1845

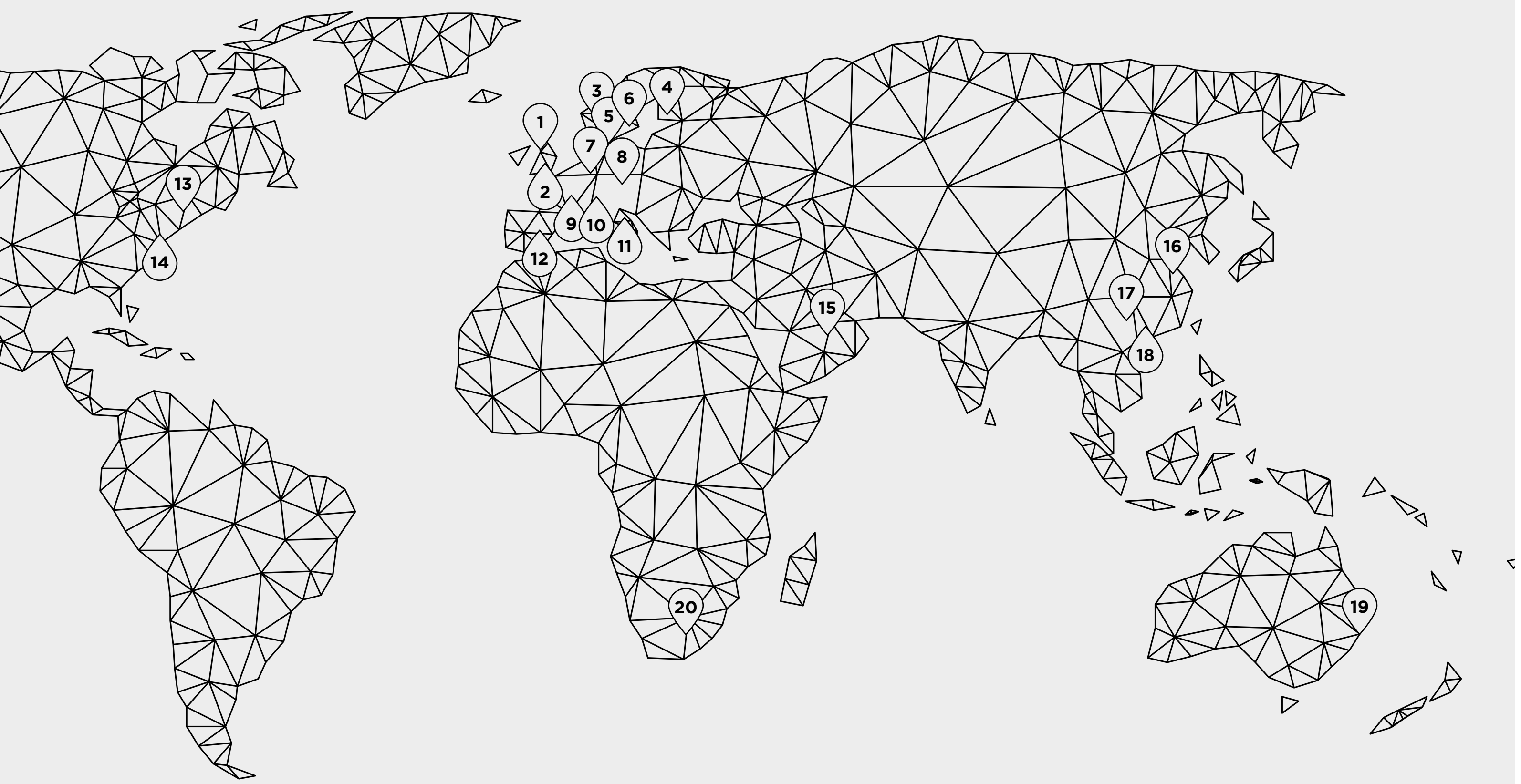
2020

ANNUAL REPORT AND ACCOUNTS 2020

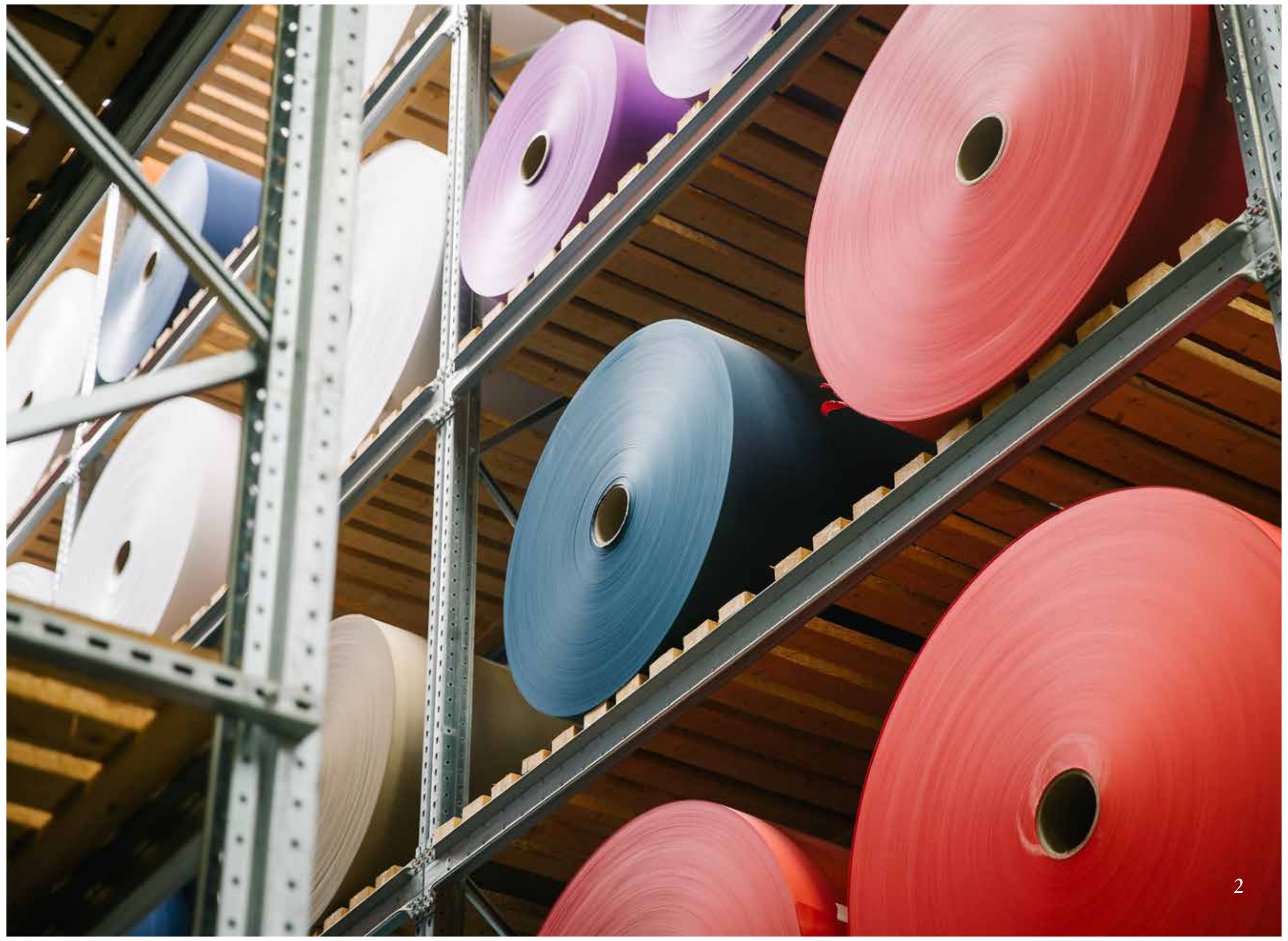
WE CREATE SOME OF THE WORLD'S MOST DISTINCTIVE AND TECHNICALLY ADVANCED PAPER PRODUCTS, USING MATERIALS FROM COTTON AND WOOD TO CARBON FIBRE.

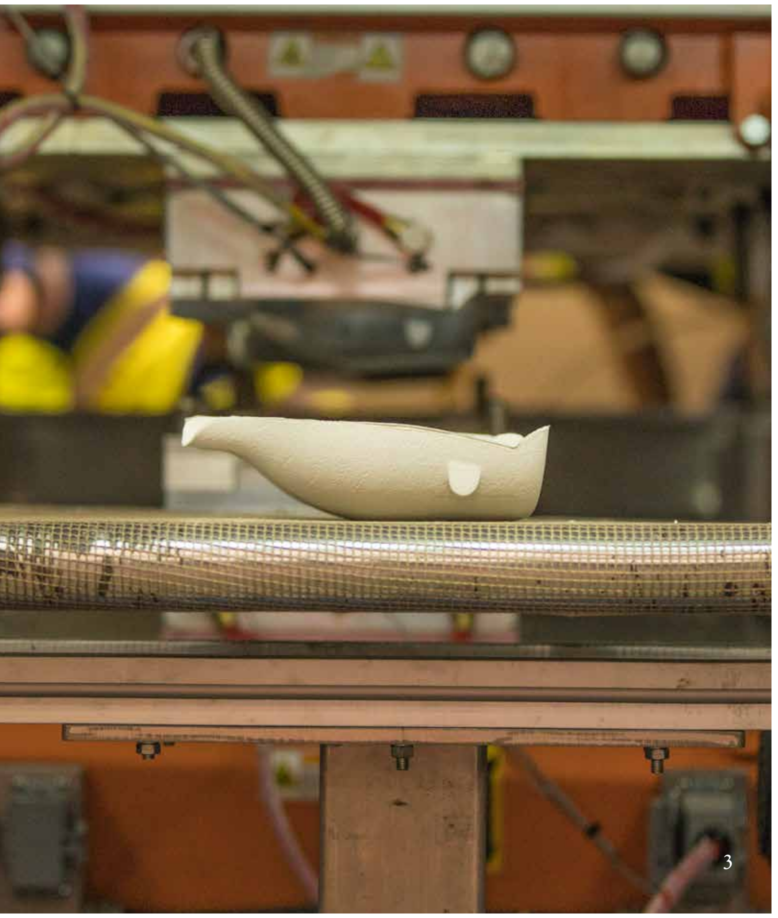
WE SUPPORT INDUSTRIES FROM PACKAGING TO DIGITAL IMAGING AND AEROSPACE WITH PRODUCTS THAT ARE AT THE CUTTING EDGE OF PERFORMANCE.

#	Location	Manufacturing	R&D	Sales Office	Partners
1	Burneside, UK (Head Office)	•	•	•	
2	Crewe, UK	•			
3	Oslo, Norway				•
4	Helsinki, Finland				•
5	Ljungby, Sweden				•
6	Copenhagen, Denmark				•
7	Brussels, Belgium				•
8	Munich, Germany			•	
9	Paris, France			•	
10	Strasbourg, France			•	

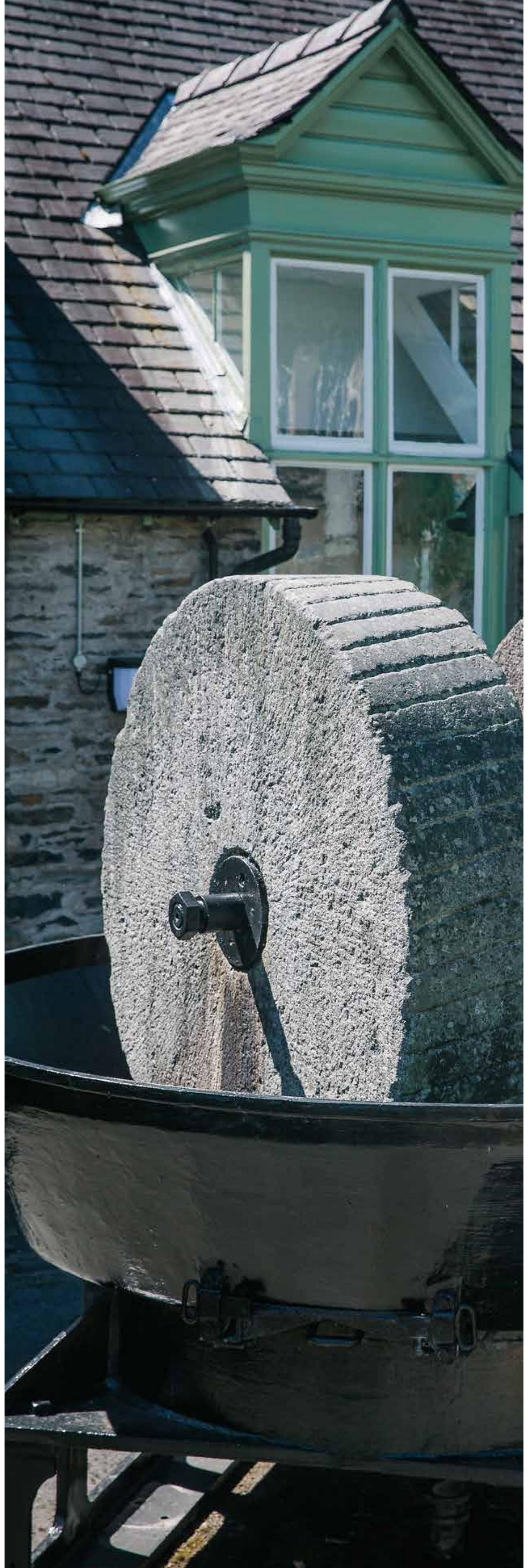


#	Location	Manufacturing	R&D	Sales Office	Partners
11	Milan, Italy				•
12	Barcelona, Spain				•
13	Schnectady, USA	•	•	•	
14	Philadelphia, USA				•
15	Dubai, UAE				•
16	Shanghai, China			•	•
17	Guangzhou, China			•	
18	Hong Kong, China			•	
19	Sydney, Australia				•
20	Johannesburg, South Africa				•





1. Pasaban Operator, Daniel Ford
2. Paper reels in the high bay warehouse
3. Maison Ruinart packaging in production with Colourform™
4. Colourform™ Operatives, Mike Gardner and Matt Lowther



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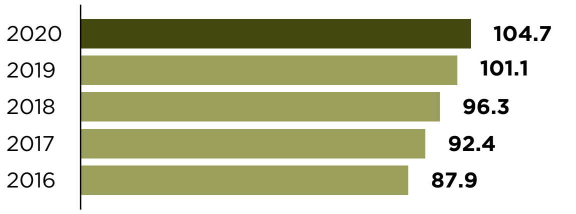
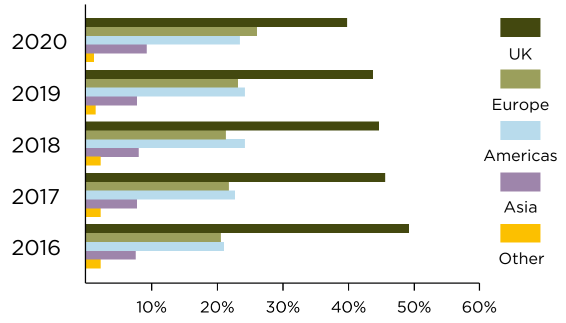
FINANCIAL HIGHLIGHTS

Total revenue

£104.7m 4%

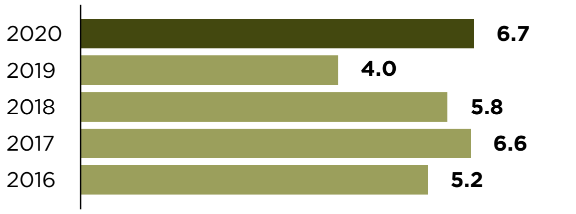


Geographical % segmentation of region



Adjusted profit before tax (iii)

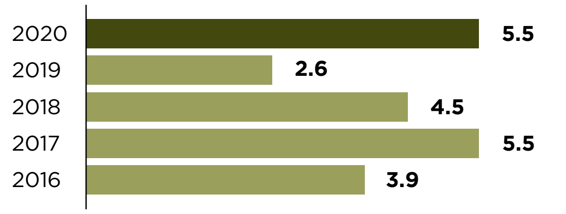
£6.7m 68%



(excluding IAS 19 Pension adjustments)

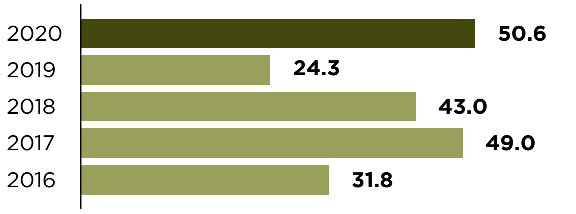
Profit before tax

£5.5m 112%



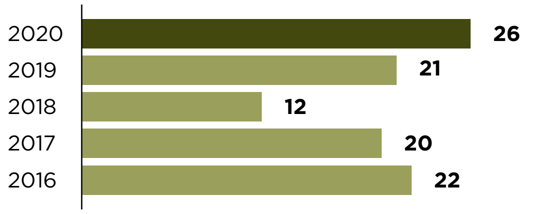
Diluted EPS

50.6p 108%



Gearing (i)

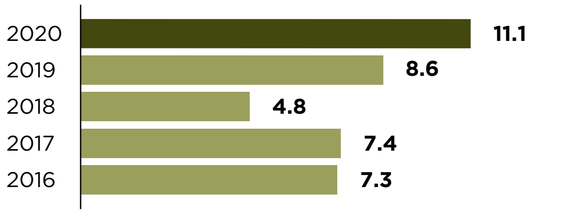
26% 24%



(excluding IAS 19 Pension adjustments)

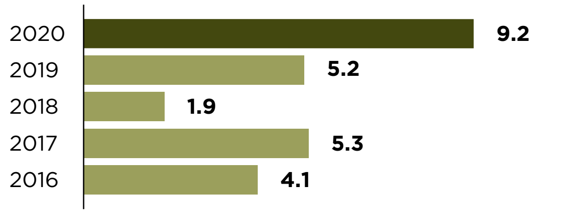
Net borrowings (ii)

£11.1m 29%



Capital expenditure

£9.2m 76%



Non GAAP Measures:

(i) Gearing is calculated as the proportion of net debt to Total Shareholders' Equity, excluding the IAS19 Pension deficit.
(ii) Net borrowings, are calculated as total loans and borrowings less cash and cash equivalents.
Included in net borrowings from 2020 are lease liabilities for right of use assets under IFRS 16.
The Group has initially applied IFRS 16 at 31 March 2019 and recognised £4.2m of lease liabilities on the balance sheet.
The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application.
(iii) Adjusted profit before tax equates to profit before tax excluding the IAS 19 impact.

FINANCIAL SUMMARY

Summary of results

All figures in £'000	2020	2019	2018	2017	2016
Revenue	**104,667**	**101,095**	**96,312**	**92,363**	**87,920**
Adjusted operating profit (excluding IAS 19 impact)	7,240	4,262	6,133	6,849	6,264
Adjusted profit before tax (excluding IAS 19 impact)	6,674	3,962	5,825	6,566	5,173
Impact of IAS 19	(1,215)	(1,386)	(1,284)	(1,025)	(1,305)
Profit before tax	**5,459**	**2,576**	**4,541**	**5,541**	**3,868**
Earnings per share - diluted	50.6p	24.3p	43.0p	49.0p	31.8p

Summary of Financial Position

All figures in £'000	2020	2019	2018	2017	2016
Non-pension assets – excluding cash	72,084	64,871	59,899	64,304	57,470
Non-pension liabilities – excluding borrowings	(19,032)	(16,236)	(15,585)	(19,433)	(17,019)
	53,052	48,635	44,314	44,871	40,451
Net IAS 19 pension deficit (after deferred tax)	(7,600)	(18,798)	(16,162)	(18,421)	(6,453)
	45,452	29,837	28,152	26,450	33,998
Net borrowings	(11,055)	(8,561)	(4,806)	(7,364)	(7,305)
Equity shareholders' funds	**34,397**	**21,276**	**23,346**	**19,086**	**26,693**
Gearing % - before IAS 19 deficit	26%	21%	12%	20%	22%
Gearing % - after IAS 19 deficit	32%	40%	21%	39%	27%
Capital expenditure £'000	9,195	5,229	1,935	5,315	4,086

(i) The IAS 19 pension adjustments are explained in detail in the Financial Review section, pages 18 to 20. The total amount excluded from the IAS pension Charge is £1,215,000 (2019: £1,386,000). The adjustment, which we refer to in these accounts as the "IAS 19 impact" represents the difference between the pension charge as calculated under IAS 19 and the cash contributions for the current service cost only as determined by the latest triennial valuation. The Directors consider that the adjusted pension charge better reflects the actual pension costs for ongoing service compared to the IAS 19 charge. This adjustment is made internally when we assess performance and is also used in the EBITDA and EPS targets used in management incentive schemes.
(ii) The IAS 19 pension adjustment £1,215,000 (2019: £1,386,000) comprises:

All figures in £'000	Period ended 28 March 2020	Period ended 30 March 2019
Current service charge	1,188	1,423
Normal contributions	(517)	(569)
Interest charge	544	532
IAS 19 pension adjustment	**1,215**	**1,386**

Further details can be found on page 19 (The IAS 19 impact on profits).

CHAIRMAN'S LETTER

Dear Shareholders,

Against the dramatic background ushered in by Covid-19 towards the end of our financial year, I am especially pleased to report a record year for the Group. Group revenue once again set a new record at £105m while profit before tax more than doubled to £5.5m. These were excellent results that allow us to enter a period of great uncertainty with a degree of fitness, especially compared to the challenging results of the prior two years.

The result was buoyed up by a £5.4m rebound in our Paper division operating profits, moving from a £2m loss to a £3.4m gain. Whilst operating profits were down 13% for TFP, the business experienced good growth in fuel cell and green energy markets which will continue. Colourform™ saw 800% revenue growth in the year and cut losses by 45% to £1.4m. Our closing cash position was significantly up on last year, moving from £2.3m to £8.9m, underpinned by a record adjusted EBITDA result of £11.2m.

The strong financial performance was also mirrored elsewhere. Our capital investment programme (which was already significant as I noted in last year's report) changed up a gear again, moving from £5.2m to £9.2m, a level not seen in 30 years. More was to come in TFP and Paper, but the advent of Covid-19 mean these have now been paused to conserve cash. Behind the investment figures, innovation spending was maintained at £4m; research and development personnel continue to comprise about 15% of all employees. Investing in research, innovation, and development is a key part of the Group's growth strategy and is an effective way to accelerate our manufacturing capabilities.

Paper's return to profitability was aided by lower pulp and energy costs, the former finally dropping after two years of extensive (and painful) rises. Paper also saw an underlying improvement in margin; itself helped by strong growth of 23% in its most important market, luxury packaging. We continue to seek top and bottom-line improvements in Paper in every way possible. Importantly, via our Big Listen (see p.47) and ensuing programmes (p.35), we are seeking and gaining more ideas than ever about how to improve performance. To date over 350 people have given input, the majority of the Paper team.

Colourform™ has yet to post a profit, but this year's 800% revenue growth and reduced loss have been important steps in the right direction. The growth has been significantly helped by brands secured via a partnership with a packaging company. This has included a two year programme to develop a revolutionary 'second skin' bottle wrap for champagne house Ruinart, which replaces traditional boxes (see p.33). It is nine times lighter with a significantly lower environmental impact and Ruinart have made it front and centre of its current marketing campaigns, with direct credits to James Cropper included.

Our TFP business registered strong growth in sales into the fuel cell and wind energy markets. This growth in sales was enough to offset a reduction in our sales into the aerospace sector. Despite the well documented issues currently impacting the aerospace sector, we remain optimistic that there will be a slow but steady recovery over the next two or three years. Our success in growing sales into renewable and clean energy sectors is very well aligned with our ambitions to deliver green growth.

Another important development this year was the appointment of Lyndsey Scott to the Group Board as a non-executive director. Lyndsey is currently Chief HR Officer at International Personal Finance PLC and brings significant multi-national business experience to the Group gained across many different sectors.

The appointment followed the retirement of David Wilks who joined the board in 2004. David also brought a wealth of experience in organisational development to the Company and I would like to personally thank him for everything he did to help us strengthen the Board and Company in recent years.

175th Anniversary

This year we intended to celebrate history. Our 175th anniversary is 5 July 2020 and a long weekend of festivities was planned to mark this major milestone. Instead, since the new world presaged by Covid-19 took hold in early March, we have of course delayed the celebrations until we can hold them safely, hopefully in 2021 or 2022.

"LOOKING OUT FURTHER, I HAVE NO DOUBT WE WILL EMERGE STRONGER AND MORE RESILIENT THAN EVER. "

Dividend

In response to the Covid-19 pandemic and anticipated economic fallout, the Group Board took the decision that no final dividend would be paid. This is part of an all-encompassing cash preservation programme which is detailed later in this report. The last time the company cancelled a dividend payment was in the loss-making year of 1976 when no interim sum and only a very modest final payment was made.

Outlook

How do we look forward in times such as these? At one level it is tempting to try to learn from other key moments in our 175 year history: devastating fires in 1886 and 1903, world wars, stock-market crashes, the rise and fall of the British Empire, economic swings from free trade to protectionism and back, and so on. But in truth each one is different, requiring different responses.

This time, a global economic crash of unprecedented speed and depth comes at a time when mankind is only just waking up to the devastating impact our actions are having on the planet. At the same time there is growing unease about business and its unequal relationship with society, whether real or perceived. And what of Brexit, once front page news and only months away, but still with unclear outcomes? None of these issues will be overturned in the short term. And yet, throughout our history, we have demonstrated we can respond and adapt with speed and agility.

In the days following lockdown two simple questions were foremost in my mind: do we truly realise how serious this is, and will we survive? These are answered: yes and yes. But this is only owing to the extraordinary exertions and inputs from every level of the James Cropper team: IT setting up dozens of people to work from home within hours; cleaners adopting new regimes; the canteen team rapidly instigating a cashless takeaway; our maintenance staff adapting the site at record pace to the new landscape of hand sanitisers, wash-stations, 2m white lines, doors that can be opened and closed with no hands. The list goes on and on: everyone observing social distancing; finance and management redrafting plans and models again and again, delivering unprecedented cash savings; regular and direct communication to all from Phil Wild based around the three strands of protecting both people and customers and managing costs; the creation of virtual coffee breaks, and an online platform to share news with everyone especially those offsite on furlough. Unlike many businesses, we have never shut although, aided by the government furlough scheme, we have cycled production to match demand.

Looking beyond the here and now, I believe there are now two additional questions to ask: can we grow our way out of the current economic environment and can we do so in a way that respects our environment, people and communities like never before? I would again answer yes and yes.

It is encouraging that the fastest growing areas of our business are in the environmental field, whether a recyclable alternative to plastic (Colourform™) or renewable energy materials (TFP). Paper meanwhile is maintaining a commitment to transition to 50% waste fibre by 2025. We are also embarking on a programme to dramatically cut our carbon emissions significantly ahead of national decarbonisation targets. Around our sites, we are also playing a part in reimagining and supporting our communities better, a process we began in Burneside in 2015 and expanded to Kendal in 2019.

How we do all of the above remains to be finalised, but I have no doubt we will rise to the challenge just as we have in recent months. For the year ending March 2021, we expect a break-even profit at least, excluding any impact of pension charges under IAS 19. Looking out further, I have no doubt we will emerge stronger and more resilient than ever.

For now, I wish to thank the James Cropper team like never before. You have shown your true colours and I am proud to be associated with each and every one of you.

Mark Cropper, Chairman
22 June 2020

YEAR IN REVIEW

Revenue (2019: £101.1m)	**£104.7m**	**+4%**
Adjusted operating profit (APM 1)* (excluding IAS 19 impact) (2019: £4.3m)	**£7.2m**	**+70%**
Adjusted profit before tax (APM 2)* (excluding IAS 19 impact) (2019: £4.0m)	**£6.7m**	**+68%**
Profit before tax (2019: £2.6m)	**£5.5m**	**+112%**
Net borrowings (2019: £8.6m)	**£11.1m**	**+29%**
Dilluted earnings per share (2019: 24.3p)	**50.6p**	**+108%**
Full year dividend per share (2019: 13.5p)	**2.5p**	**-**

Interim dividend paid, no final dividend proposed

CHIEF EXECUTIVE’S REVIEW

I was pleased to see continued sales growth now achieving circa £105m in sales. The resulting profits before tax for the group doubled to £5.5m delivering the most profitable year so far.

After a period of increased sales and improved mix along with a steady decline in pulp prices the Paper business delivered a strong performance. Following the successful commercialisation of the Colourform™ business sales in this division delivered strong growth.

Technical Fibre Products delivered a solid performance, with a dip in the aerospace market lessened by an increasing growth experienced in fuel cell and wind energy sectors.

As a consequence of the increased profits, earnings per share is 108% higher than the previous period at 50.6p per share (2019: 24.3p per share).

Revenue and Operating Profit

Group revenue for the financial period was £104.7m, up 4% on the prior period. Revenue for James Cropper Paper grew by 2% in the period to £75.5m with the division generating an operating profit of £3.4m, compared to an operating loss of £2.0m in the prior period. Revenue for the Technical Fibre Products division (“TFP”) remained flat in the period at £26.5m and operating profit down 13% at £7.8m. Revenue for Colourform™ grew to £2.5m, compared to £0.3m in 2019 and operating losses reduced from a loss of £2.5m to a loss of £1.4m.

Research and development

Research and development is a fundamental part of our growth strategy, adding to our capability, maintaining our competitiveness and bringing new product lines into our target markets. The Group continues to invest in research and development with expenditure in R&D of £3.9m this period, compared to £4.0m in the prior period.

Capital expenditure

Capital expenditure during the period was £9.2m (2019: £5.2m).

Targeted Growth

Each business focuses on its target market; however, all have key strategies in common:

- Focusing on niche growth markets to match our unique capabilities
- Expand global diversity to target these niche markets across the world
- Deliver constant innovation to these chosen markets

* For definitions of alternative performance measures please refer to page 13 on the Chief Financial Officer Review report.

Growth in Niche Markets

Each business is focused on niche markets. Each market is chosen to provide long term growth potential matched with our unique capabilities.

Technical Fibre Products (TFP) operate within the advanced composites market. TFP’s nonwoven products provide unique solutions for light-weighting, conductivity, fracture resistance, to name a few.

James Cropper Paper (JCP) produces speciality papers in low volume and high quality, with the highest growth coming from the luxury packaging sector. Within this sector, JCP provides ranges of colours, textures and coating using a range of environmental materials including post-consumer waste.

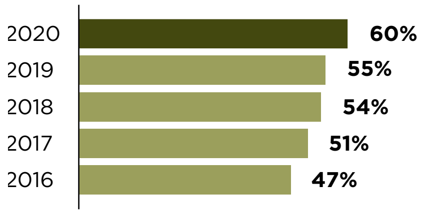
Colourform™ (3DP) operates within the moulded fibre packing market, providing environmental alternatives to single-use plastics. Uniquely, Colourform™ offers high-quality packaging across the spectrum of colours.

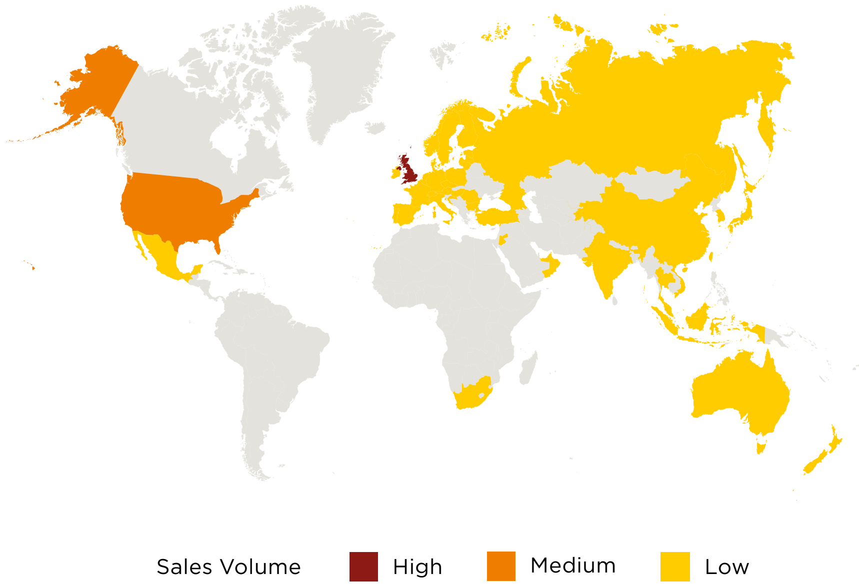
Global Diversity

To reduce the dependence from a specific geography, the company has executed on a strategy to grow exports.

This has been a result of investment in key regions and targeted growth plans. Sales exports have grown from 47% to 60% of sales in the last five years. As a result of targeted portfolio growth, export sales now deliver close to 75% of the company profits.

Sales Exports





Innovation

Over the past five years, we have invested over £13 million in research and development activities, with over 15% of our employees directly involved in these programmes.

Last year over £28 million sales came from products that have been developed and introduced in the previous five years.

Sustainability is supported through our drive to innovate. Examples include, recycling sources of waste paper products, introducing renewable energy, developing products for clean technology such as wind and hydrogen fuel cell.

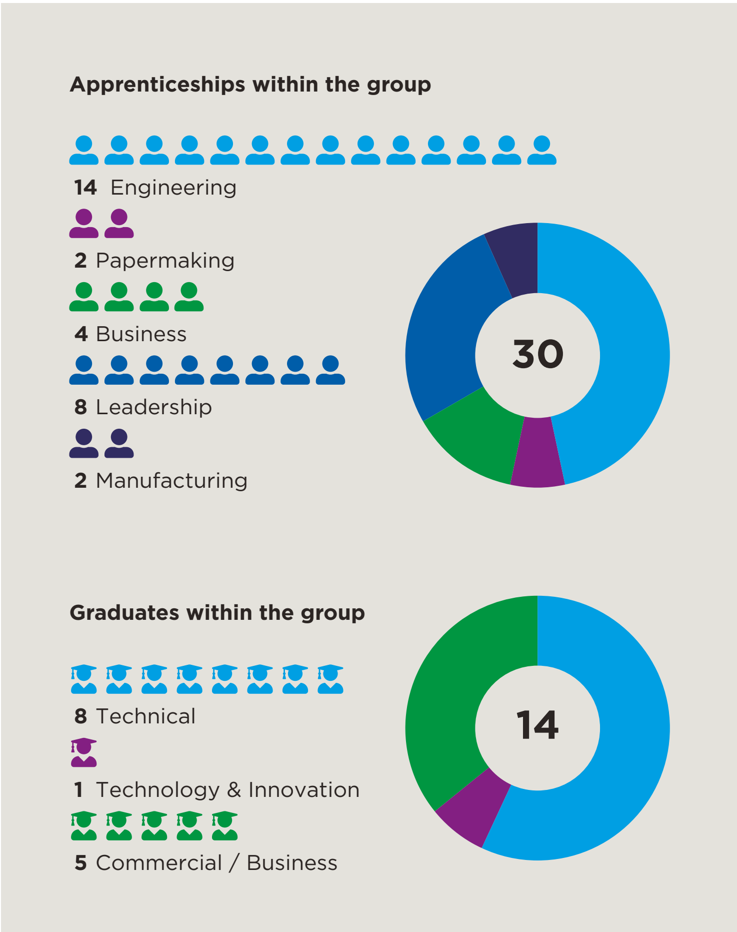
People

The approach to building skills and talent can be seen at all levels within the company. Graduate intake has traditionally been within technical and now benefits from a wider range of functions. Similarly, apprenticeships traditionally were focused on engineering disciplines; however, today cover broader functions within the business.

The annual Pride awards recognise employees going "above and beyond" demonstrating creativity, significant improvements and dedicating personal time to good causes.

There are a number of cultural programmes designed to gain input from every employee within the company to support building a collaborative approach to changes we adopt. These include a detailed employee survey, "The Big Listen" run within the paper business and structured, regular communication, to name a few.

Our people programmes together with a strong emphasis on training and development, underpin our initiatives to grow in each business.



Phil Wild, Chief Executive Officer
22 June 2020

COVID-19 REPORT

At the start of the new financial year, we experienced the initial impact of the Covid-19 global pandemic.

Our guiding principles on how we responded to Covid-19 were:-

- **Health and wellbeing of employees**
- **Supporting customers**
- **Reducing costs**

Health and wellbeing of employees

- Implementing government guidelines such as sanitation and social distancing
- Providing personal protective equipment (PPE)
- Directors visible on-site each day
- Up to 30% of employees working from home
- Utilising the Job Retention Scheme
- Regular communication status updates
- Providing mental health support
- Community support programmes

Supporting Customers

- Sharing best practices
- Rescheduling orders and production to best match customers' needs and costs
- Logistic and delivery challenges are overcome. E.g. import restrictions, reduced air carriers
- Payment plans to support customers

Reducing Costs

- Cost of living pay increases and bonus payments suspended
- Planned production temporary closures
- Employees placed on Job Retention Schemes reducing the workforce to minimum requirements
- A hiring freeze, a release of agency workers and other operational costs
- Significant spending cuts in all areas that are not directly related to the production for our customers, and spending cuts which do not impact our ability to grow
- Capital investment projects for strategic growth programmes postponed
- Adopting payment suspensions and plans where government and tax authority support is in place
- Shareholder dividends stopped

The Company selected a severe framework against which build and action immediate plans and assess the impact of Covid-19 on the business over the next two years. Whilst in the short term costs and cash are managed to ensure liquidity; our objective is to continue and to accelerate growth plans. Some examples include:-

Paper

- New product development to extend the range such as PaperGard and Biomaster, which treats paper against cross-contamination of bacteria. Applications which lend themselves to medical markets.
- Growth volume, including products such as manilla and filing products.
- Gain market share by working with merchants to win volume projects.
- Accelerate the introduction of new projects such as a new mountboard range to capitalise on an expected home refurbishment spike.
- Launch new ranges such as the Mill Collection, black & white folding boxboard for cosmetics packaging which will show rebound benefit from online purchasing.

Technical Fibre Products

- Accelerate new products and applications such as high-value fire retardant products.
- Drive new markets such as marine defence.
- Growth in the existing market, for example, markets supporting the movement away from fossil fuels, such as fuel cells.
- Gain volume growth and market share such as the wind energy market selling high-value materials in Europe and China.

Colourform™

- Accelerating new projects such as bottle wraps for champagne markets.
- Line extensions in beauty and cosmetics.
- Expanding the range with existing customers.
- Licencing technology. Colourform™ uniquely delivers a full range of coloured products, however only currently focused on the European market. Working with partners in other geographies and sharing selective colour technology allows licencing revenue to be achieved.

Impact from Covid-19

At the start of the pandemic, the Paper business experienced a sharp downturn in orders, aligned to the lockdown imposed around the world and especially in the UK. Much less impact was experienced in the TFP business, with a downturn in aerospace observed, however, continued growth in other markets such as green technology.

While the order intake for Colourform™ has been moderated, year on year growth continues to be achieved. The impact on group sales for the start of the current financial year was approximately 30% less compared to the same period in the prior year. We expect to fall further during Q2, with growth being experienced in the second half of the year.

Impacts on profits have been less severe due to the quick and significant actions taken to reduce costs at the start of the pandemic. While we expect profit to be significantly affected, as a result, we do expect to the end the current financial year at least at break-even profit, excluding any impact of pension charges under IAS 19.

CHIEF FINANCIAL OFFICER'S REVIEW

Profit Summary	2020 £'000	2019 £'000	Change £'000	Change %
Revenues	104,667	101,095	3,572	4%
Paper Products	3,406	(1,992)	5,398	271%
Technical Fibre Products (TFP)	7,753	8,883	(1,130)	(13%)
Colourform	(1,378)	(2,462)	1,084	44%
Other Group expenses	(2,541)	(167)	(2,374)	(1422%)
Adjusted operating profit APM1	7,240	4,262	2,978	70%
Net finance costs (excluding IAS 19 impact)	(566)	(300)	(266)	(89%)
Adjusted profit before tax APM2	**6,674**	**3,962**	**2,712**	**68%**
Net IAS 19 pension adjustments				
Net current service charge required	(671)	(854)	183	21%
Net interest	(544)	(532)	(12)	(2%)
Net IAS 19 pension impact	(1,215)	(1,386)	171	12%
Profit before tax	**5,459**	**2,576**	**2,883**	**112%**

Revenue and Trading Profits

The Group delivered record revenue of £104,667,000 in the period, a 4% increase from £101,095,000 in 2019. Group adjusted profit before tax (see APM2 Alternative Performance Measures), grew by 68% on the prior period to £6,674,000 (2019: £3,962,000).

TFP's revenues were depressed slightly by the Boeing 737 Max production delays and then Covid-19 on the aerospace sector in general, TFP nonetheless produced a steady performance with noticeable growth in its fuel cell and wind energy sectors. Paper generated revenue growth largely from luxury packaging contracts whilst Colourform™ went from £0.3m to £2.6m in the year.

Adjusted operating profit (APM 1) grew successfully (up 70% on prior year) due to mix improvements in Paper, favourable forward gas contracts, the reduction in pulp prices, and excellent sales growth in Colourform™ along with a dependable performance in TFP. The Group profit before tax increased in the period by 112% on the prior period to £5,459,000 (2019: £2,576,000).

Alternative Performance Measures (APMs)

APMs make clear to the readers of the accounts what the underlying performance of the business actually is. These measures are used internally to evaluate business performance. The following alternative performance measures are used in this report and these accounts:

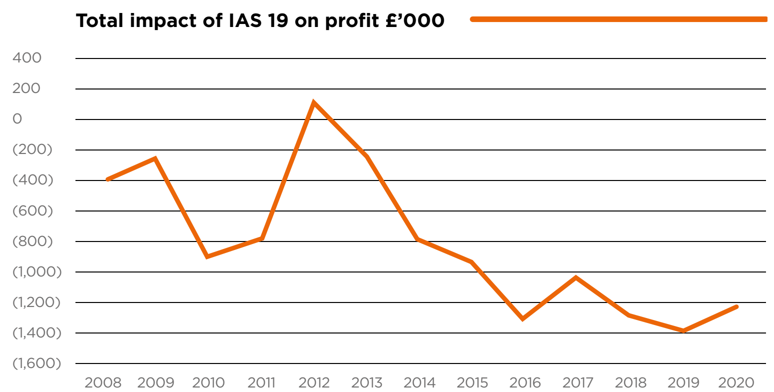
APM 1 **"Adjusted operating profit"** - Adjusted operating profit refers to operating profit prior to the impact of IAS 19.

APM2 **"Adjusted profit before tax"** - Adjusted profit before tax refers to profit before tax prior to the impact of IAS 19.

APM3 **Adjusted EBITDA** - EBITDA is a common term that refers to operating profit before interest, tax, depreciation and amortisation. Adjusted EBITDA is EBITDA prior to the impact of IAS 19. The impact of IAS 19 is shown in the Profit summary table above.

All APMs exclude IAS 19 as IAS 19 varies, up and down, from one reporting period to another and obscures true business performance. This chart sets out the variable impact of IAS 19 on profits over the last 12 years.

The surplus in 2012 resulted in an additional £128,000 being added to reported profits. The largest deficit was experienced in 2019 with a £1,386,000 impact to reported profits. This year-end to March 2020 reveals an IAS 19 impact on profits of £1,215,000.



Revenues and Divisional performance

Divisional Revenue Summary	2020 £'000	2019 £'000	Change £'000	Change %
Paper Products	75,545	74,318	1,227	2%
Technical Fibre Products	26,536	26,487	49	-
Colourform	2,586	290	2,296	792%
Revenue	**104,667**	**101,095**	**3,572**	**4%**

Divisional Profit Summary	2020 £'000	2019 £'000	Change £'000	Change %
Paper Products	3,406	(1,992)	5,398	271%
Technical Fibre Products	7,753	8,883	(1,130)	(13%)
Colourform	(1,378)	(2,462)	1,084	44%
Other Group Expenses	(2,541)	(167)	(2,374)	(1,422%)
Adjusted Operating Profit APM1	**7,240**	**4,262**	**2,978**	**70%**

Paper Division

The Paper Division is one of the world's foremost makers of premium coloured paper and a custom specialty converter of papers. It is renowned globally for its expertise in the manufacture of high quality, uncoated, deep coloured papers that play an important part in sustainable growth markets within luxury packaging, display art, photography, printing and marketing.

Revenues grew 2% year on year as a result of our strategy to leverage our colour expertise and to continue to innovate in recovered and sustainable fibre to generate value for our customers and their evolving portfolios. Key opportunities are in packaging where we have seen 23% year on year growth, particularly with some of the highest profile luxury goods brands. Consumer concern about sustainability and social issues is on the increase and we continue to enjoy growing interest from enlightened brands in our CupCycling™ capability of used coffee cup fibre as a key source of post-consumer waste in packaging.

In the two years preceding this period the Division suffered from a sustained and unprecedented increase in pulp prices causing a heavy commodity price burden and an impetus to innovate in recovered and sustainable fibre solutions.

Throughout the year pulp prices softened easing the burden by £3.9m compared to the prior year, although prices are still higher than the historic 2017 levels.

Increasing the use and application of recovered fibre is key to reducing dependence on virgin pulp, by the end of the year usage increased to 24% of recovered fibres in our portfolio up 4% from the beginning of the year. The profit in this period is £3,406,000 (2019: loss £1,992,000).

Technical Fibre Products (TFP)

TFP develops and manufactures non-wovens and other advanced cutting edge materials that play an important part in progressive applications for fuel cell and green technologies, defence, fire-protection and transportation. TFP is a highly diversified business, with profitable niche positions in a range of market sectors. TFP has little direct competition in its chosen applications, and customarily holds a deep insight into its customer requirements, it has built up a strong reputation for innovation and development in each of its sectors.

During the year long term defence programmes faced delays in production, the aerospace industry suffered a contraction which continues into this year as the Boeing 737 Max stopped production and Covid-19 took a hold.

Overall sales and profits for the period were impacted, however the division enjoyed growth in fuel cell and other green technologies and continues to be well positioned in these growing markets. Profit this period is down 13% on previous year at £7,753,000 (2019: £8,883,000).

Colourform™

Colourform™ delivers plastic-free packaging made from 100% renewable FSC® wood fibre and post-consumer recycled paper.

Using colour and texture, form, and functionality, Colourform™ provides a high-quality alternative to single use plastics. Established in 2017, Colourform™ has expanded its capacity as demand has grown. In 2020 the business delivered over £2.5m sales (previous year £0.3m) to customers in key cosmetics, beauty and perfume sectors.

Further contracts in the champagne and beauty markets have been secured by Colourform™ for delivery in 2020/21 and we continue to see a growing interest in sustainable projects with brands keen to drive the environmental agenda with their packaging. Colourform™ made a loss in the period of £1,378,000 (2019: loss £2,462,000).

Other Group Expenses

Other group expenses have increased in the period to £2,541,000 (2019: £167,000). Profit bonus accruals constitute the largest item, and early recognition of Covid-19 expenditure and provisions another. Bonus awards are linked to performance allowing employees to celebrate their achievements, building trust and engagement. In the prior year no bonuses were earned however this year is the best year in the Company's history and we are pleased that bonuses have been earned. Whilst all awards have been deferred due to the pandemic it is the Board's intention to pay these awards. The Board believes that we will experience various emerging phases as the Covid-19 pandemic evolves, with different countries, different regions and different business sectors recovering at different speeds. Whilst expected credit losses are recognised in each Division the Company believes these to be much less predictable in the current environment and yet all the more important to provide for, additional provisions in Group have been made to reflect this uncertainty.

Currency

This table compares the opening and closing exchange rates for the financial period. Sterling weakened against both major currencies in the period.

60% of the Group's sales are exports bringing in Dollars and Euros to the Group. Euros are used to purchase Euro priced raw materials and Dollar receipts are used to fund the purchase of Dollar priced pulp, this creates a natural hedge across the Group.

Potential exposure to foreign currency surpluses, or deficits, are dealt with via foreign currency trades using forward selling or forward purchasing contracts. A total of €7m forward sell euro contracts are in place throughout the 12 month period to March 2021 to convert expected excess Euros into Sterling.

Currency movements had a positive impact on operating profit in the divisions and a negative impact in PLC. Currency movements, with the Dollar and Euro strengthening had a minor beneficial impact on sales, increasing sales by 0.5%.

Currency	$	€
Opening rate March 2019 v. £	1.3031	1.1605
Closing rate March 2020 v. £	1.2359	1.1149
Exchange rate movement Strengthen v. £	5.15%	3.93%

EBITDA (Earnings before interest, tax, depreciation and amortisation)

The Group monitors EBITDA as it provides a good indication of cash generated from the Group's operations.

EBITDA	2020 £'000	2019 £'000	Change £'000	Change %
Adjusted operating profiting APM1	7,240	4,262	2,978	70%
Depreciation and amortisation	3,950	2,952	998	34%
Adjusted EBITDA APM3	**11,190**	**7,214**	**3,976**	**55%**

The Group's adjusted operating profit increased 70% year on year. The Group's depreciation costs were 34% higher than in the prior period as expected with investment in Colourform™ now being depreciated. The group delivered an Adjusted EBITDA (APM 3) of £11,190,000 (2017: £7,214,000) up 55% on prior year.

Tax

The Group's total tax charge for the period is £630,000 (2019: £262,000) an effective tax rate of 11.5% on profit before tax. The effective rate is lower than the standard rate of corporation tax in the UK (19%) notably as a result of rate changes on the opening deferred tax assets and liabilities from 17% to 19% as a result of the substantive enactment at the balance sheet date of changes in corporation tax rates, also due to an off set of losses arising in overseas jurisdictions.

Statement of financial position (SFP)

Non-pension assets have increased from £64,871,000 to £72,084,000, an increase of £7,213,000 largely due to the increased levels of capital investment up £3,966,000 on prior year and the inclusion of IFRS 16 Right of Use assets in 2020. Non-pension liabilities have increased by £2,796,000 primarily due to balances on trade payables.

SFP	2020 £'000	2019 £'000
Non-pension assets - excluding cash	72,084	64,871
Non-pension liabilities - excluding borrowings	(19,032)	(16,236)
	53,052	48,635
Net IAS 19 pension deficit (after deferred tax)	(7,600)	(18,798)
	45,452	29,837
Net borrowings	(11,055)	(8,561)
Equity shareholders' funds	34,397	21,276
Gearing % - before IAS 19 deficit	26%	21%
Gearing % - after IAS 19 deficit	32%	40%
Capital expenditure £'000	9,195	5,229

SFP IAS 19 Pension

After deferred tax the Net IAS 19 deficit has decreased by £11,198,000 to £7,600,000. The decrease is principally caused by rising corporate bond yields, a fall in expected future inflation and reductions in life expectancy all decreasing liabilities which was further aided by strong asset returns.
A greater analysis of IAS 19 on pensions, the on-going valuations and risk management is provided within the "pensions section" of this report. Note 19 also provides a full retirement benefit disclosure to the financial statements.

SFP IAS 19 Pension	2020 £'000	2019 £'000	Change £'000
Retirement benefit liabilities	(9,382)	(22,648)	13,266
Deferred tax asset	1,782	3,850	(2,068)
Net IAS 19 pension deficit	**(7,600)**	**(18,798)**	**11,198**

As a result of these movements on the pension scheme deficits, and the strong performance in the year, shareholders' funds show an overall increase of £13,121,000 to £34,397,000.

Cash Flow

In the period the Group's net cash inflow was £6,612,000 (2019: outflow £3,205,000). A positive cash inflow in the year: the Group generated cash through its strong operating performance and good working capital management. Past service deficit payments of £1,424,000 are made in accordance with the agreed schedule of contributions covering £1,284,000 to reduce past service deficits and a further £140,000 to meet protection levy payments. Strategic investments increased in the year supported by additional debt drawdowns. Debt drawdowns also provided the Group with good availability of funds ahead of the evolving impact of the Covid-19 pandemic.

Capital investment in the period was £9,195,000 (2019: £5,229,000). Investments are driven by the requirement to enable growth, largely in the form of generating revenue by increasing capacity, improving capability or generating cost savings. Other expenditure supports resilience, safety and workplace improvements. Capital was invested in all divisions this year.

Last year we announced the strategic decision to provide an additional nonwoven production line, expanding capacity by a further 50% in TFP to support future growth. The programme of work progressed well during the year, and it constitutes the largest spend in the year. Prior to the year-end with Covid-19 impacting (see CEO report), the completion of this project has been deferred as one of a number of immediate actions to safeguard cash and preserve liquidity. Early signs show that the TFP markets are more resilient to the general market downturn created from Covid-19 and commercial growth opportunities will be optimised by the completion of this project.

Capital projects remain under regular review as the Executive Committee monitors and assesses performance, funding and market conditions prior to re-starting or approving new or existing investment projects.

The closing cash position for the Group is £8,964,000 (2019: £2,352,000).

The closing cash position of £8,964,000 along with existing overdraft facilities of £3,500,000 ensures the Group holds sufficient funds by way of buffer as the Covid-19 pandemic takes effect on the world. The Company has selected a prudent framework against which to action immediate plans and assess the impact of Covid-19 on the business over the next two years. Whilst in the short term costs and cash are managed to ensure liquidity and support working capital requirements our objective is to continue and accelerate growth plans. Key immediate uses of cash will therefore be available to back working capital requirements during the downturn and in readiness to gear up out of the downturn, however some flexibility is also retained to re-start our investment programmes if certain conditions are met.

Cash Flow	2020 £'000	2019 £'000	Change £'000
Net cash inflow from operating activities	13,065	3,366	9,699
Net cash outflow from investing activities	(9,195)	(5,217)	(3,978)
	3,870	(1,851)	5,721
Net cash inflow / (outflow) from financing activities	2,742	(1,354)	4,096
Net increase / (decrease) in cash and cash equivalents	6,612	(3,205)	9,817
Opening cash and cash equivalents	2,352	5,557	(3,205)
Closing cash and cash equivalents	8,964	2,352	6,612

Funding, facilities and net debt

The Group funds its operations and investments from operating cash flow and from borrowings and leases. During the period net debt increased by £2,494,000 to £11,055,000, however the Group has adopted IFRS 16 and incorporates £4,328,000 of right-of-use leases in its 2020 borrowings figure. Net debt on an equivalent comparative basis is reduced to £6,727,000 in the year down by £1,834,000.

Net debt before IFRS 16	2020 £'000	2019 £'000	Change £'000
Cash and cash equivalents	8,964	2,352	6,612
All borrowings excluding IFRS 16	(15,691)	(10,913)	(4,778)
Net debt on an equivalent comparison basis	**(6,727)**	**(8,561)**	**(1,834)**

The Group has two revolving credit facilities secured with different high street banks. Revolving credit facilities provide the Group with optional draw down at short notice, repayment flexibility, reduced margins and facilities on an unsecured basis. Total revolving credit facilities, from two supporting banks, amount to £11,000,000, of which £10,934,226 is drawn down at the period end. Cash and cash equivalents increased from £2,352,000 up to £8,964,000 in the year whilst long term borrowings (falling due after more than a year) increased by £6,895,000 to £16,263,000 after the adoption of IFRS 16. The expiry profile of existing borrowings is detailed in note 18.3 to the financial statements.

The group is in compliance with all its banking covenants at the period end. The group has since arranged new covenant measures, with its supporting banks, which enable new parameters to be monitored during the Covid-19 pandemic, and our expected recovery period.

Undrawn facilities comprise of unused overdraft facilities of £3,500,000 plus the total unused credit facilities of £1,867,000, the majority of cash under revolving credit facilities having been drawn down prior to the year end. This means a total of £5,367,000 remains unutilised at the year-end date.

Having taken account of current borrowings to be paid within 12 months of the balance sheet date the Group has £10,575,000 available to the Group beyond 12 months.

Funding	2020 £'000	2019 £'000	Change £'000
Cash and cash equivalents	8,964	2,352	6,612
Borrowings: repayable within one year	(3,756)	(1,545)	(2,211)
Borrowings: non-current	(16,263)	(9,368)	(6,895)
Net debt	**(11,055)**	**(8,561)**	**(2,494)**
Borrowings: repayable within one year	3,756	1,545	2,211
Borrowings: non-current	16,263	9,368	6,895
Facilities drawn down	20,019	10,913	9,106
Undrawn facilities	5,367	8,119	(2,752)
Facilities	**25,386**	**19,032**	**6,354**
Cash and cash equivalents	8,964	2,352	6,612
Undrawn facilities	5,367	8,119	(2,752)
Funds available at year end	**14,331**	**10,471**	**3,860**
Borrowings: repayable within one year	(3,756)	(1,545)	(2,211)
Funds available in excess of one year	**10,575**	**8,926**	**1,649**

Going Concern

The Company has carried out extensive financial modelling of the most severe impact of the Covid-19 pandemic.
The Company has used this framework to inform its strategic response and to engage with its stakeholders. In particular, the directors considered the Group's profit and cash flow forecasts for the coming two financial years in this context, which foresees a particularly challenging sales outlook over the twelve month period from April 2020 to March 2021.

This framework has formed the basis of our opinion of the Group's cash and debt requirements. We have reviewed these with our bank lenders and agreed adjusted financial covenants with them. The Group's revised financial covenants are not breached in this severe framework.

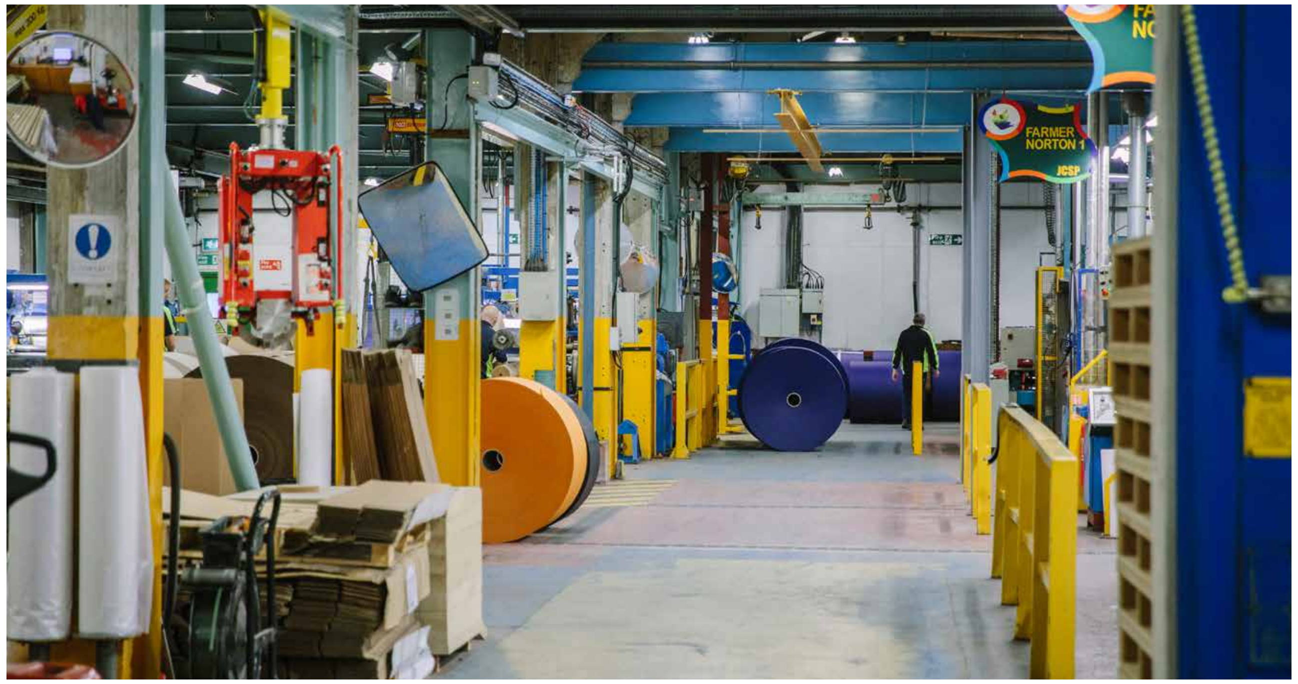
The UK government has announced a number of assistance measures for businesses. The Company has sought to utilise these schemes where it is eligible and beneficial to do so.

For planning purposes, the Company frequently updates its view on likely trading patterns, incorporating latest intelligence on demand, cost reduction actions, reduced capital expenditure and the furlough of employees. Importantly these realistic scenarios provide good headroom against the Covid-19 severe framework and our covenants.

At the time of writing this report the Company is trading very significantly ahead of the most severe forecasts at both the sales and profit level. Nevertheless there still remains a risk that the impact of Covid-19 could be more significant than presented in the Company's severe case. In the event that there is a more significant downturn, there are further mitigating actions that could be enacted, these could include but are not limited to, further reductions in capital expenditure, further reductions in business expenditure and overheads.

The Company believes that with the stronger than feared start to the year and with the on-going government support measures, the cost savings enacted and the potential for further savings, should the impact of Covid-19 be more significant than our most pessimistic current view, the Company has sufficient headroom to remain within covenants and to be able to continue to operate within available banking facilities.

The Board is satisfied it has sufficient cash resources to meet its obligations as they fall due throughout this duration and the Board has a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future.



THE PENSION REPORT

The Group operates two funded pension schemes providing defined benefits for a number of its employees; the James Cropper PLC Pension Scheme (the "Staff Scheme") and the James Cropper PLC Works Pension Plan (the "Works Scheme").

IAS 19 pension valuation 2020	Staff Scheme	Works Scheme	Total 2020	Total 2019	Change %
Discount Rate	2.50%	2.55%	2.53%	2.45%	
	£000s	**£000s**	**£000s**	**£'000**	
Assets	53,512	60,456	113,968	109,998	4%
Liabilities	(51,632)	(69,838)	(121,470)	(132,646)	(8%)
(Deficit) / Surplus	1,880	(9,382)	(7,502)	(22,648)	
Effect of limit on recoverable surplus	(1,880)	-	(1,880)	-	
Net (Deficit) / Surplus	-	(9,382)	(9,382)	(22,648)	(59%)
Funding Level - %	104%	87%	94%	83%	13%

The Statement of Financial Position IAS 19 deficit

The pension scheme deficit reported in the accounts has decreased since 2019, from £22.6m to £9.4m (before deferred tax).

The table shows the overall value of the schemes' assets which have increased by 4% and in the same period the schemes liabilities decreased by 8%.

The combined decrease in the schemes' overall deficit is principally caused by rising corporate bond yields, a fall in expected future inflation and reductions in life expectancy all decreasing liabilities which was further aided by strong asset returns. The Covid-19 pandemic created an unusual time in the markets at the March year end and the increased yields available on corporate bonds at the time drove down liabilities and, together with the lower expected future inflation, has caused the greatest part of the improvement we see across both schemes.

A full retirement benefit disclosure is provided in note 19 to the financial statements and in addition it is worth noting that;

- The IAS 19 valuation includes a correction for sex-inequalities inherent in Guaranteed Minimum Pensions (GMPs)
- The staff scheme surplus has been restricted and not recognised in line with the implications of the guidance provided by IFRIC 14.

The IAS 19 valuation includes a correction for sex-inequalities inherent in Guaranteed Minimum Pensions (GMPs) which was accounted for in the year end March 2019 where an estimate of £133,000 for the financial cost to correct the gender inequalities inherent in Guaranteed Minimum Pensions (GMPs) was taken to the P&L. Actuarial changes in previous assumptions will pass through Other Comprehensive Income (OCI). The "true" cost of GMP equalisation will take a few years to fully evaluate, however the Company would expect any variances compared to the estimate, to flow through the OCI statement.

The April 2016 triennial "on-going" valuations	Staff Scheme £000s	Works Scheme £000s	Total £000s
Discount Rate	3.55%	3.55%	3.55%
Assets	44,401	47,901	92,302
Liabilities	(48,079)	(60,045)	(108,124)
Deficit	(3,678)	(12,144)	(15,822)
Funding Level - %	92.4%	79.8%	85.4%

Defined benefit schemes the triennial "on-going" valuation

UK legislation requires the Scheme Trustee to carry out actuarial funding valuations at least every three years and to target full funding over an appropriate time period, taking into account the current circumstances of the Group schemes, and the current circumstances of the Group.

The most recent concluded funding valuations were carried out at April 2016 and these determined the combined deficit of the schemes to be £15.8m.

Work is progressing on the April 2019 triennial "on-going" valuation.

The defined benefit schemes are sensitive to a number of key factors: the value of the assets, the discount rate used to calculate the schemes liabilities (based on a premium above gilt yields), the expected rate of inflation in the future and the mortality assumptions for members of the schemes. Changes in these assumptions will impact the deficit positively or negatively.

The Company recognises its responsibility to fund its defined benefit pension plan deficits. The long term plan is to ensure that when pension payments peak the Company has made sure that these payments can be satisfied at the peak and into future years with a low reliance on support from the Company. With pension payments not expected to peak until 2040, and expected to continue into the 2080s, the funding deficits are expected to be repaired over this timeline.

The on-going triennial valuations are an important part of aligning the latest position on route to the longer term target.

The current deficit recovery plan was agreed with the Trustee and included contributions of £1.3m per annum to reduce the past service deficits and a further £0.16m per annum to meet pension protection levy payments, a total of £1.46m each year. These have an impact on both cash and the deficit and are recognised on the Statement of Financial Position. The Company is currently in discussions with the Trustee to agree future pension contributions, which will form part of a funding plan designed to meet the pension scheme deficit over the longer-term.

Key risks relating to the pension schemes

The Company is exposed to a number of risks relating to the pension schemes, including investment risks, demographic risks and inflation risks for those benefits linked to inflation. Covid-19 is likely to cause considerable volatility in the markets in the short to medium term affecting all these risks.

Most of the economic risks are hedged by the schemes' liability driven investment strategies, which brings some protection however it is not practical or cost effective to hedge all pension scheme risks.

Risk management activity in recent years comprises of the following;

- The Schemes were closed to new members in the year 2000 in order to contain the Group's exposure to rising pension costs and to safeguard the accrued benefits to existing members.
- Future annual increases in pensionable pay were capped at a maximum of 2% from 1st April 2011, and starting in April 2014 employee contributions were increased.
- From 1 July 2017 the staff scheme rate of pensionable accrual was reduced from 1/60th to 1/75th for each future year of pensionable service.
- For both the staff and the works scheme increases in pension once it is in payment, for future benefits accrued, will be in line with the annual increase in the Consumer Price Index, these actions protect the Group's exposure to future costs.
- In April 2018 (after the March 2018 year-end) a new investment strategy was adopted which aims to significantly reduce risk whilst maintaining a similar level of overall return and protecting asset values.

IAS 19 assumptions

The bi-annual IAS 19 valuations are adopted for statutory reporting purposes and hold no other value to the Company. The standard requires the Group's actuaries to make a number of assumptions on a very different basis to the on-going valuations and under IAS 19 the deficit is likely to be volatile and can be very different from one 6 month reporting period to the next.

The impact of Covid-19 on markets at the March year-end illustrates how sensitive IAS 19 outcomes can be as a result of short term market volatility. Discount rates for IAS 19 are based on corporate bond yields which do not reflect the investment strategy of the schemes. The use of assumptions can have a material effect on the accounting values of the relevant assets and liabilities recognised on the Group's Statement of Financial Position (SFP).

The actuarial gains and losses arising from variances against previous actuarial assumptions are passed through to the Statement of Financial Position with corresponding movements in reserves. Actuarial changes in previous assumptions will pass through Other Comprehensive Income (OCI) in this period actuarial valuations on mortality have passed through the OCI as a result of more robust studies carried out to assist determination of the 2019 on-going valuations.

The IAS 19 impact on profits

The Group's total reported profit before tax is based on the adjustments required for IAS 19, and these adjustments fall within operating costs and finance costs. The total charge against profits for the year end 28 March 2020 includes an additional adjustment of £1,215,000 (2019: £1,386,000) to bring the cost into line with IAS 19.

Operating costs

The cost of providing pension benefits is included within "employee benefits costs" in the Statement of Comprehensive Income. These costs include; the costs for the defined contribution schemes, personal pension plans, defined benefit schemes, life assurance and government pension protection levies. These costs also include an excess charge of £671,000 (2019: £854,000) determined by IAS 19 based on assumptions at the start of the period and which is over and above the future service contributions for the defined benefit schemes. These additional costs are;

- Current service charge, being the cost of benefits earned in the current period shown net of employees' contributions.
- Past service costs, being the costs of benefit changes.
- Curtailment and settlement costs.
- Any government pension protection levies paid over the period.

Finance costs

Finance costs which affect profit, consist of the net of:

- Interest income on pension scheme assets
- Interest cost on the accrued pension scheme liabilities

The income from scheme assets and cost on the accrued liabilities allowed for in the net interest cost is based on the discount rate at the start of the period, this impacts the costs shown in the income statement. A charge of £544,000 is charged to the income statement this period (2019: £532,000).

The retirement benefits note to the financial statements can be found on pages 103 to 106.

RISK MANAGEMENT

Viability

The Board has considered the potential business impacts of the Covid-19 outbreak. The Board believes that the four years to March 2024 is an appropriate period over which to evaluate the Group's viability. This includes revival and opportunities to thrive in the post Covid-19 environment.

The Group's current financial position, along with its Covid-19 strategies and plans beyond, marks the end of the Group's formal planning horizon. The Board believes that given the emerging phases in the Covid-19 pandemic, with different countries, different regions and different business sectors recovering at different speeds, the principal risks described in this report are in themselves less predictable and yet important to consider over the planning horizon.

The Group's severe downside plan has been tested for further downside linked to the Covid-19 pandemic and the Group's principal risks. The Board is satisfied that the Group will be able to respond to such circumstances through various means which may include a reduced capital expenditure programme to ensure that the Group continues to meet its ongoing obligations. The Board is satisfied that the Group will have sufficient liquidity to meet its needs over the planning horizon. The directors have a reasonable expectation that the Group remains viable over the period of assessment.

Risk Management

The Board has overall responsibility for risk management which is key to ensuring good governance and to achieving the Group's strategy.

The Board coordinates activity across the Group ensuring risk management remains relevant to each business and the Group as a whole, and that it is responsive to changing business conditions. During the early phases of the Covid-19 pandemic the Executive team led daily crisis response meetings and the Executive team continue to follow an ongoing process for identifying, evaluating and managing significant risks faced by the Group: our covid-secure risk assessment is available on the Company's website.

The Group manages risk by a combination of insurance and self-insurance. Self-insurance refers to actions taken internally or in conjunction with other third parties. High risks in financial and operational areas are normally more dependent on insurance, however selected self-insurance activities can provide key protection.

Risks in commercial and personnel areas, because of their nature, are more likely to be managed by self-insurance.

Principal Risks

The principal risks and uncertainties that may adversely impact the performance of the Group are set out in the table on the following pages, along with the steps taken to address these. Each risk should be considered independently. Other factors could adversely affect Group performance and so the risks and uncertainties tabled should not be considered a complete set of potential risks, this report only addresses the Group's most significant risks.

THE COVID-19 PANDEMIC RISK

New risk this year —

Risk description and Impact

The risk of renewed contagion, and or the risk of global failure to provide effective therapeutic treatments or vaccines. The risk of these Covid-19 extended pandemic phases on our employees, our customers and the Group's financial stability.

Mitigation

To date the Company has focused both on managing the crisis whilst simultaneously building the Company and getting fit for the future. It has a severe downside to instigate immediate actions.

The severe downside adopts a U shaped recovery curve and assumes an impact relevant to the industry we operate within and the customers we serve.

Further downside linked to the Covid-19 pandemic will result in other measures being taken which to date have not been built in and may include:

- Accelerating investment in areas where commercial growth is more resilient
- Reducing the workforce
- Outsourcing non-core activities
- Selling IP, know how, licenses
- Defer planned investment where growth is less resilient to Covid-19
- Invest in other emerging opportunities

Additionally, the company has measures in place to minimise the risk of infection including social distancing, sanitisation, travel and visitor control, working from home and remote working capabilities.

Any customer demand downside may be mitigated through a global supply base. Over 60% of sales are exported and nearly 75% of profit is generated from outside of the UK.

EMPLOYEE HEALTH & SAFETY

Stable —

Risk description and Impact

Employee health, safety and wellbeing is paramount and the Group embraces the ethos that nothing we do is worth getting hurt for. This includes adherence to new standards recently introduced by the UK Government to address the risks associated with Covid-19 in the workplace.

If an incident were to arise this could potentially result in harm to employees, contractors, property, lost production time, financial penalties, restitution costs, and harm to the Group's reputation.

Mitigation

Ensure employees safety in the workplace

The Group has an extensive Health & Safety programme built around the ISO18001 framework which is proactively managed across every division. We track leading indicators such as health & safety training, hazard reporting & improvement suggestions whilst also monitoring incidents, and near misses to enhance our learnings across the Group.

Over recent months our Health & Safety focus has expanded to incorporate the newly released Government guidelines for creating a Covid-19 secure workplace environment. This includes the introduction of new risk assessments for evaluating our effectiveness at addressing the risks associated with Covid-19 and includes new measures such as maintaining social distancing whilst working & moving around, hygiene & sanitation, site visitor management, occupancy levels in communal spaces and working from home where possible.

The Executive and Senior management teams proactively engage in our Workplace Observations program to promote health & safety in the workplace. This including all new measures recently introduced to address the risks of Covid-19 and in doing so support the creation of a safe working environment with employees at all levels across the organisation.

The Group is a proactive committee member of PABIAC (Paper and Board Industry Advisory Committee), a tripartite strategic health and safety delivery partnership for the paper, board and recovered paper industries, Health & Safety Executive (HSE) and union representatives. It is through these forums that best practices are shared and implemented.

ENERGY PRICE VOLATILITY

Stable —

Risk description and Impact

Gas prices are affected by global supply and demand and price can be subject to significant fluctuations. Factors that influence these include natural disasters, climate, political instability, conflicts, economic conditions, shale gas reserves and actions by major oil and gas exporting countries.

Price fluctuations on key input costs which cannot be passed onto customers in all cases can affect our business assumptions, margins and investment decisions.

Mitigation

A Long-Term Energy Team aims to mitigate its exposure to energy costs by a combination of considering strategic diversification away from gas to alternative fuels and investing in sustainable energy saving solutions.

A Gas Purchasing Committee seeks to secure forward the unit cost of wholesale natural gas in anticipation of future demand. At the time of this plan the committee has secured prices for the year to the end of March 2022.

PULP PRICE VOLATILITY AND SUSTAINABILITY

Reduced ▼

Risk description and Impact

One of the Group's divisions is subject to unexpected and prolonged price volatility of Pulp and the availability of other specific fibre grades. Price is subject to global supply and demand. Factors that influence these include natural disasters, climate, political instability, conflicts, economic conditions and actions by major pulp producers.

Price fluctuations on key input costs cannot be passed onto customers in all cases and can affect the profitability of the group.

Mitigation

The Board regularly receives updates and market pricing information on pulp and fibre.

The Paper division aims to maximise the recovery of paper price changes through timely commercial negotiations and recover costs via market price increases.

Pulp substitution from recycled coffee cups or post-consumer waste passed through our Reclaimed Fibre plant mitigates some of the impact of virgin pulp costs, and recovery has improved from 20% to 24% over the year: the target is 50% by 2025.

The division continues to leverage its reclaimed fibre technology plant and works collaboratively with the waste fibre supply chain to secure grades that are suitable for re-use.

The Paper division also looks to qualify alternative sources of fibre to reduce its reliance on virgin fibre from trees and waste grade material.

Diversification and the success of all the divisions offers the Group greater long term stability.

EXCHANGE RATE VOLATILITY

Stable —

Risk description and Impact

The Group operates on a global basis, and earns revenues, incurs costs and makes investments in a number of currencies; the three major operating currencies are Sterling, Euro and Dollar. The Group's financial results are reported in Sterling. Volatile exchange rates could have a significant impact on the Group's results.

Mitigation

The Group matches receipts and payments in the same foreign currency due in the same period. The Group's treasury function uses a variety of swaps and forward options to hedge anticipated unmatched cash flows.

The Group prepares consolidated financial statements for reporting purposes, the consolidation process entails translating the financial statements of foreign subsidiaries from foreign to domestic currency. A dollar hedge is in place to mitigate the impact of translation exposure with the subsidiaries based in the USA.

BREXIT

Stable —

Risk description and Impact

The risk that the UK has no deal with Europe, or reaches a deal on terms comparatively unfavourable to today's trading environment. An exit with no deal could introduce tariffs, border controls and economic disruption.

The additional risk that European bodies are not replaced with a British regulatory regime.

Mitigation

The Group has planned around a hard Brexit scenario to ensure we have continuity of trade with our customers and be ready to handle all predicted practical matters of cost friction, barriers and regulation.

The Group works with representative organisations' assisting UK manufacturing companies such as the Confederation of British Industry (CBI) and the Confederation of Paper Industry (CPI) to understand and prepare for all Brexit outcomes.

PENSION

Stable —

Risk description and Impact

The Group operates 2 defined benefit pension schemes which are in deficit. The April 2016 triennial valuation concluded a combined deficit of the schemes to be £15.8m. The April 2019 triennial valuation is progressing and expected to complete by the end of June 2020.

Actuarial deficits are sensitive to a number of key factors: the value of the assets, the discount rate used to calculate the scheme's liabilities (based on corporate bond yields), the rate of inflation and the mortality assumptions for members of the schemes. Changes in these assumptions, the recognition of equalisation and market conditions could mean that the deficit increases further.

Mitigation

The Group's strategy is to ensure the profitable and sustainable growth of the Group which in turn protects pensions earned.

The Pension Subcommittee collaborates with the scheme Trustees to explore opportunities which may be favourable to reducing risk and or assist in closing the deficit. These activities continue as progression is made on the next ongoing valuation.

A number of risk reduction exercises have been enacted since membership of the Schemes was closed to new members in 2000 – these have been listed in the Pension Report.

Deficit reduction contributions

Payments of £1.4m (including PPF levies) per year across both schemes are presently committed to. A renewed deficit reduction contribution plan will be concluded as part of the next ongoing valuation process.

Investment strategy

The Group agrees to an investment strategy with the trustees taking account of risk.

INFORMATION SECURITY AND CYBER RISK

Increased ▲

Risk description and Impact

Our divisions are dependent on the availability of IT services and significantly expanded remote working practices which bring increased challenges in a climate of opportunistic cyber threat growth.

Mitigation

The organisation is committed to information security management and implements a robust IT security and data protection programme, which tests for resilience against evolving cyber risks. This enables the Company's IT usage and infrastructure to be continuously governed, enhanced and protected.

For and on behalf of the Board

Isabelle Maddock, Chief Financial Officer
22 June 2020

PROMOTING THE SUCCESS OF OUR GROUP

S172(1) STATEMENT

OUR APPROACH

Engaging with our stakeholders is fundamental to the way we do business. We supply to customers across the globe to both small businesses and multinational organisations. Strong partnerships are key to the success of our business with customers and suppliers, and have been through our 175 year history.

Our employees are the lifeblood of our business and our most valuable resource. From new starters beginning their work life to employees who have followed their family through several generations, every employee is key to the success of the business and in these unprecedented times, their health and wellbeing are a key factor we strive to protect. Being the largest business in the local area and the Cropper family still involved in the business, the Group supports the local community and other charities. Our environment and sustainability are factors that we are constantly pursuing to improve.

On these pages you will also find examples of how we considered our stakeholders when making key decisions during the year. As a Board, we have a duty to promote the success of the Group for the benefit of our members. In doing so, however, we must have regard for the interests of our employees, for the success of our relationships with suppliers and customers, for the impact of our operations on the community, and for the desirability of maintaining a reputation for high standards of business conduct.

These stakeholder considerations are woven throughout all of our discussions and decisions. Like any business, sometimes we have to take decisions that adversely affect one or more of these groups and, in such cases, we always look to ensure that those impacted are treated fairly.

OUR EMPLOYEES

Board considerations

Our employees are our biggest asset and fundamental to the success of the Group. During these unprecedented times, the Board have ensured that the health and wellbeing of our employees is the highest of three key priorities for the protection of the business.

Employee safety is paramount and during the pandemic, as many employees as possible who could work from home have done so and at the same time significant changes to work practices have been implemented to ensure all our employees can work in a safe environment and ensure social distancing was adhered to at all times. However, where there were business activities that meant employees need to work in more confined areas, appropriate personal protective equipment was made available.

Employee updates

Communications with all employees has been elevated in these times, using social media to ensure all employees are kept up to speed with latest advice and any changes to practices and the work environment.

The Company has maintained its regular briefings to employees including the bi-annual financial briefings and presentations. Regular consultative meetings are held with union representatives on all aspects of Group developments and on actions to be taken during the pandemic.

The 2019 biennial employee survey resulted in 68% level of engagement.

Diversity and inclusion

Vacancies are advertised both internally and externally and are filled following a rigorous evaluation of candidates who possess the required balance of skills, knowledge and experience.

The Group operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate in any way. It is the Group's policy to give equal opportunity when considering applications from disabled persons where the job requirements are considered to be within their ability.

Training and development

Crucial to any successful company is diversity of thought, experience and background. At James Cropper we ensure our recruitment and employment practices are inclusive providing equal opportunities for all individuals to allow us to recruit, develop and retain the best people.
As a company we believe we all deserve the opportunity to develop our skills and talents to our full potential, work in a safe, supportive and inclusive environment, and be fairly rewarded and recognised for our work and have a meaningful voice on matters that affect us.

Crafting our future

This initiative, starting with the "Big Listen" was attended by 368 employees with over 5,000 ideas and suggestions collected over four major topics of Vision; Communications, Relationships and Working Environment. This was the first phase of our four phase cultural change programme to enhance internal communications and employee engagement within the paper division to craft our future.

Further reading:
Pages 29 to 37 divisional reports.
Pages 47 to 48 people pages

OUR SHAREHOLDERS

Board considerations

All Board decisions are made with the Group's success in mind, which is ultimately for the long-term benefit of our members. This year in particular though, we made the decision to not propose a final dividend due to the projected financial impact of the Covid-19 pandemic on the business, and the need to conserve cash resources.

We considered the impact of this action on our shareholders in detail, and agreed in line with other stakeholders, there was a need for our shareholders to assist the long term viability of the Group through these unprecedented times.

Investor briefings

The CEO and CFO meet with key institutional investors as a minimum twice a year, enabling investors to be well briefed on activities and to better understand the performance and strategic direction of the Group.

Annual general meeting (AGM)

Our 2019 AGM was well attended and all our proposed resolutions were passed. Due to the Covid-19 pandemic, the 2020 AGM will have to be held behind closed doors, with the lowest number of Directors physically attending, in line with our articles, and the others attending via online conferencing. It is important that more of our shareholders take the opportunity to express their voting preferences by using the proxy cards that will be sent out with the notice of the AGM.

The Group's website is regularly updated and provides additional information on the Group.

www.jamescropper.com

Further reading:
Pages 04 to 27 strategic report

OUR CUSTOMERS AND SUPPLIERS

Our business model depends on strong partnerships with our customers and suppliers. For generations we have prized our relationships with stakeholders, measured with many by decades. In recent years our growth has been underpinned by close collaborations with more global corporations. We have a common goal for increased sustainability and protection of the environment. Growth in our Cupcycling™ product range and our Colourform™ range are examples of how our close partnership with customers drives sustainable environmentally friendlier solutions to meet our customers' needs. Our raw materials are ethically sourced including all our pulp supplies from responsibly managed forestry, certified to FSC® and PEFC® standards.

We continue to increase our work in the area of preventing modern slavery. Our latest Modern Slavery Statement can be found on our website.

Following the introduction of the supplier payment practice reports, we have amended our payment procedures to ensure that more suppliers are paid within agreed terms.

Further reading:
Pages 29 to 37 divisional reports

OUR COMMUNITY

The impact of our operations on the communities in which we work is an important consideration in our Board discussions. Our Community Support Committee regularly receives requests from schools, charities and organisations seeking support for activities that benefit our local communities. In the year, charitable donations of £21,000 were made to local charities and organisations in addition to the free paper donated to various schools and organisations.

In these times of lockdown, the Group provided free paper to the residents of Kendal who visited the three main supermarkets in the town. In addition, further paper was sent to Lancaster Royal Infirmary for use by children in the hospital wards. PPE equipment was also shared with local surgeries who were struggling for supplies.

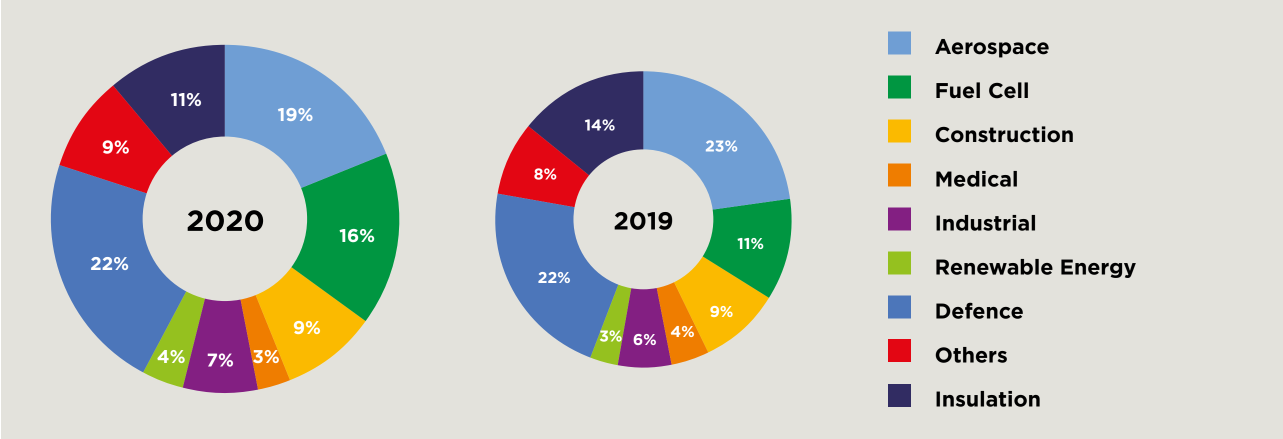
Beyond the impact of Covid-19, the Board approved the second phase of solar panels to be installed. These panels are owned by Burneside Community Energy Ltd who sell all the power generated to the Group with any profits ploughed back into the local community.

In addition, the Group has supported the installation of a faster broadband network for the local community under the Broadband for the Rural North (B4RN) provider.

Our vision for doing business is one that delivers growth whilst also serving society, and is strongly aligned with the sustainable development goals. By using our resources as a business to address issues such as biodiversity, reforestation, upcycling and climate change we are delivering benefits to our stakeholders and society.

TECHNICAL FIBRE PRODUCTS LTD

DIVISIONAL REPORT



Fuel Cell

TFP supplies carbon fibre veils that are at the heart of every fuel cell. We have strong positions in this nascent market in both motive and static fuel cells. Our material can be found in fuel cells for cars, buses, trucks and trains, as well as static power generation fuel cells. The additional revenue we sold into this market more than compensated for the drop in sales into the aerospace sector.

Our share in this market is significant and, while current growth rates are strong, we do expect to benefit much more in the future as the hydrogen economy continues to gain momentum.

Last year our sales into this sector grew by 40%, as we benefitted in particular from a long-term supply agreement with one of our key partners. Our material is sold into Europe, USA and the Far East.

Renewable Energy

The introduction of novel materials developed in TFP for this market saw our sales increase by around 60% to a level that is now material. We expect that business to grow strongly again this year and ramp up has already started ahead of last year's business.

Aerospace

Sales into the aerospace sector this year were affected by the pause in production of the Boeing 737 Max, Covid-19 and the timing of some large deliveries at the crossover between financial years.

We noted that as soon as Boeing announced their production pause, companies across the entire sector started to reduce stocks even if they didn't directly relate to that particular airframe. Covid-19 prompted both Airbus and Boeing to shut down plants quite quickly, though we have seen a return to work in a number of locations. This was mirrored by the Tier 1 intermediate suppliers. It is clear that all airlines are flying at a fraction of their normal capacity and this will not change quickly. This is reflected in an immediate and sharp reduction in forecast aircraft deliveries this year.

Industry commentators are unusually consistent in agreeing that 2020 will see a marked reduction in demand, 2021 may see some recovery in deliveries but prior levels of growth will not resume until 2022 at the earliest.

However, it is encouraging to note that certain market sectors we have focussed on in recent years took a good step forward during the year and are set to grow further this year.

Expansion

Last year, I described our project to expand our capacity by adding a new factory and nonwoven line to support our sales growth. The building is close to completion and the equipment is almost fully built but not yet commissioned. The global pandemic meant that we had to pause all capital expenditure pro tem, but we do intend to restart work at the end of this calendar year. This revised timing is unlikely to restrain our growth.

People

I would like to take this opportunity to thank all my colleagues in TFP for their contribution. Our operations team were quick to introduce safe Covid-19 working practices and our crews have done a fantastic job in keeping everything running. Our support teams continue to deliver world class outcomes for quality and service and our culture of innovation has seen us introduce new products into new markets year after year, reducing our exposure to any one particular market and adding value for shareholders.

Martin Thompson, TFP Managing Director

TFP MARKETS

FOCUS ON GROWTH

Valmont composite utility pole

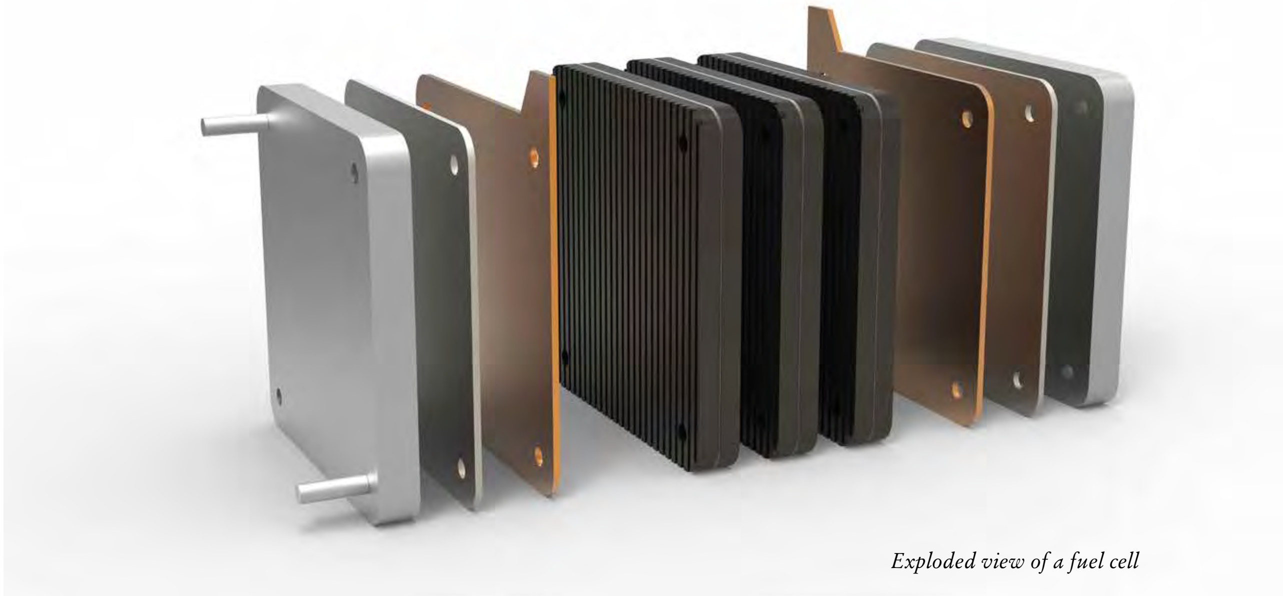
This year our report focus is on markets which are exhibiting significant growth, both on a global economic scale as well as for TFP specifically.

The first is green energy, a market encompassing a wide range of renewable energies such as solar, wind, wave and fuel cells. The growth in this market is driven by the move towards an increasingly low carbon economy globally. Recent data demonstrates this growth; renewable energy sources are now responsible for 26% of the world's electricity, in the UK this is even higher at 40%. In October, a milestone was reached for renewable energy in the UK; for the first time in history the proportion of UK electricity generated by renewable sources surpassed that derived from fossil fuels.

Half of all UK electricity generated by renewable sources is derived from wind energy, a market seeing steady growth in its own right. There has been an increase of 19% in annual installations and 10% in total capacity reported in 2019, the majority of which occurred in the biggest onshore markets – China and the USA. This growth is forecast to continue with a further increase of 12% in total capacity forecast for 2020 and is reinforced by advantages such as increasing cost effectiveness & exemption from the price uncertainty associated with traditional fossil fuels.

TFP's Optiveil® and Optimat® materials are well established for use in wind turbines and fulfil a number of functions, only some of which we can discuss for confidentiality reasons. Over the years the size and power of wind turbines has increased significantly, from 1.7 MW power and a 56m blade diameter in 2000 to 3MW and 100m diameter in 2020; to put it in context an on-shore turbine can now power up to 1,500 average households and an off-shore turbine up to 3,300. This increase in size and blade diameter puts the emphasis on minimising the weight of the structures whilst maintaining strength and maximising service time. This is where TFP's materials can help, providing a functional and resin rich surface finish to the blades with a minimal weight addition, improving the interlaminar toughness of the composite blade which reduces the susceptibility to damage or providing EMI shielding to nacelles.

Wind energy is not just used for generating electricity, it is also a promising source of green hydrogen, a development that will not only provide a 100% renewable energy pathway for fuel cells, but may also help facilitate the deployment of hydrogen technology sooner than anticipated.
The hydrogen economy is of key importance to TFP because it encompasses the fuel cell industry, in which TFP is one of, if not the, leading manufacturer of gas diffusion layer (GDL) substrate globally.



Exploded view of a fuel cell

The hydrogen economy refers to the growing use of hydrogen as a low carbon energy source in transport, power generation and heating. At present 10EJ of hydrogen is used per year globally, this is projected to rise to 78EJ a year by 2050, which would fulfil 18% of the world's energy demand. Increase in hydrogen usage will also be strengthened by decreasing costs; the Hydrogen Council projects a cost reduction of up to 50% by 2030, which would make hydrogen competitive with other low-carbon alternatives and, in some cases, even conventional options.

There are barriers to widespread adoption of hydrogen however, one of which is the slow development of infrastructure for applications such as fuel cell electric vehicles (FCEV's). This is set to accelerate though, with plans to significantly increase infrastructure in countries such as USA, Germany, Japan and South Korea. By 2030 Germany plans to have 1000 charging stations to support 1.8 million FCEVs, Japan 900 fuelling stations for 800,000 FCEVs and China 1000 stations for 1 million vehicles. South Korea predicts over 6.2million vehicles will be operational by 2040 and is one of the pioneers in the fuel cell market, both for industrial power and FCEVs; Hyundai's Nexo is the most powerful FCEV in the market, taking just 5 minutes to refuel and with a driving range of up to 413 miles.

TFP's carbon fibre nonwovens are used extensively in these portable proton electrolyte membrane fuel cells (PEMFC) for automotive applications such as FCEVs, as well as in static phosphoric acid fuel cells (PAFC) which provide industrial power. The nonwoven is used as a GDL substrate, the basis of the anode and cathode, which sits at the heart of the fuel cell.

The application is a technically demanding one in terms of electrical and thermal conductivity, durability and chemical resistance, and a consistent even surface is essential to allow an optimum GDL to be manufactured.

Both the PEMFC and PAFC markets are predicted to show strong growth over the next 5 years, the PAFC market has a projected CAGR of nearly 20%, predominantly in the Asia Pacific region. These large stationary fuel cells are very efficient (up to 90%) and provide heat and electricity for high energy demand applications such as schools, hospitals and data centres.

The final growth area to be highlighted is fire protection, a market for which TFP manufactures Tecnofire®, an intumescent mat which expands under fire conditions to prevent fire spread or preserve structural integrity. The passive fire protection market was predicted to have a CAGR of 5.1% over the period 2019-2025, with the forecast growth largely attributed to the increase in infrastructure spending coupled with rising emphasis on fire protection in buildings by regulatory bodies. Tecnofire® is used extensively in a wide range of construction applications, but is not limited to this and has also been specified for use in buses, trains, aircraft, bridges and architectural fire doors. The latest successful application is in composite utility poles, manufactured by Valmont Industries, Inc. The composite poles are used as transmission and distribution poles and have to withstand rigorous fire testing to ensure that they maintain their integrity in the event of a fire. This requires them to pass the USA Utility Company Consortium Fire Tests and withstand temperatures of 1150°C without significant structural loss. Valmont incorporates one of TFP's infusible Tecnofire® grades into their composite structure to ensure the structural integrity of the pole in extreme fire conditions. Photos from the wildfire testing are shown below.

With the help of Tecnofire® Valmont's composite utility poles successfully passed all the fire testing, maintaining their integrity under load during the extreme wildfire test at 1150°C, as well as achieving UL94 V0 and ASTM E84 Class 1 fire standards and passing pre- and post-burn structural testing. Just one of many success stories for TFP's products.

Pre-test (left), mid test (centre) and post test (right) wildfire testing of a Valmont utility pole

COLOURFORM™
SUSTAINING BRANDS WITH COLOUR + FORM

COLOURFORM™

DIVISIONAL REPORT

I am delighted to report an outstanding performance from the Colourform™ team in all departments. Sales increased by £2.3m, or 800%, making significant strides towards profitability.

Our position as the destination for premium alternatives to plastic packaging grew in strength. We delivered bespoke moulded fibre packaging to a variety of brands in the cosmetics, beverages and smart-tech markets.

One of our best performing projects was the packaging for L'Oreal's Christmas and spring sales campaigns. Millions of consumers will have seen our moulded-fibre inserts in gift boxes for brands such as Lancôme and Diesel.

We were equally pleased with the work we did on Ruinart Champagne's new bottle wrap. As an industry first, the second skin case was a real step change project focused on reimagining the packaging solution as an eco-responsible innovation.

Both projects were delivered in partnership with the converter Pusterla.

Our performance was also driven by significant advances in productivity and efficiency. For example, our six machines operated at a significantly higher percentage of capacity compared to the previous year.

The Colourform™ division offers brands the opportunity to bring innovation and creativity to their sustainability challenges, while strengthening their identity.

To deliver on that promise, we rely on key partnerships with leading brands and converters. However, we depend on the ingenuity of our design team.

They continue to push the boundaries of what is possible using moulded fibre technology, designing ground-breaking solutions for both primary and secondary packaging.

Bringing those ideas to life requires the expertise and experience of our colour specialists, machine operators and converter partners. Together, they look after the colour, form, texture, embossing, logos, functionality and quality of packaging; everything that makes the difference between standard and outstanding.

Approaching the end of the year, we started to witness increased demand for moulded fibre packaging from brands in all sectors.

We anticipate growth in opportunities to engage brands with our solutions, although we cannot predict the impact of Covid-19 and reduced consumer activity resulting from lockdowns around the world.

I remain as confident as ever in the future of this division. I am grateful for the hard work of my colleagues and look forward to continuing our work with them as we build on a very successful year.

Patrick Willink,
Colourform™ Managing Director

Spotlight on innovation

In a year that saw the global environmental movement, Extinction Rebellion, reach a crescendo, it became increasingly clear that a modern consumer is emerging. This is a consumer which is paving the way for a future that is advanced, safe and sustainable.

While Colourform™ is already responding to this and making waves in the packaging industry by offering brands an alternative to plastic, we recognise that the need for innovation and change is relentless.

To stimulate our creative thinking, we partnered with futurologist Dr. Ian Pearson to explore how future influences will overhaul the role of packaging. He predicts a time in the near future whereby packaging with a 'second life', waste-free materials grown from fungi, integrated computer displays, and the use of augmented reality will all be commonplace.

To explore our role in the future of packaging, we invited established designers and design students to participate in a focus group. The session allowed us to analyse the different ways the groups approach an innovation such as Colourform™, and the possibilities it offers their customers.

The findings reaffirmed our innovation-first strategy. It also inspired further thinking on how we continue to lead; maintaining our position as the destination for premium alternatives to plastic packaging. Some of the work we are doing is already in line with this future thinking.

The reinvention of packaging

Our latest work with Maison Ruinart is a shining example of the reinvention of packaging. In partnership with converter Pusterla, we had a fantastic opportunity to work with the champagne house and create its first 100% eco-responsible packaging.

Like a second skin made of paper, the case follows the lines of the bottle's emblematic curves and allows the integrity of the Maison Ruinart flavour to be preserved until tasting. The design is a lesson in marrying sustainability with a premium, luxury offer. The raw and sophisticated texture and form nods to Crayères, the Maison's historic chalk-pit cellars in Reims.

The design demonstrates Maison Ruinart's commitment to sustainability without sacrificing exemplary design.

Inspiring change, the new case is nine times lighter and reduces the brand's carbon footprint by 60%, compared to the current generation of boxes. The ultra-light case was crafted from natural wood fibres sourced from sustainably managed European forests and is set to revolutionise the gift-box and cases market. The packaging is also eco-designed, using zero plastic and ensuring 100% recyclability.

Frédéric Dufour, President of Maison Ruinart says: "With this second skin case Maison Ruinart confirms its pioneering role in champagne, and its ambition in terms of social and environmental responsibility. This disruptive project embodies the Maison's firm commitment to more sustainable development for its packaging across all stages of the development and marketing of our products, from the tending of the vine to the consumer experience."

Plastic-free collaboration

The health and beauty market remains key to the current and future success of our business. Our high-profile work with L'Oreal where we provided millions of moulded-fibre inserts for gift boxes, bolstered a new partnership with a challenger in the industry.

To bring its plastic-free period products to the market with real authenticity, Mondays needed a premium, plastic-free packaging solution. In an industry first, Mondays is the only period product subscription service to be 100% plastic-free; from product through to packaging.

The partnership was natural; Mondays also recognise the commercial value in responding to the consumer demand for brands to do better. The brief was to create a pretty, colourful box, made of moulded fibre, free from plastic, that would look beautiful on display and fit perfectly in a bathroom cabinet. Our team delivered on all fronts, creating a truly unique packaging solution.

Nancy Saddington, co-founder of Mondays, says: "By setting a new, higher standard for circular economy packaging solutions we are leading by example. Consumers today don't want to have to sacrifice luxury or aesthetics when making a plastic-free choice. The Mondays box looks fabulous on display and brings a luxurious touch to a previously neglected product category."

"With Colourform™ as our partner, the packaging we use is completely free of any form of plastic."

JAMES CROPPER
EST. 1845

JAMES CROPPER PAPER PRODUCTS

DIVISIONAL REPORT

Our recently refined vision for the Paper business is to be the best bespoke paper mill in the world, recognised for our unrivalled expertise in colour and leading innovation in sustainable fibre.

This year, we took a step closer to achieving that vision and delighting our very discerning customer base.

I am pleased that we continue to deliver sales growth in an operating environment defined by intense competition. However, I am most proud that we have returned the division to profit.

The turnaround in profitability has been driven by our relentless focus on higher value segments, supported somewhat by lower raw material costs albeit we are still faced with pulp prices that remain higher than the long-term average.

Last year I made clear our strategy to grow our packaging business with luxury brands. That plan has worked.

We have seen a significant 23% growth in packaging with some of the world's biggest luxury brands. That is thanks to new customer wins and growth with existing customers in the fashion, consumer electronics and beauty sectors.

It is clear that we now have the right strategy and the right team in place.

In 2017 we launched CupCycling™, the commercial upcycling of used coffee cups. We have now given 120 million cups a second life as premium paper and packaging. Building on the remarkable success of our CupCycling™ facility over the past 12 months we are determined to increase the use of this and other recovered fibre in our products.

The groundswell of interest in sustainability and social issues is set to continue, consolidating the importance of environmental and social governance. Enlightened brands are continuing to think of the end-to-end life cycle of their products and packaging. As it stands, an average of 24% of the fibre that we use for papermaking is from recovered streams. Our ambition is to double this to 50% by 2025.

This year saw us further establish our position as an authority on colour. Taking a macro view, we launched an extensive report into the biggest influences on colour choices today. The Progressive Palettes report was launched to the packaging industry at Luxe Pack in Monaco supported by live colour demonstrations and Q&A sessions with the colour experts within our technical team. These experiential sessions caused quite a stir and were very well attended by brand managers, innovation teams and designers at the event.

Our vision to be 'the best bespoke paper mill' is bold and ambitious. We are not there yet and have some way to go, but I am passionate in the belief that we can achieve this aim. It will require the will and commitment from our many great craftspeople and team members who I know share my belief.

With that in mind we embarked upon a major culture change journey this year; 'Crafting Our Future'. We asked everyone across the business to give us their opinions and ideas about how we can continually improve the way that we work, so that we can provide our customers with the best possible products and service levels.

We had over 5,000 comments and suggestions with more than 60 respondents volunteering to be Change Makers, supporting the business by identifying, prioritising and progressing improvement projects. One example is the establishment of an internal communication hub, enabling real-time communication across our business. It gives all employees better visibility on customer projects, business updates, community news and health & safety advice. This has already proved to be a great asset to the business in keeping employees updated whether at work or at home.

As we face an unprecedented crisis, it is difficult to predict how business and society at large will be reshaped by coronavirus. This is not the first storm that our 175-year-old business has weathered, and it won't be the last.

We know where we are headed and where to focus our efforts. I want to thank all of the team for a successful year and I look forward to continuing that success.

Steve Adams, Paper Managing Director

PAPER - HIGHLIGHTS

Fibre in focus

This year we were delighted to partner with Hallmark on an artistic and creative expression of circular economy.

Building on industry-leading examples of Tailor Made papers for packaging with Selfridges and Burberry, 2019 saw the paper division transform disposable coffee cups and responsibly-sourced paper pulp into a beautiful card collection designed by the high-street superbrand.

Creating a beautifully-designed and positive sentiment from a morning latte really captures the spirit of CupCycling; a second life for coffee cups can often be more compelling and longer lasting than its first.

Comprising 44 beautiful cards, designed within boutique collections, the cards and envelopes in the collection are of course 100% recyclable.

This partnership demonstrates the value that this precious raw material has, and how it can produce truly creative outcomes, setting a high benchmark for outstanding circular design. It also illustrates the appetite amongst consumers for paper and packaging products made from recovered fibre, further fuelling our ambition to achieve 50% recovered fibre content for papermaking by 2025.

Alison Murnane, at Hallmark Cards, commented, “We already make Hallmark cards from responsibly sourced paper, so we were delighted to work with James Cropper to help drive forward another sustainable way to make an impact by taking some of today’s waste and turning it into a beautiful card that creates a lasting moment for tomorrow.”

Luxury packaging in focus

Our strategy to grow our packaging business with luxury brands has succeeded. With some of the world’s most well-known fashion, beauty and technology brands now a part of our customer roster, we’ve achieved 23% growth in the sector.

A demonstration of our success and continuing focus herein, is the appointment of our first global luxury packaging lead. Tricia Hartmann joined our global team in January 2020 and with strong technical expertise in printing, paper and packaging is responsible for the development of the luxury packaging offer across Europe, Asia and the USA.

Tricia’s extensive knowledge of the international luxury packaging market and her passion for sustainability make her the perfect fit to drive forward our expansion on the international stage.

Joining from Arjowiggins Creative Papers, Tricia previously spent 10 years driving business development in luxury packaging across Europe and Asia.

Colour in focus

While further establishing our position in the luxury market, Luxe Pack 2019 also gave us an opportunity to throw a spotlight on our expertise in the art of colour.

To do this we took our acclaimed Colour Lab experience to Monaco from its home in Kendal. Our team showcased the incredible detail involved in our bespoke colour matching process, underpinned by the 2,500 live shade recipes and an archive of some 200,000 colours we hold on site at the mill.

We also used Luxe Pack 2019 as the moment to launch our Progressive Palettes report. It is the result of collaboration with designers from across a range of sectors and offers unique insight into the modern context of colour. Unpicking what is influencing design choices for brands now and in the future.

Our Luxe Pack offering demonstrated two fundamental areas of our business; our expert colour capabilities and our game-changing work in the sustainability arena.

We continue to be uniquely placed to give luxury brands the opportunity to use high quality papers and packaging and incorporate circular design, all without compromising on beauty.

"CLEARLY DEFINING AND COMMUNICATING OUR 'BUSINESS IMPORTANT GOALS' IS KEY TOWARDS REALISING OUR GROUPS ASPIRATIONS IN THESE TURBULENT TIMES.

PRO-ACTIVELY ENGAGING WITH OUR TEAM MEMBERS TO IDENTIFY AND FOCUS ON THOSE LEADING ACTIVITIES NEEDED TO DELIVER OUR GOALS, WILL ENABLE US TO CREATE THE MINDSET REQUIRED TO DELIVER SUSTAINABLE SUCCESS."

DAVE WATSON,
CHIEF OPERATIONS OFFICER

1. TFP Operative, Phil Coward
2. Paper Finishing, Georgia Kennedy
3. Head of Health, Safety, Environment & Paper Quality, Kate Rowling with Guillotine Operator, Alan Henderson
4. Chief Operations Officer, Dave Watson with (left) Paper Operative, Gareth Wells and (right) Craftperson, Dave Askins
5. Blender Operator, Lyndon Montgomery

OUR VALUES

TRUST, DIGNITY AND RESPECT

SUCCESSFUL CUSTOMERS

PROFITABILITY

CONTINUOUS LEARNING

MOTIVATED WORKFORCE

SAFETY AT WORK

COMMUNITY FOCUS

SUSTAINABILITY

SUSTAINABILITY WITH PURPOSE, IMPACT AND SCALE

The future growth of James Cropper PLC will continue to be inextricably linked to sustainability with commitments made to global initiatives, national programmes and local activities on our very doorstep all implemented in-line with the Group's over-arching values.

In order to achieve sustainable growth, our business must respond to the challenges and opportunities of an increasingly resource-constrained world. We believe it is a key responsibility of business to help secure future economic growth aligned to societal needs, delivered in a fair, healthy and inclusive way. With the Sustainable Development Goals (SDGs) as a guide for our responsibility activities, and in alignment with the wider paper industry, we have the greatest potential to make a real and lasting difference, at scale.

For each area of activity, we have highlighted those SDGs that have the strongest links to our business and where we believe we can drive the biggest change. The strides we are making on our journey address challenges of major environmental, ethical and societal concern and will help to deliver both short-term and long-term benefits for our customers and shareholders as well as society.

Water Management

Water is a fundamental to all James Cropper business divisions. Our focus is on managing our impacts on fresh water resources to meet rising demand for sustainable products while safeguarding fresh water ecosystems.

- Our source of water, the river Kent, originates from a spring in the fells of the English Lake District which feeds into Kentmere reservoir situated at the head of the water catchment.
- All fresh water drawn from the river is conserved by water recovery systems on the machines, our water saving investments have been certified as water efficient technologies by DEFRA.
- The river is classed as a Site of Special Scientific Interest (SSSI) as it supports a flourishing population of white-clawed crayfish and fresh water mussels, both species being a signifier of water purity.
- Our focus is on efficiency in water usage and on maximising the return of clean safe water to the catchment.
- Over 91% of water abstracted is returned clean to the river downstream of the mill.
- Water is an integral part of the paper products we produce, they typically contain 7% moisture.

Waste Reduction

Our focus on operational excellence, not only drives efficiency improvements through low impact manufacturing techniques, but also unlocks our resource potential as we design waste out of our processes and create sustainable product solutions as part of the circular economy.

- Our commitment is in creating high quality products that play an important role in product design, be that light-weighting for aircraft or wind turbines, or paper products that are easily recycled after use.
- Waste from our own paper and Colourform™ production is recycled on-site into new paper products.
- Fibrous waste from the mill's de-watering plant is used as a soil improver on local farmland, approved by the Environment Agency.
- Zero to landfill - what we cannot recycle ourselves on-site is collected by our local waste management company, of this typically 80% is recycled and 20% goes to Refuse Derived Fuel (RDF).
- With CupCycling™ we have upcycled 120 million disposable coffee cups into paper products and packaging.
- We create paper and packaging solutions for the circular economy, and are a signatory to the Ellen MacArthur global commitment.

Innovation

We play an important role in creating business opportunities, investing in local infrastructure and driving innovation and collaboration to achieve change and tackle many of the challenges we face.

- As well as manufacturing and creating paper products and moulded packaging from renewable sources, the business has invested in innovations dedicated to cutting waste and helping to tackle the issues we face.
- Our unique CupCycling™ facility enables us to upcycle disposable single-use paper cups, in collaboration with coffee retailers, waste management companies and brands we are helping to drive a positive change in recycling.
- The cups are given a second life as beautiful papers and consumer packaging such as Colourform™.
- Over 15% of James Cropper's employees are involved with research and development activities and the company has invested over £8 million in the last 3 years.
- The graduate intake programme now benefits each business supported by regular recruitment programmes working with high performing universities.
- The business created the Technology and Innovation Directorate in 2014, taking a strong long-term view on strategy and investment.

Responsible Sourcing

We are taking steps to develop a responsible and sustainable supply chain, and are committed to transparency and openness in our dealings with our supply chain partners.

- The business has a zero tolerance approach to any form of modern slavery and we are committed to acting in an ethical manner and with integrity and transparency in our business dealings.
- 100% of fresh fibre, our primary raw material, is sourced from sustainably managed European forests and certified to FSC® or PEFC® chain of custody.
- Chain of custody ensures from harvest site to end product, there is effective fibre traceability to provide assurance of the legality of wood, biodiversity and sustainable land use practices throughout.
- Managed forestry in Europe is bucking the global forestry trend and continues to drive forest growth, a key component of many countries in the fight against climate change.
- 24% of our fibre input for papermaking is from recycled sources.
- Within our own business our approach to packaging is paper where possible, plastic when useful.

Health & Wellbeing

We have a 24-hour mind-set focused on health, safety and wellbeing at work and also at home.

- Our organisation provides diverse, rewarding employment and opportunity for personal growth, our commitment to people is core to the Group's values.
- The business operates a Better Health at Work scheme, promoting and raising awareness of health matters.
- We have nearly 50 trained mental health first aiders and over 20 health advocates across the business.
- As standard, we provide all of our employees with healthcare insurance plans that contribute towards everyday healthcare bills and offer a wide range of other well-being benefits.
- The annual Pride Awards celebrate employees going "above and beyond" demonstrating significant improvements, creativity and selflessly giving time to good causes.
- Support for Community Energy, not only delivers renewable solar energy to the mill, but profits benefit environmental and social projects in our local parish of Burneside.

STREAMLINED ENERGY & CARBON REPORT

This is the first year that the Company has reported on the level of energy consumed in the UK and will be used to set targets to reduce the levels of carbon emissions and increase the use of renewable energy whilst ensuring we operate our assets to get the best value while maintaining security of supply.

Energy use

The underlying energy data used to calculate carbon emissions includes electricity, gas and other fuels purchased for use on-site and for transport.

This year we used 210.9GWh of energy, which will be used as our baseline year.

Energy efficiency action

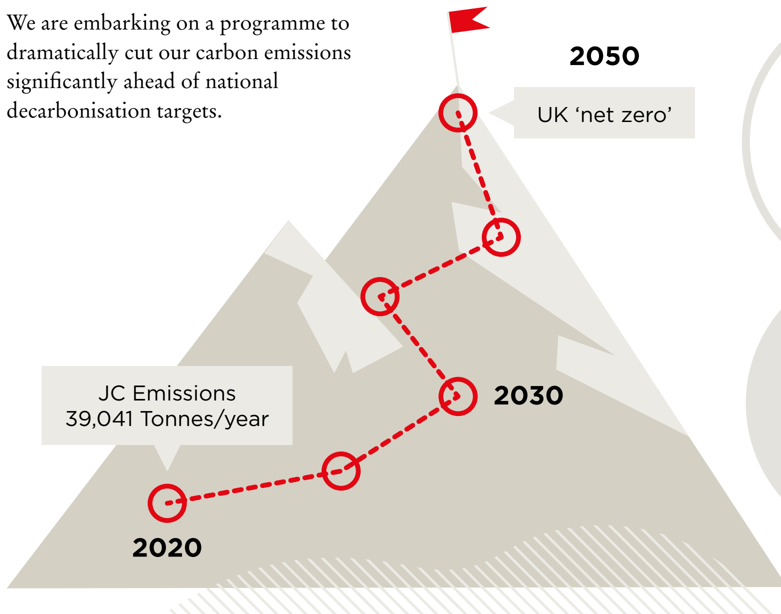
During the year, further roof space was let to Burneside Community Energy Ltd to place more solar panels on our roof space with all solar energy generated purchased by the Company. In the year, 298,000kWh of solar energy were purchased. In addition, the Company purchases hydro energy from Ellergreen Estate, purchasing a total of 229,000kWh of hydro energy in the year.

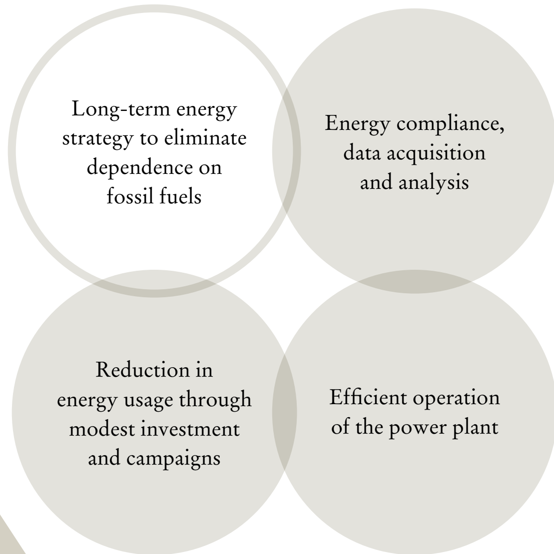
Greenhouse gas emissions	52 weeks ended 28 March 2020 tCO_2e
Scope 1 Direct emissions	
Direct emissions from burning of fossil fuels	36,007
Transport: company owned or leased vehicles	568
Total Scope 1 Direct emissions	**36,575**
Scope 2 Indirect emissions	
Grid electricity purchased	2,611
Scope 2 Indirect emissions	**2,611**
Gross Carbon Emissions	**39,186**
Avoided emissions from renewable electricity purchased	(145)
Total avoided emissions	(145)
Net Carbon Emissions	**39,041**

Greenhouse gas emissions intensity ratio		52 weeks ended 28 March 2020 tCO_2e
Carbon emissions per £100,000 revenue	tCO_2e	37.30

Energy Strategy

We are embarking on a programme to dramatically cut our carbon emissions significantly ahead of national decarbonisation targets.





PRIDE EXCELLENCE AWARDS

Created as an opportunity for employees to directly show their appreciation for colleagues across the James Cropper Group, the Pride Excellence Awards have evolved from an annual event to a year-round initiative with quarterly 'winners' in the categories of innovation, creativity, customer service and safety. Those who contributed their time and skills for the benefit of community were also included.

Selecting the overall winners for 2019/2020 will take place once the Coronavirus pandemic has subsided and business activities resume to normal levels.

Following are examples of teams and individuals who were successfully nominated for the 2019/20 quarterly Pride Excellence Awards. Each recipient demonstrating diligence, initiative and innovative approaches to making tangible improvement contributions in one of the four categories identified:

Team Award for Motivated Workforce: March 2019

PM3 Machine Crew - Papermaking

A team-wide commitment to excellence has been an example to other departments and delivered on the quality ethos of the James Cropper brand, the crew's output saw a record low figure in product defects thereby saving approximately £55,000 in unnecessary repeat manufacture.

The PM3 Machine Crew comprise 5 people working across different shifts, yet their excellent approach to communication, cross-team collaboration, and a willingness to encourage innovation and adopt new ideas have resulted in a significant improvement to machine operation and production output.

Individual Award for Safety at Work: June 2019

Marcus Deacon - TFP Production

Delivering machine wire to TFP in large 90kg crates ensured that the production component arrived well-protected but presented difficulties for subsequent handling. The crates would be moved to the basement stores and held on racks. When required on the production line, this meant a two-man operation that also required a pallet truck.

Marcus took it upon himself to find and implement a solution to this cumbersome activity, one which also presented potential for personal injury.

On receipt of a new wire we now transfer them from the heavy crates into a 12" centre, thereby reducing the weight to 25kg with lifting now a more manageable activity.

Marcus sourced centres of the correct diameter and length, along with the end caps. He also designed new racking to hold them on, created appropriate labelling for the centres and arranged for disposal of heavy crates. His actions have eliminated a manual handling risk and improved the TFP production line.

Individual Award for Profitable Growth: August 2019

Paul Sayner - Paper Reel Transporter

Reducing 'broke' in papermaking is a perennial focus and one which has a tangible impact on the bottom line of the Group – quite simply, less waste equates to money saved. Numerous solutions have been introduced over the years, each contributing to varying degrees.

Paul came up with an innovative idea to road marking paint that raises just high enough off the ground to prevent the large paper rolls ('webs') from rolling away from their intended position and potentially becoming damaged or causing damage themselves.

This solution will decrease the potential risk of uncontrolled rolling webs and will also help drivers be more efficient when collecting the webs.

Individual Award for Community Focused: February 2020

Stan Wilson - Warehouse and Transport

Stan demonstrated his commitment to supporting the local community by setting about raising money to fund the Burneside village Christmas tree. Liaising with associates and contacts in our network of national haulage firms, Stan received donations of numerous items for raffle prizes and which realised over £3,000 for the Christmas tree fund. Furthermore, Stan dedicated much of his own free time putting in the footings to support the tree, and also helped putting the tree up.

THE BIG LISTEN

James Cropper has been successfully producing beautiful paper for over 175 years and is the last independent mill of its kind in the UK. During that time, the business has implemented significant changes to ensure it continues to be a profitable, sustainable and responsible business with the reputation of the business testament to this.

In October and November 2019, we invited all of our papermaking employees to participate in an engagement and discovery event titled 'The Big Listen', the purpose being to involve everyone and have their say in the future of the Paper Division as a single, customer-focused operation to deliver our three core value propositions; Streamline, Tailor-Made and Partnership Private Label.

The response from employees was quite fantastic, with:

- 368 participants in 'The Big Listen' events
- 5,000+ comments and improvement ideas received
- 85% attendance from across the whole Paper Making business / Group support
- 36 trained facilitators from across all parts of the organisation

Topics covered during the sessions included:

- The future vision for the Paper Division
- The different working environments at the Burneside Mill
- Relationships between teams, supply chain and customers
- Internal and external communication

From across the various teams in the Paper Division, a number of 'Change Makers' have stepped forward to help implement some of the initial improvements. These have been supported with coaching and training on how best to further engage their colleagues and help new practices become embedded to give them the best chance of success.

CONTINUOUS LEARNING

The James Cropper Group place great emphasis on encouraging personal development for employees in all roles and across all divisions. This approach is aimed at building on existing skills and, by continued investment in our team members learning, to maximise performance at all levels in the company.

James Cropper currently support 30 apprenticeship programmes at, 18 in engineering and 12 in Business Administration and Leadership. The golden thread running through these personal development activities being that it directly supports succession planning across the Group.

We have also supported the development of 49 employees throughout 2019 beyond the apprenticeships and graduate programme by investing in additional training and development activities that enhance both technical qualifications and personal effectiveness.

Three of our graduates, 2018

Technical Graduates

We are extremely proud to acknowledge that this year has marked the completion of our inaugural technical graduate programme in the Paper business. This initiative was created with the aim of developing future leaders and technical experts to support the growth of papermaking.

We were delighted to congratulate all four of our graduates on successfully completing their development programme and securing career advancing roles at James Cropper. Each have demonstrated an ability to apply their academic learning in a multitude of practical applications that have delivered sustainable performance improvements.

A further four Graduates, Heidi Jones, Chevonne Irving, Anna Driscoll and Alex Larkin, have joined us in 2019 and are currently undertaking their first development module to become a Lean Six Sigma Green Belt.

We wish them every success as they progress through their programme.

CONTENTS

BOARD OF DIRECTORS

Mark Cropper — **Chairman**

Appointed: October 2006

Independent: No

Committee Memberships: Nominations (Chair), Audit, Remuneration, Pension

Qualifications: MA

Experience: Mark is the sixth generation of the Cropper family to hold this position. Following university, he pursued a career in environmental finance.

External appointments: Ellergreen Hydro Projects Ltd (Director), Rydal Hydro Ltd (Director), Scandale Hydro Ltd (Director), Fisherplace Hydro Ltd (Director), Kendal Futures CIC (Director), Ellergreen (Trustees) Ltd (Director)

Phil Wild — **Chief Executive Officer**

Appointed: October 2012

Independent: No

Committee Memberships: Executive (Chair)

Qualifications: BEng (Hons)

Experience: Phil previously worked for 3M where he held a number of directorships and roles covering industrial, healthcare, automotive and security market sectors.

External appointments: CBI (Counsellor)

Isabelle Maddock — **Chief Financial Officer**

Appointed: July 2014

Independent: No

Committee Memberships: Executive, Pension (Chair)

Qualifications: BSc, FCMA

Experience: Isabelle is a fellow of the Chartered Institute of Management Accountants with experience in finance across a variety of sectors including manufacturing, software, retail, facilities management and publishing, before joining the Company in 2006.

External appointments: CBI Economic Growth Board (Vice Chair)

Steve Adams — **MD Paper Division**

Appointed: January 2017

Independent: No

Committee Memberships: Executive

Qualifications: BA (Hons)

Experience: Steve previously worked for 3M where he held directorships and roles both in the UK and Europe covering display, traffic and vehicle safety, telecommunications, electronics and energy markets.

External appointments: -

Martin Thompson — **MD TFP Division**

Appointed: June 2013

Independent: No

Committee Memberships: Executive

Qualifications: MBA

Experience: Prior to joining the group in 2003, Martin held directorships covering technical, general management and multi-site divisional director roles.

External appointments: -

Dave Watson — **Chief Operations Officer**

Appointed: January 2014

Independent: No

Committee Memberships: Executive

Qualifications: BEng (Hons)

Experience: Dave previously worked for 3M where he held roles covering industrial, automotive, pharmaceutical, and secure documents and systems markets.

External appointments: -

Patrick Willink — **MD Colourform™ Division**

Appointed: March 1998

Independent: No

Committee Memberships: Executive, Pension

Qualifications: BSc MBA

Experience: Patrick is a member of the Willink family, joining the Group in 1990, appointed Chief Technology Officer in 2014 and instrumental in the creation of the Colourform™ division. He was President of the Confederation of Paper Industries Ltd from 2014 to 2019. Patrick has been appointed Managing Director of the Colourform™ division with effect from 1 June 2020.

External appointments: Confederation of Paper Industries Ltd (Director)

Dr Andrew Hosty — **Senior Independent Non-Executive Director**

Appointed: August 2018

Independent: Yes

Committee Memberships: Audit, Remuneration, Nomination

Qualifications: PhD

Experience: Andrew pursued a career in industry culminating in his appointment as COO of Morgan Ceramics and COO of Morgan advanced Materials PLC. Most recently he was founding CEO of the Sir Henry Royce Institute for Advanced materials.

External appointments: Rights and issues Investment Trust PLC (Director), Mom Incubators Ltd (Director), RHI Magnesita PLC (Director), Nexeon Ltd (Director)

Jim Sharp — **Non-Executive Director**

Appointed: September 2009

Independent: No

Committee Memberships: Audit (Chair), Remuneration, Nomination, Pension

Qualifications: MA

Experience: Jim began his career in financial services with J. Henry Schroder & Co. from 1992 to 2002, where he was a Director. Since then he has held senior roles with a number of private equity backed businesses.

External appointments: In The Style (Chairman), Seraphine (Chairman), The Brunner Investment Trust PLC (Director), Feelunique (Chairman)

Lyndsey Scott — **Non-Executive Director**

Appointed: August 2019

Independent: No

Committee Memberships: Remuneration (Chair), Audit, Nomination

Qualifications: BA DPM Grad IPM

Experience: Lyndsey has spent most of her career in multi-national organisations and management consultancy across different sectors, most recently with International Personal Finance PLC as Chief Human Resources Officer. She brings experience in strategy creation, planning and delivery of large scale cultural and performance change management and governance.

External appointments: International Personal Finance PLC (Chief HR Officer)

CORPORATE GOVERNANCE STATEMENT

"I AM PLEASED TO INTRODUCE THE CORPORATE GOVERNANCE REPORT FOR THE PERIOD ENDED 28 MARCH 2020. THIS REPORT INCLUDES MY STATEMENT AND THE CORPORATE GOVERNANCE REPORT."

As a Board, we remain committed to maintaining high standards of corporate governance. The Directors place a significant emphasis on ensuring that the Group has the appropriate governance structures in place.

The Board adopted the QCA Corporate Governance Code in 2018 considering it to be a pragmatic and practical governance tool committed to high standards of corporate governance facilitating efficient, effective and entrepreneurial management of the Company.

Board responsibility and strategic direction

The Board acknowledges its collective responsibility for ensuring the long-term success of the Group by demonstrating strong leadership, setting strategy and business models, managing performance and ensuring the necessary resources are in place to deliver. It also holds itself accountable for looking after the needs of all its stakeholders, including employees, pensioners, shareholders and the broader community and environment.

Both I and the Non-Executive Directors are fully supportive of the strategic direction being taken by the executive team. The Strategic Report is on pages 04 to 26 in the Annual Report.

Sub – committees

There are five sub – committees reporting to the Board:

- Executive Committee
- Remuneration Committee
- Audit Committee
- Nomination Committee
- Pensions Committee

All committees continue to exercise their duties in compliance with all relevant legislation, regulation and guidance. During the year the Nomination Committee completed their search for a new Non-executive Director following the decision by David Wilks to retire. Lyndsey Scott was appointed on 1 August and has taken on the role of Chair of the Remuneration Committee. The Pensions Committee is currently monitoring the next triennial funding valuation.

All sub-committees continue to be supported by both internal and, where relevant, external advisers to ensure their duties are satisfactorily and professionally fulfilled.

Stakeholder engagement

The Board is keen to ensure ongoing and effective communication with all stakeholders. Further reading on stakeholder engagement can be found in our Section 172 (1) statement on pages 26 to 27.

Mark Cropper, Chairman

22 June 2020

Governance Statement

The Company's shares are listed on AIM and are subject to the AIM Rules of the London Stock Exchange. Under AIM rule 26, the Company has adopted the QCA Corporate Governance Code (2018 edition). The choice of code to adopt was important to us.

We wanted to be sure that we would proactively embrace whatever code we opted for and not end up with a code that would stifle us and result, on a comply or explain basis, with us describing why certain requirements were not appropriate.

We believe that the QCA Code provides us with the right governance framework: a flexible but rigorous outcome-orientated environment in which we can continue to develop our governance model to support our business.

Role of the Board

The role of the Board is to establish the vision and strategy for the Group, to deliver shareholder value and be responsible for the long-term success of the Group. Individual members of the Board have equal responsibility for the overall stewardship, management and performance of the Group and for the approval of its long-term objectives and strategic plans.

The Board continues to have a balance of Executive and Non-Executive Directors. Currently, the Board comprises a Non-Executive Chairman, three Non-Executive Directors and six Executive Directors.

The members of the Board maintain the appropriate balance of experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities and to ensure that the requirements of the business can be met.

Division of responsibilities

There is a clear division of responsibilities between the role of the Chairman and that of the Chief Executive Officer of the Group. The primary responsibility of the Chairman is to lead and manage the Board and that of the Chief Executive is to manage the business of the Group.

The Chairman

Mark Cropper is the Chairman. He is responsible for leading and managing the Board and ensuring its effectiveness in all aspects of its role. He works closely with the Chief Executive on developing Group strategy and provides general advice and support.

The Chief Executive Officer

Phil Wild is the Company's Chief Executive. His principal responsibility is to manage the Group's business and to lead the Executive Committee in delivering the Group's strategic and operational objectives.

The Non-Executive Directors

Two of the Non-Executive Directors, including the Chairman, although deemed not to be independent under the QCA Code, are considered by the Board to be independent in both character and judgement and provide unequivocal counsel and advice to the Board.

All of the Non-Executive Directors constructively challenge the Executive Directors and help develop proposals on strategy, including satisfying themselves on the integrity of financial information and ensuring financial controls and systems of risk management are robust. All Non-Executive Directors are members of the Remuneration, Nomination and Audit Committees. On 1 August 2019, Lyndsey Scott, a new Non-Executive Director, was appointed to the Board bringing greater independence, counsel and advice.

The operation of the Board

The Board has the authority for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets. To achieve this, the Board reserves certain matters for its own determination including matters relating to Group strategy, approval of interim and annual financial results, dividend policy, major capital expenditure, budgets, monitoring performance, treasury policy, risk management, corporate governance and the effectiveness of its internal control systems. The Board performs its responsibilities through an annual programme of meetings and by continuous monitoring of the performance of the Group.

Board Committees

The Board has delegated specific authority to the Audit Committee, Nomination Committee, Remuneration Committee and Pension Committee.

Jim Sharp is the Chair of the Audit Committee which also comprises the other Non-Executive Directors. The Audit Committee has the primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to the Group's accounting and internal controls. The Audit Committee meets at least three times a year.

Mark Cropper is the Chair of the Nomination Committee which also comprises the other Non-Executive Directors. The Nomination Committee will identify and nominate, for approval by the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee will meet as and when required. During the year, The Nomination Committee completed a search for a new Non-Executive Director resulting in the appointment of Lyndsey Scott on 1 August 2019.

Lyndsey Scott is the Chair of the Remuneration Committee which also comprises the other Non-Executive Directors. The Remuneration Committee reviews the performance of the Executive Directors and determines their terms and conditions of service, including their remuneration and the grant of options. The Remuneration Committee will meet at least twice a year.

Isabelle Maddock is the Chair of the Pension Committee which also comprises Mark Cropper, Jim Sharp and Patrick Willink. The Pension Committee has the primary responsibility for reviewing and approving the objectives of the James Cropper Plc Pension Schemes on all material matters of importance. It monitors performance of the Schemes and considers recommendations and reports from management in relation to policy and strategy concerning pensions and investment matters. The Pension Committee meets as and when required throughout the year.

Board and Committee Meetings

The Board holds six Board meetings throughout the year, scheduled to coincide with the internal financial reporting timetable of the Company and key events including interim and final results, and the AGM.

Specific strategic topics are reviewed at every Board meeting, in addition to two strategy days also held during the year. The Board's responsibilities are discharged with reviews of monthly reports from the Executive Committee including conference calls with the Chief Executive and Chief Financial Officer with further ad hoc meetings held as and when required.

Board Meetings (6)	Meetings attended
Mark Cropper	6
Phil Wild	5
Steve Adams	6
Isabelle Maddock	6
Martin Thompson	6
Dave Watson	6
Patrick Willink	6
Andrew Hosty	6
Jim Sharp	6
Lyndsey Scott	4

Board members are supplied with financial and operational information in good time for review in advance of meetings both via an electronic portal and in hard copy.

All Directors have access to the advice and services of the Company Secretary. The Board approves the appointment and removal of the Company Secretary. The Non-Executive Directors are able to contact the Executive Directors, Company Secretary or Senior Managers at any time for further information.

EFFECTIVENESS

Board Composition

A strong feature of the Board's effectiveness in delivering the strategy is our inclusive and open style of management and a free flow of information between the Executive and Non-Executive Directors.

The size of our Board encourages individuals to discuss matters openly and freely and to make a personal contribution through the exercise of their personal skills and experience. No individual or group of individuals dominate the Board's decision making process.

All Directors communicate with each other on a regular basis and contact with senior executives within the Group is sought and encouraged.

Diversity

Vacancies on the Board are filled following a rigorous evaluation of candidates who possess the required balance of skills, knowledge and experience, using recruitment consultants where appropriate. The process for the appointment of Non-Executive Directors is managed by the Nomination Committee.

The Company recognises the importance of diversity at Board level and the Board comprises individuals with a wide range of skills and experience from a variety of business backgrounds. Our current female representation on the Board is 20%.

Appointment of Non-Executive Directors

Non-Executive Directors are appointed to the Board following a formal, rigorous and transparent process, involving external recruitment agencies, to select individuals who have a depth and breadth of relevant experience, thus ensuring that the selected candidates will be capable of making an effective and relevant contribution to the Board. The process for the appointment of Non-Executive Directors is managed by the Nomination Committee.

Terms of appointment and time commitment

All Non-Executive Directors are employed on contracts of one month's notice by either side. All Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties. Directors are expected to attend all Board meetings and committee meetings of which they are members and any additional meetings as required.

Induction and professional development

New Directors are given a formal induction process including details of how the Board and Committees operate, meetings with Senior Management and information on Group strategy, products and performance.

Training and development needs of Directors are reviewed regularly. The Directors are kept appraised of developments in legal, regulatory and financial matters affecting the Group from the Company Secretary, the Chief Executive, the Chief Financial Officer and the Group's external auditors and advisers.

Professional advice

All Directors have access to the advice and services of the Company Secretary. The Board has also established a formal procedure whereby Directors, wishing to do so in the furtherance of their duties, may take independent professional advice, if necessary, at the Group's expense.

All Directors are aware of their responsibility to regularly update their skills and knowledge.

Board and Committee evaluation

The performance evaluation of the Board, its Committees and Directors is undertaken by the Chairman annually and implemented in collaboration with the Committee Chairs.

During the year a comprehensive Board effectiveness evaluation was undertaken. The evaluation process commenced with the completion of a questionnaire for each separate review, compilation of a summary of the results and feedback obtained followed by discussion between the participants. The Board recognises that evaluation of its performance is important in enabling it to realise its maximum potential.

The process gives the Directors the opportunity to identify areas for improvement both jointly and individually through the use of questionnaires and open discussion.

Election and re-election of Directors

At each Annual General meeting the shareholders shall vote on resolutions to both elect any Director who has been appointed since the last Annual General Meeting and also re-elect any Director who has not been appointed, elected or re-elected at one of the two previous Annual General Meetings.

Any Non-Executive Directors with service greater than nine years are subject to re-election at each Annual General Meeting.

Risk Management

The Group's corporate objective is to maximise long-term shareholder value. In doing so, the Directors recognise that creating value is a reward for taking and accepting risk. The Directors consider risk management to be crucial to the Group's success and give a high priority to ensuring that adequate systems are in place to evaluate and limit risk exposure.

Internal Control

The Board are responsible for the Group's system of internal control and for reviewing its effectiveness. In the context of the Group's business any such system can only reasonably be expected to manage rather than eliminate risks arising from its operations. It can therefore only provide reasonable and not absolute assurance against material loss or misstatement.

Going Concern

In carrying out their duties in respect of going concern, the Directors carry out a review of the Group's financial position and cash flow forecasts for the foreseeable future. These are based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the current economic environment. For further details on Going Concern and the possible impact of the Covid-19 pandemic, please refer to the CEO Review (pages 08 to 12) and the CFO Review (pages 13 to 17)

Relations with shareholders

The Board appreciates that effective communication with the Company's shareholders and the investment community as a whole is a key objective. The Chairman's Statement, the Chief Executive's Statement and the Strategic Report and Financial Review, together with the information in the Annual Report of the Group, provide a detailed review of the business. The Executive Directors have overall responsibility for ensuring effective communication and the Company maintains a regular dialogue with its shareholders, mainly in the periods following the announcement of the interim and final results, but also at other times during the year. The Board encourages the participation of shareholders at its Annual General Meeting, notice of which can be found on the Company's website. The Company's website 'www.jamescropper.com' is regularly updated and provides additional information on the Group. Notification of the Annual General Meeting will be circulated to shareholders three weeks before the date of the meeting. Feedback from the shareholders attending the Annual General Meeting and attendees at presentations to major shareholders and potential investors are discussed by the Board.

Andrew Hosty is the Senior Independent Non-Executive Director

Annual General Meeting

At every AGM, Directors provide updates on the progress of the business and insights into different areas of the business, and allows the opportunity for questions on this or any of the resolutions before the meeting. The Company proposes separate resolution for each issue and specifically relating to the Reports and Accounts. The Company ensures all proxy votes are counted and indicates the level of proxies on each resolution along with the abstentions after it has been dealt with on a show of hands.

After the meeting, shareholders have the opportunity to talk informally to the Board and raise any further questions or issues they may have.

Due to the impact of the Covid-19 pandemic and the social distancing guidelines, the AGM this year will be held behind closed doors with the minimum number of Directors as stipulated in the Company's Articles, attending in person. The rest of the Board will attend using social media. In view of this, the Board encourages all shareholders to use their proxy cards to vote on the resolutions proposed at the AGM. In addition, the Board will be encouraging shareholders who may have any questions that they had intended to raise at the AGM to either write in to the Company Secretary or send their questions by email. The Company will be setting up a designated email address for such questions details of which will be provided in the Notice of the AGM.

Jim Aldridge, Company Secretary

22 June 2020

REPORT OF THE AUDIT COMMITTEE

"I AM PLEASED TO INTRODUCE THE AUDIT COMMITTEE REPORT FOR THE PERIOD ENDED 28 MARCH 2020. IN THESE UNPRECEDENTED TIMES, THE AUDIT COMMITTEE HAS BEEN REVIEWING THE ADDITIONAL CHALLENGES ON THE BUSINESS OF THE COVID-19 PANDEMIC AND MONITORING THE ACTIONS TAKEN BY THE EXECUTIVE DIRECTORS TO ENSURE THAT THE BUSINESS EMERGES OUT OF THE PANDEMIC AS A STRONGER GROUP AND BACK ON TRACK WITH ITS PLANS FOR GROWTH."

The Audit Committee provides independent scrutiny and challenge to ensure that the Group always presents a true and fair view of its performance, focusing on the accuracy, integrity and communication of financial reporting.

Composition

The Committee comprises the four Non-Executive Directors. Two of the members have been on the Committee for over nine years. David Wilks resigned as a Non-Executive Director and a member of the Committee on 31 July 2019. Lyndsey Scott was appointed as a Non-Executive Director on 1 August 2019 and joined the Committee with effect from that date. All Committee members have relevant knowledge both of the sectors in which the Group operates and of the Group itself, and are considered to have appropriate knowledge and understanding of financial matters. The Committee is regularly supported by the Chief Executive, Chief Financial Officer and Company Secretary. This composition allows the Committee to maintain appropriate levels of objectivity and independence when providing assurance over the Group's systems, operations and financial probity

Role of the Committee

The Committee operates under formal terms of reference. The Committee's agenda included the regular matters reserved for its review during the annual financial reporting cycle which has ensured it has appropriately discharged its responsibilities during the year, having operated in compliance with relevant legal, regulatory and other responsibilities.

Auditors

BDO were appointed as auditors by the Board in December 2018, following a recommendation by the Audit Committee after a comprehensive tender process, and subsequently reappointed by shareholders at the Annual General Meeting in June 2019.

External audit

The Committee is responsible for overseeing relations with the external auditor, including the approval of their terms of engagement and makes recommendations to the Board on their remuneration and appointment and, where appropriate, reappointment based on reviews of audit effectiveness.

The Committee meets with the Auditor every year to review and agree the audit plan. In addition, the Auditor reports back to the Audit Committee on the outcome and findings following each audit.

The Committee continues to provide independent and robust challenge to management and our auditors to ensure there are effective and high quality controls in place and appropriate judgements made.

Principal risks

The principal risks were reviewed during the year and are constantly considered by the Board throughout the year. Our principal risks can be found on pages 21 to 25 in the Strategic Report section of the Annual Report. We continue to develop our cultural people-driven approach to risk management, which we believe encourages focus on prevention rather than reaction to risks arising.

The committee have the right mix of skills and experience to provide constructive challenge and support to management. We consider relevant corporate governance requirements and give considerable focus to the Group's risk management framework and processes.

Jim Sharp, Chair to the Audit Committee

22 June 2020

REPORT OF THE REMUNERATION COMMITTEE

"I AM PLEASED TO INTRODUCE THE DIRECTORS' REMUNERATION REPORT FOR THE PERIOD ENDED 28 MARCH 2020. THIS REPORT INCLUDES MY STATEMENT, THE ANNUAL REMUNERATION REPORT AND SETS OUT OUR FORWARD – LOOKING DIRECTORS' REMUNERATION POLICY."

I am very pleased to present my first Report of the Remuneration Committee following my appointment as a Non-Executive Director and Chair of this Committee in April. Following a year of success and recovery from the impact of pulp pricing over the last two years, we now find ourselves in unprecedented times.

The Remuneration Committee has been very impressed with the dedication and planning of the Executive team as the global pandemic started to impact the business, with the primary focus on the health and wellbeing of our employees, followed by plans to preserve cash and continue the growth of the business.

Our directors' remuneration policy

We have adopted a remuneration policy designed to attract and retain individuals with the talent, experience and leadership skills required to enable us to achieve our strategic objectives.

We believe that this, in turn, will help stimulate sustainable value creation over the long term.

Our policy is set out in the following pages, with a summary of key principles provided below:

- Fixed levels of remuneration are set at an appropriate level for each individual. In setting these levels, the Remuneration Committee takes into account the levels of fixed remuneration for similar positions with comparable status, responsibility and skills. This will ensure that we can attract and retain the right individuals needed to grow the Group.
- Recognising our strategic objectives and the need to deliver progressive returns for our shareholders, the Executive Directors are eligible to participate in an Annual Bonus Scheme and a Long Term Incentive Plan (LTIP).

Business context and Remuneration Committee decisions on remuneration

It is our intention that the remuneration policy reflects and is aligned with the Group's long-term strategy and supports the achievement of the strategic objectives.

The remainder of this report is split into the following two sections:

- Annual Report on Remuneration providing details of the payments made to Directors in the period ended 28 March 2020.
- Directors' Remuneration Policy setting out the Group's forward looking remuneration policy.

Lyndsey Scott, Chair of the Remuneration Committee

22 June 2020

Annual Remuneration Report for 2020

Remuneration Committee

The Remuneration Committee comprises the following members:

- Lyndsey Scott
- Mark Cropper
- Jim Sharp
- Dr Andrew Hosty

The Remuneration Committee has responsibility for setting the remuneration policy for all Executive Directors and the Chairman of the Board, including pension rights and any compensation payments.

This includes reviewing the performance of the Executive Directors and determining their terms and conditions of service, their remuneration and the grant of any options, having due regard to the interests of the shareholders.

The remuneration of senior management is discussed by the Chairman of the Remuneration Committee and the Chief Executive and their recommendations endorsed by the Remuneration Committee.

No Director can take part in the decision of their own salary or rewards.

In setting the remuneration policy, the Remuneration Committee takes into account the objective to attract, retain and motivate executive management of the calibre required to run the Group successfully.

Our remuneration policy is closely aligned with our long term strategic goals and our approach to risk management.

The Remuneration Committee also recognises that a significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long-term success of the Group.

The Remuneration Committee meets at least twice a year and otherwise as required.

Remuneration policy

The Remuneration Committee will periodically review the policy to confirm that our remuneration framework continues to support the delivery of our business objectives.

In developing this policy, the Remuneration Committee takes into account the best interests of the business and the agreed terms and conditions of employment for each Director of the Group.

Our overall remuneration philosophy aims:

- To recognise the importance of ensuring that employees of the Group are effectively and appropriately rewarded.
- To operate a remuneration policy that is a mix of fixed and variable pay. Variable pay is both short term and long term.
- To align Directors' interests with those of the Group.
- To have a pay for performance approach.
- To provide a market competitive level of remuneration to enable the Group to attract and retain high level individuals, to support the ongoing success of the Group.

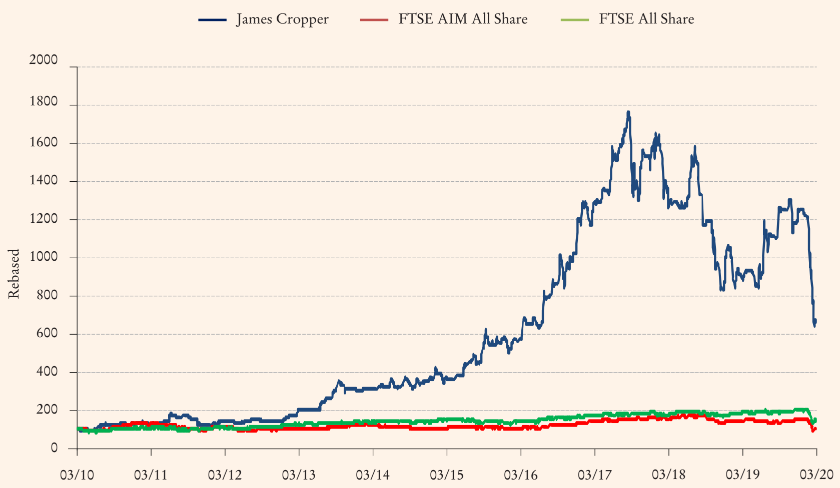
Service Contracts

Director	Notice Period
M A J Cropper (Chairman)	12 months
P I Wild	6 months
S A Adams	6 months
I M Maddock	6 months
M Thompson	12 months
K D Watson	6 months
P J Willink	12 months

Non-Executive Directors are employed on contracts of one month's notice by either side.

Comparison of Five Year Cumulative Total Shareholder Return (TSR)

To enable shareholders to assess the Company's performance against the London Stock Exchange, the cumulative TSR for the period ended 28 March 2020 is shown in the graph below. The FTSE All Share is deemed to be the most appropriate comparison in terms of performance. TSR is the total return to shareholders in terms of capital growth and dividends reinvested.



Details of Directors' Remuneration

£'000	Salary and Fees 2020	Salary and Fees 2019	Benefits 2020	Benefits 2019	Annual Bonus 2020	Annual Bonus 2019	Pension Costs 2020	Pension Costs 2019	Total 2020	Total 2019
Executive										
M A J Cropper	80	78	11	10	-	-	5	5	96	93
P I Wild	204	198	40	39	45	-	10	10	299	247
S A Adams	161	157	22	21	42	-	10	10	235	188
I M Maddock	161	157	22	21	35	-	10	9	228	187
M Thompson	161	157	22	21	13	21	10	9	206	208
K D Watson	161	157	22	21	35	-	10	6	228	184
P J Willink	135	132	22	21	30	-	16	16	203	169
Non-Executive										
Dr A Hosty	31	17	-	-	-	-	-	-	31	17
J E Sharp	36	35	-	-	-	-	-	-	36	35
L J Scott (appointed 1 August 2019)	21	-	-	-	-	-	-	-	21	-
D R Wilks (resigned 31 July 2019)	13	35	-	-	-	-	-	-	13	35
	1,164	1,123	161	154	200	21	71	65	1,596	1,363

Long Term Incentive Plan

Under the Plan, awards to acquire ordinary shares in the Company can be made to Executive Directors and employees of the Company and its subsidiaries selected by the Remuneration Committee.

Awards made during the financial period to 28 March 2020 under the Plan to Executive Directors were as follows:

All figures in £'000	Options at 30 March 2019	Options granted in period	Mid-market price (£) of options granted	Options exercised in period	Options not expected to vest	Options lapsed in period	Options at 28 March 2020
P I Wild	18,101	13,286	£11.208	-	(9,530)	(8,571)	13,286
S A Adams	9,527	6,993	£11.208	-	(5,016)	(4,511)	6,933
I M Maddock	8,475	6,993	£11.208	-	(5,016)	(3,459)	6,933
M Thompson	8,926	6,993	£11.208	-	(5,016)	(3,910)	6,933
K D Watson	8,926	6,993	£11.208	-	(5,016)	(3,910)	6,933

Cash-settled options under the LTIP

Conditional cash awards ("Cash Awards") grant participating employees a conditional right to be paid a cash amount based on the proceeds of the sale of a specified number of Ordinary Shares following vesting of the award. Under the LTIP Plan, Conditional Cash awards were granted to the following Executive Directors:

All figures in £'000	Options at 30 March 2019	Options granted in period	Mid-market price (£) of options granted	Options exercised in period	Options not expected to vest	Options lapsed in period	Options at 28 March 2020
M A J Cropper	4,583	3,364	£11.208	-	(2,413)	(2,170)	3,364
P J Willink	7,675	5,877	£11.208	-	(4,216)	(3,459)	5,877

PURPOSE AND LINK TO STRATEGY	OPERATION
Base Salary	
To reflect market value of the role and individual's performance and contribution and enable the Group to recruit and retain directors of sufficient calibre required to support achievement of both short and long-term goals.	The salary of each Executive Director will be reviewed annually by the Remuneration Committee without any obligation to increase such salary. Base salaries are benchmarked against companies of a comparable size with a targeted approach of median positioning against the market, subject to satisfactory performance. There may be reviews and changes to base salary during the year if considered appropriate by the Remuneration Committee. The Remuneration Committee will take account of relevant comparator group data as well as pay increases awarded to other employees within the Company.
Non-Executive Directors' Salaries	
To attract and retain the right individuals required to support the achievement of both short and long-term goals.	Salaries for Non-Executive Directors are based on market practice and are reviewed by the Board each year. The maximum aggregate amount of salaries that the Company may pay to all the Directors who do not hold executive office for their services is £200,000 per annum, or such larger amount as the Company may by ordinary resolution decide.
Benefits	
To attract and retain the right individuals and level of talent required to support achievement of both short and long term goals.	Each Executive Director is awarded a benefit allowance which allows individuals to select from a range of personal benefits including, but not limited to, private medical insurance and a company car. Any unused monetary sum is paid to the individual at the end of the tax year via the PAYE system. The benefit allowance is reviewed periodically by the Remuneration Committee.
Pension	
To attract and retain the right individuals and level of talent required to support achievement of both short and long term goals.	The Chief Executive and the Chairman are members of the Company's defined contribution scheme. Other Executive Directors are either members of the Company's defined benefit scheme or the Company's defined contribution scheme. Director pension arrangements are in line with the pension arrangements for the general workforce, depending on what pension scheme they are a member of. Non-Executive Directors are not in any of the Company pension schemes. The annual cost borne by the Company is shown in the Directors' Remuneration table.
Annual Executive Bonus Plan	
To reward the delivery of the Group's annual financial and strategic goals.	The annual bonus award will depend on the level of performance delivered against specific targets measured against three categories: • Up to 10% of base salary on achieving budgeted earnings; • Up to 10% of base salary for year on year improvement in earnings. • Up to 5% of base salary on achieving working capital targets. The Executive Directors are eligible to participate in the Employee Group Bonus Scheme, with any award made under this scheme deducted from the award made under the Annual Executive Bonus Plan. The Annual Executive Bonus Plan is reviewed periodically by the Remuneration Committee.

Long Term Incentive Plan (LTIP)	
To incentivise the delivery of key performance measures over the long term. To retain key executives and increase their share ownership in the Company, aligning their interests with those of shareholders.	Under the plan, awards to acquire ordinary shares in the Company, or cash equivalent, can be made to Executive Directors and other employees within the Group, as selected by the Remuneration Committee. The number of options that can be awarded to any participant in a financial year under the Plan, determined by reference to the Company's 20 day average mid-market share price at the time of the award, is limited to a maximum of 75% of the participant's base salary. The LTIP awards are subject to the achievement of certain performance conditions as set out below.

CONDITIONS FOR LTIP AWARDS

Earnings per share conditions

- Awards will vest in full on the third anniversary of the granting of the award, provided the growth in the Company's earnings per share, adjusted for IFRS pension adjustments and exceptional items over that period, exceeds the increase in the retail price index ("RPI") plus 20% per annum;
- Awards will vest proportionally between 25% and 100% on the third anniversary of the granting of the award, provided the adjusted earnings per share over that period equate to or exceed the increase in RPI plus 6% but less than 20% per annum;
- Awards will lapse on the third anniversary of the granting of the award if the growth in the Company's adjusted earnings per share does not equate to at least the increase in RPI plus 6% per annum.

EBITDA

For the purposes of the LTIP award, EBITDA is defined as:

Operating Profit before interest, tax, depreciation and amortisation and excluding IFRS pension adjustments and exceptional items.

COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

PRINCIPLE	COMPLIANCE
1. Establish a strategy and business model which promote long-term value for shareholders	• The Group strategy is set out on pages 4 to 25 in the Strategic Report section of our Annual Report. • The Executive Committee hold quarterly away days to focus on the Group's rolling strategic plan. • The Board holds two strategy days each year. • The strategy is communicated to all employees at half yearly employee briefings.
2. Seek to understand and meet shareholder needs and expectations	• Investor roadshow meetings are undertaken at least twice per year following the preliminary and interim announcements. • Shareholders are invited to the AGM held in Burneside where all Board members interact with our shareholders on a one to one basis and take questions as they arise. • Shareholder feedback is received from our Nomads and all shareholder feedback is discussed at Board meetings. • Further reading:- Section 172(1) statement on pages 26 -27 of the Annual Report.
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	**Employees** • Regular meetings take place with employees to share strategy, keep employees updated and seek feedback. • The Company conducts a biennial employee survey with the latest level of engagement (2019) at 68%. **Customers** • Communications with our customers is fundamental to our success. The Group engages in continuous communications with our customers to understand their needs, share our plans, and nurture the collaborative partnership. **Suppliers** • Our collaborative attitude allows us to claim a 100 year partnership with a supplier and at the same time build new partnerships with new suppliers. **Community** • The Company has very close links with the local community built on our 175 year presence at Burneside. The Group supports local organisations through its community support team with donations this year amounting to £21,000. **Environment** • We are proud to introduce initiatives such as Colourform™ and Cupcycling™, recycling coffee cups or promoting the use of pulp based packaging rather than plastic. From efficient water usage to use of solar energy, sustainability and environmental protection are key to our future. • Further reading – Section 172 (1) statement on pages 26-27 of the Annual Report.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	• The Group significant risks are reviewed throughout the year. • Risk is a fixed item agenda for the Executive Committee meetings. • The significant risks are disclosed in the Strategic Report within the Annual report on pages 21 to 25
5. Maintain the Board as a well-functioning, balanced team led by the Chair	• The Board is led by our Non-executive Chairman, Mark Cropper. • The Board comprises four Non-Executive Directors and six Executive Directors. • The members of the Board maintain the appropriate balance of experience, independence and knowledge of the Company. • Details of the composition, operation and responsibilities, together with details of the Sub-Committees can be found in the Governance section of the Annual Report on pages 50 to 64.
6. Ensure that between them the Directors have the necessary up-to date experience, skills and capabilities	• The current Board has significant sector, financial and plc experience. • Between them, the Executive Directors have many years of broad experience in the nonwoven fibre manufacturing industry. • With the support of our NOMAD and advisors, the Board training and development needs are maintained. • Biographies on all Directors are shown on pages 50 to 51 of the Annual Report.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	• A comprehensive board evaluation is undertaken annually commencing with a questionnaire, compilation of a summary of results and feedback at a board meeting. The results are discussed and actions taken to improve in areas where required. • The process gives the Directors the opportunity to identify areas for improvement both jointly and individually through the use of questionnaires and open discussion. • The Remuneration Committee evaluates Executive Director performance alongside remuneration and reward. • With regards to financial performance, the Audit Committee meets with the Auditors to plan the year-end audit, followed up by a meeting to review the results of the audit. • Training and development needs of Directors are reviewed regularly.
8. Promote a corporate culture that is based on ethical values and behaviours	• Our values and culture are embodied in the Group's management behaviour, our recruitment and employee development processes. • Our values and behaviours help us ensure we provide a safe, rewarding and interesting place to work as well as an environment that attracts new talent. • Our values can be found on page 39 of the Annual Report.
9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	• The Board meets six times per year plus a further two strategy days. • The Group has robust internal controls, delegated authorities and authorisation processes. • The controls are subject to review both internally and externally by our Auditors. • A culture of continuous improvement is encouraged. • The Group website describes the roles and terms of reference for the Committees. • Continuous improvement can be found on page 52 of the Annual Report.
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	• Communications with shareholders are explained in Principle 2 above. • In addition to the interim and full year investor roadshows, meetings with our NOMADS, prospective investors and other stakeholders arise during the year. • The work of the subcommittees is described in the Governance section of the Annual report on pages 50 to 64. • The website includes historical announcements, copies of the Annual and Interim reports and copies of any presentations made.

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements of James Cropper Group for the 52 weeks ended 28 March 2020.

Principal activities

The principal activity of the Group comprises the manufacture of specialist paper and advanced materials. There have not been any significant changes in the Group's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next year.

Review of business and future developments

The Chairman's Statement on pages 06 to 07, the Strategic Report on pages 04 to 25 and the Chief Financial Officer's Review on pages 13 to 17, report on the performance of the Group for the period ended 28 March 2020 and its prospects for the future.

The Chairman's Statement, the Strategic Report and this report have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

The Board

The Directors who served during the year under review were:

Mark Cropper • Phil Wild • Steve Adams
Isabelle Maddock • Martin Thompson
Dave Watson • Patrick Willink
Dr Andrew Hosty • Jim Sharp
David Wilks (Resigned 31 July 2019)
Lyndsey Scott (appointed 1 August 2019)

Details of the Director's remuneration are shown in the Report of the Remuneration Committee on pages 57 to 61. Details of the Directors' interests in the share capital of the Company are set out below.
The biographies of the Directors as at the date of this report are on pages 50 to 51.

Results and dividends

The results for the period are shown in the Statement of Comprehensive Income on page 71.

An interim dividend of 2.5p per ordinary share was paid on 10 January 2020.
The Directors are not recommending a final dividend for the year, making the total dividend for the year 2.5p (2019: 13.5p) per share. Full details of dividends in respect of the year ended 28 March 2020 are given in note 7 of the financial statements.

Corporate governance

A report on Corporate Governance is set out on pages 50 to 64,and forms part of this report by reference.

Health & Safety

The Group is committed to providing a safe working environment for all employees. Group policies are reviewed regularly to ensure that policies relating to training, risk assessment and accident management are appropriate. Health & safety issues are reported at each Board meeting and Executive Committee meeting.

Charitable and political donations

It is the Group's policy not to make any donations to, or incur expenditure on behalf of political parties, other political organisations or independent election candidates and the Board does not intend to change this policy.

Donations totalling £21,000 (2019:£21,000) were made for various local charitable purposes.

Engagement with key stakeholders

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Company's statement on engagement with, and having due regard to, the interests of key stakeholders is contained within the Section 172(1) statement in the Strategic Report on pages 26 to 27 (also known as the Section 172 statement). The section 172 statement also summarises how the directors have had regard to the need to foster the Group's business relationships.

Employee involvement and policy regarding disabled persons

The Group's employees are its most important asset. The Group operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate in any way.

Regular consultative meetings are held with the trade union representatives to advise them on all aspects of Group developments. Communications with all employees continues through monthly and bi-annual briefings on performance, safety and any other relevant developments.
It is the Group's policy to give equal opportunity when considering applications from disabled persons where the job requirements are considered to be within their ability. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as practicable, be identical to that of a person who does not suffer from a disability.
Further information can be found in the section 172 (1) statement on pages 26 to 27.

Environmental policy

James Cropper Group recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Group's impact on the environment include safe disposal of waste, recycling and reducing energy consumption. Further details can be found in the sustainability report on pages 40 to 42 and the streamlined energy carbon report on page 43.

Share capital

Full details of the authorised and issued share capital of the Company are set out in note 21 to the consolidated financial statements.

Authority to allot shares

A resolution will be proposed to renew an existing authority which expires at the Annual General Meeting to give the Directors authority to exercise the powers of the Company to allot unissued shares.

Directors power to disapply pre-emption rights

A resolution will be proposed at the Annual General Meeting which disapplies statutory pre-emption rights on the allotment of shares by empowering the Directors to allot shares for cash without offering them to existing shareholders first.

Going Concern

The Chairman's Statement and the Chief Executive's Statement on pages 06 to 12, outline the business activities of the Group along with the factors which may affect its future development and performance.
The Chief Financial Officer's Review (pages 13 to 17) discusses the Group's financial position, along with details of its cash flow and liquidity. Note 18 to the financial statements sets out the Group's financial risks and the management of those risks.

Having prepared management forecasts and made appropriate enquiries, the Directors are satisfied that the Group has adequate resources for the foreseeable future. Accordingly, they have continued to adopt the going concern basis in preparing the Group and Company financial statements.

Disclosure of information to the Auditor

BDO LLP has expressed its willingness to continue in office. Its appointment and authority for the Directors to agree its remuneration will be proposed at the Annual General Meeting. Each of the Directors as at the date of approval of this Annual report confirms 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 steps he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Annual General Meeting

Notice of Annual General Meeting, which sets out the resolutions to be proposed at the forthcoming Annual General Meeting will be posted to shareholders at least three weeks before the date of the AGM.

Due to the social distancing measures imposed during the Covid-19 pandemic, the meeting will be held behind closed doors with the minimum level of attendees physically present at the Burneside site on Wednesday 29 July 2020 at 11am.

Substantial Interests

Shareholdings in excess of 3% of the issued capital at 30 May 2020 were as follows: -

Name of Shareholding	Number of Shares	% holding	Note
Cropper Family - *Beneficial and Non Beneficial Interests*	3,068,273	32.1	
Willink Family – *Beneficial and Non Beneficial Interests*	521,583	5.5	
Acland Family – *Beneficial Interests*	52,386	0.6	
Total	3,642,242	38.1	1
Liontrust Asset Management Ltd	1,076,850	11.3	
Unicorn Asset Management Ltd	320,000	3.4	

1. The Cropper, Willink and Acland families are related and are deemed to be acting in concert with a total holding of 38.1% in the Company.

Details of Directors' Interests

The interests in the shares of the Company of those Directors serving at 28 March 2020 were as follows:

Any material related party transactions between the Directors and the Company are set out in note 25 to the consolidated financial statements. Further information relating to the interests of the Directors regarding options on ordinary shares is given in the Report of the Remuneration Committee on page 57. Non-beneficial interests include shares held jointly as trustee with other Directors.

Approved by the Board of Directors on 22 June 2020 and were signed on its behalf by

Mark Cropper, Chairman

		At 28 March 2020		At 30 March 2019	
	Ordinary	Ordinary Shares[1]	Options on Ordinary Shares	Ordinary Shares	Options on Shares
Director	**Interest**				
M A J Cropper	Beneficial	1,834,802	-	1,787,688	-
	Non-beneficial	559,571	-	559,571	-
P I Wild	Beneficial	25,572	13,286	17,497	18,101
S A Adams	Beneficial	1,099	6,993	1,099	9,527
I M Maddock	Beneficial	12,241	6,993	16,261	8,475
M Thompson	Beneficial	31,127	6,993	29,927	8,926
K D Watson	Beneficial	7,538	6,993	7,538	8,926
P J Willink	Beneficial	58,079	-	58,079	-
	Non-beneficial	69,434	-	1,447,558	-
Dr A Hosty	Beneficial	500	-	500	-
	Non-beneficial	64,951	-	64,951	-
J E Sharp	Beneficial	11,380	-	11,380	-
	Non-beneficial	64,951	-	75,328	-
L J Scott	Beneficial	500	-	-	-
	Non-beneficial	64,951	-	-	-

1 Options on Ordinary Shares as at 28 March 2020 exclude the LTIPs options granted in August 2018 and not expected to be vested.

CONTENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU).

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 their profit or loss of the Group for that period.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 they have been prepared in accordance with IFRSs as adopted by the EU, subject to any material departures 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 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 ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES CROPPER PLC

Opinion

We have audited the financial statements of James Cropper PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 28 March 2020 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial position, the Group and Company Statement of Cash Flows, the Group and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 March 2020 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 and the Parent Company 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 as applied to listed entities, 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Going Concern	
The outbreak of Covid-19 has resulted in uncertainty in the economy and difficulty in accurately forecasting the performance of the Group going forwards. Management considered implications for the Group's going concern assessment and the disclosure in the Annual Report and accounts, by developing stress test scenarios to model potential impacts and consider compliance with covenants in place. Following this revised assessment by management, covenants were reset in line with a Covid-19 set of forecasts. Management are required to make significant estimates and judgements when preparing such forecasts. A small change in the assumptions used may have a significant impact on the cash flows of the Group and the ability to meet these covenants. The disclosures on going concern at page 17 in the financial statements indicate the view of the directors on the use of the going concern basis, and key assumptions used in arriving at this conclusion.	We discussed the potential impact of Covid-19 with management and the Audit Committee including their assessment of risks and uncertainties associated with areas such as the Group's workforce, supply chain and order levels that are relevant to the Group's business model and operations. We formed our own assessment of risks and uncertainties based on our understanding of the business and the sector. We challenged management's stress test scenarios including levers available to management to mitigate the impacts. Based on the information available at the time of the directors' approval of the financial statements and us signing our audit opinion, we consider the scenarios to be reasonable whilst noting the impact of Coronavirus on future sales, operational capacity and covenant compliance is difficult to quantify. We challenged management on the key assumptions included in the scenarios and confirmed management's mitigating actions are within their control. We evaluated management's plans for future actions including their alternative options if the virus continues to impact trade for longer than anticipated. These measures include potential cost savings to further improve the level of EBITDA if required to meet key covenants. We assessed the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation.

KEY AUDIT MATTER	HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Defined Benefit Pension Scheme Valuations	
As described in Note 1 (accounting policies) and 19 (retirement benefits), the Group has two defined benefit pension plans in the UK; the staff scheme and the works scheme. At 28 March 2020, the Group recorded a net retirement obligation of £9.4m (2019: £22.6m), comprising scheme assets of £113.9m (2019: £110m) and scheme liabilities of £121.4m (2019: £132.6m). The staff scheme is in an asset position at the year-end which has not been recognised. The pension valuation is dependent on market conditions and key assumptions made with input from the actuary, in particular relating to investment markets, discount rate, inflation expectations and life expectancy assumptions. The setting of these assumptions is complex and requires the exercise of significant management judgment with the support of third party actuaries. A small change in the assumptions and estimates used to calculate the Group's pension obligation could have a significant effect on the Group's net pension deficit. As such, the valuation of defined benefit pension scheme is considered a key audit matter.	We assessed the appropriateness of the assumptions underpinning the valuation of the scheme liabilities. Specifically we challenged the discount rate, inflation and mortality assumptions applied in the calculation by using an internal pension specialists to benchmark the assumptions applied against comparable third party data and assessed the appropriateness of the assumptions in the context of the Group's own position. In addition we tested the membership data utilised in the valuation of the scheme to source data, traced cash flow amounts to bank statements and obtained third party confirmation of the valuation of the pension assets from the investment managers. We considered the appropriateness of recognising an asset ceiling on the staff scheme, by reference to the employer's rights to surplus assets of the scheme. We also assessed the completeness and accuracy of the disclosures within the financial statements in accordance with the accounting standards. **Key observations** As a result of our testing we were satisfied that assumptions applied in relation to determining the pension valuation were within an acceptable range.

KEY AUDIT MATTER	HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Revenue recognition	
Revenue recognition involves significant judgements and estimates to be made by management including consideration of whether contracts contain multiple performance obligations which should be accounted for separately, and the most appropriate method for recognition of revenue for identified performance obligations. In accordance with IFRS 15, revenue should only be recognised when the performance obligations associated with it have been met, for example when the delivery terms have been satisfied. Cut off is therefore a key consideration. It can also include an assessment of multi-element contracts and consideration of whether performance obligations are satisfied at a point in time or over time. This is discussed further at Note 1a to the financial statements. The key judgements therefore include consideration of the point in time when transfer of control has occurred for products sold by Paper, TFP and 3DP divisions, and assessing the degree of completion of the 3DP tooling manufacturing contracts, which occur over a period of time. Key areas of judgements are discussed further in Note 1z to the financial statements. Revenue recognition is regarded as a key audit matter as it requires a significant level of judgement to be applied by management.	We utilised data analytics procedures to perform matching between sales orders, goods despatched and sales invoices on a population-wide basis for 3 of the 5 significant components. A sample of items where exceptions were identified as a result of the data analytics was tested substantively. For one component where data analytics could not be performed, a sample of amounts recognised in the financial statements was agreed to evidence of goods despatched to ensure control had passed to the customer. A sample of goods despatched was also agreed to being included as revenue within the financial statements. The remaining significant component had no significant revenue. In addition, our substantive audit procedures included a combination of the following: We considered whether the group's accounting policy was in line with requirements of IFRS 15. We tested a sample of orders to assess whether the method for recognition of revenue was appropriate,and consistent with IFRS 15 and the accounting policy, and had been applied consistently. We tested whether amounts recognised were accurate and recorded in the correct period based on the contractual performance obligations by agreeing a sample of individual transactions to good dispatched notes and sales orders around the year end. We considered if tooling revenue in the 3DP division had been recognised correctly over time with respect to the percentage of units fulfilled for each customer's orders. We also considered if the revenue deferred at year end was appropriate with respect the percentage of units yet to be fulfilled. **Key Observations** As a result of our testing we were satisfied management's judgements and estimates with respect to the recognition of revenue were in line with IFRS 15 and the group's accounting policy.

Our application of materiality

We consider materiality to be the magnitude by which misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	*£260,000 (2019: £165,000)*
Basis for materiality	*5% of Profit before tax (2019: 4.7% of Profit before tax)*
Rationale for benchmark adopted	*Pre-tax profit is determined to be a stable basis of assessing business performance and is considered to be the most significant determinant of performance used by shareholders.*

In considering individual account balances and classes of transactions we apply a lower level of materiality in order to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at £169,000 (2019: £107,000), representing 65% (2019: 65%) of materiality. The level reflects the aggregation risk of errors in the group.

Our audit work on each significant component was executed at levels of materiality applicable to each individual entity which was lower than group materiality. Component materiality ranged from £32,000 to £227,000 (2019: £23,000 to £127,000). Parent company materiality was £97,000 (2019: £71,000).

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £7,800 (2019: £5,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material in terms of their absolute monetary value or on qualitative grounds.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The Group manages its operations from one principal location in the UK as well as locations in the USA and China and has common financial systems, processes and controls covering all significant components. The audit of all significant components was performed by the Group audit team.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 16 (2019: 14) components of the Group, we determined that 5 (2019: 5) components represented the principal business units within the Group.

For these 5 significant components, we performed a full scope audit of the complete financial information. For the remaining components, we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the group financial statements, either because of the size of these accounts or their risk profile.

As a consequence of the audit scope determined, we achieved coverage of approximately 88% (2019: 85%) of revenue, 92% (2019: 97%) of absolute values of profit before tax and 89% (2019: 95%) of total assets. Our audit work on each component was executed at levels of materiality applicable to each individual entity which was lower than Group materiality.

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.

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 period 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 or 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 statement of Directors' responsibilities 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Wood (Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor

Manchester

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

James Cropper PLC
Group Statement of Comprehensive Income

	Note	52 week period to 28 March 2020 £'000	52 week period to 30 March 2019 £'000
Revenue	2	104,667	101,095
Provision for impairment		(308)	(101)
Other income		486	614
Changes in inventories of finished goods and work in progress		(1,330)	798
Raw materials and consumables used		(38,200)	(43,074)
Energy costs		(4,539)	(5,615)
Employee benefit costs	22	(30,388)	(28,183)
Depreciation and amortisation	4	(3,950)	(2,952)
Other expenses		(19,869)	(19,275)
Operating Profit	**2**	**6,569**	3,408
Interest payable and similar charges	3	(1,136)	(965)
Interest receivable and similar income	3	26	133
Profit before taxation	**4**	**5,459**	2,576
Tax expense	5	(630)	(262)
Profit for the period		**4,829**	2,314
Earnings per share - basic and diluted	6	50.6p	24.3p

Other comprehensive income

	Note	52 week period to 28 March 2020 £'000	52 week period to 30 March 2019 £'000
Profit for the period		**4,829**	2,314
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		181	(117)
Cash flow hedges – effective portion of changes in fair value		(295)	(29)
Items that will never be reclassified to profit or loss			
Retirement benefit liabilities – actuarial gains/(losses)	19	13,057	(3,258)
Deferred tax on actuarial (gains)/losses on retirement benefit liabilities	19	(2,481)	554
Other comprehensive income/(expense) for the year		10,462	(2,850)
Total comprehensive income/(expense) for the period attributable to equity holders of the Company		**15,291**	(536)

The accompanying notes form part of the financial statements

James Cropper PLC
Statement of Financial Position

	Note	Group as at 28 March 2020 £'000	Group as at 30 March 2019 £'000	Company as at 28 March 2020 £'000	Company as at 30 March 2019 £'000
Assets					
Intangible assets	8	495	365	366	106
Property, plant and equipment	9	31,882	27,639	1,925	1,906
Right-of-use assets	10	4,907	-	301	-
Investments in subsidiary undertakings	11	-	-	7,350	7,350
Deferred tax assets	20	1,921	2,234	1,934	3,840
Total non - current assets		39,205	30,238	11,876	13,202
Inventories	12	13,956	16,410	-	-
Trade and other receivables	13	19,363	19,234	51,455	49,323
Provision for impairment	13	(530)	(222)	(350)	-
Other financial assets	14	-	24	-	24
Cash and cash equivalents		8,964	2,352	6,658	-
Corporation tax		1,872	1,421	1,509	446
Total current assets		**43,625**	39,219	**59,272**	49,793
Total assets		**82,830**	69,457	**71,148**	62,995
Liabilities					
Trade and other payables	15	16,544	14,620	23,421	18,555
Other financial liabilities	16	275	-	275	-
Loans and borrowings	17	3,756	1,545	174	361
Total current liabilities		**20,575**	16,165	**23,870**	18,916
Long-term borrowings	17	16,263	9,368	7,983	4,004
Retirement benefit liabilities	19	9,382	22,648	9,382	22,648
Deferred tax liabilities	20	2,213	-	114	-
Total non-current liabilities		**27,858**	32,016	**17,479**	26,652
Total liabilities		**48,433**	48,181	**41,349**	45,568
Equity					
Share capital	21	2,389	2,389	2,389	2,389
Share premium		1,588	1,588	1,588	1,588
Translation reserve		584	403	-	-
Reserve for own shares		(1,251)	(1,251)	(1,251)	(1,251)
Retained earnings		31,087	18,147	27,073	14,701
Total shareholders' equity		**34,397**	21,276	**29,799**	17,427
Total equity and liabilities		**82,830**	69,457	**71,148**	62,995

The Parent Company reported a profit for the period ended 28 March 2020 of £3,416,000 (2019: £4,902,000).

The financial statements on pages 71 to 109 were approved by the Board of Directors on 22 June 2020 and were signed on its behalf by:

M A J Cropper
Chairman
Company Registration No: 30226

The accompanying notes form part of the financial statements

James Cropper PLC
Statement of Cash Flows

For the period ended 28 March 2020 (2019: for the period ended 30 March 2019)

	Note	Group 2020 £'000	Group 2019 £'000
Cash flows from operating activities			
Net profit		4,829	2,314
Adjustments for:			
Tax		630	262
Depreciation and amortisation		3,950	2,952
Net IAS 19 pension adjustments within SCI		1,215	1,386
Past service pension deficit payments		(1,424)	(1,468)
Foreign exchange differences		(74)	(312)
Loss / (profit) on disposal of property, plant and equipment		23	(12)
Net bank interest income & expense		566	300
Share based payments		(252)	(49)
Dividends received from subsidiary companies		-	-
Changes in working capital:			
Decrease / (increase) in inventories		2,475	(1,529)
Decrease / (increase) in trade and other receivables		149	(2,072)
Increase in trade and other payables		1,719	1,659
Tax paid		(741)	(65)
Net cash generated from operating activities		**13,065**	3,366
Cash flows from investing activities			
Purchase of intangible assets		(190)	(67)
Purchases of property, plant and equipment		(9,005)	(5,162)
Proceeds from sale of property, plant and equipment		-	12
Net cash used in investing activities		**(9,195)**	(5,217)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	135
Proceeds from issue of new loans		9,121	1,568
Repayment of borrowings		(3,301)	(1,311)
Repayment of lease liabilities		(1,488)	-
Interest on lease liabilities		(200)	-
Interest received		26	133
Interest paid		(234)	(391)
Purchase of LTIP investments		-	(315)
Sales of own shares		-	130
Dividends paid to shareholders	7	(1,275)	(1,263)
Net cash generated from/ (used) in financing activities		**2,649**	(1,314)
Net increase / (decrease) in cash and cash equivalents		**6,519**	(3,165)
Effect of exchange rate fluctuations on cash held		93	(40)
Net increase / (decrease) in cash and cash equivalents		**6,612**	(3,205)
Cash and cash equivalents at the start of the period		2,352	5,557
Cash and cash equivalents at the end of the period		**8,964**	2,352
Cash and cash equivalents consists of:			
Cash at bank and in hand		8,964	2,670
Bank overdraft		-	(318)
		8,964	2,352

The accompanying notes form part of the financial statements

James Cropper PLC
Statement of Changes in Equity - Group

All figures in £'000	Share capital	Share premium	Translation reserve	Own Shares	Retained earnings	Total
At 31 March 2018	2,370	1,472	520	(1,445)	20,305	23,222
Comprehensive income for the period	-	-	-	-	2,314	2,314
Total other comprehensive income	-	-	(117)	-	(2,733)	(2,850)
Dividends paid	-	-	-	-	(1,263)	(1,263)
Share based payment charge	-	-	-	-	(49)	(49)
Tax on share options	-	-	-	-	(48)	(48)
Proceeds from issue of ordinary shares	19	116	-	-	-	135
Sale of own shares	-	-	-	509	(379)	130
Consideration paid for own shares	-	-	-	(315)	-	(315)
Total contributions by and distributions to owners of the Group	19	116	-	194	(1,739)	(1,410)
At 30 March 2019	2,389	1,588	403	(1,251)	18,147	21,276
Adjustment on initial application of IFRS 16[1]	**-**	**-**	**-**	**-**	**(519)**	**(519)**
At 31 March 2019	**2,389**	**1,588**	**403**	**(1,251)**	**17,628**	**20,757**
Comprehensive income for the period	-	-	-	-	4,829	4,829
Total other comprehensive income	-	-	181	-	10,281	10,462
Dividends paid	-	-	-	-	(1,275)	(1,275)
Share based payment charge	-	-	-	-	(376)	(376)
Total contributions by and distributions to owners of the Group	-	-	-	-	(1,651)	(1,651)
At 28 March 2020	**2,389**	**1,588**	**584**	**(1,251)**	**31,087**	**34,397**

1 The Group has initially applied IFRS 16 at 31 March 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of the initial application.

The accompanying notes form part of the financial statements

Statement of Changes in Equity

James Cropper PLC
Statement of Changes in Equity - Company

All figures in £'000	Share capital	Share premium	Own Shares	Retained earnings	Total
At 31 March 2018	2,370	1,472	(1,445)	14,270	16,667
Comprehensive income for the period	-	-	-	4,902	4,902
Total other comprehensive income	-	-	-	(2,733)	(2,733)
Dividends paid	-	-	-	(1,263)	(1,263)
Share based payment charge	-	-	-	(48)	(48)
Tax on share options	-	-	-	(48)	(48)
Proceeds from issue of ordinary shares	19	116	-	-	135
Sale of own shares	-	-	509	(379)	130
Consideration paid for own shares	-	-	(315)	-	(315)
Total contributions by and distributions to owners of the Group	19	116	194	(1,738)	(1,409)
At 30 March 2019	2,389	1,588	(1,251)	14,701	17,427
Adjustment on initial application of IFRS 16[1]	**-**	**-**	**-**	**24**	**24**
At 31 March 2019	**2,389**	**1,588**	**(1,251)**	**14,725**	**17,451**
Comprehensive income for the period	-	-	-	3,416	3,416
Total other comprehensive income	-	-	-	10,583	10,583
Dividends paid	-	-	-	(1,275)	(1,275)
Share based payment charge	-	-	-	(376)	(376)
Total contributions by and distributions to owners of the Group	-	-	-	(1,651)	(1,651)
At 28 March 2020	**2,389**	**1,588**	**(1,251)**	**27,073**	**29,799**

1 The Company has initially applied IFRS 16 at 31 March 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of the initial application.

The accompanying notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements are consolidated financial statements for the Group consisting of James Cropper PLC, a company registered in the UK, and all its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the EU, International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements of the parent company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Basis of preparation

The accounting "year" for the Group is a 52 week accounting period ending 28 March 2020, (2019: 52 week accounting period ended 30 March 2019).

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for the revaluation of certain financial instruments to fair value. In determining the appropriate basis of preparation, the impact of the Covid-19 pandemic has been the major consideration. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Group in the context of the current Covid-19 pandemic.

The Directors, after reviewing the Group's operating forecasts, investment plans and financing arrangements, consider that the Company and Group have sufficient financing available at the date of approval of this report. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Accounts. Further details of the actions taken can be found in the Chief Executive's Review (pages 08 to 12) and the Chief Financial Officer's Review (pages 13 to 17).

The financial statements are presented in Pounds Sterling, being the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds, except where otherwise indicated. On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes that form a part of these approved financial statements.

Basis of consolidation

The financial statements of the Group consolidate the accounts of the Company and those of its subsidiary undertakings. No subsidiaries are excluded from consolidation. The results and cash flows of subsidiary undertakings acquired are included from the effective date of acquisition. Intragroup balances and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(a) Revenue recognition

Revenue represents income derived from contracts for the provision of goods or services by the Company and its subsidiary undertakings to customers in exchange for consideration in the ordinary course of the Group's business. Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service, or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Revenue from the sale of goods is recognised when control of the goods have been transferred to the buyer. Goods are identified as products made from either natural fibres, (e.g. paper or moulded paper products, or man-made fibres, (e.g. highly technical nonwoven products made by the TFP division). In addition, revenue for services are also received (e.g. revenue for design and set up of moulded fibre Colourform™ products). Any revenue received for such services are recognised over the term of the contract.

Revenue is recognised when:

- the Group has transferred control to the buyer;
- all significant performance obligations have been met;
- the Group retains neither continuing managerial involvement nor effective control over the goods;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The amount of revenue can be measured reliably.

Transfer of control varies depending on the individual terms of the contract of sale. For sales in the UK, transfer of control occurs when the goods are despatched to the customer. However, for some international shipments, transfer of control occurs either upon loading the goods onto the relevant carrier or when the goods have arrived in the overseas port. The point of transfer of control for international shipments is dictated by the terms of each sale.

Although the majority of the group's contracts with customers are not complex, with revenue being fixed for a specific quantity of goods, the Group has identified a number of contracts in which customers are given volume rebates and/or other promotional rebates based on quantities purchased over a contractually agreed period of time.

(b) Operating segments

IFRS 8 *Operating Segments* requires that entities reflect the 'management approach' to reporting the financial performance of its operating segments. Management has determined the segments that are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, identified as the Executive Committee that makes strategic decisions. The committee considers the business principally via the three main operating segments. Operating segments are those components of the Group that are engaged in providing a group of related products that are subject to risks and returns that are different to other operating segments. Geographical areas are components where the eventual product destination is in a particular geographic environment which is subject to risks and returns that are different from other such areas. Costs are allocated to segments based on the segment to which they relate. Central costs are recharged on an appropriate basis.

Management responsibility and reporting for the two Paper subsidiaries has been merged into one operating segment referred to as Paper products in order to achieve greater customer and operational synergies.

(c) Emission quotas

The Group participates in phase III of the EU Emissions Trading Scheme. The Group has adopted an accounting policy which recognises the emission allowances as an intangible asset and an associated liability. The intangible asset is valued at the market price on the date of issue. The liability is valued at the market price on the date of issue up to the level of allocated allowances held. Should emissions exceed the annual allowance any excess of liability above the level of the allowances held is valued at the market price ruling at the Statement of Financial Position date and charged against operating profit. Allowances not utilised are maintained against a potential future shortfall. When allowances are utilised both the intangible asset and liability are amortised to the Statement of Comprehensive Income.

(d) Foreign currencies

The consolidated financial statements are presented in Pounds Sterling, which is the Group's presentational currency. Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated at foreign exchange rates ruling at the Statement of Financial Position date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from translation of foreign operations are taken directly to the translation reserve; they are released into the Statement of Comprehensive Income upon disposal.

The portion of gain or loss on foreign currency borrowings that are used to hedge a net investment in a foreign operation, that is determined to be an effective hedge, is included as a movement in the cumulative translation reserve. On subsequent disposal such gains or losses will form part of the profit/loss on disposal within the Statement of Comprehensive Income. Any ineffective portion is recognised immediately in the Statement of Comprehensive Income.

(e) Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairments losses, if any. The following useful lives have been determined for intangible assets.

- Trade secrets such as processes or unique recipes — 10 years
- Computer software — 3 - 10 years
- Emission Allowances — 0 - 1 year

(f) Property plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life, as follows:

- Freehold land and buildings — 14 - 40 years
- Plant and machinery — 2 - 20 years

Residual values and useful lives are reviewed annually.

(g) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying value of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

(h) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the IAS 38 conditions are met. Other development expenditures are recognised as an expense as incurred. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 5 years.

(i) Research & development tax credit

Research and development expenditure credit (RDEC) is recognised within other operating income.

(j) IFRS 16 'Leases'

The Group has adopted IFRS 16 from 31 March 2019 using a modified retrospective transition approach, under which the cumulative effect of initial application is recognised in retained earnings at 31 March 2019. The comparative information presented for the period ended 30 March 2019 has not been restated.

The main impact of IFRS 16 for the Group is the recognition of all future lease liabilities on the balance sheet. Corresponding right-of-use assets have also been recognised on the balance sheet representing the economic benefits of the Group's right to use the underlying leased assets.

On transition to IFRS 16, the Group has elected to apply the following practical expedients permitted by the standard:

- Excluding any operating leases with a remaining lease term of less than 12 months.
- Excluding any low value leases (less than £5,000).

For the period ended 28 March 2020, the Group had no low values leases and two leases with a lease term of less than 12 months.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities where no rate is included in the lease contract was 3.6%.

For any new contracts entered into on or after 31 March 2019, the Group considered whether a contract is or contains a lease. A lease is defined as a contract that conveys the right to use of an asset for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use.

For all periods prior to 31 March 2019, the Group classified its vehicle and equipment leases as finance leases. These leases are on terms that transfer substantially all the risks and rewards of ownership. The accounting treatment for finance leases is similar to the accounting treatment for leases under IFRS 16. Leased assets are capitalised at inception and payments apportioned between finance charges and reduction of the lease liability. The interest element is charged to the income statement and the capitalised leased assets are depreciated over the shorter of the estimated useful economic life of the asset or the lease term. For finance leases, the carrying amounts of the right-of-use assets and the lease liabilities on transition at 31 March 2019 were equal to the carrying amounts of the finance lease assets and finance lease liabilities recognised at the 30 March year end.

The Group also previously held leases in relation to long leasehold property leases and operating assets. Under IFRS 16, there is no longer a distinction between operating and finance leases. As a result, the operating leases have been remeasured on transition with future lease payments discounted at the incremental borrowing rate applicable on 31 March 2019. The following table presents the reconciliation of lease liabilities at 30 March 2019:

	£'000
Minimum lease payments under non-cancellable operating leases at 30 March 2019	4,346
Minimum lease payments under non-cancellable finance leases at 30 March 2019	1,920
Discounted using the incremental borrowing rate at 31 March 2019	(1,228)
Assessment of lease term on transition	1,092
Lease liabilities recognised under IFRS 16 at 31 March 2019	6,130

Transition

The opening balance sheet position as at 31 March 2019 has been restated on transition to IFRS 16.

The Group recognised additional right-of-use assets, lease liabilities and deferred tax liabilities, recognising the difference in retained earnings. Comparative periods have not been restated.

Increase / (decrease)	£'000
Assets	
Property, plant and equipment	(4,274)
Right of use assets	7,967
Liabilities	
Lease liabilities - current	(980)
Lease liabilities – non current	(5,150)
Finance lease liabilities – current	778
Finance lease liabilities – non current	1,142
Deferred tax liabilities	(2)
Equity	
Retained earnings	(519)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Engineering spares are included within inventories.

(l) Grants

Capital grants are credited to a deferral account and released to income over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to the Statement of Comprehensive Income in the period to which they relate.

(m) Investments

Trade investments are stated at cost less any impairment in value. The Group's share of the profit is included in the Statement of Comprehensive Income on the equity accounting basis.

(n) Trade receivables

Trade receivables are recorded at their initial fair value after appropriate revision of impairment. A provision for impairment is calculated using an expected credit loss impairment model. Under this impairment model approach, per IFRS 9, it is not

necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date. To measure expected credit losses the Group refers to historical credit loss experiences and adjust for current and forward looking information on macroeconomic factors affecting the group's customers including the state of the economy and industrial specific factors in countries where the group operates. Trade receivables are amortised at cost using the effective interest method, less any impairment.

(o) Trade payables

Trade payables are stated at their fair value. Trade payables are subsequently stated at amortised cost using the effective interest method.

(p) Other income

Other income includes the research and development expenditure credit (RDEC), royalties received and grants received for funded projects.

(q) Hedge Accounting

Cash flow hedge:
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the income statement. Hedging relationships are classified as cash flow hedges where the hedging instrument hedges exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability such as interest payments or variable rate debt.

Hedges of net investment in a foreign entity:
The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement when the foreign entity is sold.

(r) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings within current liabilities on the Statement of Financial Position. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cash Flows.

(s) Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

(t) Interest

Interest is recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method.

(u) Share based payments and Own Shares Held

The Group operates two equity settled share based payment schemes: A Share Incentive Plan open to all employees and a Long-Term Incentive Plan (LTIP) for certain Directors and senior managers. The SIP Trust (SIP) holds shares used to allow employees to salary sacrifice any annual profit bonus either in full or part to acquire partnership shares in the Company, which are held by the SIP Trust for a period of 3-5 years. The Employee benefit Trust (EBT) holds shares for the granting and vesting of shares under the LTIP scheme. The cost of purchasing and transferring own shares held by both the SIP and EBT are shown as movements against equity.

The Group recognises an expense to the Income Statement representing the fair value of outstanding equity settled share-based payment awards to employees which have not vested as at the period end.

The fair values are charged to the Income statement over the relevant vesting period adjusted to reflect actual and expected vesting levels.

(v) Capital Management

Group and Company's capital includes share capital, reserves and retained earnings. The Group and Company's policies ensure the ability to continue as a going concern, in order to provide returns to the shareholder and benefits to other stakeholders. The Group, and Company, invest in financial assets that will provide an adequate level of return to the shareholder commensurate with the level of risk.

The Group and Company manages the capital structure and adjusts this in light of the changes in the economic conditions and risk associated with the underlying assets. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of any dividend paid to the shareholder, return capital to the shareholder, issues new shares, or sell assets to reduce debt. Details of borrowings can be seen in note 16 and shareholdings can be referred to in note 20. The Group, and Company, are not subject to any externally imposed capital requirements. There have been no material changes in the management of capital during the period.

(w) Taxation

Tax on the Statement of Comprehensive Income for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, according to the accounting treatment of the related transaction.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(x) Retirement benefits

The Group operates various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial valuations. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement. A defined contribution plan is a pension plan under which the Group pays fixed contributions.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur outside of Statement of Comprehensive Income in the Statement of Changes in Equity.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays agreed contributions to the schemes. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(y) Non-GAAP performance measures

In the reporting of financial information, the Group has adopted certain non-GAAP measures of historical or future financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRSs).

Non-GAAP measures are either not defined by IFRS or are adjusted IFRS figures, and therefore may not be directly comparable with other companies' reported non-GAAP measures, including those in the Group's industry.

Where non-GAAP measures have been used, it is the belief of the Group that such measures help provide a clearer understanding of the underlying performance.

Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

(z) Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Group's key sources of significant estimates are as detailed below:

(i) Retirement benefits

IAS 19 Employee Benefits (Revised 2011) requires the Group to make assumptions including, but not limited to, rates of inflation, discount rates and life expectancies. The use of different assumptions, in any of the above calculations, could have a material effect on the accounting values of the relevant statement of financial position assets and liabilities which could also result in a change to the cost of such liabilities as recognised in profit or loss over time. These assumptions are subject to periodic review. The Group takes specialist advice and seeks to follow the most appropriate method, applied consistently from year to year. See note 19 for additional information.

(ii) Contingencies

The Group have identified that the historical valuation of the defined benefit pension obligation did not capture the potential additional liabilities arising in relation to the normal retirement dates for male and female members of the Staff Scheme. An estimate of the additional liability was included in the financial statements for the year ended 31 March 2019.

The Group's significant areas of judgement would include:

(i) Revenue recognition

Judgement is required in deciding when and at what rate some volume rebates awarded to customers are accrued for. When variable rates are awarded depending on the projected total volume over the contractual period, a judgement of the probability of achieving the required volumes is made. Likewise, when recognising contributions towards the set up and design costs for Colourform™ which are recognised over the length of the contract or levels of production, judgement is required to determine over what period the revenue should be recognised.

(ii) Expected Credit Losses

When determining amounts of expected credit losses, judgement is required to ascertain the likelihood of losses, based on historic information and forward macroeconomic factors.

(iii) Right-of use assets

Significant judgement is exercised in determining the lease term. IFRS 16 defines the lease term as the 'non-cancellable' period beyond which any extension is not reasonably certain.

Significant judgement is exercised in determining the incremental borrowing rate. IFRS 16 requires the borrowing rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value in a similar economic environment.

2 Segmental reporting

IFRS 8 Operating Segments - requires that entities adopt the 'management approach' to reporting the financial performance of its operating segments.

Management has determined the segments that are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, identified as the Executive Committee that makes strategic decisions.

The committee considers the business principally via the four main operating segments, principally based in the UK:

- James Cropper Paper Products (Paper): comprising:
  - JC Speciality Papers – relates to James Cropper Speciality Papers, a manufacturer of specialist paper and boards.
  - JC Converting – relates to James Cropper Converting, a converter of paper.
- James Cropper 3D Products (Colourform™) – a manufacturer of moulded fibre products.
- Technical Fibre Products (TFP) – a manufacturer of advanced materials.
- Group Services – comprises central functions providing services to the subsidiary companies.

"Eliminations" refers to the elimination of inter-segment revenues, profits and investments.

"Adjusted Operating Profit before IAS 19" refers to operating profits prior to the IAS 19 pension adjustment.

The "IAS 19 pension adjustment" refers to the impact on operating profits of the pension schemes' operating costs, as described in the IAS 19 section of the Financial Review.

"Interest Expense" incorporates the IAS 19 pension impact of the pension schemes' finance costs, as described in the IAS 19 section of the Financial Review.

Inter segment transactions are performed in the normal course of business and at arm's length.

Operating Segments
Period ended 28 March 2020

All figures in £'000	Paper	Colourform	TFP	Group Services	Other	Continuing Operations
Revenue						
External	75,545	2,586	26,536	-	-	104,667
	75,545	**2,586**	**26,536**	**-**	**-**	**104,667**
Segment Profit						
Adjusted Operating Profit before IAS 19	3,406	(1,378)	7,753	(2,775)	234	7,240
IAS 19 Pension adjustments to profit	-	-	-	(671)	-	(671)
Operating Profit	**3,406**	**(1,378)**	**7,753**	**(3,446)**	**234**	**6,569**
Interest Expense	-	-	-	-	-	(1,136)
Interest income	-	-	-	-	-	26
Profit before tax	**-**	**-**	**-**	**-**	**-**	**5,459**
Tax on profit for period	-	-	-	-	-	(630)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**4,829**
Total Assets	**52,873**	**6,443**	**58,525**	**71,167**	**(106,085)**	**82,923**
Total Liabilities	**(52,097)**	**(13,490)**	**(48,844)**	**(41,349)**	**107,347**	**(48,433)**

Operating Segments
Period ended 30 March 2019

All figures in £'000	Paper	Colourform	TFP	Group Services	Other	Continuing Operations
Revenue						
External	74,318	290	26,487	-	-	101,095
	74,318	290	26,487	-	-	101,095
Segment Profit						
Adjusted Operating Profit before IAS 19	(1,992)	(2,462)	8,883	(167)	-	4,262
IAS 19 Pension adjustments to profit	-	-	-	(854)	-	(854)
Operating Profit	(1,992)	(2,462)	8,883	(1,021)	-	3,408
Interest Expense restated	-	-	-	-	-	(965)
Interest income	-	-	-	-	-	133
Profit before tax restated	-	-	-	-	-	2,576
Tax on profit for period	-	-	-	-	-	(262)
Profit for the period restated	-	-	-	-	-	2,314
Total Assets	73,189	5,383	50,749	62,995	(122,859)	69,457
Total Liabilities	(66,076)	(10,893)	(40,883)	(45,568)	115,239	(48,181)

The Group's country of domicile is the UK. Revenue from external customers is based on the customer's location and arises entirely from the sale of goods. Non – current assets are based on the location of the assets and exclude financial assets, deferred tax assets and post – employment benefit net assets.

	Revenues from external customers		Non – current assets excluding deferred tax	
All figures in £'000	2020	2019	2020	2019
UK	41,785	44,177	32,137	25,394
Europe	27,357	23,299	-	-
Asia	9,705	7,763	-	-
The Americas	24,517	24,377	5,147	2,610
Australasia	994	1,171	-	-
Africa	309	308	-	-
Total	**104,667**	101,095	**37,284**	28,004

All figures in £'000	Paper	Colourform	TFP	Group Services	Total
Adjustment on initial application of IFRS 16[1]	406	-	2,854	433	3,693
Additions to non-current assets	1,595	1,320	5,802	290	9,008

1 The Group has initially applied IFRS 16 at 31 March 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of the initial application.

3 Finance Costs

Finance costs include costs in respect of interest payable on borrowings and our defined benefit pension schemes.
Finance income includes interest received from short term deposits and fair value movements.

All figures in £'000	2020	2019
Finance costs		
Interest payable on bank borrowings	392	366
Interest payable in relation to lease liabilities[1]	200	67
Net finance costs arising on defined benefit schemes	544	532
Total finance costs	**1,136**	965
Finance income		
Finance income in respect of cash and short term investments	26	29
Other Finance income	-	104
Total finance income	**26**	133
Net finance costs	**1,110**	832

1 The Group has initially applied IFRS 16 on 31 March 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application.

4 Profit before taxation

The following items have been charged / (credited) in arriving at profit before tax:	2020 £'000	2019 £'000
Staff costs	30,388	28,183
Depreciation of property, plant and equipment		
- owned assets	2,706	2,273
- leased assets	1,089	526
- amortisation of intangibles	155	153
Loss/(profit) on disposal of fixed assets	23	(12)
Other operating lease rentals payable		
- Plant & machinery	-	194
Repairs and maintenance expenditure on property, plant and equipment	4,645	4,572
Research & development tax credits	(422)	(555)
Government grants received	(3)	(6)
Research and development expenditure	3,947	3,981
Foreign exchange differences	(307)	(312)
Trade receivables impairment	308	101

Government grants relate to assistance received for research projects and the development of new technology

Services Provided by the Group's Auditor and network firms

During the year the group obtained the following services from the group's auditor at costs as detailed below:

All figures in £'000	2020	2019
Audit Services		
Fees payable to the company's auditor for the audit of parent company and consolidated accounts	20	20
Other services		
Remuneration payable to the company's auditor for the auditing of subsidiary accounts and associates of the company pursuant to legislation (including that of countries and territories outside Great Britain)	53	54
	73	74

5 Taxation

Analysis of charge in the period

Continuing operations	Note	2020 £'000	2019 £'000
Current tax		572	259
Adjustments in respect of prior period current tax		138	(149)
Total current tax		710	110
Deferred tax		229	107
Adjustments in respect of prior period deferred tax		(42)	56
Effects of changes in tax rate		(267)	(11)
Total deferred tax	20	(80)	152
Tax per Statement of Comprehensive Income		630	262
Tax on items charged to other comprehensive income			
Deferred tax on actuarial gains on retirement benefit liabilities		2,481	(554)
Tax on items charged to equity			
Deferred tax on share options		(125)	(48)

The tax for the period is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are explained below:

Continuing operations	2020 £'000	2019 £'000
Profit before tax	5,459	2,576
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 19% (2019: 19%)	1,037	489
Effects of:		
Adjustments to tax in respect of prior period	96	(93)
Changes to tax rates[1]	(267)	(11)
Deferred tax on share options	(106)	-
Overseas tax	-	-
Expenses not deductible for tax purposes	45	40
Income not taxable	-	(26)
Deferred tax not recognised in overseas jurisdictions	(127)	(95)
Other	(48)	(42)
Total tax charge for the period	630	262

1 Following an announcement in the Budget on 11 March 2020, which was substantively enacted on 17 March 2020, the UK corporation tax rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

6 Earnings per share

Basic earnings per share is calculated on the Group profit for the year attributable to equity shareholders of £4.8m (2019: £2.3m) divided by 9.6m (2019: 9.5m), being the weighted average number of shares in issue during the year.

Diluted earnings per share reflects any commitments made by the Group to issue shares in the future. The weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. Current share options would be vested by awarding shares already in existence. At 28 March 2020 there were no potential dilutive share options outstanding (2019: nil).

	2020			2019		
	Earnings £'000	Weighted average number of share '000	Amount per share pence	Earnings £'000	Weighted average number of share '000	Amount per share pence
Basic EPS						
Earnings attributable to ordinary shareholders	4,829	9,555	50.6	2,314	9,516	24.3
Effect of dilutive securities – options	-	-	-	-	-	-
Diluted EPS	4,829	9,555	50.6	2,314	9,516	24.3

7 Dividends

All figures in £'000	2020	2019
Final paid for the period ended 30 March 2019 / period ended 31 March 2018	1,039	1,027
Interim paid for the period ended 28 March 2020 / period ended 30 March 2019	236	236
Total dividends paid in the year	1,275	1,263
Final dividend payment paid pence per share for the period ended 30 March 2019 / period ended 31 March 2018	11.0p	11.0p
Interim dividend payment paid pence per share for the period ended 28 March 2020 / period ended 30 March 2019	2.5p	2.5p

In addition, the directors are not proposing a final dividend in respect of the financial period ended 28 March 2020 (2019: 11.0p per share) which will absorb an estimated £nil (2019: £1,039,000) of shareholders' funds.

8 Intangible assets

All figures in £'000	Group					Company		
	Computer Software	Development Costs	Trade Secrets	Emission Allowances	Total	Computer Software	Emission Allowances	Total
Cost								
At 30 March 2019	4,046	457	310	25	4,838	3,906	25	3,931
Additions	190	-	-	619	809	190	619	809
Disposals/surrender of allowances	-	-	-	(524)	(524)	-	(524)	(524)
At 28 March 2020	4,236	457	310	120	5,123	4,096	120	4,216
Aggregate amortisation								
At 30 March 2019	3,934	229	310	-	4,473	3,825	-	3,825
Charge for Period	42	113	-	-	155	25	-	25
At 28 March 2020	3,976	342	310	-	4,628	3,850	-	3,850
Net book value at 28 March 2020	**260**	**115**	**-**	**120**	**495**	**246**	**120**	**366**
Net book value at 30 March 2019	**112**	**228**	**-**	**25**	**365**	**81**	**25**	**106**

All figures in £'000	Group					Company		
	Computer Software	Development Costs	Trade Secrets	Emission Allowances	Total	Computer Software	Emission Allowances	Total
Cost								
At 31 March 2018	3,979	457	310	70	4,816	3,845	70	3,915
Additions	67	-	-	143	210	61	143	204
Disposals/surrender of allowances	-	-	-	(188)	(188)	-	(188)	(188)
At 30 March 2019	4,046	457	310	25	4,838	3,906	25	3,931
Aggregate amortisation								
At 31 March 2018	3,895	115	310	-	4,320	3,803	-	3,803
Charge for Period	39	114	-	-	153	22	-	22
Disposals/surrender of allowances	-	-	-	-	-	-	-	-
At 30 March 2019	3,934	229	310	-	4,473	3,825	-	3,825
Net book value at 30 March 2019	112	228	-	25	365	81	25	106
Net book value at 31 March 2018	84	342	-	70	496	42	70	112

The computer software capitalised principally relates to the ongoing development of the Group's Enterprise Resource Planning and Financial systems. There is a separate Enterprise Resource Planning system for the Technical Fibre Products Business segment and the remaining amortisation period of this asset at the period end is 1 year.

The trade secrets relate to certain recipes and know how acquired within the TFP division.

The Emission Allowances relate to the allowances received through the European Emissions Trading Scheme (EUETS) and are valued at market value at the date of initial recognition. The allocated allowances are held throughout each compliance period and are used to meet the Group's emissions obligations.

9 Property plant and equipment

Group

All figures in £'000	Freehold land & buildings	Plant & machinery	Assets under construction[2]	Total
Cost				
At 30 March 2019	11,574	91,034	-	102,608
Adjustment on initial application of IFRS 16[1]	-	(6,419)	-	(6,419)
As at 31 March 2019	11,574	84,615	-	96,189
Transfers from right-of-use assets[3]	-	4,582	-	4,582
Additions at cost	2,892	95	5,502	8,489
Disposals	-	(48)	-	(48)
Effects of movements in foreign exchange	-	138	-	138
At 28 March 2020	14,466	89,382	5,502	109,350
Accumulated Depreciation				
At 30 March 2019	7,214	67,755	-	74,969
Adjustment on initial application of IFRS 161	-	(2,145)	-	(2,145)
As at 31 March 2019	7,214	65,610	-	72,824
Transfers from right-of-use assets[3]	-	1,961	-	1,961
Charge for period	233	2,473	-	2,706
Disposals	-	(23)	-	(23)
At 28 March 2020	7,447	70,021	-	77,468
Net book value at 28 March 2020	**7,019**	**19,361**	**5,502**	**31,882**
Net book value on initial application of IFRS 16 on 31 March 2019	**4,360**	**19,005**	**-**	**23,365**
Net book value at 30 March 2019	**4,360**	**23,279**	**-**	**27,639**

2 Assets under construction comprise the expenditure to date on the extension of the TFP building and line 4.

3 Assets held under right-of-use assets where ownership is transferred to the Group/Company at the end of the lease are transferred from right-of-use assets (note 10) to property, plant and equipment.

All figures in £'000	Freehold land & buildings	Plant & machinery	Assets under construction	Total
Cost				
Brought forward at 31 March 2018	11,154	86,251	-	97,405
Additions at cost	420	4,742	-	5,162
Disposals	-	(159)	-	(159)
Effects of movements in foreign exchange	-	200	-	200
At 30 March 2019	11,574	91,034	-	102,608
Accumulated Depreciation				
Brought forward at 31 March 2018	6,985	65,307	-	72,292
Charge for period	229	2,570	-	2,799
Disposals	-	(122)	-	(122)
At 30 March 2019	7,214	67,755	-	74,969
Net book value at 30 March 2019	4,360	23,279	-	27,639
Net book value at 31 March 2018	4,169	20,944	-	25,113

Company

All figures in £'000	Freehold land & buildings	Plant & machinery	Total
Cost			
At 30 March 2019	1,683	2,606	4,289
Adjustment on initial application of IFRS 16[1]	-	(131)	(131)
As at 31 March 2019	1,683	2,475	4,158
Transfers	-	(9)	(9)
Additions at cost	11	202	213
At 28 March 2020	1,694	2,668	4,362
Accumulated Depreciation			
At 30 March 2019	486	1,897	2,383
Adjustment on initial application of IFRS 16[1]	-	(84)	(84)
At 31 March 2019	486	1,813	2,299
Charge for period	22	116	138
At 28 March 2020	508	1,929	2,437
Net book value at 28 March 2020	**1,186**	**739**	**1,925**
Net book value at 30 March 2019	**1,197**	**709**	**1,906**

All figures in £'000	Freehold land & buildings	Plant & machinery	Total
Cost			
Brought forward at 31 March 2018	1,663	2,321	3,984
Transfers	-	(303)	(303)
Additions at cost	20	588	608
At 30 March 2019	1,683	2,606	4,289
Accumulated Depreciation			
Brought forward at 31 March 2018	465	1,787	2,252
Charge for period	21	110	131
At 30 March 2019	486	1,897	2,383
Net book value at 30 March 2019	1,197	709	1,906
Net book value at 31 March 2018	1,198	534	1,732

1 The group has initially applied IFRS 16 on 31 March 2019, which requires the recognition of right-of-use assets in place of finance lease assets. As a result, on 31 March 2019, plant & machinery assets held under finance leases with a net book value of £4.3m have been reallocated and recognised as right-of-use assets. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

Assets held under finance leases, capitalised and included in tangible fixed assets:

All figures in £'000	Group 2020	Group 2019	Company 2020	Company 2019
Net book value at 30 March 2019 / 31 March 2018	4,274	4,713	47	394
Reclassification to right-of-use assets	(4,274)	-	(47)	-
Additions in the period	-	428	-	-
Reclassification to assets owned	-	(361)	-	(292)
Depreciation in the period	-	(526)	-	(55)
Net book Value at 28 March 2020 / 30 March 2019	**-**	4,274	**-**	47

The accompanying notes form part of the financial statements

10 Right of use assets

Group

All figures in £'000	Land & buildings	Plant, equipment & vehicles	Total
Cost			
Recognition of right-of-use assets on initial application of IFRS 16 on 31 March 2019[1]	3,374	6,738	10,112
Additions	441	77	518
Disposals	(23)	(15)	(38)
Transfers to property, plant & equipment[2]	-	(4,582)	(4,582)
Effects of movements in foreign exchange	132	-	132
At 28 March 2020	3,924	2,218	6,142
Accumulated Depreciation			
Recognition of right-of-use assets on initial application of IFRS 16 on 31 March 2019	-	2,145	2,145
Charge for the period	424	665	1,089
Disposals	(23)	(15)	(38)
Transfers to property, plant and equipment[2]	-	(1,961)	(1,961)
At 28 March 2020	401	834	1,235
Net book value at 30 March 2019	**-**	**-**	**-**
Net book value on initial application of IFRS 16 on 31 March 2019	**3,374**	**4,593**	**7,967**
Net book value at 28 March 2020	**3,523**	**1,384**	**4,907**

Company

All figures in £'000	Land & buildings	Plant, equipment & vehicles	Total
Cost			
Recognition of right-of-use assets on initial application of IFRS 16 on 31 March 2019[1]	131	433	564
Additions	-	77	77
Disposals	-	(15)	(15)
At 28 March 2020	131	495	626
Accumulated Depreciation			
Recognition of right-of-use assets on initial application of IFRS 16 on 31 March 2019	-	84	84
Charge for the period	71	185	256
Disposals	-	(15)	(15)
At 28 March 2020	71	254	325
Net book value at 30 March 2019	**-**	**-**	**-**
Net book value on initial application of IFRS 16 on 31 March 2019	**131**	**349**	**480**
Net book value at 28 March 2020	**60**	**241**	**301**

1 The Group has initially applied IFRS 16 on 31 March 2019, which requires the recognition of right-of-use assets in relation to the Group's lease liabilities. As a result, on 31 March 2019, the Group recognised £10.1m of right-of-use assets related to those lease liabilities. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

2 Assets where ownership is transferred to the Group/Company upon completion of the lease liability are transferred into Property, plant and equipment (Note 9)

The accompanying notes form part of the financial statements

11 Investments

Investments in subsidiary undertakings

All figures in £'000	Group 2020	Group 2019	Company 2020	Company 2019
At 28 March 2020 and 30 March 2019	-	-	7,350	7,350

Investments in subsidiary undertakings are stated at cost. A list of principal subsidiary undertakings is given below:

Company name	Country of incorporation	Registered office (see below)	% holding of ordinary shares	Nature of business
James Cropper Speciality Papers Limited	England	(i)	100	Manufacturer of specialist paper and board
James Cropper (Guangzhou) Trading Co Limited	China	(iii)	100	Sales and marketing organisation
James Cropper Converting Limited	England	(i)	100	Paper converter
James Cropper 3D Products Limited	England	(i)	100	Manufacturer of moulded fibre products
Technical Fibre Products Limited	England	(i)	100	Manufacturer of advanced materials
Tech Fibers Inc	USA	(ii)	100	Holding company
Technical Fibre Products Inc	USA	(ii)	100	Sales and marketing organisation
Metal Coated Fibers Inc	USA	(ii)	100	Manufacturer of metal coated carbon fibres
Electro Fiber Technologies LLC	USA	(ii)	100	Manufacturer of metal coated fibres
James Cropper EBT Limited	England	(i)	100	Dormant company
Melmore Limited	England	(i)	100	Dormant company
James Cropper Paper Limited	England	(i)	100	Dormant company
The Paper Mill Shop Company Limited	England	(i)	100	Dormant company
James Cropper Overseas Trading Limited	England	(i)	100	Marketing organisation
James Cropper Germany GmbH	Germany	(iv)	100	Dormant company

(i) Burneside Mills, Kendal, Cumbria, England. LA9 6PZ

(ii) 679 Mariaville Road, Schenectady, NY 12306 USA

(iii) Level 54 Guangzhou IFC, 5 Zhujiang Road West, Zhujiang New Town. China

(iv) c/o DWF Germany Rechtsanwaltsgesellschaft mbH, Habsburgerring 2, 50674 Koln, Germany

The accompanying notes form part of the financial statements

12 Inventories

All figures in £'000	Group 2020	Group 2019
Materials	6,800	8,031
Work in progress	2,431	3,152
Finished goods	4,725	5,227
	13,956	16,410

Inventories are stated after a provision for impairment of £1,262,000 (2019: £864,000).

The cost of inventories recognised as expenses and included in cost of sales for the year ended 28 March 2020 was £89,348,000 (2019: £78,397,000).

The Company does not have inventories.

13 Trade and other receivables

All figures in £'000	Group 2020	Group 2019	Company 2020	Company 2019
Trade receivables	17,267	17,140	-	-
Less: Provision for impairment of receivables	(530)	(222)	-	-
Trade receivables – net	16,737	16,918	-	-
Amounts owed by group undertakings	-	-	49,956	47,760
Provision for amounts owed by group undertakings	-	-	(350)	-
Other receivables	653	951	652	931
Prepayments	1,443	1,143	847	632
	18,833	19,012	51,105	49,323

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the current state of the economy and industry specific factors as the key macroeconomic factors in the countries where the Group operates.

Amounts owed by group undertakings include loans of £26m (2019: £26m) with a fixed term of one year with an interest charge of 3.6% pa. Intercompany funding accounts of £23m (2019: £19m) and intercompany current accounts of £0.8m (2019: £2.9m) are settled within 30 days.

The Company has included a provision for impairment of amounts owed by group undertakings. Further details of this can be found in note 18.2.

The accompanying notes form part of the financial statements

14 Other Financial Assets

Group and Company

All figures in £'000	2020	2019
Interest rate swaps used for hedging	-	24
Foreign exchange rate swaps for hedging	-	-
	-	24

The gain arising in the Statement of Comprehensive Income on fair value hedging instruments was £nil (2019: £nil).

15 Trade and other Payables

All figures in £'000	Group 2020	Group 2019	Company 2020	Company 2019
Trade payables	7,232	6,456	3,354	2,153
Amounts owed to group undertakings	-	-	17,280	15,097
Other tax and social security payable	636	643	175	175
Other payables	717	636	421	231
Accruals	7,959	6,885	2,191	899
	16,544	14,620	23,421	18,555

The fair values of trade and other payables approximate their carrying values presented.

16 Other Financial Liabilities

Group and Company

All figures in £0'000	2020	2019
Interest rate swaps used for hedging	41	-
Foreign exchange rate swaps for hedging	234	-
	275	-

The liabilities are held at fair value.

The accompanying notes form part of the financial statements

17 Borrowings

	Note	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Current					
Bank loans and overdrafts due within one year or on demand:					
Bank overdraft		-	-	-	316
Unsecured bank loans[1]		3,008	767	-	-
Lease liabilities[2]		748	778	174	45
	18.3	3,756	1,545	174	361
Non-current loans					
Unsecured bank loans[1]		11,541	8,226	7,900	4,000
Lease liabilities[2]		4,722	1,142	83	4
	18.3	16,263	9,368	7,983	4,004

1 Bank loans bear interest at rates between 1.25% and 1.95% above 30 day LIBOR rates.

2 The Group has initially applied IFRS 16 at 31 March 2019 and recognised £4.2m of lease liabilities on the balance sheet. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application.

Reconciliation of net cash flow to net debt

Group	30 March 2019 £'000	Application of IFRS 16[2] £'000	Cash flow £'000	Interest £'000	Reclassify £'000	Exchange movement £'000	28 March 2020 £'000
Loans repayable within 1 year	(767)	-	767	-	(2,966)	(42)	**(3,008)**
Loans repayable after 1 year	(8,226)	-	(6,068)	-	2,966	(213)	**(11,541)**
	(8,993)	-	(5,301)	-	-	(255)	**(14,549)**
Lease liabilities repayable within 1 year	(778)	-	969	-	(939)	-	**(748)**
Lease liabilities repayable after 1 year	(1,142)	(4,210)	-	(158)	950	(162)	**(4,722)**
	(1,920)	(4,210)	969	(158)	11	(162)	**(5,470)**
Total borrowings	(10,913)	**(4,210)**	**(4,332)**	**(158)**	**11**	**(417)**	**(20,019)**
Cash and cash equivalents	2,352	-	6,519	-	-	93	**8,964**
Net Debt	(8,561)	**(4,210)**	**2,187**	**(158)**	**11**	**(324)**	**(11,055)**

Group	31 March 2018 £'000	Cash flow £'000	Reclassify £'000	Exchange movement £'000	30 March 2019 £'000
Loans repayable within 1 year	(720)	-	(31)	(15)	(767)
Loans repayable after 1 year	(7,203)	(777)	31	(277)	(8,226)
	(7,923)	(777)	-	(292)	(8,993)
Lease liabilities repayable within 1 year	(880)	-	102	-	(778)
Lease liabilities repayable after 1 year	(1,560)	520	(102)	-	(1,142)
	(2,440)	520	-	-	(1,920)
Total borrowings	(10,363)	(257)	-	(292)	(10,913)
Cash and cash equivalents	5,557	(3,165)	-	40	2,352
Net Debt	(4,806)	(3,422)	-	(332)	(8,561)

The accompanying notes form part of the financial statements

18 Financial Instruments and Risk

The Group has exposure to the following risks from its use of financial instruments:
• Credit risk • Liquidity risk • Currency risk • Interest rate risk

This note presents information about the fair value of the Group's financial instruments, the Group's exposure to each of the risks noted and the Group's objectives, policies and processes for measuring and managing risk. The Board has overall responsibility of the risk management strategy and coordinates activity across the Group. This responsibility is discussed further in the Directors' report. Exposure to the financial risks noted, arise in the normal course of the Group's business.

18.1 Financial instruments by category

The fair values of the financial assets and liabilities of the Group are as follows:

		Fair value through profit or loss		Amortised cost loans and receivables	
		2020	2019	2020	2019
Group	**Note**	**£'000**	£'000	**£'000**	£'000
Financial assets					
Current					
Trade receivables	13	-	-	16,737	16,918
Other receivables	13	-	-	653	951
Derivatives	14	-	24	-	-
Cash and cash equivalents		-	-	8,964	2,352
		-	24	26,354	20,221
Financial liabilities					
Current					
Trade payables	15	-	-	7,232	6,456
Other payables	15	-	-	717	636
Accruals	15	-	-	7,959	6,885
Derivatives	16	275	-	-	-
Short term borrowings	17	-	-	3,756	1,545
		275	-	19,664	15,522
Non-current					
Long term borrowings	17	-	-	16,263	9,368

		Fair value through profit or loss		Amortised cost loans and receivables	
		2020	2019	2020	2019
Company	**Note**	**£'000**	£'000	**£'000**	£'000
Financial assets					
Current					
Amounts owed by group undertakings	13	-	-	49,606	47,760
Other receivables	13	-	-	1,499	931
Derivatives	14	-	24	-	-
Cash and cash equivalents		-	-	6,658	-
		-	24	57,763	48,691
Financial liabilities					
Current					
Trade payables	15	-	-	3,354	2,153
Amounts owed to group undertakings	15	-	-	17,280	15,097
Other payables	15	-	-	596	231
Accruals	15	-	-	2,191	899
Derivatives	16	275	-	-	-
Short term borrowings	17	-	-	174	361
		275	-	23,595	18,741
Non-current					
Long term borrowings	17	-	-	7,983	4,004

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short term nature, the carrying values of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

The table below analyses financial instruments carried at fair value, by valuation method.

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly:

All figures in £'000	2020 Level 2	2020 Total	2019 Level 2	2019 Total
Financial assets				
Derivatives	-	-	24	24
Financial liabilities				
Derivatives	275	275	-	-

18.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. Credit risk arising from the Group's normal commercial activities are controlled by individual business units operating in accordance with Group policies and procedures. Exposure to credit risk arises from the potential of a customer defaulting on their invoiced sales. Some of the Group's businesses have credit insurance in place. For un-insured customers, the financial strength and credit worthiness of the customer is assessed from a variety of internal and external information, and specific credit risk controls that match the risk profile of those customers are applied.

Trade receivables as at the 28 March 2020 (2019: 30 March 2019) were:

All figures in £'000	2020	2019
JC Speciality Papers	9,323	9,860
JC Converting	1,994	1,583
JC 3D Products	648	150
Technical Fibre Products	5,302	5,547
Trade receivables	17,267	17,140
Provision for impairment on trade receivables	(530)	(222)
	16,737	16,918

The Company does not have trade receivables.

The majority of trade receivables are covered by credit insurance.

At 28 March 2020 the lifetime expected loss provision for trade receivables is as follows:

	Not past due	Past due 0-30 days	Past due 31- 60 days	Past due over 60 days	Total
Expected loss rate	3%	3.75%	5.5%	6%	-
Gross carrying amount (£'000)	16,242	796	185	44	17,267
Loss provision	487	30	10	3	530

All trade receivables have been reviewed under the expected credit loss impairment model and a provision of £530,000 (2019: £222,000) has been recorded accordingly.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Group's historical credit losses experienced. The historic loss rates are then adjusted for current and forward looking information on macro-economic factors affecting the Group's customers.

Movements in provision for impairment on trade receivables.

Group	2020 £'000	2019 £'000
Balance at Start of period	222	121
Increased during the period	319	121
Utilised during the period	(11)	(20)
Balance at end of period	530	222

Provision for impairment on consolidation:

Due to the uncertainty at this time that Covid-19 creates it is possible that market events may materialise that can't currently be foreseen. Should events unfold that significantly adversely impact the cash flows of the trading divisions James Cropper PLC will support its trading divisions. Given the high levels of uncertainty in these unprecedented times James Cropper PLC will therefore recognise an expected credit loss in respect of intra-group loans should such assistance be required 12 months from now.

The Expected Credit Loss is based on a 1.3% probability that the loan receivables become impaired which is in line with the credit losses applied to the Group's trade receivables to derive the lifetime expected loss provision for trade receivables.

Credit risk arises from the potential of subsidiary companies defaulting on intra-group loans.

Intra-group loan receivables at 28 March 2020 are:

All figures in £'000	2020	2019
JC Speciality Papers Limited	12,000	12,000
JC Converting Limited	3,000	3,000
JC 3D Products Limited	4,000	4,000
Technical Fibre Products Limited	7,000	7,000
	26,000	26,000
Provision for impairment	(350)	-
Net Intra-group loans	25,650	26,000

Company	2020 £'000
Balance at the start of the period	-
Credited / (released) during the period	350
(Utilised) during the period	-
Balance at the end of the period	**350**

18.3 Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet liabilities. The Group's policy is to maintain a mix of short, medium and long term borrowings with a number of banks. Short term flexibility is achieved through overdraft facilities. In addition, it is the Group's policy to maintain undrawn committed borrowing facilities in order to provide flexibility in the management of liquidity.

Current and non- current financial liabilities

The maturity profile of the carrying amount of the current and non-current financial liabilities, at 28 March 2020 (2019: 30 March 2019), was as follows:

	2020				2019		
Group	Debt £'000	Lease liabilities £'000	Derivatives £'000	Total £'000	Debt £'000	Lease liabilities £'000	Total £'000
In less than one year	3,008	748	275	4,031	767	778	1,545
In more than one year but not more than two years	607	626	-	1,233	4,772	275	5,047
In more than two years but not more than five years	10,934	1,742	-	12,676	3,454	673	4,127
In more than five years	-	2,354	-	2,354	-	194	194
	14,549	5,470	275	20,294	8,993	1,920	10,913

	2020				2019		
Company	Debt £'000	Lease liabilities £'000	Derivatives £'000	Total £'000	Debt £'000	Lease liabilities £'000	Total £'000
In less than one year	-	174	275	449	316	45	361
In more than one year but not more than two years	-	14	-	14	4,000	4	4,004
In more than two years but not more than five years	7,900	69	-	7,969	-	-	-
	7,900	257	275	8,432	4,316	49	4,365

Trade payables

Trade payables at the reporting date was:

All figures in £'000	Group 2020	Group 2019	Company 2020	Company 2019
Trade payables at the reporting date was	7,232	6,456	3,354	2,153
Total contractual cash flows	7,232	6,456	3,354	2,153

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 28 March 2020:

All figures in £'000	Group at 28 March 2020 Floating rate	Group at 30 March 2019 Floating rate
Expiring within one year (renewed annually)	3,500	3,500
Expiring after one year	1,867	4,390

The Group's expiry profile of the drawn down facilities is as follows:

All figures in £'000	Group 28 March 2020	Group 30 March 2019	Company 28 March 2020	Company 30 March 2019
August 2019	-	2	-	-
November 2019	-	2	-	-
May 2020	-	4,000	-	4,000
December 2020	2,199	-	-	-
June 2021	-	2,878	-	-
December 2021	1,416	2,111	-	-
May 2022	4,934	-	1,900	-
February 2023	6,000	-	6,000	-
	14,549	8,993	7,900	4,000

18.4 Currency risk

The Group publishes its consolidated financial statements in sterling but also conducts business in foreign currencies. As a result it is subject to foreign currency exchange risk arising from exchange rate movements which will be reflected in the Group's transaction costs or in the underlying foreign currency assets of its foreign operations. The Group has operations in the USA. The Group is exposed to foreign exchange risks primarily with respect to US Dollars and the Euro. Where possible, the Group maintains a policy of balancing sales and purchases denominated in foreign currencies. Where an imbalance remains, the group has also entered into certain forward exchange contracts. No material contracts were outstanding at the year end.

Represented below is the net exposure to foreign currencies, reported in pounds sterling, and arising from all Group activities, as at 28 March 2020.

All figures in £'000	USD	Euro	RMB	GBP	Total
Trade Receivables	5,574	3,712	18	7,433	16,737
Cash and cash equivalents	3,584	1,315	109	3,956	8,964
Trade Payables	(1,239)	(1,045)	-	(4,948)	(7,232)
Unsecured current loans	(809)	-	-	(2,199)	(3,008)
Lease liabilities current[1]	(103)	-	-	(645)	(748)
Unsecured non-current loans	(3,641)	-	-	(7,900)	(11,541)
Lease liabilities non-current[1]	(3,005)	-	-	(1,717)	(4,722)
Net exposure	361	3,982	127	(6,020)	(1,550)

1 The Group has initially applied IFRS 16 at 31 March 2019 and recognised £4.2m of lease liabilities on the balance sheet. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application.

At the 30 March 2019 the Group's exposure to foreign currency risk was as follows:

All figures in £'000	USD	Euro	RMB	GBP	Total
Trade receivables	6,101	3,261	19	7,537	16,918
Cash and cash equivalents	642	490	80	1,140	2,352
Trade payables	(1,539)	(1,066)	-	(3,851)	(6,456)
Unsecured current loans	(767)	-	-	-	(767)
Lease liabilities current	-	-	-	(778)	(778)
Unsecured non-current loans	(4,221)	-	-	(4,005)	(8,226)
Lease liabilities non-current	-	-	-	(1,142)	(1,142)
Net exposure	216	2,685	99	(1,099)	1,901

This represents the net exposure to foreign currencies, reported in pounds Sterling, and arising from all Group activities.

At the 28 March 2020 the Company's exposure to foreign currency risk was as follows:

All figures in £'000	USD	Euro	GBP	Total
Cash and cash equivalents	1,875	1,223	3,560	6,658
Trade payables	(2)	(26)	(3,326)	(3,354)
Lease liabilities current	-	-	(174)	(174)
Unsecured non-current loans	-	-	(7,900)	(7,900)
Lease liabilities non-current	-	-	(83)	(83)
Net exposure	1,873	1,197	(7,923)	(4,853)

1 The Group has initially applied IFRS 16 at 31 March 2019 and recognised £4.2m of lease liabilities on the balance sheet. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application.

At the 30 March 2019 the Company's exposure to foreign currency risk was as follows:

All figures in £'000	USD	Euro	GBP	Total
Bank overdrafts	(232)	(1,805)	1,721	(316)
Trade payables	(34)	(29)	(2,090)	(2,153)
Lease liabilities current	-	-	(45)	(45)
Unsecured current loans	-	-	(4,000)	(4,000)
Lease liabilities non-current	-	-	(4)	(4)
Net exposure	(266)	(1,834)	(4,418)	(6,518)

A one percent strengthening of the pound against the Euro and the US Dollar at 28 March 2020 would have had the following impact on equity and profit by the amounts shown below.

Group		Equity £'000	Income £'000	Company		Equity £'000	Income £'000
28 March 2020	USD	(4)	(43)	28 March 2020	USD	(19)	-
28 March 2020	Euro	(39)	(26)	28 March 2020	Euro	(12)	-
30 March 2019	USD	(131)	(76)	30 March 2019	USD	2	-
30 March 2019	Euro	(48)	(43)	30 March 2019	Euro	8	-

This sensitivity analysis is indicative only and it should be noted that the Group's exposure to such market rate changes is continually changing. The calculations assume all other variables, in particular interest rates, remain constant.

18.5 Interest rate risk

Interest rate risk derives from the Group's exposure to changes in value of an asset or liability or future cash flow through changes in interest rates. The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows in the desired currencies at fixed or floating rates of interest. As part of the Group's interest rate management strategy the Company entered into two interest rate swaps which mature in May 2020 (GBP) and June 2021 (USD). Under the swaps the maximum base rates the Group will pay on bank borrowings of up to £3m is 0.66% and $3m is 1.99%. The exposure is measured on variable rate debt and instruments. The net exposure to interest rates at the Statement of Financial Position date can be summarised as follows:

The net exposure to interest rates at the balance sheet date can be summarised as follows:

All figures in £'000	Group 2020	Group 2019	Company 2020	Company 2019
Interest bearing liabilities - floating				
Borrowings	14,549	8,988	7,900	4,316
Finance lease	-	450	-	-
	14,549	9,438	7,900	4,316
Interest bearing liabilities - fixed				
Borrowings	-	5	-	-
Lease liabilities	5,470	-	257	-
	5,470	1,475	257	49
Interest bearing liabilities	**20,019**	10,913	**8,157**	4,365

The effective interest rates at the balance sheet date were as follows:

	2020 %	2019 %
Bank overdraft	1.85	2.50
Borrowings	2.20	2.30

The sensitivity analysis below assumes a 100 basis point change in interest rates from their levels at the reporting date, with all other variables held constant. A 1% rise in interest rates would result in an additional £64,000 for the Group and £38,000 for the Company in interest expense being incurred per year. The impact of a decrease in rates would be an identical reduction in the annual charge.

Group	Income statement £'000
28 March 2020	64
30 March 2019	94

Company	Income statement £'000
28 March 2020	38
30 March 2019	47

The accompanying notes form part of the financial statements

18.6 Derivative contracts

Derivative liabilities

All figures in £'000	2020	2019
Derivatives designated as hedging instruments		
Interest rate swaps	41	(24)
Forward foreign exchange contracts	234	-
Total derivatives designated as hedging instruments	275	(24)
Total derivative financial liabilities	275	(24)
Less non-current portion		
Interest rate swaps	(7)	(4)
Forward foreign exchange contracts	-	-
Current portion	268	(20)

The Group has elected to adopt the hedge accounting requirements of IFRS9 Financial Instruments. The Group enters into hedge relationships where the critical terms of the hedging instrument and the hedged item match, therefore, for the prospective assessment of effectiveness a qualitative assessment is performed. Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continuing effectiveness of the relationship.
In instance where changes occur to the hedged item which result in the critical terms no longer matching, the hypothetical derivative method is used to assess effectiveness.

Cash flow interest rate swaps

The Group manages its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. Normally the Group raises long-term borrowing at floating rates and swaps them into fixed rates.

The hedging ratio is 1:1 with the Group having two interest rate swaps of £3,000,000 and US$3,000,000 hedging the same amount of underlying debt.

The ineffective portion is recognised in finance expense that arose from cash flow hedges amounts to a loss of £84,000 (2019: £nil).

Gains and losses that relate to designated and effective hedging instruments are recognised in other comprehensive income and tracked separately.

At 28 March 2020, the main floating rates were LIBOR and US LIBOR. Gains and losses recognised in the cash flow hedging reserve in equity on interest rate swap contracts as at 28 March 2020 will be released to the consolidated statement of comprehensive income as the related interest rate expense is recognised.

The effects of the cash flow interest rate swap hedging relationships are as follows as at 28 March:

All figures in £'000	2020	2019
Carrying amount of the derivatives	41	(24)
Change in fair value of the designated hedging instrument	64	20
Change in fair value of the designated hedged item	(64)	(20)
Notional amount	5,427	5,302
Maturity date	17/06/21	17/06/21

The accompanying notes form part of the financial statements

Cash flow forward foreign exchange contracts

Foreign exchange risk arises when individual group operations enter into transactions denominated in a currency other than their functional currency. Where the risk to the Group is considered to be significant, Group treasury will enter into a matching forward foreign exchange contract with a reputable bank.

The hedging ration is 1:1, with the Group committing to sell forward highly probable forecast euro receipts to an equal value of the foreign exchange contracts.

The hedged forecast transactions denominated in foreign currency are expected to occur at various dates in the next 12 months. Gains and losses on the effective element of forward foreign exchange contracts as at 28 March 2020 are recognised in the consolidated statement of comprehensive income and tracked separately in the period or periods during which the hedged forecast transactions affects the consolidated statement of comprehensive income. This is expected to be within 12 months of the end of the financial year in respect of the forward currency contracts taken out as at 28 March 2020.

No ineffective portion of the forward foreign exchange contract was recognised in the consolidated statement of comprehensive income in the period.

The effects of the cash flow forward foreign exchange contract hedging relationships are as follows as at 28 March:

All figures in £'000	2020	2019
Carrying amount of the derivatives	234	-
Change in fair value of the designated hedging instrument	234	-
Change in fair value of the designated hedged item	(234)	-
Notional amount	6,279	-
Maturity date	15/03/21	-

Net investment in a foreign operation

The Group manages the risk that changes in exchange rates have on its net investment in foreign operations using loans payable in the same currency as the functional currency of its foreign operations.

At the inception of the hedge the hedging ratio between the overseas assets and the foreign currency loan is a ratio of 1:1.

For the years ended 28 March 2020 and 30 March 2019 there were no significant amounts recognised in profit or loss relating to the ineffective portion of hedges or portions excluded from the assessment of hedge effectiveness.

Gains and losses that relate to designated and effective hedging instruments is recognised in other comprehensive income and tracked separately.

At 28 March 2020, the foreign operations were denominated in USD.

All figures in £'000	2020	2019
Carrying amount of the loan payable	607	(2,878)
Change in fair value of the designated hedging instrument	2,271	(213)
Change in fair value of the designated hedged item	(2,110)	119
Notional amount	3,237	3,070
Maturity date	22/12/21	22/12/21

19 Retirement benefits

The Group operates a number of pension schemes. Two of these schemes, the James Cropper PLC Works Pension Plan ("Works Scheme") and the James Cropper PLC Pension Scheme ("Staff Scheme") are funded schemes of the defined benefit type. The Group also operates a defined contribution scheme and makes contributions to personal pension plans for its employees in the USA.

Pension costs for the defined contribution scheme and personal pension contributions are as follows:

All figures in £'000	2020	2019
Defined contribution schemes	832	663
Personal Pension contributions	31	36

Other pension costs totalled £962,000 (2019: £976,000) and represent life assurance charges, government pension protection fund levies and other current service costs.

Defined benefit plans

With effect from 1 April 2011 active members' benefits were reduced such that future increases in pensionable salaries were restricted to a cap of 2% per annum. As from 1 April 2017 (Works Scheme) and 1 July 2017 (Staff Scheme) increases in pension once it is in-payment will be in line with the annual increase in CPI. The Staff and Works Schemes will remain defined benefit schemes but they will no longer be "final salary" schemes.

The most recent actuarial valuations of the Staff Scheme and the Works Scheme were undertaken in April 2016 by qualified independent actuaries.

The major assumptions used by the actuary for each scheme were as noted below. The expected return on plan assets is calculated by using a weighted average across each category of asset:

	Staff Scheme		Works Scheme	
All figures in %	2020	2019	2020	2019
CPI Inflation assumption	1.80	2.15	1.75	2.15
RPI Inflation assumption	2.55	3.15	2.50	3.15
Rate of increase in pensionable salaries	1.40	1.75	1.40	1.75
Discount rate	2.50	2.45	2.55	2.45
Pension increases for in-payment benefits capped at 5%, with a 3% floor	3.45	3.65	3.15	3.25
Pension increases for in-payment benefits capped at 2.5%, with a 0% floor	1.55	1.80	1.50	1.80

The mortality assumptions have been set in line with the best-estimate results of the Medically Underwritten Mortality study carried out as part of the ongoing 2019 actuarial valuation. In respect of mortality for the Works members the assumptions adopted at 28 March 2020 are 142% of the SAPS "S3" series table, with future improvements in line with the CMI core 2019 projection model with long-term trend improvements of 1.25% pa. For the Staff members the SAPS "S3" series table with a 142% rating has been used, with future improvements in line with the CMI core 2019 projection model with long term trend improvements of 1.25% pa.

The long-term expected rate of return on cash is determined by reference to bank base rates at the SFP dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the SFP date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

The method adopted for determining the discount rate has been selected as the most appropriate following specialist advice and the discount rate has been calculated based on a yield curve at an appropriate duration to the schemes' liabilities. A decrease in the discount rate by 0.25% would increase the defined benefit obligations by 3.7% for the staff scheme and 4.4% for the works scheme.

Pension payments are not expected to peak until 2040, and expected to continue until 2080.

The amounts recognised in the Statement of Financial Position ("SFP") are determined as follows:

All figures in £'000	2020	2019	2018	2017	2016
Defined benefit obligation (DBO)	(121,470)	(132,646)	(126,079)	(128,026)	(104,924)
Fair value of assets (FVA)	113,968	109,998	106,607	105,832	94,271
Deficit	(7,502)	(22,648)	(19,472)	(22,194)	(10,653)
Effect of limit on recoverable surplus	(1,880)	-	-	-	-
Net liability recognised in the SFP	(9,382)	(22,648)	(19,472)	(22,194)	(10,653)
Staff Scheme	1,880	(7,664)	(6,408)	(7,405)	(2,813)
Works Scheme	(9,382)	(14,984)	(13,064)	(14,789)	(7,840)
Deficit	(7,502)	(22,648)	(19,472)	(22,194)	(10,653)
Effect of limit on recoverable surplus	(1,880)	-	-	-	-
Net liability recognised in the SFP	(9,382)	(22,648)	(19,472)	(22,194)	(10,653)

The Covid-19 pandemic created an unusual time in the markets at the March year end and the increased yields available on corporate bonds at the time drove down liabilities and, together with the lower expected future inflation, has caused the greatest part of the improvement we see across both schemes. It is highly probable that a surplus on the staff scheme would not have arisen without the impact Covid-19 has had on the year end position. In view of this, the Company has not recognised the surplus on the staff scheme at 28 March 2020. The key risks relating to the pension schemes can be found in the Pension Report on pages 18 to 20.

The fair value of the plan assets comprises the following categories of asset in the stated proportions:

	Staff Scheme		Works Scheme	
All figures in %	2020	2019	2020	2019
Managed Growth	66.4	63.5	71.8	71.1
Annuities	2.6	3.6	-	-
Cash	1.3	0.4	1.4	0.3
Matching Assets	29.7	32.5	26.8	28.6

The pension plan assets do not include any investments in the shares of the Company (2019: nil).

Apart from the annuities and cash, the assets of the schemes are held in an unquoted investment fund managed by the schemes' fiduciary manager and comprising combinations of the above assets. Within those funds, the indirect equity exposures are predominantly quoted. The assets in the Matching Assets captions holdings of cash and swaps, designed to match the sensitivity of the schemes to movements in long term interest rates and inflation expectations.

The amounts recognised in the Statement of Comprehensive Income are as follows:

All figures in £'000	2020	2019
Total included within employee benefit costs - current service costs, past service costs and administration costs	1,188	1,423
Interest income on plan assets	(2,679)	(2,959)
Interest cost on the defined benefit obligation	3,223	3,491
Total included within interest	544	532
Total	**1,732**	1,955

Analysis of the movement in the Statement of Financial Position liability

All figures in £'000	2020	2019
At 30 March 2019 / 31 March 2018	(22,648)	(19,472)
Total expense as above	(1,732)	(1,955)
Contributions paid	1,941	2,037
Actuarial gains / (losses) recognised in Other Comprehensive Income	13,057	(3,258)
At 28 March 2020 / 30 March 2019	**(9,382)**	(22,648)

The actual return on plan assets was £5,372,000 (2019: £5,462,000). The Company expects to pay £416,000 (2019: £617,000) in contributions to the Staff Scheme and £1,463,000 (2019: £1,324,000) in contributions to the Works Scheme in the next financial period. The minimum funding requirement does not give rise to an additional liability under IFRIC 14.

Following the April 2016 triennial valuation, a deficit recovery plan was agreed with the Trustees which included additional contributions of £1.46m pa to reduce the past service deficits for nine years from 1 April 2017. The current ongoing valuation may change this profile once completed.

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income, since the adoption of IAS 19, are £8,175,000 (2019: £21,232,000).

	Works Scheme		Staff Scheme		Works Scheme		Staff Scheme	
	2020	2020	2020	2020	2019	2019	2019	2019
All figures in £'000	Assets	DBO	Assets	DBO	Assets	DBO	Assets	DBO
At 30 March 2019 / 31 March 2018	57,009	(71,993)	52,989	(60,653)	54,455	(67,519)	52,152	(58,560)
Interest Income on plan assets	1,398	-	1,281	-	1,523	-	1,436	-
Current service costs	(109)	(753)	(26)	(300)	(152)	(748)	(35)	(355)
Benefits paid	(1,541)	1,541	(2,108)	2,108	(1,867)	1,867	(2,545)	2,545
Contributions by plan participants	319	(319)	122	(122)	335	(335)	156	(156)
Employer contributions	1,324	-	617	-	1,388	-	649	-
Interest cost on the DBO	-	(1,758)	-	(1,465)	-	(1,880)	-	(1,611)
Past service costs	-	-	-	-	-	(72)	-	61
Return on plan assets	2,056	3,444	637	8,800	1,327	(3,306)	1,176	(2,455)
At 28 March 2020 / 30 March 2019	**60,456**	**(69,838)**	**53,512**	**(51,632)**	57,009	(71,993)	52,989	(60,653)

Experience adjustments

All figures in £'000	2020	2019	2018	2017	2016
Arising on plan assets	2,693	2,503	(1,161)	9,505	(624)
Percentage of scheme assets	2.36%	2.28%	(1.09%)	8.98%	(0.66%)
Arising on plan liabilities	12,244	(5,761)	3,754	(21,383)	7,178
Percentage of scheme liabilities	10.08%	(4.34%)	2.98%	(16.70%)	6.84%

Sensitivity analyses

The sensitivity analyses below have been determined based on reasonable possible changes to the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analyses may not be representative of the actual changes in the net retirement benefits as it is unlikely that the changes in assumptions would occur in isolation of one another and some of the assumptions may be inter-related.

Staff Scheme	Current assumption	Sensitivity	£'000	Effect on DBO
Discount rate	2.50%pa	0.25% decrease	£1,919	+3.7%
Price inflation	2.55%pa (RPI)			
	1.80%pa (CPI)	0.25% increase	£540	+1.0%
Mortality	142% of SAPS "S3" series table	Increase in life expectancy of 1 year	£2,505	+4.9%

Works Scheme	Current assumption	Sensitivity	£'000	Effect on DBO
Discount rate	2.55%pa	0.25% decrease	£3,107	+4.4%
Price inflation	2.50%pa (RPI)			
	1.75%pa (CPI)	0.25% increase	£712	+1.0%
Mortality	142% of SAPS "S3" series table	Increase in life expectancy of 1 year	£3,174	+4.5%

20 Deferred taxation

The movement on the deferred tax account is shown below:

All figures in £'000	Group 2020	Group 2019	Company 2020	Company 2019
At 30 March 2019 / 31 March 2018	2,234	2,053	3,840	3,649
(Charge)/credit to other comprehensive income	(2,481)	554	(2,481)	554
Charge to equity	(125)	(234)	(125)	(234)
Adjustments in respect of prior years	-	(43)	(5)	(37)
(Charge)/credit to income statement	80	(96)	591	(92)
At 28 March 2020 / 30 March 2019	**(292)**	2,234	**1,820**	3,840

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered. No deferred tax is recognised on the un-remitted earnings of overseas subsidiaries.

Deferred tax assets	Group				Company			
All figures in £'000	Pension	Share options	Other	Total	Pension	Share options	Other	Total
At 31 March 2018	3,310	318	198	3,826	3,310	318	127	3,755
Adjustments in respect of prior years	-	34	(71)	(37)	-	34	(72)	(38)
(Charge)/Credit to income statement	(14)	(81)	32	(63)	(14)	(81)	1	(94)
Charge to equity	-	(234)	-	(234)	-	(234)	-	(234)
Credit to other comprehensive income	554	-	-	554	554	-	-	554
At 30 March 2019	3,850	37	159	4,046	3,850	37	56	3,943
Credit/(charge) to income statement	413	111	(43)	481	413	111	73	597
Charge to equity	-	(125)	-	(125)	-	(125)	-	(125)
Charge to other comprehensive income	(2,481)	-	-	(2,481)	(2,481)	-	-	(2,481)
At 28 March 2020	**1,782**	**23**	**116**	**1,921**	**1,782**	**23**	**129**	**1,934**

The accompanying notes form part of the financial statements

Deferred tax liabilities	Group Accelerated capital allowances	Total	Company Accelerated capital allowances	Total
All figures in £'000				
At 31 March 2018	(1,773)	(1,773)	(106)	(106)
Adjustments in respect of prior years	(6)	(6)	-	-
(Charge)/Credit to income statement	(33)	(33)	2	2
At 30 March 2019	(1,812)	(1,812)	(104)	(104)
Adjustment on initial application of IFRS 16	-	-	(5)	(5)
Charge to income statement	(401)	(401)	(5)	(5)
At 28 March 2020	**(2,213)**	**(2,213)**	**(114)**	**(114)**

21 Share capital

Group and Company
Issued and fully paid

	Number of ordinary shares	£'000
At 28 March 2020 and 30 March 2019	**9,554,803**	**2,389**

Potential issue of ordinary shares

Under the Group's long-term incentive plan for executive directors and senior executives, such individuals hold rights over ordinary shares that may result in the issue of up to 52,163 ordinary shares of 25p by August 2022 (2019: 62,730 ordinary shares of 25p by August 2021). There were no share options exercised in the period (2019: 38,684). Further information on directors share options can be seen in the Remuneration Committee Report.

	Options at 30 March 2019	Options granted in the period	Options exercised in the period	Options not expected to vest	Options lapsed in the period	Options at March 2020
Share options	62,730	52,982	nil	(33,976)	(29,573)	52,163

The amount of gains made by Directors on no share options exercised in the year totalled £nil (2019: 38,684 share options with gains of £638,286). The Statement of Comprehensive Income includes LTIP credits of £255,885 for the year in relation to Directors (2019: £21,473 charge).

The accompanying notes form part of the financial statements

22 Employees and directors

Staff costs during the period

All figures in £'000	Group 2020	Group 2019	Company 2020	Company 2019
Wages and salaries	25,567	23,340	4,284	3,086
Social Security costs	2,325	2,314	407	477
Pension costs (note 19)	2,496	2,529	898	1,065
	30,388	28,183	5,589	4,628

The average monthly number of people (including executive directors) employed in the Group during the year, analysed by division was as follows:

	Full Time Equivalent		Headcount	
All figures in Number	2020	2019	2020	2019
James Cropper Paper Products	381	371	391	377
James Cropper 3D Products	26	20	27	21
Technical Fibre Products	112	104	117	107
James Cropper PLC	65	63	91	84
	584	558	626	589

23 Capital commitments

All figures in £'000	Group 2020	Group 2019	Company 2020	Company 2019
Contracts placed for future capital expenditure not provided in the financial statements	4,172	1,134	119	319

Capital commitments include contracts placed by TFP totalling £1.7m for the extension of the factory and the new line 4.
Capital commitments include contracts placed by Paper totalling £1.9m for new embosser / varnisher equipment.

24 Contingencies and post balance sheet events

There were no contingent liabilities at the period end for the Group.
The Company is included in a cross guarantee between itself and its subsidiaries.

At the date of authorisation of these financial statements, the impact of the Covid-19 pandemic is ongoing.
For further details, please refer to the Chief Executives Review (pages 08 to 12) and the Chief Financial Officer's Review (pages 13 to 17).

25 Related party transactions

Group

The Group has taken advantage of the exemption not to disclose intra-group transactions that are eliminated on consolidation.

Company

The Company paid £40,000 (2019: £40,000) to Sir James Cropper (Honorary President) for the use of reservoirs to supply water to the factory premises. The contract is based on a twenty year repairing lease with rent reviews every five years. The rent is negotiated through independent advisers representing each party. The Company paid £240 (2019: £6,597) to Ellergreen Hydro, a company in which M A J Cropper (Chairman and Non-Executive Director) is Managing Director, in the period for maintenance work. The Company paid £16,416 (2019: £13,651) to Ellergreen Estate (trading name of the J A Cropper (1989) Settlement), a trust of which M A J Cropper is a beneficiary, for imports of electricity from the hydro-electric plant owned and operated by the Trust. The company has rented the roof space of one of the buildings to Burneside Community Energy Ltd, who have installed solar panels. The company is importing the electricity generated by the solar panels and paid £11,962 (2019: £15,834) to Burneside Community Energy Ltd. M A J Cropper is a director of Burneside Community Energy Ltd.

The Company also has the following transactions with related entities:

2020 All figures in £'000	Management charges	Receivable / (Payable)	Loans and net intercompany funding
James Cropper Speciality Papers Limited	5,647	617	(5,027)
James Cropper Converting Limited	-	62	9,429
James Cropper 3D Products Limited	429	(11)	9,981
Technical Fibre Products Limited	1,569	(8)	17,838
James Cropper Overseas Trading Limited	-	29	-
	7,645	690	32,220

2019 All figures in £'000	Management charges	Receivable / (Payable)	Loans and net intercompany funding
James Cropper Speciality Papers Limited	6,166	2,144	(2,963)
James Cropper Converting Limited	-	84	13,111
James Cropper 3D Products Limited	343	497	6,748
Technical Fibre Products Limited	1,575	154	12,866
James Cropper Overseas Trading Limited	-	22	-
	8,084	2,901	29,762

Compensation for key management

In accordance with IAS 24, "Related Party Disclosures", key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and includes directors (both executive and non-executive) of James Cropper PLC. The Board and those members of the executive committee who are not directors comprise the key management personnel of the Group. The remuneration of the directors is disclosed in the Report of the Remuneration Committee (page 57).

All figures in £'000	2020	2019
Salaries and fees	1,164	1,201
Short term employee benefits	161	142
Short term bonuses	200	56
Pension costs	71	76
Shared based payments	-	638
Total	1,596	2,113

2019 – 2020 Shareholder Information

Reporting

Interim Results announced and sent to	
Ordinary Shareholders	19 November 2019
Final results announced	23 June 2020
Notification of AGM issued by	7 July 2020

Annual General Meeting - at TFP offices, Burneside Mills, Kendal, Wednesday 29 July 2020 at 11.00am.

Dividends on Ordinary Shares

Interim dividend paid on 10 January 2020 to Ordinary Shareholders registered on 29 November 2019.

No final dividend proposed.

Advisers

Independent Auditor

BDO LLP, Manchester

Tax Advisers

PriceWaterhouseCoopers LLP, Manchester

NOMAD & Stockbrokers

Shore Capital, London

Corporate Lawyers

DWF LLP, Manchester
Bond Dickinson, Newcastle upon Tyne

Registrars

Link Asset Services, Beckenham

Pension Adviser

Willis Towers Watson, Manchester

James Cropper PLC

Telephone. +44 (0)1539 722 022
Email. info@cropper.com

Burneside Mills
Kendal, Cumbria LA9 6PZ
Great Britain

www.jamescropper.com

Company Registration No: 30226

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