

Registered number: 47152

**JAMES DAWSON & SON,LIMITED**

**Annual Report and Audited Financial Statements**

**For the Year Ended 31 December 2021**



**JAMES DAWSON & SON,LIMITED**

**Company Information**

**Directors**

E J-P Andrieux (appointed 21 January 2022)  
L A Feasby (appointed 21 January 2022)  
S P Lutz (appointed 1 January 2022)  
A M Caley (resigned 21 January 2022)  
P J Edwards (resigned 31 December 2021)  
K Rogerson (resigned 21 January 2022)

**Registered number**

47152

**Registered office**

Campbell Road  
Stoke-on-Trent  
United Kingdom  
ST4 4EY

**Independent auditor**

Deloitte LLP  
Statutory Auditor  
1 City Square  
Leeds  
LS1 2AL  
United Kingdom

# **JAMES DAWSON & SON,LIMITED**

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## **JAMES DAWSON & SON, LIMITED**

### **Strategic Report For the Year Ended 31 December 2021**

The directors present their Strategic report for the year ended 31 December 2021.

#### **Principal activity**

The business focuses on the manufacture of the following products:

Hose - Silicone and organic rubber hose, and thermoplastic ducting, for use mainly in heavy duty diesel engine, truck & bus, off-road vehicle and power generation applications. The majority of products are bespoke and designed to meet specific customer needs, but there are some standard items sold through distribution channels, mainly in the UK and North America.

Precision - A variety of reinforced polymeric products from small precision stretch bands and tyres for money handling applications, to large diaphragm and seals for off shore oil & gas installations. The products are designed specifically for use in the main business segments; Imaging, Infrastructure, Industrial, Motion Control & Transportation.

#### **Business review and future developments**

Following a challenging year in 2020 due to the Global Coronavirus Pandemic, 2021 brought about a level of recovery, particularly across our Hose and Textiles product categories. The increased demand in these products lines was due to new business won with both existing and new customers, along with current customers reflecting a bounce back from Covid-19 disruptions of the previous year.

Raw material price increases passed on by suppliers, along with increasing costs across services, were incurred. Price increases were subsequently passed on to Customers throughout the year, along with overhead cost management to maintain and improve the margins.

The two significant investment projects, approved during 2020 progressed through the implementation phase during 2021. The new production line to supply 3m wide non-contaminating conveyor belts to the tyre making industry, had all equipment delivered and installed by the end of the year, ready for testing early 2022. The implementation of a new ERP computer system, went live in September 2021 after the Covid-19 restrictions created a brief delay.

During the year, the company incurred exceptional restructuring costs of £443,000 to realign the management structure within the business.

## **JAMES DAWSON & SON,LIMITED**

### **Strategic Report (continued) For the Year Ended 31 December 2021**

#### **Principal risks and uncertainties**

##### **Key markets**

A substantial downturn in one or more key markets could have a material adverse impact on the Company's profitability, cashflow and the carrying value of its assets. The markets in which the Company operates are continually monitored and assessed. The Company continues to identify and develop opportunities outside its traditional areas of operation where its expertise can be put to use.

##### **Competitor activity**

Commercial activity by competitors, or changes in their products or technology, could impact upon the Company's market share and profitability. The company has a diverse product range which provides natural protection and helps reduce fluctuations in earnings. The business model emphasises products that are performance-critical and which generally represent only a small proportion of the cost of a customer's finished item.

##### **Raw materials**

In periods of high demand, supplier difficulties, or supplier loss, availability of raw materials may become constrained which could increase the susceptibility to uncontrollable and rapid movements in price which could have implications for the cost and the overall profitability of the Company's business. In certain circumstances, the loss of a supplier, or supplier quality failing, could lead to an inability to produce our goods in a timely or efficient manner or may necessitate product re-engineering and/or product re-validation if alternative raw materials are required. The company has generally been able to pass on increases in raw material prices to customers, either through price escalation clauses or through negotiation.

##### **Technology and intellectual property**

These technologies and intellectual property rights need to be kept current through continuous improvement and research & development and are susceptible to theft, infringement, loss and replication by competitors. This could lead to loss of competitive advantage, loss of brand premium and loss of business. Our pipeline of new products and opportunities also requires successful commercialisation and allocation of resources. The companies products, materials and processes are continually developed and enhanced through research & development. Intellectual property rights are actively registered, managed and enforced by the Company and designs, formulae, specifications and techniques are physically safeguarded and the company uses non-disclosure and non-compete agreements.

##### **Key personnel**

A lack of new talent, inability to retain and develop existing talent, or replace retiring senior management could hinder our operations and our growth strategy. A loss of key personnel, with associated intellectual property and know-how, could also disrupt production or even strategy. Appropriate steps are taken to recruit, retain and incentivise key people in technical roles. Established recruitment and development programmes are operated.

##### **Adequacy of operations**

A loss of production or systems capability at a facility, or quality failings in products or procedures, could affect reputation and accreditations, lead to an inability to supply customers, reduce volumes and/or increase claims made against the businesses under guarantees and warranties. The Company continues to invest in the development to establish strong quality standards and methodologies. There are robust procedures and policies for reviewing, negotiating and accepting terms and conditions of trade. The company uses third party advisors where appropriate.

##### **Brexit**

Some initial problems were incurred with disruptions and delays in the early weeks of Brexit, but the business soon settled into the new way of working, and this has not caused any significant ongoing issues.

## **JAMES DAWSON & SON,LIMITED**

### **Strategic Report (continued) For the Year Ended 31 December 2021**

#### **COVID-19**

The business continued to see some level of disruption due to Covid-19 but this was much less significant than in 2020 and was managed within the normal trading activity.

#### **Financial key performance indicators**

The key performance indicators are principally operating profit before exceptional items, operating margin before exceptional items and net assets. James Dawson & Son,Limited's operating profit before exceptional items in the year ended 31 December 2021 was £348,000 (2020: loss of £292,000). This resulted in an operating margin (before exceptionals) of 1.19% (2020: a negative 1.18%). The improvement was principally driven by the trading activity detailed in the Business review and future developments on page 1. Net assets decreased from £8,161,000 at 31 December 2020 to £8,103,000 at 31 December 2021 due to the small profit after tax of £20,000 for the year ended 31 December 2021 (2020: loss of £651,000) less interim dividends of £78,000 being paid in the year (2020: £1,152,000).

## **JAMES DAWSON & SON, LIMITED**

### **Strategic Report (continued) For the Year Ended 31 December 2021**

#### **Section 172(1) Statement**

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company, under section 172.

The Directors always aim to act in the best interests of the Company, and to be fair and balanced in its approach. The needs of different stakeholders are always considered as well as the consequences of any decision in the long-term and the importance of our internally published high standards of business conduct. More specific information is given in sub-paragraphs (a) to (f), which correspond to the individual factors disclosed under Section 172(1).

#### **a. Long-term decision making**

The Directors delegate day-to-day management and decision making to its senior management team, but it maintains oversight of the Company's performance. In addition to this, any major decisions with long-term implications, including significant new business initiatives, would need approval of the Michelin Group, to ensure that the business decisions taken locally are in alignment with the long-term strategy of the Group. Any decisions approved either locally or by the Michelin Group, are then implemented, with subsequent oversight from the Directors to ensure management act in accordance with the agreed strategy. Processes are in place to ensure that the Directors receive all relevant information to enable it to make well-judged decisions in support of the Company's long-term success, including management KPI's, risk management policies and a robust suite of internal controls, all underpinned by internal audit.

#### **b. Stakeholders: Employees**

Our people are essential to our success, future growth, and our aim to build leading positions in our long-term markets. We continue to invest substantial time and effort to employ, train, develop and retain employees who are passionate about our business and have up-to-date knowledge and world class expertise in our key functional areas. Hearing their views on what we do well, and what we can do better, is an important driver for improvement and retaining our best talent. With this in mind, we communicate regularly with our employees through quarterly "Town Talk" briefings as well as an internal newsletter. The Managing Director also holds monthly forums where a small group of employees are invited to come along and discuss any aspect of the business in a closed door environment. We also have an employee recognition scheme to award and recognise those employees who go above and beyond what would normally be expected of them. For all employees with more than 3 months service, we offer access to a 3rd party "perks" scheme enabling employees to get free perks and discounts from major high street retailers and outlets. We meet monthly with the Trade Union representatives to ensure that employees remain engaged and to highlight and discuss any concerns they might have. Every year we have an 'end of financial year' party open to all employees and their partners which is normally very well attended.

#### **c. Stakeholders: Customers, Suppliers, Others**

We aim to be fair and ethical in dealings with all our external stakeholders, including our suppliers, customers and other business partners, in line with our published Code of Conduct and ethical policies. We endeavour to pay suppliers to agreed terms and be a collaborative and responsive partner, and suppliers undergo regular audits from our representatives to ensure we hold those companies we deal with to the highest standards of stewardship. With customers, our goal is to act as partners in order to understand their needs and collaborate effectively in order to provide the products and service they need in order to succeed. Each customer has a dedicated account manager, backed by an internal customer service and sales administration team in order to facilitate this relationship and ensure the smooth operation day-to-day. We also encourage external customer audits to ensure our own internal processes and policies continue to meet their high standards and we maintain an internal quality system accredited to ISO9001. The sales and customer service teams update and report regular KPI's and customer visit reports which assist in maintaining and developing our understanding of current customer needs. We closely monitor market intelligence and trends which enables us to predict likely future needs. This helps us focus the application our internal Research & Development resources to develop new products and services that will be of benefit to our customers.

## JAMES DAWSON & SON,LIMITED

### Strategic Report (continued) For the Year Ended 31 December 2021

#### d. Stakeholders: Community & Environment

Contributing positively to our local and global communities and environments is a responsibility and an opportunity and we believe strongly that our business is sustainable and environmentally friendly wherever possible. We actively seek new products which contribute to a better environment, for example products used in vehicle emission reductions, products used in electrical vehicle application and products used in green energy production. Internally we regularly look at ways to reduce our energy consumption for example the removal of an outdated coal fired boiler and the replacement of fluorescent tube lighting with LED units. We are accredited to ISO14001 and as such carry out numerous internal audits throughout the year. We support local charities and community events each year and the merits of each are reviewed by the Senior Leadership Team on a case base basis.


#### e. Reputation for high standards of business conduct

The Directors are responsible for developing the culture across the Company, which promotes integrity and transparency. The Company has established comprehensive systems of corporate governance, and approves policies and procedures which promote corporate responsibility and ethical behaviour, and these are implemented within the Company.

#### f. Acting fairly as between members of the Company

The Directors aim to understand the views of its sole shareholder and always to act in their best interests. In order to do this, the Directors work closely with the shareholder to ensure operations, strategy and performance are aligned with the long-term objectives of the shareholder, while complying with the Articles of Association of the Company, and in line with the highest standards of conduct as laid out in Group policies.

This report was approved by the Board on 10 November 2022 and signed on its behalf.

  
S P Lutz (Nov 10, 2022 08:48 EST)

S P Lutz  
Director

## **JAMES DAWSON & SON,LIMITED**

### **Directors' Report For the Year Ended 31 December 2021**

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

#### **Results and dividends**

The profit for the year, after taxation, amounted to £20,000 (2020 - loss £651,000).

An interim dividend for the year ended 31 December 2021 of 1.93p per share (2020 - 28.49p) was paid during the period. This equated to a total dividend of £78,000 (2020 - £1,152,000). The directors do not propose a final dividend (2020 - £Nil).

#### **Directors**

The Directors who served during the year and subsequently were:

E J-P Andrieux (appointed 21 January 2022)  
L A Feasby (appointed 21 January 2022)  
S P Lutz (appointed 01 January 2022)  
A M Caley (resigned 21 January 2022)  
P J Edwards (resigned 31 December 2021)  
K Rogerson (resigned 21 January 2022)

#### **Going concern**

The Company made a profit after tax of £20,000 in the year to 31 December 2021 and has net assets of £8,103,000.

In coming to a conclusion in their review that the Company remains a going concern, the directors have reviewed financial forecasts for the Company to 30 September 2023 to understand the cash requirements of the Company and has received confirmation of financial support and direct funding from Compagnie Generale des Etablissements Michelin SCA.

The key assumption within the forecasts reviewed by the directors relates to the speed and timing of the economic recovery from COVID-19. The forecasts include an assessment of the cash flows and cash position throughout the forecast period. The Company has obtained confirmation of financial support from Compagnie Generale des Etablissements Michelin SCA, the ultimate group parent company, for 12 months from the date of the financial statements. This letter confirms that the parent company will provide, where needed, the necessary cash so that the Company can meet its commitments and continue its business under normal conditions. The directors have reviewed worse-case cash forecasts for the Company to assess the maximum potential support needed from the parent company and have assessed that this support is available to the Company if needed throughout the forecast period to September 2023. Accordingly, the directors believe that adopting the going concern basis in preparing the financial statements is appropriate.

#### **Future developments**

Principal activities and future developments are set out in the Strategic report on page 1.

#### **Financial risk management**

In the normal course of business, the Company is exposed to certain financial risks, principally foreign exchange risk, interest rate risk, liquidity risk and credit risk. These risks are managed by the central treasury function of the Fenner Group in conjunction with the Company, in accordance with risk management policies that are designed to minimise the potential adverse effects of these risks on financial performance. For James Dawson & Son Limited, this includes the use of forward currency contracts if deemed necessary.

#### **Research and development**

Research and development expenditure is incurred in order to advance quality levels and enhance the range of the company's principal products. This is progressing to plan.

## **JAMES DAWSON & SON,LIMITED**

### **Directors' Report (continued) For the Year Ended 31 December 2021**

#### **Employee engagement**

Details regarding employee engagement can be found in the Section 172(1) Statement within the Strategic report.

#### **Business relationships**

Details regarding business relationships can be found in the Section 172(1) Statement within the Strategic report.

#### **Disabled employees**

The Company's employment policies and practices are designed to meet local conditions and regulations and support the principles of the Universal Declaration of Human Rights. It ensures it recruits and retains a competent and diverse workforce. Equal opportunities means employing the best people for the business from the widest pool of candidates regardless of gender, race, age, caste, origin, religion, disability, sexual orientation or any other status protected by law. These principles and practices are also applied when undertaking rationalisations and reorganisations.

The Company strives to provide an inclusive and diverse workplace environment in which all employees are treated with dignity and respect at all times. The Company does not discriminate on the grounds of disability and continues to recognise its social and statutory duties to disabled persons and does all that is practicable to meet this responsibility. Full and fair consideration is given to the recruitment, training, career development and promotion of disabled persons. If an employee becomes disabled whilst employed by the Company, wherever possible, he or she will continue to be employed in the same job. If this action is not practicable or possible then every effort will be made to find suitable alternative employment. In these circumstances, retraining would be made available using Company resources as well as by contact with local disabilities employment advisors.

#### **Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**JAMES DAWSON & SON,LIMITED**

**Directors' Report (continued)  
For the Year Ended 31 December 2021**

**Greenhouse gas emissions, energy consumption and energy efficiency action**

**James Dawson and Son Limited 2021 Simplified Energy and Carbon Reporting (SECR)**

In compliance with 'The Companies Act 2006' (Strategic Report and Directors' Report) in particular Part 7A to Schedule 7 'Dealing with energy and carbon disclosures by large unquoted companies'. Please find below the disclosure of energy and CO2 information for James Dawson and Son Ltd for the 2021 financial year. This SECR report includes information relating to greenhouse gas emissions (scope 1 and 2), energy consumption data for fuels, electricity and transport and a CO2e intensity ratio (tCO2e (Tonnes) per material processed (Tonnes)). The declaration identifies some of the energy saving measures implemented by the James Dawson and Son Limited sites. The company generated 2,787.45 tonnes of CO2e and consumed 14,779,549 kWh of energy within the 2021 financial year.

**Greenhouse Gas Emissions**

Table 1 identifies CO2 emissions for James Dawson and Son Ltd for the period (1 January 2021 to 31 December 2021 and compares this to energy data from 2020 over an equivalent period)

Description	Scope	2021	2020
		tCO2	
All Direct Emissions from the activities undertaken within the control of James Dawson and Son LTD. Including fuel combustion such as gas boilers, fleet vehicles.	Scope 1	2,213.33	1,777.15
Indirect Emissions from the purchase of electricity, steam or cooling by James Dawson and Son LTD.	Scope 2	574.13	543.12
<b>Total</b>		<b>2,787.45</b>	<b>2,302.26</b>

Table 1 – James Dawson and Sons CO2 Emissions

**Energy Consumption**

Table 2 identifies energy consumption (kWh) for James Dawson and Sons Ltd for the period (1 January 2021 to 31 December 2021 and compares this to energy data from 2020 over an equivalent period)

Utility	2021	2020
	(kWh)	(kWh)
Electricity	2,329,582	2,329,582
Gas	9,633,909	9,633,909
Transport	23,036	23,036
<b>Total</b>	<b>14,779,549</b>	<b>11,986,526</b>

## JAMES DAWSON & SON,LIMITED

### Directors' Report (continued) For the Year Ended 31 December 2021

#### CO2 Intensity Ratio

Table 3 identifies CO2e emissions per tonne of material processed at James Dawson and Sons Limited for the 2021 financial year and compares this to energy data from 2020 over an equivalent period.

Description	2021	2020
CO2(tonnes) per Material Processed (Tonnes))	2.053	1.825

Table 3 – James Dawson and Sons LTD CO2e (Tonnes) Emissions per Material processed (Tonnes)

#### Energy Efficiency Measures

1. The site known locally as Boultham site has repaired or replaced all faulty steam traps.
2. The production sites known locally as Boultham and Moorlands have replaced all missing lagging on the steam distribution system.

#### Methodology

Methodology The methodology for the reporting of SECR was taken from the Department of Business Energy and Industrial Strategy (BEIS) with specific instruction from 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)'. CO2 conversion factors and calorific converters were generated via 'UK Government GHG Conversion Factors for Company Reporting 2021 and 2020'. All utility information (electricity and natural gas) was generated from utility invoices. The transportation consumption was taken from information generated from utility invoices, internal metering and the accounting systems operating at James Dawson and Sons Ltd.

#### Post balance sheet events

There have been no significant events affecting the Company since the year end.

#### Auditor

The auditor, Deloitte LLP, is deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 30 June 2017.

This report was approved by the board on 10 November 2022 and signed on its behalf.

  
S P Lutz (Nov 10, 2022 08:48 EST)

S P Lutz  
Director

## **JAMES DAWSON & SON, LIMITED**

### **Directors' Responsibilities Statement For the Year Ended 31 December 2021**

The Directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 profit or loss of the Company 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

## **JAMES DAWSON & SON,LIMITED**

### **Independent Auditor's Report to the Members of JAMES DAWSON & SON,LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of JAMES DAWSON & SON,LIMITED (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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 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.

## **JAMES DAWSON & SON,LIMITED**

### **Independent Auditor's Report to the Members of JAMES DAWSON & SON,LIMITED**

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.

#### **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 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 company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition – cut-off of revenue: we tested the cut-off of revenue by making sample selections

## **JAMES DAWSON & SON,LIMITED**

### **Independent Auditor's Report to the Members of JAMES DAWSON & SON,LIMITED**

from sales made before and after the year end. We vouched sales to supporting documentation to substantiate the sale alongside the requirements of IFRS 15 to determine whether revenue was recognised in the appropriate period, being in 2021 or in 2022. We assessed the design and implementation of management's control around the cut-off of revenue.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

#### **Report on other legal and regulatory requirements**

##### **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.

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

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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 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;

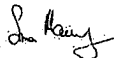
We have nothing to report in respect of these matters.

**JAMES DAWSON & SON,LIMITED**

**Independent Auditor's Report to the Members of JAMES DAWSON & SON,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.



Simon Manning FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds  
United Kingdom

10 November 2022

**JAMES DAWSON & SON,LIMITED****Income Statement  
For the Year Ended 31 December 2021**

	Note	2021 £000	2020 £000
Revenue	3	29,353	24,706
Cost of sales		(21,246)	(18,798)
<b>Gross profit</b>		<b>8,107</b>	<b>5,908</b>
Distribution costs		(3,207)	(2,734)
Administrative expenses		(4,579)	(4,226)
Exceptional administrative expenses	9	(433)	(334)
Other operating income	3	27	760
<b>Operating loss</b>	4	<b>(85)</b>	<b>(626)</b>
Interest payable and similar expenses	8	(117)	(109)
<b>Loss before tax</b>		<b>(202)</b>	<b>(735)</b>
Tax on loss	10	222	84
<b>Profit / (loss) for the year</b>		<b>20</b>	<b>(651)</b>

There was no other comprehensive income for the year ended 31 December 2021 (and for year ended 31 December 2020) and therefore no statement of other comprehensive income has been presented.

The notes on pages 18 to 37 form part of these financial statements.


All results are derived from continuing operations.

**JAMES DAWSON & SON, LIMITED**  
Registered number: 47152

**Balance Sheet**  
**As at 31 December 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Goodwill	12	188	188
Other intangible assets	13	1,391	1,054
Tangible assets	14	10,573	9,192
		<u>12,152</u>	<u>10,434</u>
<b>Current assets</b>			
Stocks	15	4,213	2,531
Debtors: amounts falling due within one year	16	7,127	6,008
		<u>11,340</u>	<u>8,539</u>
Creditors: amounts falling due within one year	17	(14,991)	(10,507)
<b>Net current liabilities</b>		<u>(3,651)</u>	<u>(1,968)</u>
<b>Total assets less current liabilities</b>		<u>8,501</u>	<u>8,466</u>
Creditors: amounts falling due after more than one year	18	(209)	(116)
		<u>8,292</u>	<u>8,350</u>
<b>Provisions for liabilities</b>			
Other provisions	20	(189)	(189)
		<u>(189)</u>	<u>(189)</u>
<b>Net assets</b>		<u>8,103</u>	<u>8,161</u>
<b>Capital and reserves</b>			
Called up share capital	21	1,011	1,011
Share premium account		2,998	2,998
Revaluation reserve		502	502
Profit and loss account		3,592	3,650
<b>Shareholder's funds</b>		<u>8,103</u>	<u>8,161</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 10 November 2022.

  
S P Lutz (Nov 10, 2022 08:48 EST)

S P Lutz  
Director

The notes on pages 18 to 37 form part of these financial statements.

**JAMES DAWSON & SON,LIMITED**

**Statement of Changes in Equity  
For the Year Ended 31 December 2021**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	1,011	2,998	502	3,650	8,161
<b>Comprehensive expense for the year</b>					
Profit for the year	-	-	-	20	20
<b>Total comprehensive expense for the year</b>	-	-	-	20	20
Dividends (note 11)	-	-	-	(78)	(78)
<b>At 31 December 2021</b>	<b>1,011</b>	<b>2,998</b>	<b>502</b>	<b>3,592</b>	<b>8,103</b>

The notes on pages 18 to 37 form part of these financial statements.

**Statement of Changes in Equity  
For the Year Ended 31 December 2020**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total shareholder's funds
	£000	£000	£000	£000	£000
At 1 January 2020	1,011	2,998	502	5,453	9,964
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(651)	(651)
<b>Total comprehensive income for the year</b>	-	-	-	(651)	(651)
Dividends (note 11)	-	-	-	(1,152)	(1,152)
<b>Total transactions with owners</b>	-	-	-	(1,152)	(1,152)
<b>At 31 December 2020</b>	<b>1,011</b>	<b>2,998</b>	<b>502</b>	<b>3,650</b>	<b>8,161</b>

The notes on pages 18 to 37 form part of these financial statements.

## **JAMES DAWSON & SON,LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2021**

#### **1. General information**

James Dawson & Son Limited is a private company limited by shares, registered and incorporated in England and Wales with the registered number 00047152. The address of the registered office is given on the Company Information page. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, as modified by financial assets and liabilities (including derivative instruments) at fair value through profit or loss, unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Critical accounting judgements and key sources of estimation uncertainty

The application of the Company's accounting policies requires management to make certain assumptions, estimates and judgements that may affect the reported amounts of assets, liabilities, income and expenses. These are based on historical experience and any other factors, including expectations of future events, that are considered appropriate and these are continually reviewed. Subsequent actual results may however differ from these estimates and judgements. None of the assumptions, estimates and judgements are considered to be critical.

Accounting developments

A number of other new standards, amendments or interpretations have been published but are not mandatory for the year ended 31 December 2021 and consequently have not yet been applied in preparing the financial statements. None of these are expected to have a material impact on the results or net assets of the Company.

##### **2.2 Financial reporting standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

##### **2.3 Going concern**

Details regarding the going concern basis can be found within the Directors' report on page 6.

**Notes to the Financial Statements  
For the Year Ended 31 December 2021**

**2. Accounting policies (continued)**

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Sale of goods**

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**2.5 Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised on a straight line basis over the estimated useful life of the asset (computer software: 3-5 years).

**2.6 Goodwill**

Goodwill represents the excess of the cost of a business combination over the company's interest in the fair value of the identifiable assets and liabilities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The carrying amount of goodwill is reviewed for impairment annually, or more frequently when events or changes in circumstances indicate that the carrying amount may be impaired. Any impairment is recognised in the income statement and is not subsequently reversed. Any excess of the company's interest in the fair value of the identifiable assets and liabilities of the acquired entity over cost is recognised immediately in the income statement. On disposal, the attributable amount of goodwill is included in the profit or loss on disposal.

**2.7 Tangible fixed assets and depreciation**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

## **JAMES DAWSON & SON,LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2021**

#### **2. Accounting policies (continued)**

##### **2.7 Tangible fixed assets and depreciation (continued)**

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 40 years
Long-term leasehold property	- 3 - 4 years
Plant and machinery	- 3 - 10 years
Motor vehicles	- 3 years
Other fixed assets	- 2 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### **2.8 Stocks and work in progress**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **2.9 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

###### **Financial assets**

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

###### **Fair value through profit or loss**

This category comprises only in-the-money derivatives. These are carried in the Balance sheet at fair value with changes in fair value recognised in the Income statement.

###### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset.

## **JAMES DAWSON & SON,LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2021**

#### **2. Accounting policies (continued)**

##### **2.9 Financial instruments (continued)**

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

##### **Financial liabilities**

###### **Fair value through profit or loss**

The Company comprises only out-of-the-money derivatives. They are carried in the Balance sheet at fair value with changes in fair value recognised in the Income statement.

###### **At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

##### **2.10 Government grants**

Grants that compensate the company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

## **JAMES DAWSON & SON, LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2021**

#### **2. Accounting policies (continued)**

##### **2.11 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is Pounds Sterling, because that is the currency of the primary economic environment in which the Company operates.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

##### **2.12 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### **2.14 Pensions**

###### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

###### **Defined benefits pension plan**

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the Group entity which is legally responsible for the plan and all other Group entities recognise a cost equal to their contribution payable for the period.

The amount charged to the Income statement account represents contributions payable to the scheme in respect of the accounting period.

## **JAMES DAWSON & SON, LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2021**

#### **2. Accounting policies (continued)**

##### **2.15 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

##### **2.16 Provisions**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **2.17 Taxation**

Current tax is the tax expected to be payable on taxable profit for the period using tax rates that have been enacted or substantively enacted by the balance sheet date, together with any adjustments in respect of previous years. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are not taxable or deductible or are taxable or deductible in other years.

Deferred tax is recognised using the liability method for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, unless specifically exempt. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realised. The resulting charge or credit is recognised in the income statement except when it relates to items recognised directly in equity, in which case the charge or credit is also recognised directly in equity.

##### **2.18 Exceptional items**

Exceptional items are presented separately due to their size or incidence.

##### **2.19 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### **2.20 Leases**

###### **The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease

**Notes to the Financial Statements  
For the Year Ended 31 December 2021**

**2. Accounting policies (continued)**

**2.20 Leases (continued)**

term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate used is the rate applicable to the residual term of the lease, taking into account the Company's credit risk, the currency of the contract and the weighted average maturity of the reimbursement of the lease liability.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use

## JAMES DAWSON & SON,LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2021

#### 2. Accounting policies (continued)

##### 2.20 Leases (continued)

asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.7.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

At year end the Company was within a 4 year extension period that was triggered at the end of the current property lease in July 2018. This was taken into consideration when calculating the initial right-of-use asset and corresponding lease liability upon adoption of IFRS 16 at 1 January 2019.

There have been no termination options considered whilst calculating the right-of-use assets or lease liabilities. This is predominantly due to the Company applying the judgement that each lease will be valid for the duration of the contract and no early terminations are expected.

#### 3. Revenue

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	6,846	5,029
Rest of Europe	12,706	10,861
Rest of the World	9,801	8,816
	<u>29,353</u>	<u>24,706</u>

##### Other operating income

	2021 £000	2020 £000
Furlough claim	27	760
	<u>27</u>	<u>760</u>

## JAMES DAWSON & SON,LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2021

#### 4. Operating loss

The operating loss is stated after charging/(crediting):

	2021 £000	2020 £000
Research & development charged as an expense	812	654
Exceptional Items	9	433
Depreciation of tangible fixed assets	14	771
Amortisation of intangible assets	90	8
Exchange differences	160	(108)
	<u>160</u>	<u>(108)</u>

#### 5. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	2021 £000	2020 £000
Fees for the audit of the Company	29	28
	<u>29</u>	<u>28</u>

#### 6. Staff costs

Staff costs, including Directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	10,410	9,559
Social security costs	944	940
Other pension costs	2,585	2,517
	<u>13,939</u>	<u>13,016</u>

Pension costs includes an amount of £1,539,000 (2020 - £1,539,000) in respect of additional contributions made to reduce the pension scheme deficit.

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Production	285	271
Selling and distribution	44	42
Administration	24	29
	<u>353</u>	<u>342</u>

## JAMES DAWSON & SON,LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2021

#### 7. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	416	181
	<u>416</u>	<u>181</u>

The highest paid Director received remuneration of £416,000 (2020 - £181,000). This includes £214,000 included in note 9 as exceptional items.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2020 - £NIL).

In addition, remuneration for 2 (2020 - 2) directors has been borne by other companies in the Group. It is not practicable to allocate their remuneration between their services on behalf of the Company and of the other Group companies.

#### 8. Interest payable and similar expenses

	2021 £000	2020 £000
On bank overdrafts	112	100
Leases	5	9
	<u>117</u>	<u>109</u>

#### 9. Exceptional items

	2021 £000	2020 £000
Directors emoluments related to re-organisation	214	-
Other restructuring costs	219	334
	<u>433</u>	<u>334</u>

Restructuring costs were incurred to realign the management structure within the business (2020 related to reducing the staff headcount as a result of COVID-19) as referred to in the Business review within the Strategic report on page 1.

**JAMES DAWSON & SON,LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2021**

**10. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on loss for the period	-	(84)
Prior year adjustments	(222)	-
	<u>(222)</u>	<u>(84)</u>
<b>Total current tax</b>	<u>(222)</u>	<u>(84)</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
	<u>-</u>	<u>-</u>
<b>Taxation on loss</b>	<u>(222)</u>	<u>(84)</u>

**Factors affecting tax credit for the year**

The tax assessed for the year ended is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%). The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Loss before tax	(202)	(735)
	<u>(202)</u>	<u>(735)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%)	(38)	(140)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	190	-
Adjustments to tax charge in respect of prior periods	(222)	-
Group relief received not paid for	(152)	-
Timing differences arising not recognised in deferred tax	-	56
	<u>-</u>	<u>56</u>
<b>Total tax credit for the period</b>	<u>(222)</u>	<u>(84)</u>

**Factors that may affect future tax charges**

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. However, in the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date. As James Dawson & Son Limited is not recognising deferred tax assets at this time this change would not give rise to any movement in deferred tax balances.

**JAMES DAWSON & SON, LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2021**

**11. Dividends**

	2021 £000	2020 £000
Interim dividends paid for 2021 of 1.93p (2020 - 28.49p) per share	78	1,152
	<u>78</u>	<u>1,152</u>

**12. Goodwill**

	2021 £000
<b>Cost</b>	
At 1 January 2021	4,111
At 31 December 2021	<u>4,111</u>
<b>Amortisation</b>	
At 1 January 2021	3,923
At 31 December 2021	<u>3,923</u>
<b>Net book value</b>	
At 31 December 2021	<u>188</u>
<i>At 31 December 2020</i>	<u>188</u>

The carrying amounts of goodwill are reviewed for impairment annually, or more frequently when events or changes in circumstances indicate that the carrying amounts may be impaired. In addition, the carrying amounts of intangible assets acquired are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may be impaired. The recoverable amounts of CGUs are based on value in use calculations using cash flow projections discounted to calculate the net present value. The key assumptions used to determine the value in use relate to profits derived from sales volumes, selling prices and costs, growth rates and pre-tax discount rates.

**JAMES DAWSON & SON,LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2021**

**13. Intangible assets**

	<b>Software £000</b>
<b>Cost</b>	
At 1 January 2021	1,133
Additions - external	428
Disposals	(38)
Revaluation surplus	575
At 31 December 2021	<u>2,098</u>
<b>Amortisation</b>	
At 1 January 2021	79
Charge for the year on owned assets	90
On disposals	(38)
On revalued assets	576
At 31 December 2021	<u>707</u>
<b>Net book value</b>	
At 31 December 2021	<u>1,391</u>
At 31 December 2020	<u>1,054</u>

In intangible assets as at 31 December 2021 there was £Nil (2020: £1,050,000) of assets under construction. In 2020 this related to the acquisition and implementation of a new software system which was completed in 2021.

**JAMES DAWSON & SON, LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2021**

**14. Tangible fixed assets**

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Other fixed assets £000	Total £000
<b>Cost or valuation</b>						
At 1 January 2021	1,841	668	16,494	80	125	19,208
Additions	-	-	2,052	9	111	2,172
Disposals	-	(225)	(194)	-	-	(419)
Transfers between classes	120	-	(120)	-	-	-
At 31 December 2021	<u>1,961</u>	<u>443</u>	<u>18,232</u>	<u>89</u>	<u>236</u>	<u>20,961</u>
<b>Depreciation</b>						
At 1 January 2021	898	417	8,611	46	44	10,016
Charge for the year on owned assets	50	-	483	-	-	533
Charge for the year on right-of-use assets	-	174	-	26	38	238
Disposals	-	(211)	(188)	-	-	(399)
Transfers between classes	95	-	(95)	-	-	-
At 31 December 2021	<u>1,043</u>	<u>380</u>	<u>8,811</u>	<u>72</u>	<u>82</u>	<u>10,388</u>
<b>Net book value</b>						
At 31 December 2021	<u>918</u>	<u>63</u>	<u>9,421</u>	<u>17</u>	<u>154</u>	<u>10,573</u>
At 31 December 2020	<u>943</u>	<u>251</u>	<u>7,883</u>	<u>34</u>	<u>81</u>	<u>9,192</u>

Freehold property includes land at a cost of £325,000 (2020: £325,000) which is not subject to depreciation.

In plant and machinery as at 31 December 2021 there was £5,944,000 (2020: £5,402,000) of assets under construction, all (2020: £4,994,000) of which related to the new production line as referred to in the Business review within the Strategic report on page 1.

**JAMES DAWSON & SON,LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2021**

**14. Tangible fixed assets (continued)**

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2021 £000	2020 £000
Tangible fixed assets owned	10,339	8,887
Right-of-use tangible fixed assets	234	305
	<u>10,573</u>	<u>9,192</u>

The Company held 2 property leases at 31 December 2021. The lease of one property is for 4 years, which is an extension on the previous lease. The other lease is for an original term of 10 years. Upon inception of IFRS 16, the assets were calculated based upon the remainder of each lease term. As at 1 January 2021 this was 1.5 years and 0.75 years respectively.

Information about right-of-use assets is summarised below:

**Net book value**

	2021 £000	2020 £000
Property	63	251
Plant and machinery	154	34
Other	17	20
	<u>234</u>	<u>305</u>

**Depreciation charge for the year ended**

	2021 £000	2020 £000
Property	(174)	(209)
Plant and machinery	(38)	(33)
Other	(26)	(22)
	<u>(238)</u>	<u>(264)</u>

## JAMES DAWSON & SON, LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2021

#### 15. Stocks

	2021 £000	2020 £000
Raw materials and consumables	1,630	883
Work in progress	706	585
Finished goods and goods for resale	1,877	1,063
	<u>4,213</u>	<u>2,531</u>

Inventories are presented net of provision for inventory write downs, based on management's estimate of the net realisable value of inventories. The amount charged to the Income Statement in respect of write downs of inventories is £24,000 (2020 - £66,000). The amount credited to the Income statement in the year in respect of reversals of write downs of inventories is £66,000 (2020 - £27,000), principally resulting from the subsequent sale of inventory previously written down. These amounts are classified within cost of sales in the Income Statement.

#### 16. Debtors

	2021 £000	2020 £000
Trade debtors	6,140	4,714
Amounts owed by group undertakings	420	223
Prepayments and accrued income	545	937
Derivative financial instruments	22	134
	<u>7,127</u>	<u>6,008</u>

Amounts owed by group undertakings are unsecured, interest free and are all due within 12 months of the balance sheet date.

**JAMES DAWSON & SON,LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2021**

**17. Creditors: Amounts falling due within one year**

	2021 £000	2020 £000
Bank overdrafts	9,318	5,148
Trade creditors	3,181	2,725
Amounts owed to group undertakings	1,319	1,538
Corporation tax	-	1
Other taxation and social security	368	208
Lease liabilities	22	253
Other creditors	250	191
Accruals and deferred income	533	443
	<u>14,991</u>	<u>10,507</u>

Amounts owed to group undertakings are unsecured, interest free and are due within 12 months of the balance sheet date.

Further information on Lease liabilities can be found in note 25.

**18. Creditors: Amounts falling due after more than one year**

	2021 £000	2020 £000
Lease liabilities	<u>209</u>	<u>116</u>

Further information on Lease liabilities can be found in note 25.

## JAMES DAWSON & SON, LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2021

#### 19. Financial instruments

	2021 £000	2020 £000
<b>Financial assets</b>		
Derivative financial instruments measured at fair value through profit and loss	22	134
Financial assets measured at amortised cost	6,560	4,937
	<u>6,582</u>	<u>5,071</u>
<b>Financial liabilities</b>		
Bank overdrafts	(9,318)	(5,148)
Financial liabilities measured at amortised cost	(5,514)	(5,267)
	<u>(14,832)</u>	<u>(10,415)</u>

Derivative financial instruments comprise of an asset of £22,000 (2020 asset - £134,000). This comprises forward currency contracts which have been entered into to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2021, the outstanding contracts principally all mature within 12 months (2020 - 12 months). The fair value is equal to the carrying amount and represents discounted cash flows where future cash flows are estimated based on forward exchange rates, from observable forward exchange rates at the balance sheet date (level 2 observable inputs), and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. The key assumptions used in valuing the derivatives are the exchange rates for GBP versus USD and Euros. A debit of £188,000 (2020 - credit of £106,000) has been recognised within administrative expenses in the income statement.

#### 20. Provisions for liabilities

	Dilapidation expenses £000
At 1 January 2021	189
At 31 December 2021	<u>189</u>

Provisions represent the best estimate of obligations at the balance sheet date.

Provisions for dilapidation expenses relate to costs associated with the hand over of the main company premises to the lessor at the expiry of the lease in 2022.

## JAMES DAWSON & SON,LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2021

#### 21. Ordinary shares

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
4,044,000 (2020 - 4,044,000) ordinary shares of £0.25 each	<u>1,011</u>	<u>1,011</u>

#### 22. Contingent liabilities

In the normal course of business the Company has given cross-guarantees in respect of the borrowings of certain fellow subsidiary undertakings and its parent undertaking which, at 31 December 2021, amounted to £nil (2020 - £118,168,390). The Company has also given guarantees and counter indemnities in respect of commercial transactions.

#### 23. Pension commitments

The Company participates in the Fenner Pension Scheme, a defined benefit scheme operated by the Fenner group.

It is not possible to separately identify this Company's share of the assets and liabilities of the scheme on a consistent and reliable basis. Consequently payments made are treated as though they were payments to a defined contribution scheme and therefore are recognised in the Income statement as they are incurred.

The Company also participates in the Fenner Retirement Plan, a defined contribution scheme.

The pension cost for the period represents total contributions payable by the Company to both pension plans and amounted to £2,585,000 (2020 - £2,517,000). Contributions to the defined benefit scheme for the period were £1,539,000 (2020 - £1,539,000). Contributions for the year ending 31 December 2022 are expected to be £1,539,000. There was no accrual in place at the period end for contributions (2020 - £NIL).

#### 24. Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party is Fenner Group Holdings Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Compagnie Generale des Etablissements Michelin SCA. Copies of Compagnie Generale des Etablissements Michelin SCA's consolidated financial statements can be obtained from the company's registered office address which is 12 Cours Sablon, Clermont-Ferrand, Puy de Dome, France.

**JAMES DAWSON & SON, LIMITED**

**Notes to the Financial Statements  
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**25. Leases**

**Company as a lessee**

The Company leases several assets including property and motor vehicles.

Lease liabilities are due as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	<b>22</b>	<b>253</b>
1-5 years	<b>209</b>	<b>116</b>
	<b>231</b>	<b>369</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored by the Directors of the Company.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Finance lease interest payable	<b>5</b>	<b>9</b>
Expenses relating to short-term leases	<b>20</b>	<b>21</b>
Depreciation expense on right-of-use assets	<b>238</b>	<b>264</b>

Expenses relating to short-term leases were for leases that had less than 12 months remaining as at 1 January 2021.