of goods over the weighbridge for domestic sales and on discharge of vessels at ports for exports. Adjustments relating to price and weight differences are accrued against turnover.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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 so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	15 year straight line
Leasehold land and buildings	over the remaining period of the lease
Plant and equipment	30% reducing balance and 10%/20% straight line
Motor vehicles	25% reducing balance

Investment properties are revalued annually at their fair value in accordance with FRS 102 less any subsequent accumulated depreciation and impairment losses. No depreciation is provided on investment properties which is a departure from the requirements of the Companies Act 2006. In the opinion of the directors these properties are held primarily for investment and not consumption and so their current value is of more significance than any measure of consumption and to depreciate them would not give a true and fair view.

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.

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition:

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated net realisable value on quantities estimated by the directors and on a basis consistent with the previous year. Cost comprises direct materials delivered to the company's premises. No overheads have been added to stock valuation in respect of handling or processing cost, as such costs are not considered to be material in relation to the overall value of stock.

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 the statement of comprehensive income. Reversals of impairment losses are also recognised in the statement of comprehensive income.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

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

1.12 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 statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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.

1.14 Retirement benefits

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

1.15 Leases

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 except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

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 that are not readily apparent from other sources. 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock valuation (2019: £3,523,736 (2018: £2,200,551))

Significant judgement and estimates of management are involved in the valuation and quantity of year end stock. Due to the nature of scrap metal and the price volatility, the valuation of such items at the year end is based on the management's judgements and past experience.

Provision for bad and doubtful debts (2019: £71,874 (2018: £71,874))

The requirement for any provision for bad debts is based on an assessment of the objective evidence available suggesting that a debtor may not be recoverable. Although due care is applied to this process, there is an element of subjectivity involved.

Contingent liabilities (note 23)

In order to form their judgements, the directors have sought expert opinions with regard to the contingent liabilities as set out in note 23.

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by class of business		
Processing and sale of scrap metal	58,701,342	70,958,043

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue (Continued)

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	16,589,719	21,382,433
European Union	32,962,562	43,353,004
Rest of the World	9,149,061	6,222,606
	<u>58,701,342</u>	<u>70,958,043</u>

4 Operating (loss)/profit

	2019 £	2018 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange gains	(141,918)	(186,749)
Depreciation of owned tangible fixed assets	1,086,009	1,134,559
Cost of stocks recognised as an expense	47,608,466	57,201,156
Operating lease charges	30,824	72,018
	<u>47,572,371</u>	<u>58,190,984</u>

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	38,000	34,000
For other services		
Taxation compliance services	10,300	10,000
All other non-audit services	52,500	-
	<u>62,800</u>	<u>10,000</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Production staff	55	58	-	-
Administrative staff	11	13	-	-
Directors	5	5	-	-
	<u>71</u>	<u>76</u>	<u>-</u>	<u>-</u>

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	2,195,485	2,402,106	-	-
Social security costs	479,651	422,410	-	-
Pension costs	132,421	150,001	-	-
	<u>2,807,557</u>	<u>2,974,517</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	446,476	532,696
Company pension contributions to defined contribution schemes	7,776	10,776
	<u>454,252</u>	<u>543,472</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	<u>160,017</u>	<u>207,127</u>

8 Interest receivable and similar income

	2019 £	2018 £
Income from investments		
Dividends received	<u>5,000</u>	<u>7,500</u>

9 Interest payable and similar expenses

	2019 £	2018 £
Other finance costs:		
Other interest	<u>4</u>	<u>969</u>

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	-	512,651
Adjustments in respect of prior periods	(65,008)	(29,874)
Total current tax	(65,008)	482,777
Deferred tax		
Origination and reversal of timing differences	77,052	(4,179)
Adjustment in respect of prior periods	9,944	(3,007)
Total deferred tax	86,996	(7,186)
Total tax charge	21,988	475,591

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
(Loss)/profit before taxation	(116,704)	2,433,349
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(22,174)	462,336
Tax effect of expenses that are not deductible in determining taxable profit	4,294	15,460
Tax effect of income not taxable in determining taxable profit	(1,156)	(1,425)
Adjustments in respect of prior years	(65,008)	(32,881)
Permanent capital allowances in excess of depreciation	-	45,742
Other permanent differences	4,859	-
Deferred tax adjustments in respect of prior years	9,944	-
Utilised tax losses carried forward	61,887	-
Adjust deferred tax rate to 19%	(9,092)	452
Deferred tax not recognised	47	(13,504)
Fixed asset differences	38,387	-
Chargeable gains/losses	-	(589)
Taxation charge	21,988	475,591

11 Dividends

	2019 £	2018 £
Interim paid	506,685	506,688

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	589,878	248,347	15,022,467	1,798,511	17,659,203
Additions	-	-	334,052	354,409	688,461
Disposals	-	-	(629,295)	(241,877)	(871,172)
At 31 December 2019	589,878	248,347	14,727,224	1,911,043	17,476,492
Depreciation and impairment					
At 1 January 2019	195,236	124,785	10,603,195	1,162,559	12,085,775
Depreciation charged in the year	20,413	12,234	884,626	168,736	1,086,009
Eliminated in respect of disposals	-	-	(625,928)	(186,006)	(811,934)
At 31 December 2019	215,649	137,019	10,861,893	1,145,289	12,359,850
Carrying amount					
At 31 December 2019	374,229	111,328	3,865,331	765,754	5,116,642
At 31 December 2018	394,642	123,562	4,419,272	635,952	5,573,428

The company had no tangible fixed assets at 31 December 2019 or 31 December 2018.

13 Investment property

	Group 2019 £	Company 2019 £
Fair value		
At 1 January 2019 and 31 December 2019	2,340,000	-

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 13 January 2020 by CBRE, who are not connected with the company. The valuation was made on an open market value basis.

Investment properties are rented out under an operating lease. The future minimum lease payments under this operating lease are:

- £105,000 due within 1 year
- £640,000 due between 1 and 5 years
- £1,937,500 due after 5 years

In light of current circumstances, the Directors have agreed a payment holiday. This commenced May 2020, and expected to run until March 2021.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	15	-	-	1,692,846	1,692,846

Movements in fixed asset investments Company

Shares in group undertakings

£

Cost or valuation

At 1 January 2019 and 31 December 2019

1,692,846

Carrying amount

At 31 December 2019

1,692,846

At 31 December 2018

1,692,846

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
John R. Adam & Sons Limited	See below	Processors of scrap metal	Ordinary	100.00	0
Thistle Metals Limited	See below	Scrap metal processing	Ordinary	0	100.00
Smillie Metalics (Midlands) Limited	See below	Furnace dressing	Ordinary	0	100.00
JP Robertson & Co Limited	See below	Dormant	Ordinary	0	100.00
Shieldhall Properties Limited	See below	Dormant	Ordinary	0	100.00

The registered office for all companies listed above is Riverside Berth, King George V Dock, Renfrew Road, Glasgow, G51 4SD.

16 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	3,508,945	2,175,160	-	-
Finished goods and goods for resale	14,791	25,391	-	-
	3,523,736	2,200,551	-	-

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,798,251	3,461,681	-	-
Other debtors	1,167,468	678,242	-	-
Prepayments and accrued income	364,683	449,702	-	-
	<u>3,330,402</u>	<u>4,589,625</u>	<u>-</u>	<u>-</u>

Trade debtors above is stated net of provision for impairment of £71,874 (2018: £71,874)).

18 Creditors: amounts falling due within one year

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Trade creditors	1,352,536	1,918,560	-	-
Amounts owed to group undertakings	-	-	832,951	826,266
Corporation tax payable	-	51,478	-	-
Other taxation and social security	111,272	117,531	-	-
Other creditors	-	35,201	-	-
Accruals and deferred income	3,460,316	3,832,723	-	-
	<u>4,924,124</u>	<u>5,955,493</u>	<u>832,951</u>	<u>826,266</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019	Liabilities 2018
	£	£
Group		
Fixed asset timing differences	322,579	235,553
Short term timing differences	(905)	(348)
Capital gains / losses	209,650	209,123
	<u>531,324</u>	<u>444,328</u>

The company has no deferred tax assets or liabilities.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Deferred taxation (Continued)

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 January 2019	444,328	-
Charge to profit or loss	86,996	-
Liability at 31 December 2019	531,324	-

20 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	132,421	150,001

A defined contribution pension 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.

21 Share capital

	Group and company 2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
460,625 Ordinary shares of £1 each	460,625	460,625

22 Reserves

Revaluation reserve

The revaluation reserve represents the excess of the fair value of investment properties over their depreciated historic cost, less a provision for deferred taxation.

Profit and loss reserves

Profit and loss reserves are the cumulative profits and losses incurred by the group since incorporation and not distributed to the shareholders.

Capital Redemption Reserves

This represents the purchase of own shares.

Other Reserves

This relates to the acquisition of John R. Adam & Sons (Holdings) Ltd group on 1 September 2004 which was accounted for under the merger accounting policies.

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Financial commitments, guarantees and contingent liabilities

The following disclosure relates to the subsidiary undertaking John R. Adam & Sons Limited.

Based on the advice of leading tax counsel, the company is currently disputing an Assessment from HMRC with regard to VAT matters. The balance of VAT payable in the event that HMRC are successful is £1m with interest and penalties attaching estimated at £0.5m.

In addition, the company is currently challenging estimated Assessments from HMRC with regard to Corporation Tax, PAYE and NIC matters. The estimated tax payable in the event that HMRC are successful is £0.7m with attendant interest and penalties accruing in a further amount of £0.6m.

The company remains involved in challenging an enquiry by HMRC regarding the tax treatment of payments made under a Growth Securities Ownership Plan. Management's estimate of the company's potential liability in the event that HMRC are successful ranges from £0.8m to £2.1m after allowing for reimbursement, including tax repayable from HMRC.

24 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 2019 £	2018 £	Company 2019 £	2018 £
Within one year	387,500	387,500	-	-
Between two and five years	1,550,000	1,550,000	-	-
In over five years	1,162,500	1,550,000	-	-
	<u>3,100,000</u>	<u>3,487,500</u>	<u>-</u>	<u>-</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Acquisition of tangible fixed assets	-	49,984	-	-
	<u>-</u>	<u>49,984</u>	<u>-</u>	<u>-</u>

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Related party transactions

Transactions with related parties

The group has taken advantage of the exemption available in respect of Section 33.1a of FRS 102, which exempts them from disclosing transactions with other group companies which are wholly owned subsidiaries.

27 Post balance sheet events

Post year-end there have been significant uncertainties in the UK and Global economies arising from the on-going impact and disruption on COVID-19. The Group has performed an assessment of the impact of COVID-19 on the potential financial and operational risks to the business. Sensitivities have been applied to their underlying forecasts, and the Director's remain satisfied that the Group can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. COVID-19 is a non-adjusting post balance sheet event to the company, as it does not provide more information about circumstances that existed at the year-end.

28 Cash generated from group operations

	2019 £	2018 £
(Loss)/profit for the year after tax	(138,692)	1,957,758
Adjustments for:		
Taxation charged	21,988	475,591
Interest paid	4	969
Gain on disposal of tangible fixed assets	(112,959)	(21,673)
Interest received	(68,776)	(108,195)
Dividend income received	(5,000)	(7,500)
Depreciation and impairment of tangible fixed assets	1,086,009	1,134,559
Net fair value (gains) / losses recognised in P&L	-	(169,955)
Movements in working capital:		
Increase in stocks	(1,323,185)	1,986,127
Decrease in debtors	1,331,097	4,022,177
Decrease in creditors	(1,016,247)	615,807
Cash (absorbed by)/generated from operations	(225,761)	9,885,665

JOHN R. ADAM & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

29 Analysis of changes in net debt

	2019 £
Opening net funds	
Cash and cash equivalents	13,875,658
Changes in net debt arising from:	
Cash flows of the entity	(1,196,926)
	<hr/>
Closing net funds as analysed below	12,678,732
	<hr/> <hr/>
Closing net funds	
Cash and cash equivalents	12,678,732
	<hr/> <hr/>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.