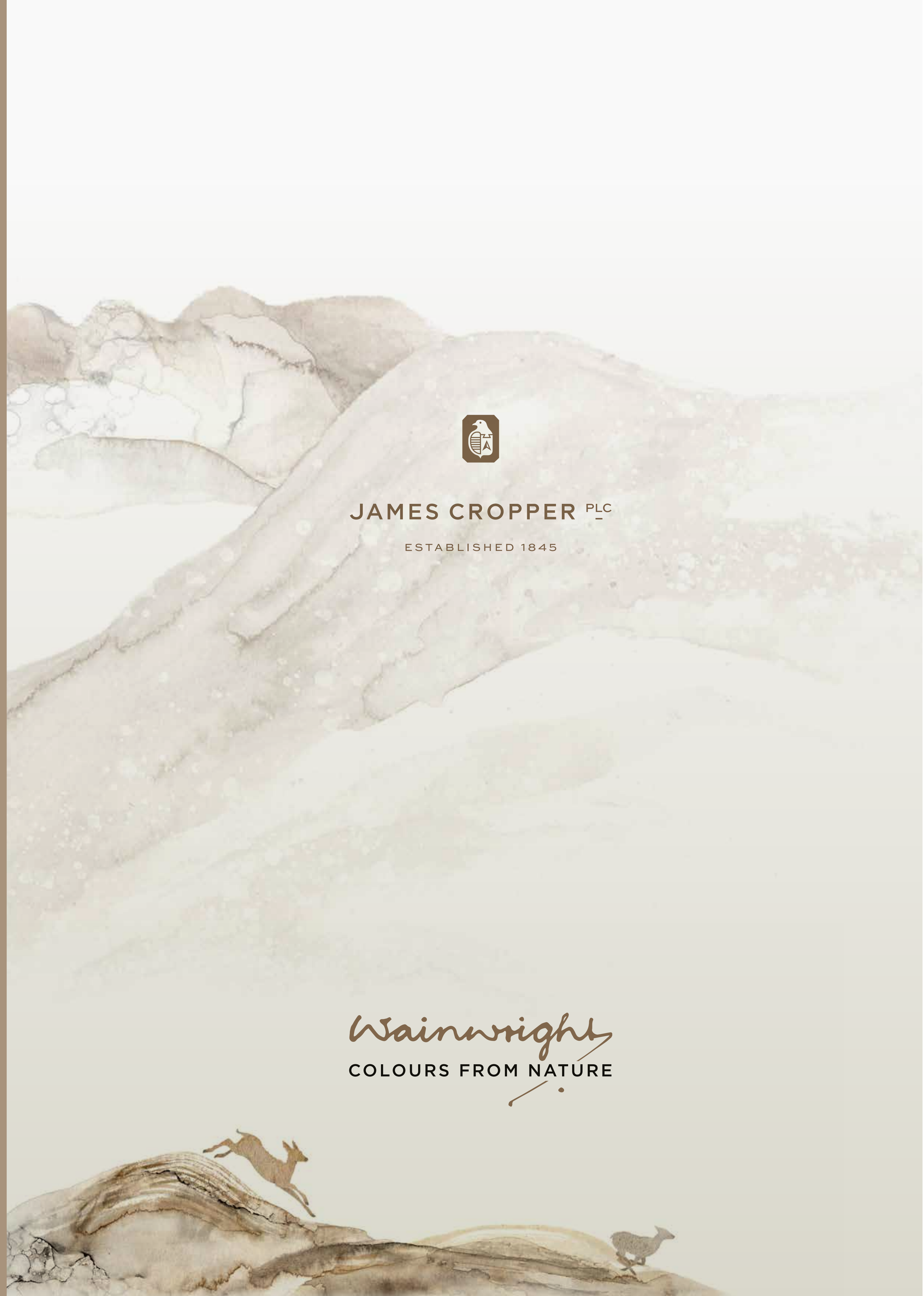
JAMES CROPPER PLC

ESTABLISHED 1845

ANNUAL REPORT AND ACCOUNTS 2022


JAMES CROPPER PLC
ESTABLISHED 1845
Wainwright
COLOURS FROM NATURE

MORE THAN EVER, OUR PURPOSE AND VALUES SIT AT THE HEART OF THE WAY WE RUN OUR COMPANY, FROM OUR LONG-TERM STRATEGY TO DAILY DECISION MAKING, THEY REFLECT HOW WE MAKE A POSITIVE CONTRIBUTION TO THE WORLD AROUND US.

Phil Wild, CEO

Our purpose

PIONEERING MATERIALS TO SAFEGUARD OUR FUTURE

Our values

FORWARD THINKING. RESPONSIBLE. CARING.

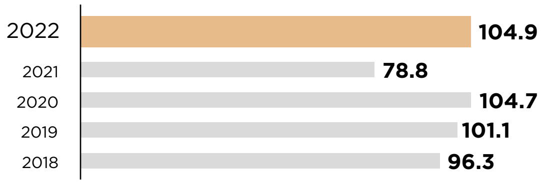
#	Location	Manufacturing	R&D	Sales Office	Partners
1	Burneside, UK Head Office	•	•	•	
2	Crewe, UK	•			
3	Launceston, UK	•	•		
4	Oslo, Norway				•
5	Helsinki, Finland				•
6	Ljungby, Sweden				•
7	Copenhagen, Denmark				•
8	Brussels, Belgium				•
9	Prague, Czech Republic				•
10	Paris, France			•	
11	Strasbourg, France			•	
12	Milan, Italy			•	

#	Location	Manufacturing	R&D	Sales Office	Partners
13	Budapest, Hungary				•
14	Bucharest, Romania				•
15	Moscow, Russia				•
16	Schenectady, USA	•	•	•	
17	Philadelphia, USA				•
18	Dubai, UAE				•
19	Shanghai, China				•
20	Guangzhou, China			•	
21	Hong Kong, China			•	
22	Melbourne, Australia				•
23	Johannesburg, South Africa				•

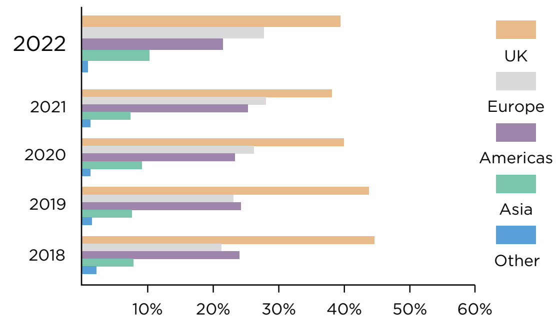
CONTENTS

FINANCIAL HIGHLIGHTS

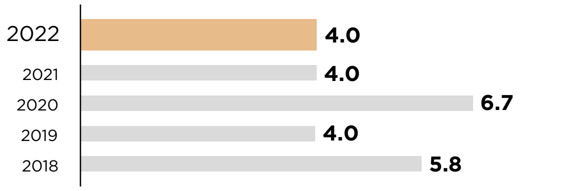
Total revenue
£104.9m ▲ 33%



Geographical % segmentation of revenue

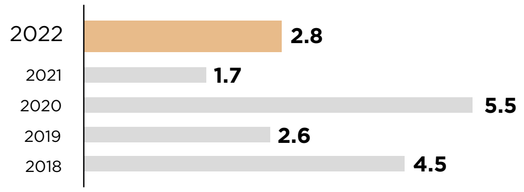


Adjusted profit before tax (iii)
£4.0m ▲ 1%

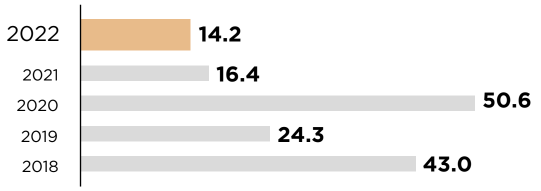


(excluding IAS 19 Pension adjustments and exceptional items)

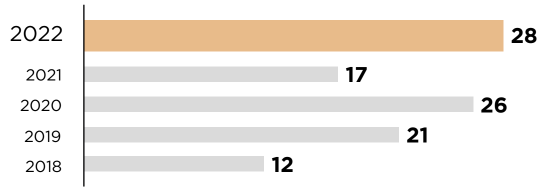
Profit before tax
£2.8m ▲ 62%



Basic and diluted EPS
14.2p ▼ 13%

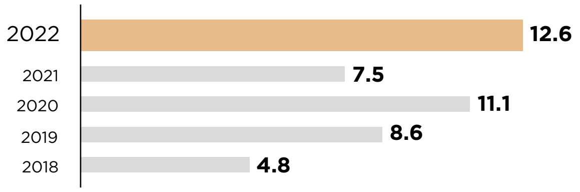


Gearing (i)
28% ▲ 11%

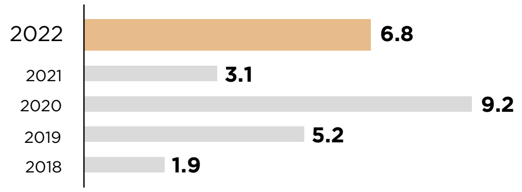


(excluding IAS 19 Pension adjustments)

Net borrowings (ii)
£12.6m ▲ 68%



Capital expenditure
£6.8m ▲ 116%



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 impact of IAS 19 and exceptional items.

FINANCIAL SUMMARY

Summary of results

All figures in £'000	2022	2021	2020	2019	2018
Revenue	104,922	78,768	104,667	101,095	96,312
Adjusted operating profit (APM 1)* (excluding IAS 19 impact and exceptional items)	4,585	4,510	7,240	4,262	6,133
Adjusted profit before tax (APM 2)* (excluding IAS 19 impact and exceptional items)	4,045	4,023	6,674	3,962	5,825
Exceptional items	(354)	(1,502)	-	-	-
Impact of IAS 19	(914)	(802)	(1,215)	(1,386)	(1,284)
Profit before tax	2,777	1,719	5,459	2,576	4,541
Earnings per share - diluted	14.2p	16.4p	50.6p	24.3p	43.0p

Statement of Financial Position

All figures in £'000	2022	2021	2020	2019	2018
Non-pension assets – excluding cash	81,846	70,780	72,084	64,871	59,899
Non-pension liabilities – excluding borrowings	(24,613)	(18,444)	(19,032)	(16,236)	(15,585)
	57,233	52,336	53,052	48,635	44,314
Net IAS 19 pension deficit (after deferred tax)	(9,847)	(14,933)	(7,600)	(18,798)	(16,162)
	47,386	37,403	45,452	29,837	28,152
Net borrowings	(12,572)	(7,502)	(11,055)	(8,561)	(4,806)
Equity shareholders' funds	34,814	29,901	34,397	21,276	23,346
Gearing % - before IAS 19 deficit	28%	17%	26%	21%	12%
Gearing % - after IAS 19 deficit	36%	25%	32%	40%	21%
Capital expenditure £'000	6,761	3,127	9,195	5,229	1,935

* Alternative performance measures (APMs) are defined on page 17.
(i) The IAS 19 pension adjustments are explained in detail in the Financial Review section, pages 21 to 23. The total amount excluded from the IAS pension Charge is £914k (2021: £802k). 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 £914k (2021: £802k) comprises:

All figures in £'000	Period ended 26 March 2022	Period ended 27 March 2021
Current service charge	1,203	1,034
Normal contributions	(656)	(471)
Interest charge	367	239
IAS 19 pension adjustment	914	802

Further details can be found on page 22 (The IAS 19 impact on profits).

Strategic Report - Chairman's Letter

OUR MANTRA SINCE THE EARLIEST DAYS OF THE COVID CRISIS HAS BEEN TO 'EMERGE STRONGER' AND I NOW BELIEVE WE HAVE SUCCEEDED.

Mark Cropper, Chairman

CHAIRMAN'S LETTER

Dear Shareholders,

The year to 26 March 2022 has been yet again another long and memorable year for the Company and all those associated with it.

The challenges have continued with the tail end of the pandemic, not so long ago joined by the onset of the Ukraine war. Both have led to dramatic rises in input costs, in particular in relation to energy. I am pleased to report the Group has responded with mitigating actions at every step and as a result our revenues are back to pre-pandemic levels, profits have risen and demand remains high across all divisions.

The result has been driven in part by the record performance of the TFP division, which has seen strong organic sales and the successful integration of the newly rebranded TFP Hydrogen subsidiary, following the acquisition of Limited (PV3) Technologies in January 2021.

In financial terms, the Group reports a profit before tax of £2.8m for the period. This was up by 62% versus the prior period with Group turnover rising by 33%, split between Paper (+37%), TFP (+27%), and Colourform (+19%).

This year has also seen several changes at Board level. James Gravestock was appointed Managing Director of the TFP division and an Executive Director of the Group, following the departure of Martin Thompson. On behalf of the Board, I would like to welcome James and to thank Martin for his significant contribution over the past 18 years, not least his part in the significant and sustained growth of the TFP division.

There were also significant changes on the non-executive side of the board. Our Senior Independent Director Dr Andrew Hosty stepped down during the year and I would also like to thank him for his valuable contributions in recent years.

Following on from this the Board chose to appoint two new non-executive directors in November: Sarah Miles, CEO of Feelunique.com, a market leader in cosmetics and beauty e-commerce, and Martin Court, Chief Commercial Officer of Victrex PLC, the FTSE 250 advanced materials group. In April 2022 Martin assumed the role of Senior Independent Director.

They both bring with them a wealth of commercial experience and I am delighted they chose to join us at an exciting moment in our growth journey.

Turning to other themes, our growth and product development strategies are also ever more aligned with helping our customers and consumers reduce their environmental impact, whether via greener papers and packaging or the advanced materials TFP has developed for a wide range of renewable energy.

Colourform continues to grow, with some highly creative innovative packaging products launched in the luxury beauty and premium alcoholic beverage markets. The division has generated a positive EBITDA for the first time as it continues to grow towards sustainable profitability.

The growth of our new subsidiary TFP Hydrogen has exceeded expectations in the year. This adds to the strong position TFP has built up over many years as a maker of materials and components for both fuel cells and hydrogen electrolysers. This sector is fast gaining traction as a key element of the global transition away from fossil fuels.

Furthermore, TFP is on track to shift the majority of its sales to applications supporting the Global Net Zero Carbon emissions movement within the next five years; helping us as a business to safeguard and protect the future of our planet.

Closer to home, we also continue to address our own impacts.

During the year we have progressed our programme to deliver significant decarbonisation by 2030 and the Paper division's ambition to source 50% of its fibre from waste by 2025. We are also taking further steps, not least via our ESG sub-committee, to better monitor and measure and ESG targets and further evolve policies and programmes that align with our Purpose and Values.

The Board is recommending a final dividend of 7.5 pence per share, making a total dividend for the year of 10.0 pence per share. A final dividend has not been paid since 2019 owing to the pandemic. Earnings per share have fallen by 13% to 14.2 pence.

I would like to thank our Board and all of our employees for the resilience they have shown during what have been very challenging months and years.

Our mantra since the earliest days of the Covid crisis has been to 'emerge stronger' and I am confident that this has truly been the case.

Looking forward, the outlook remains positive across the Group. While there are short term challenges in the Paper division due to external factors, we have put in place measures to mitigate these and plans are well underway to transition all of the divisions away from natural gas. The geopolitical climate has cemented and accelerated Government support for cleaner and greener hydrogen energy and TFP has the power to help facilitate this energy transition, by reducing costs and improving accessibility. Overall the green agenda represents a significant growth opportunity for all our divisions. Colourform will continue to grow year-on-year and Paper's strategy to enrich margins will also be significantly underpinned by its environmental initiatives.

Mark Cropper, Chairman
21 June 2022

YEAR IN REVIEW

Revenue (2021: £78.8m)	**£104.9m**	**+33%**
Adjusted operating profit APM 1* *Excluding IAS 19 impact and exceptionals* (2021: £4.5m)	**£4.6m**	**+2%**
Adjusted profit before tax APM 2* *Excluding IAS 19 impact and exceptionals* (2021: £4.0m)	**£4.0m**	**+1%**
Profit before tax (2021: £1.7m)	**£2.8m**	**+62%**
Net borrowings (2021: £7.5m)	**£12.6m**	**+68%**
Basic and diluted earnings per share (2021: 16.4p)	**14.2p**	**-13%**
Full year dividend per share (2021: nil)	**10.0p**	**-**

CHIEF EXECUTIVE'S REVIEW

I am pleased to report our financial results for the period, which yet again underline the continued resilience of the Group as we successfully navigated two unprecedented events - the end of the Covid pandemic, which saw resource and supply chain challenges, and the Ukraine War, which sparked an energy crisis and has compounded global inflation.

The Group has experienced strong demand throughout the period and across all divisions, with over 30% sales growth in the current year to 26th March 2022, which is ahead of previous market expectations.

Profit in 2021 included £2.9m of Covid-19 related government grants. No grants were included in 2022, demonstrating a strong underlying Adjusted profit before tax (APM 2) improvement from £1.1m (excluding grants) in 2021 to £4.0m in 2022.

While all of the divisions have felt the impact of these events in some way, the Paper division was significantly affected, as it is, by far, our most energy-intensive division.

The division is accountable for 88% of the Group's energy expenditure, with costs in the period 70% higher than the pre-Covid period ending March 2020.

Up to the end of the period, the Group had negotiated a fixed price contract for a significant proportion of the energy purchased, mitigating the impact of the crisis in the short term. Once this agreement ended in Q4, the division was exposed to the higher energy prices, which has impacted Group results in the current period (as announced on 23 March 2022).

As with all energy intensive businesses, the Paper division continues to incur higher than average energy costs, however, fixed prices for Q1 in the current period and an energy surcharge to all customers of the division are mitigating the impact over the medium term. The Paper division saw a strong recovery following the impact of Covid, with revenues at 93% of pre-pandemic levels and excellent customer retention rates. Programmes are well in advance to transition all Group divisions away from natural gas dependence.

The TFP division has had a record year for revenue, including better than expected results for the recently acquired TFP Hydrogen subsidiary, resulting in a full earn out payment for year one of the earn out period, and an increase in provisions for the future earn out expectations. Revenues were up on the previous period by 27%, surpassing the previous highest turnover by more than £4m, and higher than the pre-Covid period by 18%. Estimates suggest hydrogen could eventually account for 18% of primary energy, underlining TFP's role as an exciting and key growth area for the Group.

The Colourform division continues to grow with revenues up by 19% on the previous period and 31% higher than the pre-Covid period. The division has also shown positive earnings before interest, tax, depreciation, and amortisation. With pioneering, award-winning products and high profile brand partnerships secured for the short to medium term and energy security from being powered by 100% solar energy, Colourform is projected to continue to grow year on year.

*For definitions of alternative performance measures please refer to page 17 on the Chief Financial Officer Review report.

Strategic Report - Chief Executive's Review

Revenue and Operating Profit

Group revenue for the financial period was £104.9m, up 33% on the prior period (2021: £78.8m), with profits before tax of £2.8m, an increase of 62% on the prior period (2021: £1.7m). Earnings per share have fallen by 13% to 14.2p per share (2021: 16.4p per share).

Revenue for the Paper division rose by 37% in the period to £70.4m generating an operating loss of £2.4m compared to an operating loss of £0.4m in the prior period, for reasons previously disclosed.

Revenue for the TFP division rose by 27% in the period to £31.2m generating an operating profit of £8.7m, before exceptionals, compared to an operating profit of £6.9m in the prior period.

Revenue for Colourform grew by 19% in the period to £3.4m, generating an operating loss of £0.8m, compared to an operating loss of £1.4m in the prior period.

Capital investments during the period amounted to £6.8m compared to £3.1m in the prior period.

The Group has completed the £25m financing deal with NatWest Bank and HSBC Bank, supported by UK Export Finance.

The funding will be used to invest in additional investments to support our strategic growth plans and ESG commitments including decarbonisation.

Group Strategy

Our company's Purpose, *Pioneering Materials to Safeguard our Future* and Values, *Forward Thinking, Responsible and Caring*, provide our guiding principles for our growth strategies across each business.

Our main markets within each business include:

TFP
- Clean Energy (Hydrogen)
- Defence
- Aerospace
- Green Technologies

Paper
- Packaging
- Art
- Design & Advertising
- Publishing

Colourform
- Wines & Spirits
- Fragrances
- Beauty

While operating under the Group's combined Purpose and Values, each business division acts independently, focusing on niche markets and growth areas:

TFP

TFP is accelerating sales, particularly in clean energy, and building global capacity.

Case study: TFP sales into clean energy, such as wind and hydrogen markets, have grown by 75%, from £5.7m to £10.0m in the past 12 months.

The division has also achieved a 70% reduction in the volume of waste generated, compared to 2015.

Paper

Paper is growing its market share in luxury packaging and focusing on delivering improved margins.

Case study: A key innovation of Paper is creating value from waste. As well as increasing the level of upcycled material, such as coffee cups, into luxury paper, the division has launched Rydal Apparel, which is a 100% recycled paper product incorporating 20% used denim fabrics.

Colourform

Colourform has diversified its client base, by evolving from a sustainable alternative to plastic packaging to delivering sustainable, highly designed, point of sale outer packaging.

Case study: The energy used to operate our Colourform factory is now 100% powered by green electricity, most of which is from community owned solar panels within our facility generating 1 megawatt - the UK's largest roof mounted PV system.

Ethical Markets

As each business is focused on growing ethical and environmental markets, we have undertaken a thorough ethical markets review of our current business and its supply chain, which has resulted in exiting some markets.

Through an in-depth analysis of our upstream supply chain, we discovered a small number of products in what we would classify unethical markets.

We have now appropriately exited these over the period and are building our market pipelines aligned to our values.

Investing in Future Growth

Group investments in the year doubled year on year, to £6.8m (2021: £3.1m). In the year the additional production line in TFP became operational, adding 50% additional capacity for non-woven materials.

In addition, TFP's acquisition of PV3 technologies, rebranded TFP Hydrogen, was completed and provides catalyse coating capability for hydrogen PEM electrolysers.

A new TFP Hydrogen coating line was started last year at our USA manufacturing facility, which will be operational later this year and read to serve the USA hydrogen market.

Paper's luxury packaging products require unique embossing and sustainable coatings, and to support market share growth, we began to create additional manufacturing capability last year and established a new dedicated manufacturing cell.

This increased capacity and capability will be operational later this financial year.

As Colourform is focusing more attention to outer finished sustainable packaging, there have been investments in both product design capability and decorative product finishing.

Our People

At James Cropper we have a strong company culture, which is reflected in the Purpose and Values we have set out and continue to build on and embed into the entire Group.

We have also updated our Code of Ethics, to create clear, guiding principles that dictate how we engage with our clients, our suppliers, and our colleagues.

We will be supporting and embedding these ethics across the Group, with further education and training during in the current period.

To demonstrate our commitment to improving the health and wellbeing of our teams, our employee survey has been improved to provide more targeted and clearer feedback on areas that are working well and can be replicated across the Group, and areas in need of improvement.

Over 5% of our employees are starting their first career journey with James Cropper, including four graduates and 27 apprentices. This, together with working alongside local schools and colleges on STEM career awareness, helps to encourage the next generation into our business, bringing with them innovation and ideas as well as securing our future talent pipeline for the Group.

To support our strategic ESG ambitions our long-term incentive programme (LTIP) for senior leaders now incorporates additional non-financial measures, focusing on ESG improvements.

I would like to take the opportunity to thank all the James Cropper employees for their hard work during the year, they have showed tremendous commitment and flexibility, and to demonstrate our thanks, we have awarded an extra day's holiday to all employees.

The UK has a long history of being at the forefront of the science and technology revolution - inventing some of the world's best technology, which we still use to this day.

At James Cropper we combine 170 years of experience with world leading innovation and pioneering manufacturing technology, which together can help to safeguard the future of our planet.

Phil Wild, Chief Executive Officer
21 June 2022

CHIEF FINANCIAL OFFICER'S REVIEW

Our financial performance.
Isabelle Maddock, CFO

James Cropper's group of businesses manufacture a range of products, including: bespoke coloured and textured papers from Paper; engineered materials that support green energy and the advancement of technologies from TFP; and the next-generation of inspirational sustainable packaging from Colourform.

Each business is generating increasing revenues from green value chains.

Group revenue was up 33% to £104,922k with sales growing strongly after the challenging prior year of the pandemic.

Summary table of results

		2022 £'000	2021 £'000	Change %
Group Revenue		**104,922**	78,768	**33%**
Adjusted EBITDA	APM4	**8,636**	8,997	**-4%**
Profit summary				
Paper Products		(2,338)	371	-730%
Technical Fibre Products (TFP)		8,684	6,892	26%
Colourform™		(754)	(1,441)	-48%
Other Group expenses		(1,007)	(1,312)	-23%
Adjusted operating profit	APM1	4,585	4,510	2%
Net finance costs (excluding IAS 19 impact)		(540)	(487)	-11%
Adjusted profit before tax	APM2	4,045	4,023	+1%
Exceptional costs		(354)	(1,502)	-
Adjusted profit before tax after exceptional items	APM3	3,691	2,521	46%
Net IAS 19 pension adjustments				
Net current service charge required		(547)	(563)	-3%
Net interest		(367)	(239)	54%
Net IAS 19 pension impact		(914)	(802)	14%
Profit before tax		**2,777**	1,719	**62%**

The full Statement of Comprehensive Income is on page 73

Other income is £744k in the year and represents a combination of royalty income, revenues from research projects and development income from our Colourform business.
In the prior year other income was £3,036k of which £2,915k related to employment assistance grants from the US and the UK governments, thus the underlying comparative, without employee assistance is £121k, the underlying growth in other income is 515%.

The Group monitors adjusted EBITDA as it provides a measure of the cash generating ability of the Group that is comparable year on year. Despite demand increasing inflationary pressures on raw materials, distribution and energy costs have had an extraordinary impact on margins and adjusted EBITDA, which is down 4% this year. Based on prevalent market growth evidenced in renewable markets our projection is for adjusted EBITDA to increase ahead of pre-pandemic levels in 2023.

With inflationary pressures in pulp, recycled pulp, chemicals and dyes, material costs increased significantly year on year. Energy costs held some protection with a 70% hedge against normal operating levels, for 9 months of the year. Despite this the rapid increases in the cost of gas, coupled with unusually high levels of operating time to meet a large backlog in demand, resulted in elevated gas prices hitting the Group's performance sharply in the last quarter.

All employees returned to their normal hours of employment from the start of the year. Throughout the year operations ran significant overtime to meet increasing levels of demand, whilst also covering abnormal levels of sickness and absenteeism.

Depreciation and amortisation charges were slightly down year on year mainly due to the timings of our capital investment programmes.

Other expenses have increased from £15,252k in 2021 to £20,960k in the year to 26 March 2022.

Global supply chain disruptions caused some inflationary pressure on distribution and transport, whilst deferrals of expenditure taken in the prior year on recruitment, repairs and maintenance have returned to normal levels.

In the prior period the Group experienced significant natural savings in distribution, effluent, sales and marketing and travel as a result of reduced covid related demand. In this period demand has returned to healthy levels and consequently expenditure on such activities increased to meet and continue to grow demand.

Net finance costs include normal interest payable on debt and a fair value adjustment on contingent consideration. Our newly acquired subsidiary TFP Hydrogen products Ltd performed above management expectations in the year to March 2022. The current business outlook continues to improve and at the year end this required the valuation upon acquisition to be re-assessed.

An exceptional cost of £354k has been posted to the SOCI to accommodate a greater likelihood of stronger future performance than previously evaluated along with an expected increase in deferred consideration. Management find this adjustment a positive indication on the future value of the business with adjusted profit before tax (see APM2 Alternative performance measures) being up 1% on prior period.

Adjusted profit before tax (see APM3 Alternative Performance Measures) was £3,691k in the year up 46% on prior period. Notwithstanding the string of economic shocks and challenges this year the Group is well positioned to supply green and renewable markets and has benefited from double digit revenue growth in all its businesses, and delivered a strong increase in profit before tax after exceptional items. Pension adjustments are described in detail in the Pension report.

After the impact of IAS 19 the Group reports a Profit before Tax of £2,777k, a 62% increase on prior year (2021:£1,719k).

Alternative performance measures

APMs make clear to the readers of the accounts what the underlying performance of the business actually is. These accounts contain 2 main adjusting factors being the impact of IAS 19 which is separated out and exceptional items which occurred in the prior year.

These APM measures are used internally to evaluate business performance and are used in this report;

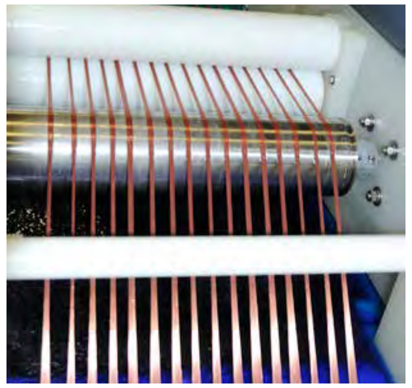
APM 1 **"Adjusted operating profit"** - Adjusted operating profit refers to operating profit before interest and prior to the impact of IAS 19 and exceptional items.

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

APM3 **"Adjusted profit before tax after exceptional items"** - Adjusted profit before tax refers to profit before tax prior to the impact of IAS 19.

APM4 **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 and exceptional items.
The impact of IAS 19 and exceptional items are presented in the Profit summary table.

IAS 19 is separated out from operating profit measures as IAS 19 obscures performance. The impact of IAS 19 varies from one reporting period to another. Over the last 12 years, the average impact is a negative hit to Profit before Tax of £1,050k, within that time the most favourable impact was in 2012 where a surplus of £128k was reported and the largest hit to profit before tax was in 2019 with a reported impact of £1,386k. This year the impact is £914k.



TFP

	2022	2021	% Change
Revenue	31,209	24,570	27%
EBITDA	9,905	7,855	26%
Profit	8,684	6,892	26%

TFP is a highly diversified partner of choice for world class innovators developing advanced material solutions across a range of green and technology driven markets.

It manufactures non-wovens and other advanced cutting edge materials that play an important part in progressive applications in net zero solutions, aerospace and defence, fire protection, construction and transportation.

The aerospace sector is sluggishly returning to pre pandemic levels however TFP has moved on opportunities to accelerate growth in net zero solutions (wind, hydrogen, fuel cells, carbon capture).

TFP's revenues are £31,209k in the period, a 27% increase on prior period. Both EBITDA and profit grew 26% on prior period with a profit of £8,684k for 2022 (2021:£6,892k).

Paper

	2022	2021	% Change
Revenue	70,350	51,376	37%
EBITDA	(796)	2,052	-139%
(Loss) / profit	(2,338)	371	-730%

James Cropper Paper Products is a custom speciality papermaker and converter and one of the world's foremost makers of premium coloured paper, renowned globally as experts in custom papermaking. Paper's sales were £70,350k in 2022 (2021: £51,376k), an increase of 37% with an improvement in the quality of our sales mix. As we progress into the period to March 2023 overall demand remains strong.

As demand increases, supply chain, raw materials and energy costs also increase and margins are low. In the last quarter of the year profits had taken an unexpected hit owing to a jump in energy costs and other raw material inflation. From April 22 gas is fixed forward on a monthly basis and specific energy surcharges applied across our customer base to cover the additional cost of manufacture, which given the wider global context customers have accepted and margins are returning to healthier levels.

Key customers are agreeing to a minimum of 25% of recycled fibre content in their makings. A large number of customers are achieving a much higher recycled fibre content as they align their sustainability values to their purchasing choices. We are releasing a new range Rydal Apparel which contains 100% upcycled fibres including 40% denim, an exciting circular waste value proposition delivering packaging papers from textile waste.

A loss in the period of £2,338k (2021: profit £371k) due to the rapid acceleration of energy costs in the second half.

Colourform

	2022	2021	% Change
Revenue	3,363	2,822	19%
EBITDA	174	(43)	505%
Loss	(754)	(1,441)	48%

Colourform creates aesthetically appealing moulded fibre packaging as a more sustainable alternative to thermoformed plastics, using sustainably sourced fibres and green energy in the manufacture of bespoke customer guided solutions.

Colourforms's sales were up 19% in the year to £3,363k with a shift to outer packaging solutions in the sales mix. As we progress into year end March 2023 customer enquiries, conversion and commercial projects continue to grow. EBITDA has tipped into positive with future years now expected to deliver cash contributions to the Group.

The business carries a high level of depreciation charge with the rapid amortisation of development costs at the start of commercial project execution and Colourform made a loss in the year of £754k (2021: loss £1,441k).

Currency

		US$	€
Opening Rate March 2021 v. £		1.3826	1.1741
Closing Rate March 2022 v. £		1.3165	1.1998
Currency strengthend(weakened) v £	%	4.78%	(2.19%)

This table compares the opening and closing exchange rates for the financial period. Sterling strengthened against the Euro over the year, and strengthened against the dollar in the first half before weakening in the second half of the year. 61% of the Group's sales are exports (2021: 62%) bringing in Dollars and Euros to the Group. Euros are used to purchase Euro priced pulp and 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 any foreign currency surpluses, or deficits, are dealt with via foreign currency trades using forward selling or forward purchasing contracts. Currency movements had 2% impact on sales reducing revenues by £2.2m, yet the impact on operating profit was 0.1% in the period.

Tax

The Group's total tax charge for the period is £1,419k (2021: £152k) an effective tax rate of 51% on profit before tax.

Adjustments have been made in respect of prior period assumptions increasing current tax liabilities, however with the change in corporation tax to 25% enacted this drives an adverse charge to current tax as the deferred tax asset on pension liabilities increased.

The effective rate is higher than the standard rate of corporation tax in the UK (19%) primarily as a result of the impending change in corporation tax from 19% to 25%.

Statement of financial position (SFP)

Non-pension assets have increased significantly by £11,610k to £82,390k. Investments progressed in the period increasing the group's asset base.

Capital investment in the period was £6,750k (2021: £3,127k). Investments are driven largely to enable growth in the form of increasing capacity, improving capability or generating cost savings. We have concluded the build of an additional nonwoven production line in TFP, increased electrolyser capacity for TFPH in the UK and established capacity in the US. The build for the additional embossing varnishing capability has commenced at our UK site and new energy technologies have been introduced in Paper helping us work towards our net zero goals.

The group experienced a greater level of economic activity in the period compared to the downturn experienced in the prior period, and inevitably with this an increase within trade and other receivables of £6,553k and inventory of £2,124k.

Conversely as economic activity returned to normal levels the group experienced a large increase in trade and other receivables. The total movement in Non-pension liabilities being £6,397k, taking Non pension liabilities to £24,841k at the year end.

After deferred tax the Net IAS 19 deficit has decreased by £5,086k to £9,847k (2021: £14,933k). The decrease is principally caused by an increase in the discount rates due to an upward swing in corporate bond yields compared to the prior year position, offset to some extent by an increase in inflation expectations.

As a result of these movements on the pension scheme deficits, and the increase in investment and general economic activity in the period, shareholders' funds show an overall increase of £5,229k to £35,130k.

SFP	2022 £'000	2021 £'000
Non-pension assets - excluding cash	81,846	70,780
Non-pension liabilities - excluding borrowings	(24,613)	(18,444)
	57,233	52,336
Net IAS 19 pension deficit (after deferred tax)	(9,847)	(14,933)
	47,386	37,403
Net borrowings	(12,572)	(7,502)
Equity shareholders' funds	34,814	29,901
Gearing % - before IAS 19 deficit	28%	17%
Gearing % - after IAS 19 deficit	36%	25%
Capital expenditure £'000	6,761	3,127

Cash Flow	2022 £'000	2021 £'000	Change £'000
Net cash inflow from operating activities	3,351	7,939	(4,588)
Net cash outflow from investing activities	(6,761)	(4,486)	(2,275)
	(3,410)	3,453	(6,863)
Net cash inflow / (outflow) from financing activities	4,277	(4,990)	(9,267)
Net increase / (decrease) in cash and cash equivalents	985	(2,199)	(3,184)
Opening cash and cash equivalents	6,765	8,964	(2,199)
Closing cash and cash equivalents	7,750	6,765	985

In the period the Group's net cash inflow was £985k (2021: outflow £2,199k). Investment expenditure commenced in the latter half of the prior year and continued into this period to enable growth through an increase in capacity and capability.

Cash invested in working capital to support the return to normal operations also increased. Lease and borrowing facilities increased in the year to support all activities.

Net debt, funding and facilities

The Group incorporates £3,949k (2021: £3,771k) of right-of-use leases in its 2022 borrowings figure. The Groups banking arrangements monitor net debt excluding IFRS 16. On this basis net debt has increased over the year from £3,731k to £8,623k, an increase of £4,892k largely supporting the capital and working capital requirements of each business as the Group emerges stronger from the pandemic. Net debt including Right of Use leases is £12,572k, an increase of £5,070k on the prior period.

Net debt before RoU leases	2022 £'000	2021 £'000
Cash and cash equivalents	7,750	6,765
All borrowings excluding RoU leases	(16,373)	(10,496)
Net debt on an equivalent comparison basis	**(8,623)**	(3,731)

Funding and facilities

The Group funds its operations and investments from operating cash flow and from borrowings and leases. The Group has a core banking facility in the UK and further loan support in the US, along with some lease arrangements, all with high street banks. The Group has secured a core £25m banking facility under UKEF's Export Development Guarantee scheme which is aimed at enabling additional bank liquidity to support exporters. This finance arrangement is available for general corporate purposes and will be used to support strategic growth and innovation, capital expenditure and decarbonisation programmes. The facility has an availability period of 3 years and an overall tenor of 8 years, repayments are on a straight line basis from years 4 to 8. The Group's key financial covenants are EBITDA: Interest 4x, and the Net Debt: EBITDA 3.5x. A £4m CLBIL was taken out in Oct 2020 as a safety net during the covid pandemic, this has been repaid in full. The Group is in compliance with all its banking covenants at the period end.

Cash and cash equivalents increased from £6,765k to £7,750k in the year. Long term borrowings (falling due after more than a year) also increased by £12,761k to £18,727k. The expiry profile of existing borrowings is detailed in note 19.3 to the financial statements. The group is in compliance with all its banking covenants at the period end. Undrawn facilities comprise of unused overdraft facilities of £3,500k plus the total unused credit facilities of £17,000k, this means a total of £20,500k 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 £26,655k available to the Group beyond 12 months.

Funding	2022 £'000	2021 £'000	Change £'000
Cash and cash equivalents	7,750	6,765	985
Borrowings: repayable within one year	(1,595)	(8,301)	6,706
Borrowings: non current	(18,727)	(5,966)	(12,761)
Net debt	(12,572)	(7,502)	(5,070)
Borrowings: repayable within one year	1,595	8,301	(6,706)
Borrowings: non current	18,727	5,966	12,761
Facilities drawn down	20,322	14,267	6,055
Undrawn facilities	20,500	11,260	9,240
Facilities	40,922	25,527	15,395
Cash and cash equivalents	7,750	6,765	985
Undrawn facilities	20,500	11,260	9,240
Funds available at year end	28,350	18,025	10,325
Borrowings: repayable within one year	(1,595)	(8,301)	6,706
Funds available at year end	26,655	9,724	16,931

Going concern

The Directors carry out a review of the Group's financial position for the period up to 12 months at the date of signing the audit report, providing a comprehensive review of revenue, expenditure and cash flows taking into account specific business risks, requirements and latest economic forecasts. These inform the Group's cash and debt requirements.

The Group's financial position, cash flows, liquidity and borrowing facilities are described in the financial statements. At 26 March 2022 James Cropper had £17m of undrawn committed facilities. The principal loan arrangements are described in note 18 of the financial statements. The Group has £7.75m of cash available to support its short term needs.

The Group's 12 month forecast from the date of signing the audit report has been tested for plausible downsides scenarios including further expected effects of the pandemic, hampered market growth, increasing carbon cost and commodity prices. In the event that a scenario partly or fully takes place the Group has various options available to maintain liquidity and continue operations. We have assessed the combined impact of these scenarios on the Group's key financial metrics of EBITDA, net debt and net debt to underlying EBITDA. The Group remains within its key financial covenant which is its net debt to underlying EBITDA ratio must not exceed 3.5 times. The break-even calculation indicates that EBITDA would need to fall 85% before triggering the covenant. The Board is satisfied that the Group will be able to respond to such scenarios through various means which may include a reduced or deferred 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 12 month forecast from the date of signing the audit report. The Directors have a reasonable expectation that the Group remains a going concern over the forecast period.

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").

The Statement of Financial Position IAS 19 deficit

The combined pension scheme deficits on an IAS 19 measure has improved over the year from £18.4m to £13.1m (before deferred tax). This table shows the overall value of the schemes' assets which have decreased by 7% in the period whilst the schemes liabilities decreased by 11%.

IAS 19 pension valuation 2022	Staff Scheme	Works Scheme	Both Schemes 2022	Both Schemes 2021	Change %
Discount Rate	2.75%	2.75%	2.75%	2.00%	
	£000s	**£000s**	**£000s**	**£'000**	
Assets	50,146	59,242	109,388	117,143	(7%)
Liabilities	(48,523)	(72,607)	(121,130)	(135,579)	(11%)
Surplus / (Deficit)	1,623	(13,365)	(11,742)	(18,436)	
Effect of limit on recoverable surplus	(1,388)	-	(1,388)	-	
Net Surplus / (Deficit)	235	(13,365)	(13,130)	(18,436)	(29%)
Funding Level - %	103%	82%	90%	86%	5%

An increase in corporate bond yields over the year, offset to some extent by an increase in inflationary expectations, has led to a reduction in the scheme's liabilities. To a lesser extent, the scheme's assets have also decreased due to lower-than-expected returns, but overall there has been a combined decrease in the scheme's deficit.

In line with previous years, the IAS 19 valuation includes a correction for sex-inequalities inherent in Guaranteed Minimum Pensions (GMPs), along with the estimated cost of equalising GMPs for past transfer value payments. The "true" cost of GMP equalisation will take a few years to fully evaluate, however the Company would expect any variances compared to the original estimates would flow through the Other Comprehensive Income statement.

A full retirement benefit disclosure is provided in note 20 to the financial statements.

IAS 19 assumptions

The bi-annual IAS 19 valuations are adopted for statutory reporting purposes and do not form part of the ongoing management of the pension schemes. 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 reporting period to the next. Discount rates for IAS 19 are based on corporate bond yields which do not reflect the investment strategy of the schemes. The impact of Covid-19 on markets at the March 2020 year-end illustrates how sensitive IAS 19 outcomes can be as a result of short term market volatility. 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).

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 26 March 2022 includes an adjustment of £914,000 (2021: £802,000) 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 £547,000 (2021: £563,000) 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 statement of comprehensive income. A charge of £367,000 is charged to the statement of comprehensive income this period (2021: £239,000).

The retirement benefits note to the financial statements can be found on pages 106 to 109.

Defined benefit schemes the triennial "on-going" valuation

The Company recognises its responsibility to fund its defined benefit pension plan deficits and adopts the triennial valuations as the key basis upon which pensions are managed. The on-going triennial valuations are an important part of aligning the latest position on route to the longer-term target which ensures 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.

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 funding valuations were carried out at April 2019 and determined the combined deficit of the schemes to be £19.9m. This compares to the previous triennial valuation of April 2016 when the combined triennial deficit was £15.8m. The Trustee and the Company have also begun work in respect of the April 2022 triennial funding valuation.

Defined benefit schemes the triennial "on-going" valuation

The Company recognises its responsibility to fund its defined benefit pension plan deficits and adopts the triennial valuations as the key basis upon which pensions are managed.

The on-going triennial valuations are an important part of aligning the latest position on route to the longer-term target which ensures 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. 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 funding valuations were carried out at April 2019 and determined the combined deficit of the schemes to be £19.9m. This compares to the previous triennial valuation of April 2016 when the combined triennial deficit was £15.8m. The Trustee and the Company have also begun work in respect of the April 2022 triennial funding valuation.

The April 2019 triennial "on-going" valuations	**Staff Scheme £000s**	**Works Scheme £000s**	**Total £000s**
Discount Rate	2.45%	2.55%	2.50%
Assets	51,133	56,831	107,964
Liabilities	(53,878)	(73,999)	(127,877)
Deficit	(2,745)	(17,168)	(19,913)
Funding Level - %	95%	77%	84%

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 decrease in discount rates from 3.55% in April 2016 to 2.5% in April 2019, together with an increase in future inflation expectations over the period, was the main factor driving up liabilities, whilst a reduction in life expectancies as a result of a robust review of mortality rates helped to mitigate against the full increase in liabilities driven by the change in financial assumptions.

As part of the triennial valuation, the Company agreed with the Trustee to pay annual deficit recovery plan contributions to reduce past service deficits of £1.3m per annum. In addition, the Company will also continue to cover the cost of the annual PPF levy.

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 over the years has comprised 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 a new liability driven investment strategy was adopted which aims to significantly reduce risk whilst maintaining a similar level of overall return and protecting asset values.

Strategic Report - Risk Management

RISK MANAGEMENT

Viability

The Group's strategy is to be a key player in sectors that drive solutions to today's societal needs, including sustainable, compostable packaging, and high performance technical materials for advancement in industries focused on the transition to a more greener and sustainable future.

The Group will build on our competitive advantages to better serve our customers and this is supported by a capital expenditure programme.

The Board has assessed the Group's prospects and viability. The Board believes that a three year's planning horizon to March 2025 is an appropriate period over which to evaluate the Group's viability.

The Group's three year plan has been tested for plausible downsides scenarios including further expected effects of the energy crisis and inflationary pressures, hampered market growth, increasing carbon cost and commodity prices. In the event that a scenario partly or fully takes place the Group has various options available to maintain liquidity and continue operations.

We have assessed the combined impact of these scenarios on the Group's key financial metrics of EBITDA, net debt and net debt to underlying EBITDA. The Group remains within its key financial covenant which is its net debt to underlying EBITDA ratio must not exceed 3.5 times. The break-even calculation indicates that EBITDA would need to fall 85% compared to the 3 year plan before triggering the covenant. The Board is satisfied that the Group will be able to respond to such scenarios through various means which may include a reduced or deferred capital expenditure programme to ensure that the Group continues to meet its on-going 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 planning horizon.

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.

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 and can provide key protection. High risks in financial and operational areas are normally more dependent on insurance. Risks in commercial and personnel areas, because of their nature, are more likely to be managed by self-insurance.

Principal Risks

The principal risks which 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.

PANDEMIC

HEALTH & WELLBEING, FINANCIAL

LIKELIHOOD: POSSIBLE

Decreased ▼

Risk description and Impact

A pandemic may cause a significant health exposure and safety risks to our people. In addition, it may result in labour shortages, supply chain disruptions and potential likelihood of cyber attacks with more people working from home.

Mitigation

Risk mitigated by ensuring Covid-Safe practices are maintained and encouraging vaccinations and regular LF tests

Actions: MONITOR

Continue to monitor the current status.

FIRE

FINANCIAL, OPERATIONAL

LIKELIHOOD: UNLIKELY

Stable —

Risk description and Impact

A major fire on site could cause significant damage to the infrastructure of the business and cause significant business interruption.

Mitigation

Risk mitigated by robust fire detection systems including sprinkler systems in the most risky areas and site wide fire alarm system. Around 60 fire marshals deployed around our sites. All sites insured for fire damage and BI cover.

Actions: ACTION

Investigate latest options for fire detection, prevention and alarm improvements.

NET ZERO EMISSIONS

ENVIRONMENTAL, FINANCIAL, TRANSITIONAL

LIKELIHOOD: LIKELY

Stable —

Risk description and Impact

The Group has a goal of net zero emissions for scope 1 and 2 by 2030. The goal is dependent on developing new technologies with significant investment. Failure of achieving goal would result in potential higher costs and penalties and reputational impacts.

Mitigation

Risks mitigated by becoming a key member of a funded scheme to trial new technologies to convert from gas/oil to electric usage for Paper machines.

Actions: ACTION

Commence engineering design phase. Continue to improve efficiencies in energy usage.

PENSION

FINANCIAL

LIKELIHOOD: UNLIKELY

Stable —

Risk description and Impact

Following the latest actuarial valuations, the 2 defined benefit pension schemes have a significant deficit. Whilst both schemes are closed to new members, the deficit is dependent on the assumptions for discount rates, inflation levels, mortality assumptions and corporate bond yields.

Mitigation

A payment plan agreed with the Actuaries to reduce the ongoing debt year on year. Agree investment strategy with Trustees, taking into account risk.

Actions: MONITOR

Biannual IFRS and triennial actuary valuations to be monitored. Consider other options to reduce the level of risk exposure.

CYBER

COMMERCIAL

LIKELIHOOD: UNLIKELY

Increased ▲

Risk description and Impact

The cyber threat landscape is increasing and changing during the pandemic with increased numbers working remotely. Research is also supporting evidence of increasing cyber threats to manufacturing organisations.

Mitigation

Implementation of programme to support business working conditions with a robust IT security and data protection roadmap in line with evolving threat landscape.

Actions: MONITOR

Continue to monitor the current threats and improve security protocols.

FLOOD

FINANCIAL, OPERATIONAL

LIKELIHOOD: UNLIKELY

Decreased ▼

Risk description and Impact

The risk that flooding may impact our ability to supply and manufacture at Burneside, or could result in risk to employee safety, property damage or business interruption.

Mitigation

Since storm Desmond, major changes in infrastructure with movement in warehousing, electric sub station and flood watch team created. Insurance cover mitigates the financial risks.

Actions: MONITOR

Maintain floodwatch when alerts raised to reduce any damage to a minimum.

WATER ABSTRACTION

FINANCIAL OPERATIONAL

LIKELIHOOD: POSSIBLE

Stable —

Risk description and Impact

The risk that limitations on water abstraction may impact our ability to supply and manufacture at Burneside, or could result in business interruption.

Mitigation

In the event that river levels start to approach low water alerts, our operational schedules are adjusted to reduce water requirements to an absolute minimum at the expense of operational efficiency if required. In addition, our T&I team are looking at ways to reduce water usage and development of circular systems.

Actions: MONITOR

Monitor river levels in times of low rainfall and plan for alternative solutions to river abstraction.

PULP PRICE VOLATILITY AND SUSTAINABILITY

FINANCIAL, OPERATIONAL

LIKELIHOOD: UNLIKELY

Stable —

Risk description and Impact

Risk of unexpected and prolonged price volatility of pulp and availability of specific fibre grades, subject to global supply and demand. Factors that influence these include natural disasters, climate, political instability, conflicts, economic conditions and actions by major pulp suppliers.

Mitigation

Continue to secure alternative sources of reclaimed and waste fibres to reduce reliance on virgin pulp.

Actions: ACTION

Continue to monitor the pulp pricing trends to identify the most attractive opportunity to hedge for future purchases.

ENERGY PRICE VOLATILITY

FINANCIAL

LIKELIHOOD: LIKELY

Increased ▲

Risk description and Impact

The energy price crisis is ongoing with gas prices affected by global supply and demand with significant fluctuations due to the uncertainty surrounding the invasion of Ukraine by Russia. The volatility has reduced the availability of fixing prices at a reasonable price. The Company is currently fixng prices on a month by month basis until there is more stability in the pricing.

Mitigation

Until the price of gas stabilises, opportunities to secure forward prices at a reasonable price are limited. Currently the Company has placed an energy surcharge on all customers in the Paper division which is being closely monitored on a month by month basis.

Actions: ACTION

Monitoring the daily price of gas supplies with a view to achieving the best price forward on a monthly basis until price stability is seen. Also monitor the price surcharge in line with gas prices until the option to remove and set an acceptable longer term price is achieved.

Strategic Report - S172(1) Statement

PROMOTING THE SUCCESS OF OUR GROUP

S172(1) STATEMENT

OUR APPROACH

The Board is responsible for leading stakeholder engagement and 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 177 year history. Our employees are the lifeblood of our business and our most valuable resource. From new starters and graduates starting 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 local and 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 SHAREHOLDERS

Engagement with our institutional and private shareholders is an ongoing process, occurring through a range of channels including face-to face meetings at investor days, calls with directors, emails and our AGM.

Board considerations

The Board decided to hold our AGM last year in the well ventilated new extension to the TFP buildings under Covid safe guidelines, including social distancing, hand sanitiser usage and the wearing of masks when moving around. In addition, the Investor briefings were held both face to face meetings and remotely by video conference.

Throughout the year, the Board continued to address the actions proposed last year in response to the negative voting over the last few years. This, with further details has been included in the Corporate Governance Statement, the Report of the Audit Committee and the Report of the Remuneration Committee. Whilst most actions have already taken place, the remainder of actions take place from the start of April 2022.

Further reading:

Pages 52 to 55
Corporate Governance Statement
Page 56
Report of the Audit Committee
Pages 58 to 61
Report of the Remuneration Committee

As the impact of Covid recedes, the Board recommenced the payments of dividends with an interim payment paid in January 2022. In addition, the Board are proposing a final dividend to the shareholders at this year's AGM.

As we return back to pre Covid normality, the Board invite all shareholders to our next AGM on 27 July. The Board encourages our shareholders take the opportunity to express their voting preferences by either using the proxy cards that will be sent out with the notice of the AGM or attending the AGM itself.

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

OUR EMPLOYEES

Board considerations

Our employees are our biggest asset and fundamental to the success of the Group. The health and wellbeing of our employees is of the highest priority. Throughout the year steps to improve the health and wellbeing of our employees have been discussed and implemented. With the completion of the TFP building extension, a gym has been created which is available to all our employees and due to open in June 2022.

The Company undertook an employee survey in the year and following review by the Board, an action plan has been drafted addressing the most important concerns of our employees. The Company has set aside funds to improve the facilities and working environment for our workforce with a list of priorities and time plan currently being finalised.

Communications with all employees is regularly provided, using social media and face to face employee briefings, to ensure all employees are kept up to speed with latest developments. This includes the bi-annual financial briefings and presentations and a monthly video update by the CEO.

Regular consultative meetings were held with union representatives on all aspects of Group developments.

Further reading:

Pages 47 to 48
People Report

Pages 12 to 14
CEO Review

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.

As the Group recovered from the impact of the pandemic, the Group kept in regular contact with its customers and suppliers to ensure that our customers were supported with their material requirements as and when required and our suppliers were able to continue deliveries of materials to meet our needs.

With the onset of the energy crisis and the global inflationary pressures regular consultation with customers and suppliers has been undertaken and continues as we work together to share the impact during these challenging times. Price increases have been implemented with our suppliers and our customers. In addition, an energy price surcharge has been agreed with our customers that is monitored regularly as we share the burden of the volatile energy prices.

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 £8,000 were made to local charities and organisations in addition to the free paper donated to various schools and organisations.

The third phase of solar panels were installed on the roof of the TFP buildings. 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. Discussions for a fourth phase are underway to increase the number of solar panels on our Burneside site.

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.

For and on behalf of the Board,
Isabelle Maddock,
Chief Financial Officer,
21 June 2022

James Gravestock and Phil Wild opening our new on site gym facility

TECHNICAL FIBRE PRODUCTS LTD

DIVISIONAL REPORT

Successful integration of the TFP Hydrogen acquisition and strong organic growth combined to deliver a record year for the TFP Group.

This saw Revenue grow on a year on year basis by 27% - surpassing our previous highest turnover by more than £4m. Margins remained broadly in line with Prior Year despite significant raw material & energy headwinds. Overheads, whilst increasing, are under control vs. budgets resulting in strong translation to earnings.

James Gravestock,
TFP Managing Director

MATERIALS THAT ENABLE A CLEANER, GREENER FUTURE

In last year's annual report we introduced TFP Hydrogen Products and the increased portfolio of products for hydrogen technologies that this provided TFP, enabling multiple entry points into the rapidly expanding hydrogen economy. Hydrogen is a market that continues to grow at an accelerated pace and along with the broader renewable energy sector, is central in strategic importance to both TFP's growth plans and our vision to enable a cleaner, greener future.

A key element of our five year that the majority of the company's sales will come from applications that support the Global drive to 'Net Zero' carbon emissions.

That we play our part in enabling the energy transition through reducing the cost of hydrogen generation and usage, and providing solutions for challenging applications such as renewable energy, carbon capture and the light-weighting of vehicles.

What Is 'Net Zero'?

Net zero is a term coined to describe achieving a balance between how much carbon is emitted into the atmosphere and how much carbon is removed from it. When the amount of carbon added to the atmosphere equals that removed then 'net zero' has been reached.

In order to achieve this balance carbon emissions from transport, industry, homes and agriculture will need to be significantly reduced, and where emissions can't be cut altogether the residual carbon will need to be extracted using technologies such as carbon capture, usage and storage.

The move to achieve net zero is necessary because carbon emissions are responsible for climate change. As part of the drive to reduce this, the UK government passed legislation in June 2019 to commit to reaching net zero emissions by 2050.

Essentially this means that the country has to reduce our net greenhouse gas emissions by 100% (compared to 1990 levels) by 2050 through transitioning to clean energy and green technologies. TFP and TFP Hydrogen's materials support and enable this transition via applications such as PEM water electrolysis, hydrogen fuel cells, electric vehicles, wind energy, carbon capture and lightweighting.

Enabling Clean Energy and Green Technologies

TFP's materials have a long track record in providing solutions for clean energy applications.

The company has been developing materials for fuel cells for over 30 years and our carbon paper is used as a gas diffusion layer (GDL) substrate in many of the world's hydrogen fuel cells, facilitating the use of hydrogen as a power source in both vehicles and buildings.

TFP Hydrogen has enabled the expansion of this portfolio to include materials which also support the generation of hydrogen, and in particular 'green hydrogen' which is produced using renewable energy via Proton Exchange Membrane (PEM) water electrolysis.

The specialist component coatings which TFP Hydrogen has developed, along with a new range of high performance catalysts launched later this year, significantly increase the efficiency, durability and lifetime of PEM water electrolysers.

This ultimately reduces the cost of green hydrogen generation, which will play a critical part of the global transition to sustainable energy and achieving net zero.

In addition to clean energy, TFP's products find application in a variety of green technologies which facilitate the drive to net zero; examples include carbon capture, which captures carbon dioxide emissions preventing them reaching the atmosphere, as well as technologies that reduce carbon emissions such as electric vehicles and lightweighting.

Lightweighting refers to a move away from traditional materials in order to eliminate unnecessary weight and achieve better fuel efficiency.

Composites are a means to achieve this and are well established in the aerospace, automotive and wind turbine industries as a means to reduce weight without compromising on strength or performance.

TFP's lightweight nonwovens are well established in this sector; they are easily incorporated into a composite and play an important role in improving part fabrication, finish and functionality, imparting properties such as electromagnetic interference (EMI) shielding, corrosion & wear resistance and even fire protection.

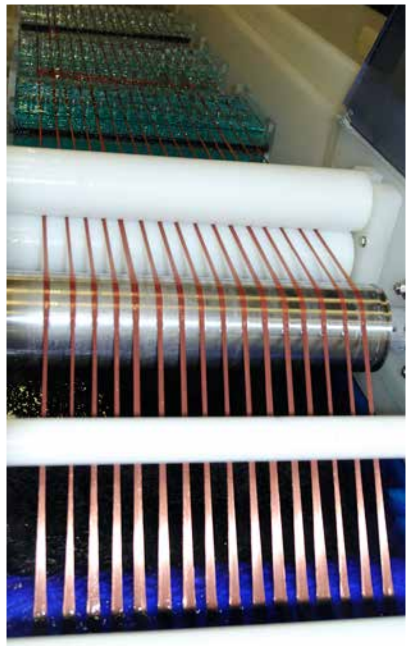
A pertinent example of how our advanced materials provide solutions for composite lightweighting is a new application in Battery Electric Vehicles (BEVs) where they can facilitate the move from the use of metal to composite in battery enclosures.

The batteries in BEVs are larger and heavier (compared to ICE vehicles) so the use of composites is necessary in order to achieve the larger, protective structures required for the batteries, whilst still ensuring that they are lightweight.

This presents a number of challenges, both in terms of meeting the necessary fire and thermal management requirements and also providing shielding to EMI.

TFP's conductive and intumescent nonwovens are able to provide a solution for both challenges and can be incorporated directly into the composite structure to provide this required functionality.

Ultimately, helping to facilitate the improved performance and safety of BEVs which present a substantial reduction in lifecycle greenhouse gas emissions compared to conventional vehicles.



Reducing Manufacturing Impact

In addition to enabling these applications which support the drive towards net zero, TFP are also taking steps to improve our environmental impact directly, making changes to our manufacturing processes in order to reduce waste.

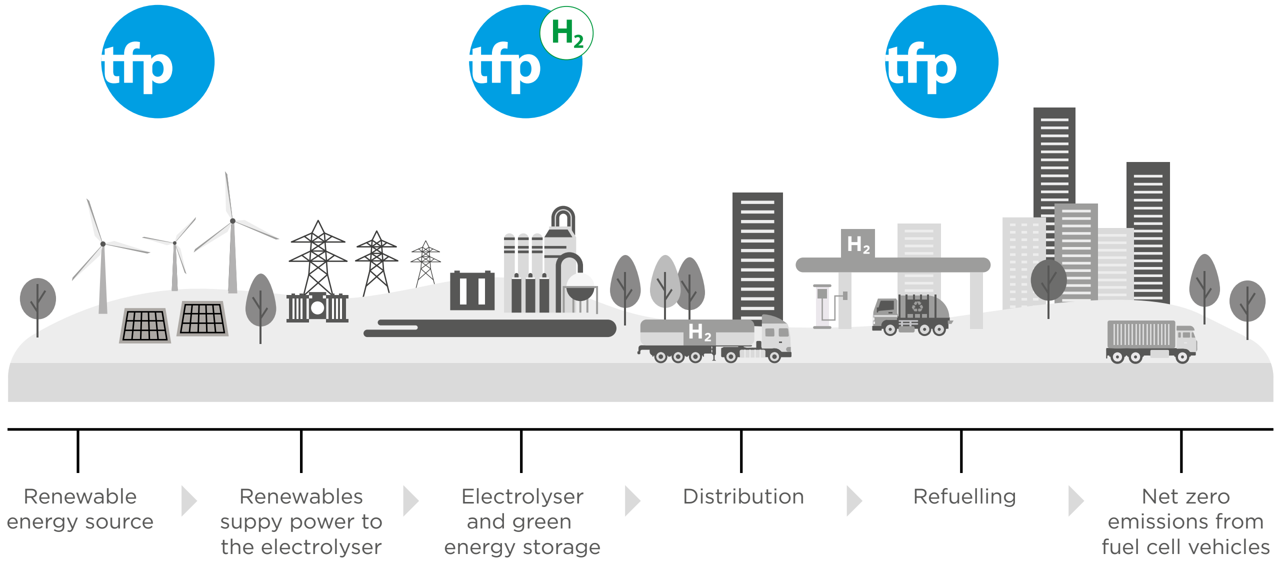
A notable example of this is the work done at Electro Fiber Technologies LLC, TFP's fibre plating subsidiary in Schenectady NY, to reduce waste and minimize water usage. The long term project has involved working on increasing the plating efficiencies of the process as well as introducing analytical controls into their waste management practices.

The result is a 70% reduction in the volume of waste requiring treatment compared to 2015 levels, and this improvement has been achieved despite a significant rise in production volumes.

The team have also managed to minimize the water usage in the plating process by recirculating deionized water in rinses for purification and reuse.

These are all important steps in improving the impact of our manufacturing, and just one example from a number of improvement projects underway involving our processes, raw materials and products.

THE RESULT IS A 70% REDUCTION IN THE VOLUME OF WASTE



MULTIPLE ENTRY POINTS TO THE HYDROGEN ECONOMY

It is clear that Hydrogen is becoming a major enabler of the energy transition, creating an energy storage capability for excess renewable power generation, a growing requirement fuelled by rapidly expanding solar & wind capabilities on a global scale.

In conjunction, recent geopolitical challenges related to energy security have accelerated governmental support, such as the recent (May 5th 2022) *European Clean Hydrogen Alliance's Summit & subsequent Joint Declaration.*

The European Commission's RepowerEU Communication proposed a Hydrogen Accelerator, setting out a strategy to double the previous EU renewable hydrogen target to 10 million tons of annual domestic production, plus an additional 10 million tons of annual hydrogen imports. Meeting these targets requires the EU to significantly upscale its manufacturing capacities for innovative zero and low-carbon equipment such as electrolysers.

According to industry estimates, producing 10m tons of renewable hydrogen in the EU would require an installed electrolyser capacity of 90 - 100 GWLHV[1] , depending on utilization factors and efficiency rates.

The current capacity of electrolyser manufacturers in Europe is estimated at 1.75 GWLHV per year[2]. This electrolyser manufacturing capacity must be scaled-up significantly to meet the expected European demand for renewable hydrogen. This is both an unprecedented challenge and a significant industrial opportunity.

Manufacturers of electrolysers and their components in the EU are among the global technology leaders in this field. The ambition is to transform this technological leadership into global commercial leadership.

Manufacturers of electrolysers and their components in Europe are ready to expand their manufacturing capacities.

It is the objective of electrolyser manufacturers in Europe to have in place by 2025 a combined annual electrolyser manufacturing capacity in Europe of 17.5 GW3, and to further increase that capacity by 2030 in line with projected demand for renewable and low-carbon hydrogen[3].

To support the expected exponential market growth driven by the Fitfor55 and RePowerEU policies and targets, we continue to invest in expanding our manufacturing capabilities with a new nonwoven line now fully operational in the UK.

North America remains a key market for us and recognising their rapid scaling of Electrolyser manufacturing we have also increased our manufacturing capability at our Schenectady site (in New York State).

We are adding a volume coating line to replicate our UK TFP Hydrogen technologies for local supply, and expect to be scaling up operations in H1 this year.

[1] *Measured in terms of hydrogen output; up to 140 GW if measured in terms of electricity input.-This assuming an average electrolyser utilisation factor of 43% and electrolyser efficiency of 70% (this is just for indicative purposes and not a commitment or reference to any specific technology or business case).*

[2] *Measured in terms of hydrogen output; 2.5 GW if measured in terms of electricity input and assuming an electrolyser efficiency of 70%*

[3] *Extract from the European Clean Hydrogen Alliance - European Electrolyser Summit Brussels, Joint Declaration, 5 May 2022*

COLOURFORM™

MOULDED PACKAGING PRODUCTS

DIVISIONAL REPORT

When we first had the idea of launching the Colourform business a few years ago, it was fully intended that we would use the knowledge built through 170 years of coloured and speciality papermaking to create moulded fibre packaging as a more sustainable alternative to thermoformed plastics.

In the few years that have since passed, our pioneering and adventurous spirit has taken us to places we would never have believed possible. Today our products reach far and wide, forming the fibres of daily life around the world.

The Colourform business continues to grow – it is now really pleasing to report that in the year just finished, our sales revenue was up by 31% compared to the pre-covid year, and with the projects currently in the pipeline we expect to continue to grow the business year-on year.

The business achieved a remarkable amount of recognition for the Maison Ruinart Second Skin. The recognition continues with recent success by winning the entire Beverages category at the Dieline awards, and a Yellow Pencil D&AD award, two of the world's most prestigious design awards. Building on this excellence, 2022 sees the launch of some extremely exciting and innovative new Colourform products that steal the limelight from the original Ruinart pack.

It is important to realise that we do not work alone. Every one of our projects is a close collaboration with our customers, many of whom are not only looking for sustainable packaging materials with sophisticated and stylish design, but also share our core values of being a caring organisation that is forward looking and responsible in everything we do.

Brands continuously review their packaging portfolios to fully understand the impact of the choices they make on the consumer and the world we live in. We fully intend to be part of the solutions they choose.

Patrick Willink,
Colourform Managing Director

100% Green Energy Production

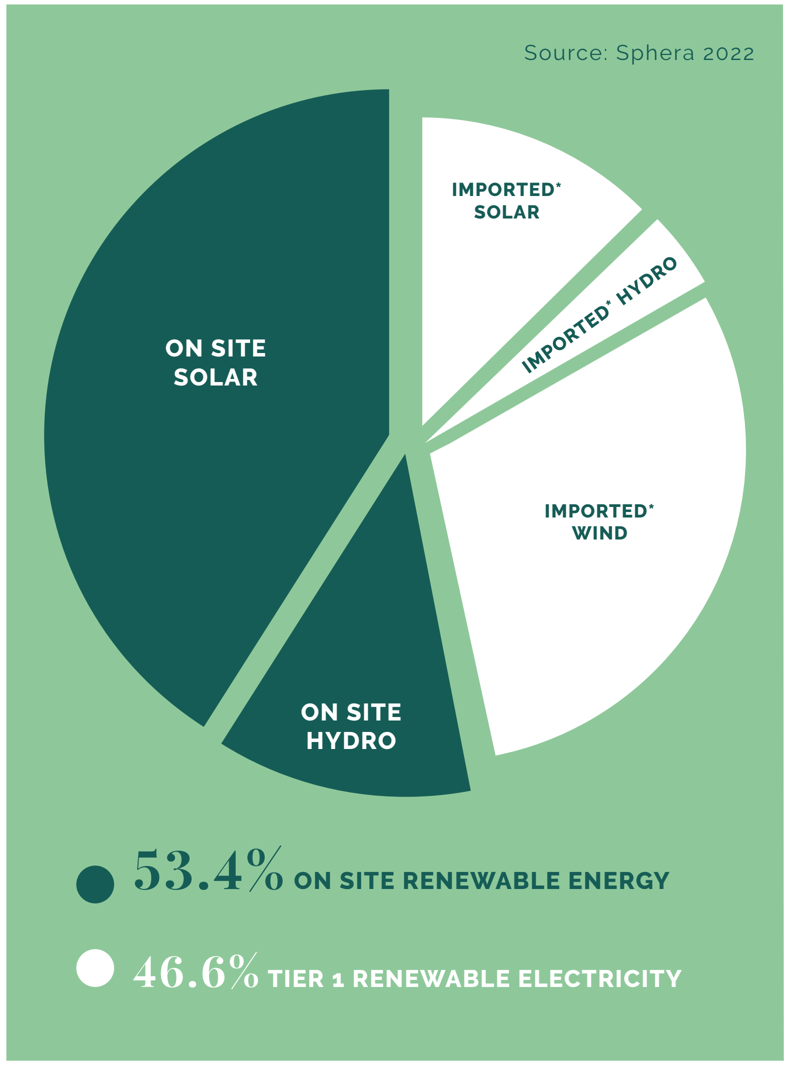
We generate solar and hydro energy here on site at James Cropper with one of the UK's largest roof mounted PV systems powering our machines.

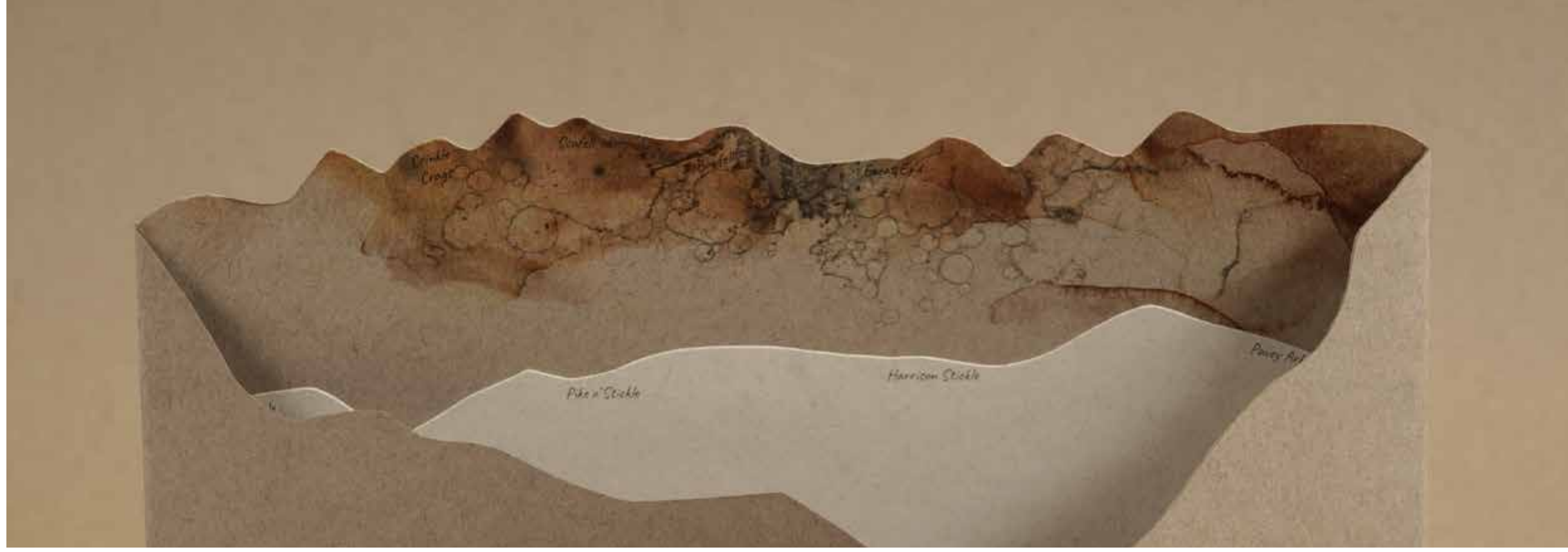
100% of the renewable energy we generate is allocated for all Colourform production, and any top up required from the grid is all Tier 1, green energy.

The legislative environment is also changing – a good example is the introduction of Extended Producer Responsibility which helps us all prevent waste at source, promote design for the environment and support the achievement of public recycling targets. Our raison d'etre was not motivated by the legislation – it was motivated by our belief in doing the right thing, and if doing the right thing helps others meet their legislative obligations, then that is a real bonus!

Colourform continues to grow year on year – thanks to the efforts of the entire team we kept producing throughout the pandemic and that provided a great platform from which to achieve further double digit growth in the last twelve months.

We look forward to working with more and more people and brands as we continue to grow, and together we will generate more and more renewable, sustainable packaging without having to compromise on design, sophistication or beauty.





JAMES CROPPER PAPER PRODUCTS

DIVISIONAL REPORT

It is almost impossible to conceive that off the back of an extremely challenging year in 2021, defined by the Covid-19 pandemic, we would enter into a year of arguably even greater uncertainty and volatility.

Post Covid and post Brexit disruption persisted throughout the year and provided a challenging backdrop as we began to see a progressive return in demand for our products across almost all of our market segments but particularly in luxury packaging. One unexpected but nonetheless pleasing legacy of the pandemic was a buoyant publishing market with demand for book cover and end paper remaining very strong.

I am pleased to say that our customers remained intensely loyal to James Cropper throughout this period without any loss beyond the normal ebb and flow across our customer base.

But that loyalty was for sure tested due to the tragic escalation of events in Ukraine. Dramatically increasing raw material and energy costs inevitably meant that we were forced to pass on these increases through price rises. But the resilience of our relationships with our customers, whilst tested, remained steadfast and I thank them for that.

This external turbulence coupled with strong recovery also imposed considerable strain on our organisation, which, as ever, remained totally focused on satisfying our customer's burgeoning demand.

I witnessed many examples of outstanding commitment and heroic efforts to get product manufactured and shipped despite crewing challenges and maintaining machine uptime.

I am proud of and grateful to the great team of people I have the pleasure and privilege to lead.

Even though the business has been tested, we have remained confident in our strategy of driving value growth. After the successful launch of our Rydal Packaging Collection with 100% recycled formats, we have seen steady growth in demand and some exciting new business gains with luxury brands.

Consistent with our Vision of achieving the goal of 50% of our fibre coming from recovered sources by 2025, we have secured some exciting new sources of waste fibre and are seeing a growth in pull through demand from customers for more recycled content in their premium products – no longer a push approach from James Cropper to stimulate demand. I am also eagerly anticipating the launch of our FibreBlend offer, demonstrating James Cropper's unique capabilities in the upcycling and blending of waste and fresh fibres, to produce premium quality papers.

Building on our ground breaking CupCycling™ technology, FibreBlend will give us a market leading position in sustainable paper innovation, supporting our continued growth in the luxury packaging and creative paper sectors.

We have further augmented our offer with another ground-breaking development through the launch of our Wainwright Colours from Nature. Dyes derived from non-edible Rosemary waste have been used to create wonderful colours, giving the same performance benefits in our paper as industry standard synthetic dyes but being truly sustainable and derived from a natural waste stream.

The Wainwright name has been used to complement another exciting development from earlier in the year. We were delighted to be asked to headline sponsor the Wainwright Prize for Nature and Conservation Writing which has such a perfect fit for our business. We have been producing specialist papers in the River Kent valley since 1845 at our mill just outside Kendal, the town where Alfred Wainwright lived and worked.

Our paper was used in the production of the 50th anniversary edition of the Pictorial Guides to the Lakeland Fells, iconic books that still mean so much to walkers and locals alike. But beyond these obvious connections, this prize fits so well with the ethos of our business.

It also coincided with the resurgence in the publishing segment post-Covid and allowed us to feature prominently and raise awareness amongst target publishing customers.

In support of our value growth strategy, we have also maintained investments in growth and resilience of our operations.

We are looking forward to commissioning our new embossing and varnishing capacity expansion by the summer of 2022 which will allow us to capitalise further on the growth of our luxury packaging business.

Significant upgrades to our boiler house will also build efficiency and resilience into our power generation facility and will complement ongoing, highly innovative developments in capability to reduce our carbon footprint in an accelerated timeframe.

We have strengthened our team too with the appointment of a new Supply Chain Director which will allow us to transform our supply chain operations to meet the needs of an increasingly complex and important procurement and global logistics landscape.

The year ahead continues to look challenging with inflationary pressure and the ongoing uncertainty of conflict in Ukraine, however, I am confident in our plans and in the strength of our team.

I want to thank again our many customers for their continued support during the last year. I also want to praise and thank the entire James Cropper Paper team for their courage, resilience, hard work and commitment over the last year and look forward to continued success in the year to come.

Steve Adams,
Paper Managing Director

Presentation of the 2022 Wainwright Prize for Nature Writing at Racy Ghyll Farm, from left to right: Julie Tomlinson, Richard Bracewell, Mark Cropper, James Rebanks, Alistair Giles and Rebecca Farish

PAPER - HIGHLIGHTS

Wainwright Colours from Nature

To coincide with our partnership with the prestigious Wainwright Literary Prize for writing on Nature and Conservation, Colours from Nature is the latest innovation from James Cropper to create value from waste.

With plant-based dyes more commonly used in the textile industry, the new collection marks the first application to modern papermaking. It is also certified to the FSC® 100% recycled label, recognising the importance of recycling in the paper lifecycle.

Designed for the packaging and publishing sectors, the collection offers a bleed-free and rub resistant paper with lightfastness comparable to that achieved with industry standard synthetic dyes.

The colours are inspired by author Alfred Wainwright's love for the Lake District landscape and James Cropper's desire to protect it. Differing dye additions, derived from non-edible Rosemary waste, create two colours: Limestone and Herdwick Brown.

By repurposing valuable waste streams, we continue to support transition to a more circular economy. From the use of renewable materials and producing high quality products that are easy to recycle, we are committed to sustainability at every turn, and our expertise in colour is part of that.

Turning Paper Cups into Children's Books

We have joined forces with McDonald's Germany to give a second life to the chain's drinking cups by upcycling them into a selection of children's books that come free with the restaurant's Happy Meals.

Following almost a decade of collaboration in recycling cups with McDonald's restaurants, we have been looking at ways to introduce closed loop initiatives with the fast-food retailer that transforms the paper cups into something much more long-lasting.

Using our game-changing CupCycling technology, over 10 million paper cups used in restaurants for drinks and soft ice creams have been transformed from a waste stream from the company into a terrific educational resource.

Working with such a globally renowned brand to drive a circular solution that reduces waste has been incredibly exciting. Each book aims to spark the natural curiosity children have about their environment, with an educational message about the importance of nature and conservation.

Throughout society, people are increasingly rediscovering a love of books and spending more time connecting with nature and green spaces. The collaboration is very much aligned to our sponsorship of the Wainwright Prize for writing on Nature and Conservation.

100% Recycled Papers for Premium Packaging

With more and more brands needing to be able to demonstrate the social and environmental impact of their products, last year we launched our Rydal Packaging Collection.

Our new stunning paper collection was designed to match the packaging needs of the most discerning luxury brands, without compromise, and includes an option with the ultimate 100% post-consumer waste recycled fibre.

Whilst beauty and functionality have always been expected of luxury products, today's consumers also insist they are environmentally and socially responsible.

Those same high standards applied to the product itself, now also extend to the entire supply chain, including the packaging. The Rydal Packaging Collection was created to directly answer this need while safeguarding the beauty of premium paper and ensuring a variety of packaging application possibilities for brands.

Since launch Rydal has been selected for packaging projects in the Coty Luxury stable and also by the iconic Asian cosmetics and skincare brand, Shiseido, where the look and feel of our naturally derived uncoated board is valued and resonates with the natural beauty messaging of the brands.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

James Cropper cares strongly about people and society, sustainable manufacturing and responsible business practices.

All who work for James Cropper care about our planet, the environment, our neighbours and society in general. The future belongs to our children and their children and we see it as our duty to act in a responsible manner to safeguard that future. Our actions today could have a profound impact on the future. We are custodians of our planet and strive to care for it, act in a responsible way and look at ways to ensure sustainable growth which will not have a negative impact on the planet. Our values of caring, responsible and forward thinking, crafted by our employees, drives our strategic goal of sustainable growth. Whether that will be from upcycling or recycling in our own products, decarbonisation, sustainable raw materials, or by creating lightweight materials to help our customers reduce their carbon footprint or protect the environment, our goal is the same, to live our values to be caring, responsible and forward thinking.

Our ESG committee, chaired by our CFO, Isabelle Maddock, and including our Chairman, Mark Cropper, and comprising 7 non-board members with a blend of knowledge and strengths from across the group were tasked with ensuring that the 9 priority areas identified by the Group are clearly understood and become embedded in the day to day activities of all our employees.

Careful consideration of the metrics the Group will measure is ongoing to ensure that they achieve the goals of the Group.

The Group has identified three pillars: Sustainable Manufacturing, People and Society and Responsible Business Practices

Below these three pillars lie our nine priority areas, as detailed in the table below. All nine priority areas are at different stages of progression with all areas awaiting the agreement of final targets and metrics. Examples of three of the key areas are reported on below

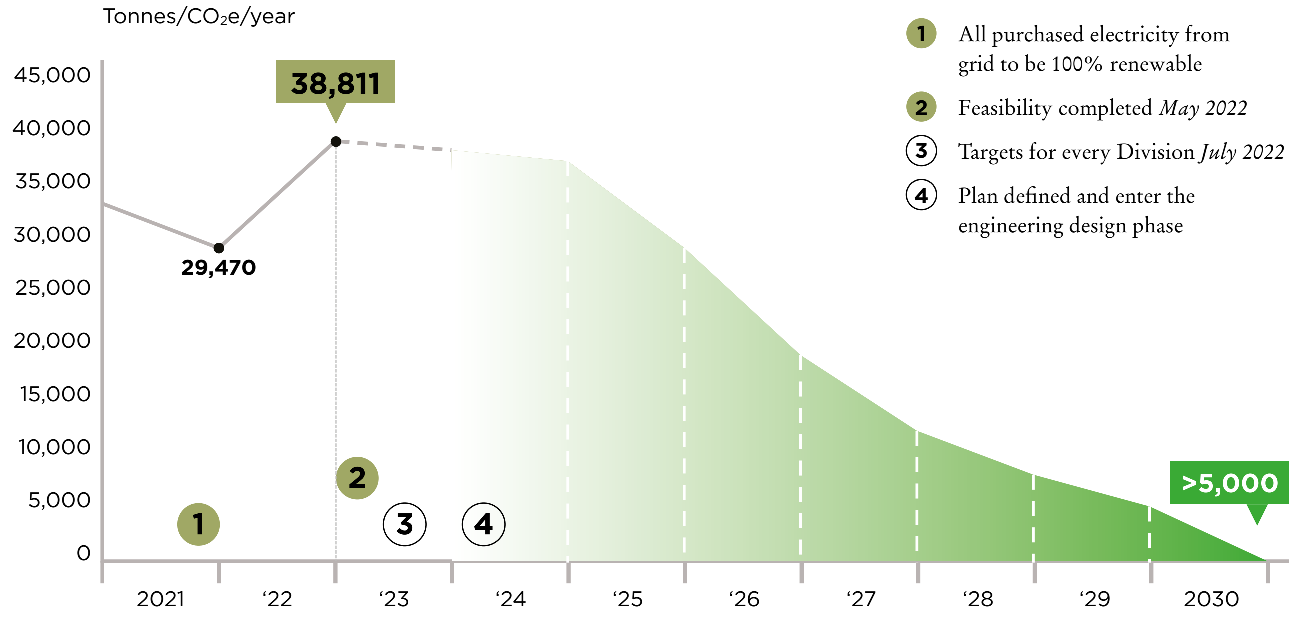
Our 9 Priority Areas

Sustainable Manufacturing	People and Society	Responsible Business Practices
Decarbonisation and energy To have a robust net zero aligned strategy and achieve net zero, on direct emissions by 2030	*Employee well-being* We support our people's physical, mental and emotional wellbeing; balancing their work and personal responsibilities to help them to work safely and effectively	*Materials with purpose* To create sustainable material solutions aligned to societal needs delivered in a fair, healthy and inclusive way
Water To reduce our water footprint by developing and embracing innovative solutions to close our water loop; minimising fresh water abstraction, reusing process water and recycling our effluent water back into the process	*Enhancing livelihoods* We are committed to providing meaningful work, generating a positive organisational culture and working environment which promotes diversity, inclusivity, personal development and respect	*Business ethics and risk* To operate responsibly, steering governance, best practice and in line with our core values throughout our operations
Waste and resource management To commit to valuing waste across our operations and employ innovative solutions to minimise and repurpose waste	*Local community* To be a force for good in society, and particularly by making a positive contribution in our local community, supporting social cohesion, economic prosperity and inclusive growth	*Supply chain* To ensure our suppliers operate to the same ethical and sustainable standards that the Company adheres to

Sustainable Manufacturing

Decarbonisation and energy • *Water* • *Waste and resource management*

Priority Area	*Strategic Intent*	*UN Sustainable Development Goals*
Decarbonisation and energy	To have a robust net zero aligned strategy and achieve net zero, on direct emissions by 2030	



Our divisions provide materials which provide solutions to some of the world's social and environmental challenges and help our customers in the challenge of sustainable growth.

As with society across the world, decarbonisation is seen as one of the most urgent and important actions to undertake. One of our major key priorities is a commitment to a programme that will result in net zero emissions by 2030.

For this commitment to be successful will need a number of work streams to take place:

- A continued focus on reducing primary energy usage;
- The installation of further solar powered panels around the site;
- Continuing research into new technologies for both energy generation and energy optimisation;

The Group have undertaken a carbon footprint exercise in the year which will form the baseline in setting our metrics for reducing our footprint around the world.

Working with our supply chain we will be working to reduce our impact on the environment from direct and indirect emissions.

People and Society

Employee well-being • *Enhancing livelihoods* • *Local community*

Priority Area	*Strategic Intent*	*UN Sustainable Development Goals*
Employee well-being	We support our people's physical, mental and emotional wellbeing; balancing their work and personal responsibilities to help them to work safely and effectively	

At James Cropper we are committed to promoting a positive safe environment in our workplaces to support people's physical, mental and emotional well-being.

Our people have access to a range of services to support their broader well-being and mental health, including access to physiotherapists and annual medicals. We run an employee well-being helpline and have trained mental health first aiders on site.

Our canteen provides a range of balanced nutritious meals and an area where employees can meet and eat away from their workplace. Plans are in place to modernise the canteen area to create a more open sitting area where employees can meet, eat or just take a break in a comfortable environment open 24 hours.

We encourage our people to incorporate physical activity on to their daily lives. A cycle to work scheme is offered every year and discounted membership of local gyms are available.

To support our initiatives, a gym was opened in June 2022 for free use by any of our people. Throughout the year various physical initiatives are undertaken and all our people are encouraged to join initiatives such as running and walking clubs.

We are committed to building a workplace environment that enhances the well-being of our people. In addition to the upgrading of the canteen area, the Board have pledged funding to improve the workplace environment and facilities. Plans and priorities are currently being reviewed together with a time plan.

The Group was awarded the silver Better Help at Work Award in the year.

Responsible Business Practices

Materials with purpose • *Business ethics and risk* • *Supply chain*

Priority Area	*Strategic Intent*	*UN Sustainable Development Goals*
Business ethics and risk	To operate responsibly, steering governance, best practice and in line with our purpose and core values throughout our operations.	

As a responsible, forward thinking business, the Group aims to adopt best practice, where appropriate, for governance, business ethics and risk.

During the year, the Group has introduced a people policy framework. At James Cropper we are committed to our core values of Forward Thinking, Responsible and Caring.

They are key to the way we work and interact with our customers, suppliers and employees across the business. We pride ourselves on driving a sustainable business that is both commercially successful and socially and environmentally responsible.

Our values act as our guiding principles; ensuring we provide our employees in the UK and overseas with a safe and healthy working environment and foster an organisational culture which promotes diversity, inclusivity, personal development and respect. We know it's our people who make James Cropper successful.

We want people to enjoy coming to work and for the workplace to be free from discrimination, harassment and victimisation.

A revised code of Ethics has also been launched during the year in aligned to our purpose and vales. Our Code of Ethics and Behaviours (the "Code") outlines the standards and behaviours that help to shape and strengthen our culture. All employees are expected to uphold these high standards wherever we conduct business, ensuring that honesty and integrity are maintained.

The Code sets out in brief, with some explanation, key company policies and procedures.

The Board have reviewed our products, the customers we deal with and the countries we sell into or buy from.

An unethical markets review was undertaken, identifying some products that have been identified as potentially unethical and have agreed to cease production of the products clearly identified as being unethical.
The next step is to review other products that need further investigation.

This investigation is being supported by the creation of an ethical markets committee comprising members of the Board and designated external experts.

The committee will review the model and categories used to identify unethical markets and review current best practice.

STREAMLINED ENERGY & CARBON REPORT

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.

Energy used in the year was 190.2GWh (2021: 156.3GWh), higher than the previous year, predominantly due to the level of production being back to pre Covid-19 levels.

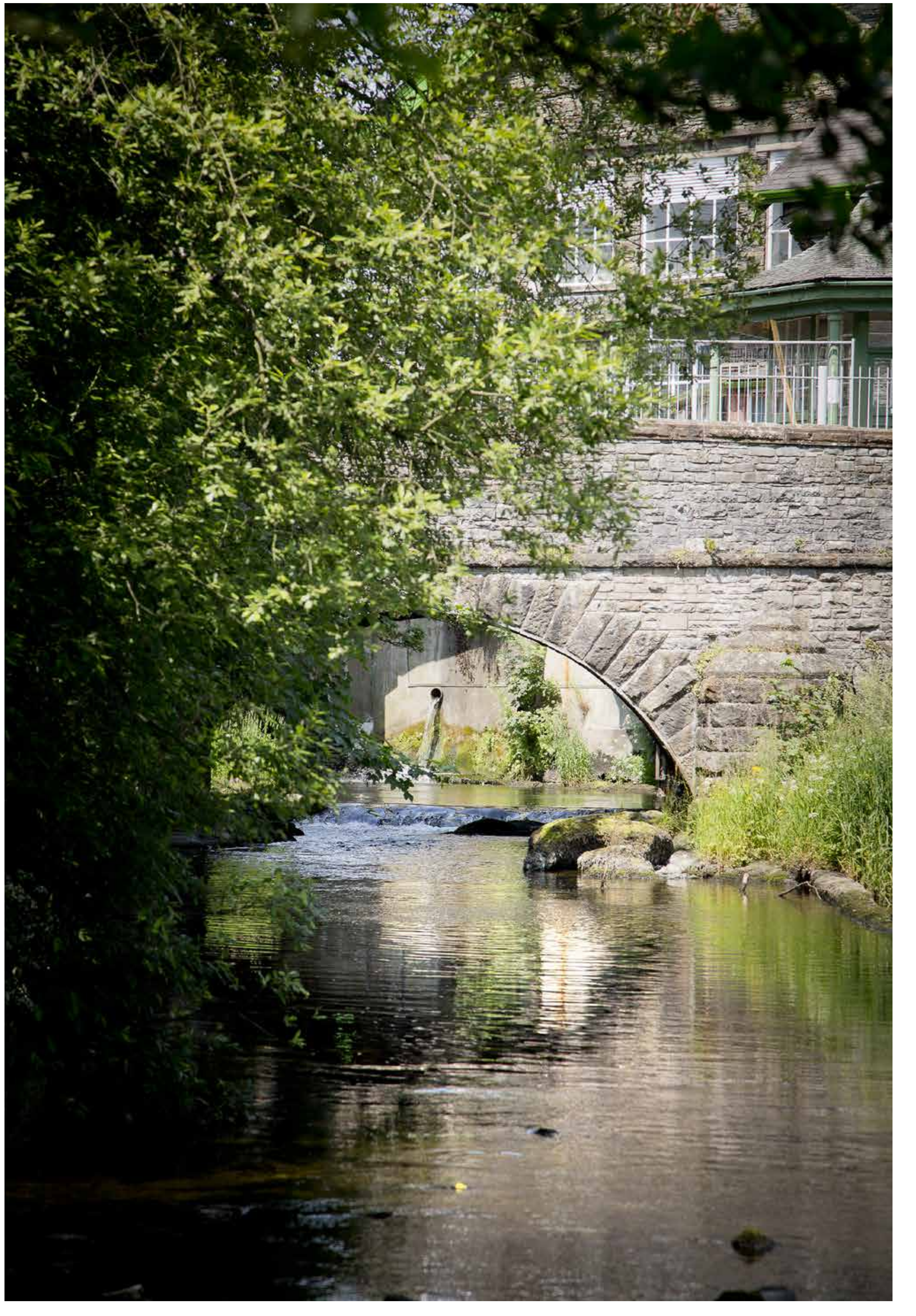
Energy efficiency action

During the year, further roof space was let to Burneside Community Energy Ltd placing more solar panels on our roof space with all solar energy generated purchased by the Company.

Discussions are underway for a phase 4 installation to be completed in the summer 2022. In the year, 656,000kWh of solar energy was purchased (2021: 574,000kWh).

In addition, the Company purchases hydro energy from Ellergreen Estate, purchasing a total of 206,000kWh of hydro energy in the year (2021: 275,000kWh).

Greenhouse gas emissions	52 weeks ended 26 March 2022 tCO_2e	52 weeks ended 27 March 2021 tCO_2e
Scope 1 Direct emissions		
Direct emissions from burning of fossil fuels	38,577	27,512
Transport: company owned or leased vehicles	417	553
Total Scope 1 Direct emissions	**38,994**	**28,065**
Scope 2 Indirect emissions		
Grid electricity purchased	1,235	1,639
Scope 2 Indirect emissions	**1,235**	**1,639**
Gross Carbon emissions	**40,229**	**29,704**
Avoided emissions from renewable electricity purchased	(1,418)	(234)
Total avoided emissions	(1,418)	(234)
Net Carbon emissions	**38,811**	**29,470**
Greenhouse gas emissions intensity ratio	**52 weeks ended 26 March 2022 tCO_2e**	**52 weeks ended 27 March 2021 tCO_2e**
Carbon emissions per £100,000 revenue	36.99	37.41



PRIDE EXCELLENCE AWARDS

During the year we have continued to recognise the amazing contribution our employees make to the Company, their fellow work colleagues and to the communities we operate in, using our PRIDE scheme to reward our values in action and recognise those who have gone above and beyond.

Paula Butler

Recognised for the improvements she has made to the way visitors are welcomed to the business.

• *Successful Customers*
• *Responsible*

Leigh Carradus, Stuart Hughes and Alan Henderson

Working hard to reduce losses on Hasbro products has resulted in big savings on broke, time spent and costs.

• *Successful Customers*
• *Profitable Growth*
• *Sustainability*

Dan Little and Harvey Haygarth

The approach to work by both Dan and Harvey are a credit to James Cropper. A perfect example of our desire to promote a *caring, motivated workforce* built on *trust, dignity and respect.*

• *Caring, Motivated Workforce*
• *Trust, Dignity and Respect*

Tim Walling

Tim showed fantastic *community focus* by undertaking a 300 mile bike ride to raise money for PAPYRUS - the national charity for the Prevention of Young Suicide.

• *Community Focus*

Mark Sorrenson

To avoid hand-written errors on dye tickets, Mark created a computer programme - demonstrating great *forward thinking* and *motivation.*

• *Forward Thinking*
• *Motivation*

EMPLOYEE ENGAGEMENT SURVEY

Listening to our employees and working to continually improve the working environment based on their feedback is something we are committed to at James Cropper.

We last ran an employee opinion survey in 2019, and we were keen to ensure that as we emerge from the pandemic we understood how our employee felt and what was important to them, especially given the radical changes we had all experienced over the last two years.

In November 2021 we ran our first ever online survey using wethrive engagement platform, to support us.

The 'Have you Say' survey asks our employees about the experiences that make up their day to day working life and helped us understand our employees thoughts and opinions better, wherever they are based and whatever role they undertake.

The survey results shed light on what is working, and what needs to be improved or could be introduced.

This survey was about more than just listening. It's about acting. Following on from the survey the Executive Committee has pledged to:

- Invest £1 million over the next 24 months to upgrade and improve workplace facilities
- Reenergise company-wide updates each month on latest news, new products, our facilities upgrades, changes being made, and how collectively we are growing our business for greater success
- Support departmental managers in devising and implementing local plans the make improvements
- Build stronger connections with our people, learn more about our colleagues through regular informal catch-ups and workarounds

We see this exercise as an important step in helping to improve communication, working culture and practices and morale across the company and plan to run a follow up survey in October 2022, with the move towards regular pulse surveys in 2023.

The Executive Committee, also took the opportunity this year to say thank you to each and every employee. We recognise the last two years have been tough, so on Monday 8th August 2022, James Cropper PLC and all of our divisions will be closed for one day.

We are encouraging everyone to take an extended weekend and enjoy some time with family and friends.

OUR PEOPLE

Values, Behaviours & Ethics

Our focus will always be on business growth in line with our purpose and values, not on growth at any cost. Following on from the introduction of our new purpose and values in 2020 we have during this year bolstered our commitment to how we do business.

Our Code of Ethics defines the standards and behaviours expected of us all as James Cropper employees. Our customers, shareholders, partners and colleagues expect and deserve the highest standards of business conduct from us. It supports us in making decisions and outlines the ways in which we can seek help and advice if we are unsure of the right thing to do.

In 2022, we plan to further strengthen our shared understanding through the introduction of behavioural indicators and mandatory training delivered to all employees. Ethics training gives employees a shared understanding of what is expected of them and helps create an environment in which all employees feel they can ask questions and be supported in making the right decisions.

Early Careers

Investing in our future workforce is a vital step to ensure we can achieve our ambitious plans.

Whether that is through investing in our technical graduate programme and engineering apprenticeship scheme or working with local school and colleges to build STEM and career awareness we are committed to providing meaningful careers for the communities we operate in.

We currently have 27 employees on apprenticeship schemes and 4 graduates. We have 8 students expected this summer to undertake work experience.

Leadership Development Programme

We believe a people leader is critical in determining whether our business will continue to be successful, whether we will effectively navigate and overcome the challenges we face, and whether our employees work in a positive environment where they can thrive.

During this year we invested in the development of a bespoke Leadership programme. We have partnered with Instep a leading expert in Leadership development to create a development programme bespoke to James Cropper, to our values, our employees and our leadership requirements for the future.

The programme will be rolled out during 2022 and will challenge delegates to think about their role as a People Leader and how the James Cropper values and behaviours apply to them. The experience will require delegates to reflect on their leadership career to date, existing strengths and opportunities for further development as well as build leadership mind set and skills for the future.

CONTENTS

BOARD OF DIRECTORS

Mark Cropper
Chairman

Appointed: October 2006
Independent: No
Committee Memberships: Nominations (Chair), Remuneration, Pension, ESG
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 and renewable energy.

External appointments: Ellergreen Hydro Projects Ltd (Director), Cropper Paper Foundation (Director), Kendal Futures CIC (Director), Rydal Hydro Ltd (Director), Scandale Hydro 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 directorships and roles covering EMEA, industrial, healthcare, automotive and security market sectors.

External appointments: CBI (North West Counsellor), Teenage Cancer Trust (North West Board)

Isabelle Maddock
Chief Financial Officer

Appointed: July 2014
Independent: No
Committee Memberships: Executive, Pension (Chair), ESG (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 (Chair)

Patrick Willink
MD, Colourform™ Division

Appointed: March 1998
Independent: No
Committee Memberships: Executive, Pension
Qualifications: BSc MBA

Experience: Patrick is the fourth generation 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.

External appointments: Confederation of Paper Industries Ltd (Director)

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: -

James Gravestock
MD, TFP Division

Appointed: November 2021
Independent: No
Committee Memberships: Executive
Qualifications: BA (Hons)

Experience: James previously worked for Halma PLC as Group Managing Director and prior to that holding a succession of successful commercial leadership role in 3M.

External appointments: -

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), YouGarden (Chairman), Feelunique (Chairman), The Brunner Investment Trust PLC (Director)

Lyndsey Scott
Non-Executive Director

Appointed: August 2019
Independent: Yes
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.

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

Sarah Miles
Non-Executive Director

Appointed: November 2021
Independent: Yes
Committee Memberships: Audit, Remuneration, Nomination
Qualifications: MA

Experience: Sarah has a strong track record in a number of Executive Director roles. She is currently the CEO of Feelunique.com and has held Executive roles in Amazon and Diageo. As a Non-Executive Director, she brings a wealth of commercial experience.

External appointments: Feelunique.com (Chief Executive Officer), Member of the British Retail Consortium.

Martin Court
Non-Executive Director

Appointed: November 2021
Independent: Yes
Committee Memberships: Audit, Remuneration, Nomination,
Qualifications: BSc (Eng), PHD

Experience: Martin has a strong track record as both an Executive and Non-Executive roles in the chemicals and materials sectors. His experience in strategy, innovation-driven growth and expansion in commercial and technical capacities will support the Group's growth plans.

External appointments: Victrex PLC (Executive Director and Chief Commercial Officer, including directorships of a number of subsidiaries)

Jim Aldridge
Company Secretary

Jim joined the Group as Finance Manager for Technical Fibre Products Ltd in 2006. He was appointed Head of Corporate Finance in 2013 until November 2015, when he was appointed Company Secretary.

Sir James Cropper
Honorary President

Sir James resigned from the Board in 2013 after 47 years of distinguished service within the Company.

Sir James was appointed the first Honorary President of James Cropper PLC in 2013. Sir James was HM Lord-Lieutenant of Cumbria from 1994 until 2012.

CORPORATE GOVERNANCE STATEMENT

"I AM PLEASED TO INTRODUCE THE CORPORATE GOVERNANCE REPORT FOR THE PERIOD ENDED 26 MARCH 2022. THIS REPORT INCLUDES MY STATEMENT AND THE CORPORATE GOVERNANCE REPORT."

Chairman's introduction to Corporate Governance

It has been a year of reflection, modernisation and, in line with our values, adoption of a more forward thinking approach to our governance and how the Board functions. We have listened to our stakeholders, looked at how we function, reviewed our remuneration policies and reviewed a number of policies.

The changes are not yet completed as we aim to remain up to date with current best practices applicable to a Group of our size and complexity. In line with our values, the Board strives to be a caring, responsible and forward thinking Board fit for purpose as we continue the drive for sustainable growth throughout the Group.

Following the limitations due to the pandemic, the Board were once again able to hold regular face to face meetings from December, rather than online meetings, allowing the directors to reflect on the experiences of online meetings and consider how the Board can improve how it functions with constructive and challenging discussions within our culture of openness, transparency and respect among the Board members.

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 Group.

Throughout the year, the Board has been actively addressing the negative voting issues raised, consulting with key shareholders, external advisers and our Nomads. The matters raised mainly concerned the independence of two of the Non-Executive Directors, including myself, and also the construct of my remuneration.

With respect to independence, the Board has increased the level of independence by appointing an additional Non-Executive Director. In addition, the Chair of the Audit Committee will be reviewed and appointed annually and I am no longer a member of the Audit Committee.

Throughout the year the Board have been consulting with advisers resulting in a new service construct for the role of Chairman. With effect from April 2022, my role as Chairman will be constructed as a purely non-executive role. The current LTIP awards will be honoured by the Board, subject to being vested in accordance with the set targets. These will be the only benefits that may be awarded in the future to me as Chairman.

The Board have also approved changes to rewards for the Executive Directors making future rewards more focused on forward thinking strategic objectives, personal targets and ESG goals, with all future rewards complying with appropriate best practice in terms of malus, clawback compliance and appropriate post vesting/post cessation holding periods.

A number of key policies have been refreshed during the year, including our ethics policy and our people policy framework. Lastly, the Board have also refreshed our Articles of Association to be more aligned to current best practice where appropriate. The proposed changes to the Articles will be shared with our shareholders for approval at the AGM.

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 07 to 48 in the Annual Report.

Sub-committees

There are six sub-committees reporting to the Board:

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

All committees continue to exercise their duties in compliance with all relevant legislation, regulation and guidance.

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 28 to 29.

Mark Cropper, Chairman

21 June 2022

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, four Non-Executive Directors and five 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 and Nomination Committees, and all the Non-Executive Directors except Mark Cropper are members of the Audit Committee.

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, Pension Committee and the ESG Committee.

Jim Sharp is the Chair of the Audit Committee which also comprises the other Non-Executive Directors, except Mark Cropper. 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.

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.

Isabelle Maddock is the Chair of the ESG Committee, which also comprises Mark Cropper. Details of the actions of the ESG committee can be found on page 40 to 43 of the Annual Report. The ESG Committee meets at least four times a year.

Board and Committee Meetings

The Board held five 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. The Board's responsibilities are discharged with reviews of monthly reports from the Executive Committee including conference calls with the Chief Executive and Group Finance Director with further ad hoc meetings held as and when required.

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.

Board Meetings (5)	Meetings attended
Mark Cropper	5
Phil Wild	5
Steve Adams	5
Isabelle Maddock	5
Martin Thompson	3
James Gravestock	3
Patrick Willink	5
Andrew Hosty	2
Jim Sharp	5
Lyndsey Scott	5
Martin Court	3
Sarah Miles	3

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 30%.

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.

Due to the changes in Board membership that have taken place, no Board effectiveness evaluation was undertaken in the year. The next evaluation process will take place in September 2022. 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 please refer to the CFO Review (pages 16 to 20).

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.

Martin Court is the Senior Independent Non-Executive Director.

Annual General Meeting (AGM)

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.

Jim Aldridge,
Company Secretary
21 June 2022

REPORT OF THE AUDIT COMMITTEE

"I AM PLEASED TO INTRODUCE THE AUDIT COMMITTEE REPORT FOR THE PERIOD ENDED 26 MARCH 2022. DURING THE YEAR, THE AUDIT COMMITTEE HAS BEEN REVIEWING THE ADDITIONAL CHALLENGES FACED BY THE BUSINESS AS A RESULT OF THE COVID-19 PANDEMIC AND THE INFLATIONARY PRICE PRESSURES BY MONITORING THE ACTIONS TAKEN BY THE EXECUTIVE DIRECTORS IN RESPONSE TO THEM."

Statement from the Chair of the Audit Committee

The Audit Committee is responsible for assisting the Board in discharging its responsibilities for monitoring the integrity of the Company's financial statements and the effectiveness of the systems of internal financial controls and to monitor the effectiveness, performance and objectivity of the external auditors.

Composition

The Committee comprises the following members:

- Jim Sharp (Chair)
- Lyndsey Scott
- Martin Court (appointed 9 Nov 2021)
- Sarah Miles (appointed 9 Nov 2021)

In November 2021, Andrew Hosty stepped down as a Non-Executive Director and two new Non-Executive Directors appointed, both of whom have joined the Audit Committee. I would like to thank Andrew for his contribution to the Audit Committee during his tenure and also welcome on board Sarah and Martin.

Three of the Committee members are independent Non-Executive Directors. Following a Board review, it was agreed by the Board that I should remain as the Chair of the Committee for the next year. The Board considered me to be independent in judgement and character.

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, reviewed annually. The Committee's agenda included the regular matters reserved for its review during the annual financial reporting cycle, including the review of the audit plan and a review of the audit findings for 2021-2022, with the auditors BDO LLP, 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 LLP were appointed as auditors by the Board in 2018, and reappointed by shareholders at the Annual General Meeting in July 2021.

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 controls in place and appropriate judgements made.

Principal risks

The principal risks were reviewed during the year and are considered by the Board throughout the year. Our principal risks can be found on pages 24 to 27 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 reactions to risks arising.

Jim Sharp,
Chair to the Audit Committee
21 June 2022

REPORT OF THE NOMINATIONS COMMITTEE

"I AM PLEASED TO PRESENT THE NOMINATIONS COMMITTEE REPORT FOR THE PERIOD ENDED 26 MARCH 2022. DURING THE YEAR, THERE WERE A NUMBER OF CHANGES IN THE BOARD RESULTING IN A MORE BALANCED BOARD IMPROVING THE BALANCE BETWEEN INDEPENDENT AND NON-INDEPENDENT DIRECTORS AND IMPROVING THE LEVEL OF FEMALE REPRESENTATION ON THE BOARD."

Statement from the Chair of the Nominations Committee

The main responsibilities of the committee include:

- leading the process for Board appointments and making recommendations to the Board about proposed appointments;
- evaluating the skills, experience and knowledge of the Board; and
- working with management in relation to inclusion and diversity within the Board.

In November 2021, Dr Andrew Hosty stepped down as a non-executive director. The Nominations Committee conducted a search process, assisted by external consultants, with two new non-executive directors appointed. I would like to thank Andrew for his contribution to the Board during his tenure.

In June 2021, Martin Thompson announced his intention to leave the Company in April 2022. Martin joined the Company in 2003 as Managing Director of James Cropper Converting Ltd, before moving to the role of Managing Director for the TFP division in 2013, and was appointed to the Board in June 2013. Martin has been instrumental in the growth of the TFP division as well as supporting the wider strategic objectives of the Group Board. I would like to thank Martin for his significant contribution over the past eighteen years, not least for his part in the growth of the TFP division. The Nominations Committee conducted a search process, assisted by external consultants.

In November, the Committee recommended the appointment of Sarah Miles and Martin Court as independent non-executive directors and also the appointment of James Gravestock as executive director and MD for the TFP division.

The recommendation for all three directors was approved by the Board. I would like to welcome James, Sarah and Martin to the Board who each bring a wealth of knowledge and experience to the Board whilst increasing the level of independence and diversity within the Boardroom. Further details can be found about the new directors on the Directors pages (50 to 51).

Composition

The Committee comprises the following members:

- Mark Cropper (Chair)
- Jim Sharp
- Lyndsey Scott
- Martin Court (appointed 9 Nov 2021)
- Sarah Miles (appointed 9 Nov 2021)

Board appointments:

The Committee operates under formal terms of reference, reviewed annually. The Committee assesses the balance, skills, knowledge, experience, independence and diversity of the Board to identify any gaps and consider the need for refreshment. Candidate profiles were created for the vacancies, with candidates assessed against and also interviewed by Committee members. A short list was drafted and potential candidates offered a tour of the main site and an opportunity to meet some of the executive directors. After careful consideration, the Committee made proposals to the Board, which were accepted. Any new directors appointed by the Board must be elected at the next AGM to continue in office.

An induction programme is in place for new Board members including meeting with directors and senior managers and visiting the main site. The Company is committed to diversity, inclusive practices and equality of opportunity amongst its employees and its Board members. The Company acknowledges the value of diversity in its widest sense and its contribution towards effective Board operations and decisions.

All directors are encouraged to keep up to date with relevant legal and governance matters, best practice and evolving areas of risk. The directors are supported to undertake any other professional development identified as necessary or desirable.

Mark Cropper,
Chair to the Nominations Committee
21 June 2022

REPORT OF THE REMUNERATION COMMITTEE

"I AM PLEASED TO INTRODUCE THE DIRECTORS' REMUNERATION REPORT FOR THE PERIOD ENDED 26 MARCH 2022. THIS REPORT INCLUDES MY STATEMENT, THE ANNUAL REMUNERATION REPORT AND SETS OUT OUR DIRECTORS' REMUNERATION POLICY."

Statement from the Chair of the Remuneration Committee

As the Group works hard to recover strongly from the pandemic, and in light of significant macroeconomic pressure from rising inflation and, in particular, energy costs, the Remuneration Committee's approach remains prudent but mindful always of consistency and fairness, and importantly our ability to retain and attract talent.

The Remuneration Committee has continued to execute upon its clear plan to address issues causing negative voting from proxy voters and we are pleased to report good progress. The Committee, with external adviser* assistance and excluding the Chairman, undertook a full review of the Chairman's remuneration construct during the year. In addition, a review of executive reward was also undertaken.

Throughout the year, the committee has held discussions with key stakeholders, and consulted with external advisers and our nominated advisers. The review of the Chairman's remuneration construct and executive reward was completed by the year end with all proposed changes agreed by the Board for implementation at the start of April 2022.

Chairman's remuneration construct:

The Remuneration Committee commissioned an external market review of Non-Executive Chairman remuneration by our external adviser*. Consultations with key stakeholders and our nominated advisers were also held. Following these actions, it was agreed that, the remuneration construct would be altered to remove all future LTIP and executive benefits with effect from April 2022.

In taking this decision it was clear to our external adviser, and to wider stakeholders, that the James Cropper Chairman role has a unique context undertaking as it does wide ranging support to the functioning and development of the Group beyond the normal responsibilities of a Non-Executive Chairman.

Executive rewards:

During the year, the committee undertook a review of rewards for executive directors. The review included a benchmarking exercise and a review of current best practices to ensure that any future awards align with the group values of **Forward Thinking, Responsible and Caring,** alignment with divisional strategic targets and alignment with current governance best practice.

Annual Incentive award:

The construct for achieving the current Annual Incentive award is based on achieving targets for earnings and working capital, as set out on page 61.

The agreed new construct, with effect from April 2022, is based on achieving targets set for:

- Group profits;
- Divisional performance targets; and
- Personal strategic/leadership targets.

The awards are to be based on targets aligned to the annual budget objectives.

The quantum of the award will remain the same at 25% of basic salary for all executive directors. In addition, a stretch award will be offered for improved performance greater than the budget targets. Any awards achieved under the stretch incentive, will be awarded in shares, except for members of the concert party, which will be subject to the following new governance rules:

- Awards will be subject to malus and clawback rules;
- Awards will be subject to a two year post vesting holding period.

The quantum for stretch awards was agreed at 25% of basic salary for the CEO and 15% for all other executive directors. The targets for the stretch awards will be based on group profits and divisional performance targets only.

Long Term Incentive Plan:

The construct for the current Long Term Incentive Plan (LTIP) awards are based on growth in earnings per share and detailed on page 61.

Following the review of the award, including external benchmarking and current best practice, the new construct for any LTIP award granted after March 2022 will be based on three target areas, namely:

- Earnings per share to deliver greater long term shareholder value;
- Operating cash flow targets to support the liquidity and working capital management of the business; and
- ESG targets, to support our ESG goals.

These targets are again aligned to our values and will also incorporate current best governance practice including, malus and clawback provisions and a two year post vesting holding periods.
All LTIP awards will be vested in shares with the exception of any concert party member who will be vested a cash equivalent.

It was agreed that the quantum for LTIP awards will remain the same, being 75% of basic salary for the CEO and 50% for all other executive directors.

Our directors' remuneration policy

Our remuneration policy is designed to attract and retain individuals with the talent, experience and leadership skills required to enable us to achieve our strategic objectives.

**External advisers to the Remuneration Committee: H2glenfern Remuneration Advisory (a member of the UK Remuneration Consultants Group).*

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 26 March 2022.
- Directors' Remuneration Policy setting out the Group's current remuneration policy.

Constitution of the Committee

In November, Martin Court and Sarah Miles joined the Board and the Remuneration Committee and Andrew Hosty resigned. I would like to welcome Martin and Sarah to the Remuneration Committee and thank Andrew Hosty for his support during his tenure.

Lyndsey Scott, Chair of the Remuneration Committee, 21 June 2022

Annual Remuneration Report for 2022

Remuneration Committee

The Remuneration Committee comprises the following members:

- Lyndsey Scott (Chair)
- Mark Cropper
- Jim Sharp
- Martin Court (appointed 9 Nov 2021)
- Sarah Miles (appointed 9 Nov 2021)
- Dr Andrew Hosty (resigned 9 Nov 2021)

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 Chair 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 reward.

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. The next review will take place in the year beginning April 2022.

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

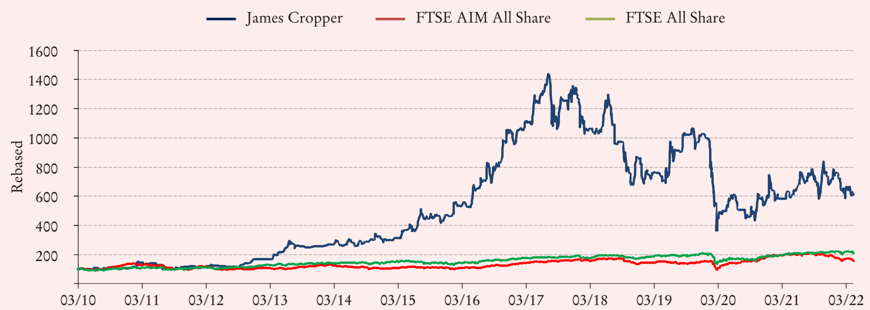
Director	Notice Period
M A J Cropper (Chairman)	12 months
P I Wild	6 months
I M Maddock	6 months
S A Adams	6 months
J Gravestock	6 months
P J Willink	12 months

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 26 March 2022 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.

Total Shareholder Return



Details of Directors' Remuneration

£'000	Salary and Fees 2022	Salary and Fees 2021	Benefits 2022	Benefits 2021	Annual Bonus 2022	Annual Bonus 2021	Pension Costs 2022	Pension Costs 2021	Total 2022	Total 2021
Executive										
P I Wild	211	204	43	40	11	-	13	10	278	254
S A Adams	167	152	23	22	8	-	10	10	208	184
I M Maddock	167	155	23	22	8	-	10	10	208	187
J Gravestock (Appointed 15 November 2021)	92	-	9	-	13	-	1	-	115	-
M Thompson (Resigned 20 January 2022)	167	159	23	22	34	-	10	10	234	191
K D Watson[1] (Resigned 1 August 2020)	-	218	-	9	-	-	-	8	-	235
P J Willink	155	148	23	22	27	-	11	17	216	187
Non-Executive										
M A J Cropper	83	77	11	11	-	-	5	5	99	93
M Court (Appointed 9 November 2021)	14	-	-	-	-	-	-	-	14	-
S Miles (Appointed 9 November 2021)	14	-	-	-	-	-	-	-	14	-
L J Scott	33	29	-	-	-	-	-	-	33	29
J E Sharp	37	34	-	-	-	-	-	-	37	34
Dr A Hosty (Resigned 9 November 2021)	22	29	-	-	-	-	-	-	22	29
	1,162	1,205	155	148	101	-	60	70	1,478	1,423

[1] Includes severance costs of £73k

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 26 March 2022 under the Plan to executive directors were as follows:

All figures in £'000	Options at 27 March 2021	Options granted in period	Mid-market price (£) of options granted	Options exercised in period	Options lapsed in period	Options at 26 March 2022
P I Wild	27,439	11,612	£13.688	-	(13,286)	25,765
S A Adams	14,442	6,112	£13.688	-	(6,993)	13,561
I M Maddock	14,442	6,112	£13.688	-	(6,993)	13,561
M Thompson[1]	14,442	6,112	£13.688	-	(20,554)	-

[1] Resigned 20 January 2022

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 27 March 2021	Options granted in period	Mid-market price (£) of options granted	Options exercised in period	Options lapsed in period	Options at 26 March 2022
M A J Cropper	6,947	2,940	£13.688	-	(3,364)	6,523
P J Willink	12,825	5,700	£13.688	-	(5,877)	12,648

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 Group.
Non-Executive Directors' Fees To attract and retain the right individuals required to support the achievement of both short and long-term goals.	Fees for Non-Executive Directors are based on market practice and are reviewed by the Board each year. The maximum aggregate amount of fees 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 is a member 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 and has been amended for the period commencing April 2022.
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. The LTIP awards have been amended for the period commencing April 2022.

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 08 to 27 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 reviews the strategic plans throughout the 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 28 to 29 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 Group conducts a biennial employee survey with the latest level of engagement (2021) at 67%. **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 over a 100 year partnership with one supplier and at the same time build new partnerships with new suppliers. **Community** • The Group has very close links with the local community built on our 176 year presence at Burneside. The Group supports local organisations through its community support team with donations this year amounting to £9,000. **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 28 to 29 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 both the Executive Committee and Board meetings. • The significant risks are disclosed in the Strategic Report within the Annual report on pages 24 to 27.
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 five Non-Executive Directors and five Executive Directors. • The members of the Board maintain the appropriate balance of experience, independence and knowledge of the Group. • 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 and 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 at the start 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 normally 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 26 March 2022.

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 10 to 11, the Strategic Report on pages 08 to 48 and the Chief Financial Officer's Review on pages 16 to 20, report on the performance of the Group for the period ended 26 March 2022 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

James Gravestock (appointed 15 Nov 2021)

Martin Thompson (resigned 20 Jan 2022)

Patrick Willink

Martin Court (appointed 9 Nov 2021)

Dr Andrew Hosty (resigned 9 Nov 2021)

Sarah Miles (appointed 9 Nov 2021)

Lyndsey Scott

Jim Sharp

Details of the directors' remuneration are shown in the Report of the Remuneration Committee on pages 58 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 73.

An interim dividend of 2.5p per ordinary share was paid on 14 January 2022. The Directors are recommending a final dividend of 7.5p per ordinary share, subject to approval at the Annual General Meeting of the Company, making the total dividend for the year 10.0p (2021: nil) per share. Full details of dividends in respect of the year ended 26 March 2022 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 £9,000 (2021:£10,000) 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 28 to 29 (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 28 to 29.

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 43 and the streamlined energy carbon report on page 44.

Share capital

Full details of the authorised and issued share capital of the Company are set out in note 22 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 10 to 14, 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 16 to 20) discusses the Group's financial position, along with details of its cash flow and liquidity. Note 19 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.

The meeting will be held at The Bryce Institute, Burneside, Kendal, Cumbria LA9 6QZ on Wednesday 27 July 2022 at 11am.

Substantial Interests

Shareholdings in excess of 3% of the issued capital at 3 May 2022 were as follows: -

Name of Shareholding	Number of Shares	% holding	Note
Cropper Family – *Beneficial and Non Beneficial Interests*	3,059,531	32.0	
Willink Family – *Beneficial and Non Beneficial Interests*	521,500	5.4	
Acland Family – *Beneficial Interests*	52,386	0.6	
Total	3,633,417	38.0	1
Liontrust Asset Management Ltd	1,234,202	12.9	

1. The Cropper, Willink and Acland families are related and are deemed to be acting in concert with a total holding of 38% in the Company.

Details of Directors' Interests

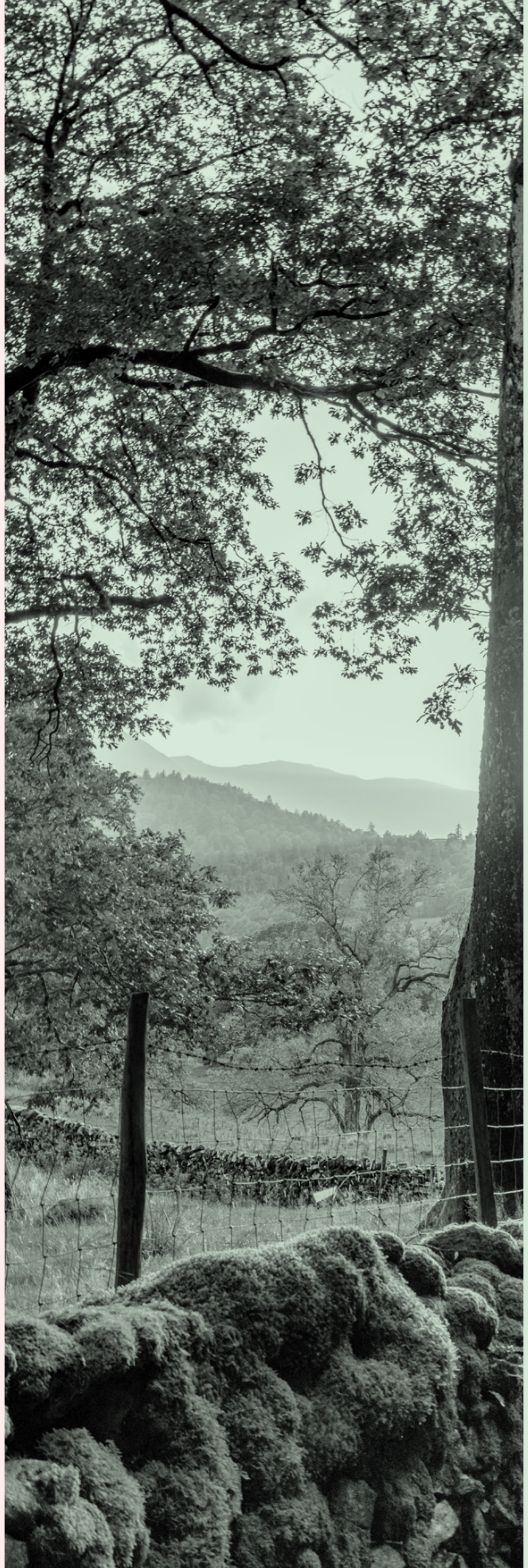
The interests in the shares of the Company of those Directors serving at 26 March 2022 were as follows:

Any material related party transactions between the directors and the Company are set out in note 27 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 58. Non-beneficial interests include shares held jointly as trustee with other directors.

Approved by the Board of Directors on 21 June 2022 and were signed on its behalf by

Mark Cropper, Chairman

		At 26 March 2022		At 27 March 2021	
		Ordinary Shares	Options on Ordinary Shares	Ordinary Shares	Options on Ordinary Shares
Director	**Interest**				
M A J Cropper	Beneficial	1,856,896	-	1,851,146	-
	Non-beneficial	559,571	-	559,571	-
P I Wild	Beneficial	25,572	25,765	25,572	27,439
I M Maddock	Beneficial	9,741	13,561	11,741	14,442
S A Adams	Beneficial	1,099	13,561	1,099	14,442
J Gravestock	Beneficial	500	-	-	-
P J Willink	Beneficial	58,079	-	58,079	-
	Non-beneficial	69,434	-	69,434	-
J E Sharp	Beneficial	11,380	-	11,380	-
	Non-beneficial	82,251	-	64,951	-
L J Scott	Beneficial	500	-	500	-
	Non-beneficial	82,251	-	64,951	-
M Court	Beneficial	500	-	-	-
	Non-beneficial	82,251	-	-	-
S Miles	Beneficial	500	-	-	-
	Non-beneficial	82,251	-	-	-



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 UK adopted international accounting standards (IFRS).

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 UK adopted international accounting standards (IFRS), 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 on the financial statements

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 26 March 2022 and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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.

We have audited the financial statements of James Cropper plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 week period ended 26 March 2022 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group Statement of Cash Flows, the Group Statement of Changes in Equity, the 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 UK adopted international accounting standards. 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Challenged the assumptions used in the Directors' base case forecast by comparing forecast performance to that historically achieved, comparing actual performance achieved post year end to the forecast, and checking that any significant cash outflows had been correctly included in the forecast;
- Obtained an understanding of the required financing facilities by reviewing third party documentation, including the nature of the facilities, repayment terms, covenants and attached conditions;
- Assessed the facility and covenant compliance headroom calculations with the existing and proposed covenants on both a base case scenario and the Directors' reverse stress test scenario;
- Challenged the appropriateness of the Directors' assessment of going concern by testing the mechanical accuracy, assessing historical forecasting accuracy, understanding the directors' consideration of downside sensitivity and the impact on facilities and covenants;
- Reviewed mitigating actions and cost savings proposed by the Directors for their ability to be implemented and the implementation to be done on a timely basis; and
- Considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview		2022	2021
Coverage	Group profit before tax	80%	95%
	Group revenue	89%	90%
	Group total assets	89%	91%
Key audit matters	Valuation of Defined Benefit pension scheme	Yes	Yes
	Acquisition accounting	No	Yes
	Going Concern	No	Yes
	Going Concern is no longer considered to be a key audit matter as the industry is recovering from the Covid-19 pandemic. Acquisition Accounting is no longer considered to be a key audit matter as there are no further acquisitions in the current year.		
Materiality	*Group financial statements as a whole* £168,000 (2021: £200,000) based on 5% of profit before tax excluding IAS 19 adjustments (2021: 5% of 3 year average of profit before tax excluding IAS 19 adjustments)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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 17 (2021: 17) components of the Group, we determined that 5 (2021: 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, the group audit team have performed specified 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that 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. This matter was 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 this matter.

KEY AUDIT MATTER	HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Defined Benefit Pension Scheme Valuations	
As described in Note 2 (accounting policies) and Note 20 (retirement benefit obligations), The Group has two defined benefit pension plans in the UK; the staff scheme and the works scheme. At 26 March 2022, the Group recorded a net retirement obligation of £13.1m (2021: £18.4m), comprising scheme assets of £121.1m (2021: £117.1m) and scheme liabilities of £109.4m (2021: £135.6m). 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 judgement 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 a third party pension specialist 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. The third party pension specialist confirmed their independence, and we assessed their competence with reference to qualifications gained and our previous experience with the third party. In addition we tested the membership data utilised in the valuation of the scheme to source data by agreeing the membership data to the audited pension scheme accounts, traced cash amounts paid by the scheme to bank statements and obtained third party confirmation of the valuation of the pension assets from the investment managers, along with the investment manager's internal AAF (Audit and Assurance Faculty) reports to gain assurance over the valuation of the assets. ***Key observations***: Based on our procedures we consider the assumptions and estimates to calculate the Group's pension obligations to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2022	2021	2022	2021
Materiality	£168,000	£200,000	£67,200	£75,000
Basis for determining materiality	5% of Profit before tax excluding IAS 19 adjustments	5% of 3 year average of Profit before tax excluding IAS 19 adjustments	40% of Group materiality	37.5% of Group materiality
Rationale for the benchmark applied	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 for the users of the financial statements. The IAS 19 adjustment has been included as this is not representative of the underlying trade of the Group and is a metric used by the Director's throughout the financial statements.	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 for the users of the financial statements. The 3 year average was used as the actual result was distorted due to Covid-19 impacts. The IAS 19 adjustment has been included as this is not representative of the underlying trade of the Group and is a metric used by the Director's throughout the financial statements.	Calculated based on a percentage of group materiality given the assessment of aggregation risk.	Calculated based on a percentage of group materiality given the assessment of aggregation risk.
Performance materiality	£109,200	£ 130,000	£ 43,680	£ 48,750
Basis for determining performance materiality	65% of group materiality. The testing is largely sample based, with some complex and judgemental areas. Based on past experience, we do not expect a large number of errors arising, and management are open to making any corrections we do raise.	65% of group materiality. The testing is largely sample based, with some complex and judgemental areas. Based on past experience, we do not expect a large number of errors arising, and management are open to making any corrections we do raise.	65% of parent company materiality. The testing is largely sample based, with some complex and judgemental areas. Based on past experience, we do not expect a large number of errors arising, and management are open to making any corrections we do raise.	65% of parent company materiality. The testing is largely sample based, with some complex and judgemental areas. Based on past experience, we do not expect a large number of errors arising, and management are open to making any corrections we do raise.

Component materiality

We set materiality for each component of the Group based on a percentage of between 4% and 95% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £6,000 to £159,600.

In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £5,040 (2021:£6,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.
If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and 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.

Matters on which we are required to report by exception

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group and Parent Company and the sector in which it operates we considered the risks of acts by the Group and Parent Company which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements.

These included but are not limited to those that relate to the form and content of the financial statements, such as Group accounting policies, UK GAAP, the Companies Act 2006, relevant taxation legislation, Health and Safety and the Bribery Act 2010.

We determined that the group and components susceptibility material misstatement and specifically where fraud may occur related to posting inappropriate journal entries, management bias in accounting estimates, and revenue cut off. Our audit procedures included, but were not limited to:

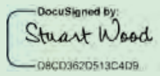
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the stock provision, the IFRS 9 expected credit loss provision, the pension scheme assumptions, the recognition of tooling revenue under IFRS 15 and the valuation of the derivatives held on balance sheet at year end;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific keywords;
- Testing a sample of revenue transactions within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. As part of this discussion, we identified potential for fraud in accounting estimates;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud ;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditors responsibilities. 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, UK

21 June 2022

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 26 March 2022 £'000	52 week period to 27 March 2021 £'000
Revenue	2	104,922	78,768
Provision for impairment reversal / (loss)		184	(431)
Other income		744	3,036
Changes in inventories of finished goods and work in progress		385	598
Raw materials and consumables used		(39,577)	(28,290)
Energy costs		(7,428)	(3,078)
Employee benefit costs	23	(30,535)	(28,417)
Depreciation and amortisation	4	(4,051)	(4,489)
Other expenses		(20,960)	(15,252)
Operating Profit	**2**	**3,684**	**2,445**
Interest payable and similar charges	3	(924)	(730)
Interest receivable and similar income	3	17	4
Profit before taxation	**4**	**2,777**	**1,719**
Tax expense	5	(1,419)	(153)
Profit for the period		**1,358**	**1,566**
Earnings per share - basic and diluted	6	14.2p	16.4p

Other comprehensive income

	Note	52 week period to 26 March 2022 £'000	52 week period to 27 March 2021 £'000
Profit for the period		**1,358**	**1,566**
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		49	(80)
Pulp hedge fair value adjustment	15	(501)	501
Cash flow hedges – effective portion of changes in fair value		10	258
Foreign tax adjustment		(13)	-
Items that will never be reclassified to profit or loss			
Retirement benefit liabilities – actuarial gains / (losses)	20	4,777	(8,750)
Deferred tax on actuarial (gains) / losses on retirement benefit liabilities		(179)	1,663
Other comprehensive income / (expense) for the period		4,143	(6,408)
Total comprehensive income / (expense) for the period attributable to equity holders of the Company		**5,501**	**(4,842)**

James Cropper PLC
Statement of Financial Position

	Note	Group as at 26 March 2022 £'000	Group as at 27 March 2021 £'000	Company as at 26 March 2022 £'000	Company as at 27 March 2021 £'000
Assets					
Goodwill	8	1,264	1,264	-	-
Intangible assets	9	1,584	1,946	769	1,013
Property, plant and equipment	10	30,551	30,696	1,630	1,774
Right-of-use assets	11	7,358	4,160	343	236
Investments in subsidiary undertakings	12	-	-	7,350	7,350
Deferred tax assets	21	3,534	3,729	3,459	3,706
Total non-current assets		**44,291**	41,795	**13,551**	14,079
Inventories	13	17,593	15,469	-	-
Trade and other receivables	14	22,184	16,053	55,027	50,863
Provision for impairment	14	(777)	(961)	-	(260)
Other financial assets	15	-	501	-	-
Cash and cash equivalents		7,750	6,765	4,011	2,861
Corporation tax		1,838	1,425	968	1,384
Total current assets		**48,588**	39,252	**60,006**	54,848
Total assets		**92,879**	81,047	**73,557**	68,927
Liabilities					
Trade and other payables	16	20,936	15,780	16,324	22,989
Other financial liabilities	17	6	16	6	16
Loans and borrowings	18	1,595	8,301	133	94
Total current liabilities		**22,537**	24,097	**16,463**	23,099
Long-term borrowings	18	18,727	5,966	8,182	211
Retirement benefit liabilities	20	13,130	18,436	13,130	18,436
Deferred consideration on business acquisition	16	578	401	-	-
Deferred tax liabilities	21	3,093	2,246	123	102
Total non-current liabilities		**35,528**	27,049	**21,435**	18,749
Total liabilities		**58,065**	51,146	**37,898**	41,848
Equity					
Share capital	22	2,389	2,389	2,389	2,389
Share premium		1,588	1,588	1,588	1,588
Translation reserve		553	504	-	-
Reserve for own shares		(1,407)	(1,151)	(1,407)	(1,151)
Hedging reserve		-	501	-	-
Retained earnings		31,691	26,070	33,089	24,253
Total shareholders' equity		**34,814**	29,901	**35,659**	27,079
Total equity and liabilities		**92,879**	81,047	**73,557**	68,927

The Parent Company reported a profit for the period ended 26 March 2022 of £4,554k (2021: £4,072k).
The financial statements on pages 63 to 111 were approved by the Board of Directors on 21 June 2022 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 26 March 2022 (2021: for the period ended 27 March 2021)

	Note	Group 2022 £'000	Group 2021 £'000
Cash flows from operating activities			
Net Profit		1,358	1,566
Adjustments for:			
Tax		1,419	153
Depreciation and amortisation		4,051	4,489
Transaction costs on business acquisition		-	384
Net IAS 19 pension adjustments within SOCI		914	802
Past service pension deficit payments		(1,443)	(498)
Foreign exchange differences		-	783
Gain on early termination of right of use assets		-	(19)
Bank interest income		(17)	(4)
Bank interest expense		926	491
Share based payments		(107)	245
Changes in working capital:			
Increase in inventories		(2,103)	(1,448)
(Increase) / decrease in trade and other receivables		(6,220)	3,401
Increase / (decrease) in trade and other payables		5,545	(2,406)
Tax paid		(972)	-
Net cash generated from operating activities		**3,351**	7,939
Cash flows from investing activities			
Purchase of intangible assets		(56)	(42)
Purchases of property, plant and equipment		(6,705)	(3,085)
Acquisition of business net of cash and cash equivalents		-	(1,359)
Net cash used in investing activities		**(6,761)**	(4,486)
Cash flows from financing activities			
Proceeds from issue of new loans		9,754	6,390
Repayment of borrowings		(3,123)	(10,313)
Repayment of lease liabilities		(1,170)	(818)
Interest received		17	4
Interest paid		(709)	(353)
Distribution of own shares		(256)	100
Dividends paid to shareholders		(236)	-
Net cash generated / (used) from financing activities		**4,277**	(4,990)
Net increase / (decrease) in cash and cash equivalents		867	(1,537)
Effects of exchange rate fluctuations on cash held		118	(662)
Net increase / (decrease) cash and cash equivalents		985	(2,199)
Cash and cash equivalents at the start of the period		6,765	8,964
Cash and cash equivalents at the end of the period		**7,750**	6,765
Cash and cash equivalents consists of:			
Cash at bank and in hand		7,750	6,765
Cash and cash equivalents at the end of the period		**7,750**	6,765

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	Hedging reserve	Retained earnings	Total
At 28 March 2020	2,389	1,588	584	(1,251)	-	31,087	34,397
Comprehensive income for the period	-	-	-	-	-	1,566	1,566
Total other comprehensive income	-	-	(80)	-	501	(6,829)	(6,408)
Dividends paid	-	-	-	-	-	-	-
Distribution of own shares	-	-	-	100	-	-	100
Share based payment charge	-	-	-	-	-	246	246
Total contributions by and distributions to owners of the Group	-	-	-	100	-	246	346
At 27 March 2021	**2,389**	**1,588**	**504**	**(1,151)**	**501**	**26,070**	**29,901**
Comprehensive income for the period	-	-	-	-	-	1,358	1,358
Total other comprehensive income	-	-	49	-	(501)	4,595	4,143
Dividends paid	-	-	-	-	-	(236)	(236)
Purchase of own shares	-	-	-	(256)	-	-	(256)
Share based payment charge	-	-	-	-	-	(96)	(96)
Total contributions by and distributions to owners of the Group	-	-	-	(256)	-	(332)	(588)
At 26 March 2022	2,389	1,588	553	(1,407)	-	31,691	34,814

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 28 March 2020	2,389	1,588	(1,251)	27,073	29,799
Comprehensive income for the period	-	-	-	4,072	4,072
Total other comprehensive income	-	-	-	(7,137)	(7,137)
Dividends paid	-	-	-	-	-
Share based payment charge	-	-	-	245	245
Distribution of own shares	-	-	100	-	100
Total contributions by and distributions to owners of the Group	-	-	100	245	345
At 27 March 2021	**2,389**	**1,588**	**(1,151)**	**24,253**	**27,079**
Comprehensive income for the period	-	-	-	4,554	4,554
Total other comprehensive income	-	-	-	4,614	4,614
Dividends Paid				(236)	(236)
Purchase of own shares	-	-	(256)	-	(256)
Share based payment charge	-	-	-	(96)	(96)
Total contributions by and distributions to owners of the Group	-	-	(256)	(332)	(588)
At 26 March 2022	**2,389**	**1,588**	**(1,407)**	**33,089**	**35,659**

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 UK adopted International accounting standards ("IFRS") 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 26 March 2022, (2021: 52 week accounting period ended 27 March 2021).

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 energy crisis and other inflationary pressures have been the major considerations. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the 12 month forecast period with specific consideration to the trading position of the Group in the context of the current inflationary pressures and energy costs.

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 10) and the Chief Financial Officer's Review (pages 12 to 16).

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 the UK 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
Customer relationships	10 years
Technology	10 years
Brand	3 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 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 26 March 2022, 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.

(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 statement of comprehensive income. 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 statement of comprehensive income. Amounts taken to equity are transferred to the statement of comprehensive income 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 Statement of comprehensive income 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 Statement of comprehensive income over the relevant vesting period adjusted to reflect actual and expected vesting levels.

(v) Capital Management

The 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 18 and shareholdings can be referred to in note 22. 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 20 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 and estimates are 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.

(iv) Business combinations

Significant judgement is exercised in determining the forecasted EBITDA forecasts to calculate the contingent consideration and the discount rates and weighted average cost of capital to calculate the fair value of the contingent consideration.

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 26 March 2022

All figures in £'000	Paper	Colourform™	TFP	Group Services	Eliminations	Continuing Operations
Revenue						
External	70,350	3,363	31,209	-	-	104,922
	70,350	**3,363**	**31,209**	**-**	**-**	**104,922**
Segment Profit						
Adjusted Operating Profit before IAS 19	(2,338)	(754)	8,684	(993)	(14)	4,585
Exceptional costs	-	-	(354)	-	-	(354)
IAS 19 Pension adjustments to profit	-	-	-	(547)	-	(547)
Operating Profit	**(2,338)**	**(754)**	**8,330**	**(1,540)**	**(14)**	**3,684**
Interest expense	-	-	-	-	-	(924)
Interest income	-	-	-	-	-	17
Profit before tax	**-**	**-**	**-**	**-**	**-**	**2,777**
Tax on profit for period	-	-	-	-	-	(1,419)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**1,358**
Total Assets	**71,146**	**5,066**	**62,981**	**68,814**	**(115,128)**	**92,879**
Total Liabilities	**(65,627)**	**(14,464)**	**(52,448)**	**(33,155)**	**107,629**	**(58,065)**

Operating Segments
Period ended 27 March 2021

All figures in £'000	Paper	Colourform™	TFP	Group Services	Eliminations	Continuing Operations
Revenue						
External	51,376	2,822	24,570	-	-	78,768
	51,376	2,822	24,570	-	-	78,768
Segment Profit						
Adjusted Operating Profit before IAS 19	(309)	(1,542)	6,482	(1,416)	(207)	3,008
IAS 19 Pension adjustments to profit	-	-	-	(563)	-	(563)
Operating Profit	(309)	(1,542)	6,482	(1,979)	(207)	2,445
Interest Expense	-	-	-	-	-	(730)
Interest income	-	-	-	-	-	4
Profit before tax	-	-	-	-	-	1,719
Tax on profit for period	-	-	-	-	-	(153)
Profit for the period	-	-	-	-	-	1,566
Total Assets	72,171	5,414	57,643	68,927	(123,108)	81,047
Total Liabilities	(62,799)	(13,913)	(48,159)	(41,848)	115,573	(51,146)

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	**2022**	2021	**2022**	2021
UK	41,193	29,955	36,225	33,771
Europe	29,091	22,001	-	-
Asia	11,114	5,819	-	-
The Americas	22,534	19,996	4,532	4,295
Australasia	851	777	-	-
Africa	139	220	-	-
Total	**104,922**	78,768	**40,757**	38,066

All figures in £'000	**Paper**	**Colourform™**	**TFP**	**Group Services**	**Total**
Additions to non-current assets	3,452	399	2,598	312	6,761

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.

All figures in £'000	**Note**	**2022**	2021
Finance costs			
Interest payable on bank borrowings		260	295
Interest payable in relation to lease liabilities		209	164
Net finance costs arising on defined benefit schemes	20	367	239
Other finance charges		12	32
Fair value adjustment on contingent consideration		76	-
Total finance costs		**924**	730
Finance income			
Finance income in respect of cash and short term investments		17	4
Total finance income		**17**	4
Net finance costs		**907**	726

4 Profit before taxation

The following items have been charged / (credited) in arriving at profit before tax:	**Note**	**2022 £'000**	2021 £'000
Staff costs	23	30,535	27,299
Restructuring costs	23	-	1,118
Depreciation of property, plant and equipment			
- Owned assets	10	3,063	3,474
- Leased assets	11	802	785
Amortisation of intangibles	9	186	230
Repairs and maintenance expenditure on property, plant and equipment		4,991	3,379
Other income:			
- Research and development tax credits		(555)	-
- Royalty income		(37)	(46)
- Job Retention Scheme grants and PPP grants (USA)		-	(2,915)
- Government grants received		(152)	(75)
Research and development expenditure		2,896	2,252
Foreign exchange differences		(90)	1,020
Trade receivables impairment / (reversal)		(184)	431

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	**2022**	2021
Audit Services		
Fees payable to the company's auditor for the audit of parent company and consolidated accounts	36	29
Other services	-	4
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)	92	76
	128	109

5 Taxation

Analysis of charge in the period

All figures in £'000 Continuing operations	Note	2022	2021
Current tax		298	354
Adjustments in respect of prior period current tax		250	94
Total current tax		**548**	448
Deferred tax		264	(150)
Adjustments in respect of prior period deferred tax		(38)	(145)
Effects of changes in tax rate		645	-
Total deferred tax	**21**	**871**	(295)
Tax per Statement of Comprehensive Income		**1,419**	153
Tax on items charged to other comprehensive income			
Deferred tax on actuarial gains on retirement benefit liabilities		179	(1,663)
Tax on items charged to equity			
Deferred tax on share options		(8)	-

The tax for the period is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are explained below:

All figures in £'000 Continuing operations	2022	2021
Profit before tax	**2,777**	1,719
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 19% (2021: 19%)	528	326
Effects of:		
Adjustments to tax in respect of prior period	212	(51)
Changes to tax rates	645	-
Deferred tax on share options	11	12
Expenses not deductible for tax purposes	115	178
Deferred tax liability recognised on acquisition	-	13
Deferred tax not recognised in overseas jurisdictions	(72)	(236)
Other	(20)	(89)
Total tax charge for the period	**1,419**	153

6 Earnings per share

Basic earnings per share is calculated on the Group profit for the year attributable to equity shareholders of £2.7m (2021: £1.2m) divided by 9.6m (2021: 9.6m), 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 26 March 2022 there were no potential dilutive share options outstanding (2021: nil).

	2022 Earnings £'000	Weighted average number of share '000	Amount per share pence	2021 Earnings £'000	Weighted average number of share '000	Amount per share pence
Earnings attributable to ordinary shareholders	1,358	9,555	14.2	1,566	9,555	16.4
Basic and diluted EPS	**1,358**	**9,555**	**14.2**	1,566	9,555	16.4

7 Dividends

All figures in £'000	2022	2021
Final paid for the period ended 27 March 2021 / period ended 28 March 2020	-	-
Interim paid for the period ended 26 March 2022 / period ended 27 March 2021	236	-
Total dividends paid in the year	236	-
Final dividend payment paid pence per share for the period ended 27 March 2021 / period ended 28 March 2020	-	-
Interim dividend payment paid pence per share for the period ended 26 March 2022 / period ended 27 March 2021	2.5p	-

In addition, the directors are proposing a final dividend in respect of the financial period ended 26 March 2022 of 7.5p per share (2021: nil per share) which will absorb an estimated £708,000 (2021: £nil) of shareholders' funds.

If approved by members at the Annual General Meeting, it will be paid on 12 August 2022 to shareholders who are on the register of members at 8 July 2022. There are no tax implications in respect of this proposed dividend.

The proposed dividend is not accounted for until it is formally approved at the Annual General Meeting.

8 Goodwill

All figures in £'000	Note	Group	Company
At 27 March 2021	24	1,264	-
At 26 March 2022		1,264	-

Goodwill is recognised following the acquisition of PV3 Technologies Ltd (now known as TFP Hydrogen Products Ltd) by Technical Fibre Products Ltd on 18 January 2021.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The recoverable amounts has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a three year period to 31 March 2025. The present value exceeds the carrying amount and no impairment has been suffered. There is no reasonable possible change in key assumptions that would lead to an impairment charge.

9 Intangible assets

Group

All figures in £'000	Computer Software	Development Costs	Trade Secrets	Customer Relationships	Technology	Brands	Emission Allowances	Total
Cost								
At 27 March 2021	4,278	457	310	567	359	31	802	6,804
Additions	56	-	-	-	-	-	2,567	2,623
Disposals/surrender of allowances	-	-	-	-	-	-	(2,799)	(2,799)
At 26 March 2022	4,334	457	310	567	359	31	570	6,628
Aggregate amortisation								
At 27 March 2021	4,068	456	310	12	7	5	-	4,858
Charge for Period	67	-	-	57	36	26	-	186
At 26 March 2022	4,135	456	310	69	43	31	-	5,044
Net book value at 26 March 2022	**199**	**1**	**-**	**498**	**316**	**-**	**570**	**1,584**
Net book value at 27 March 2021	**210**	**1**	**-**	**555**	**352**	**26**	**802**	**1,946**

Group

All figures in £'000	Computer Software	Development Costs	Trade Secrets	Customer Relationships	Technology	Brands	Emission Allowances	Total
Cost								
At 28 March 2020	4,236	457	310	-	-	-	120	5,123
Additions	42	-	-	-	-	-	1,360	1,402
Assets acquired through business combinations	-	-	-	567	359	31	-	957
Disposals/surrender of allowances	-	-	-	-	-	-	(678)	(678)
At 27 March 2021	4,278	457	310	567	359	31	802	6,804
Aggregate amortisation								
At 28 March 2020	3,976	342	310	-	-	-	-	4,628
Charge for Period	92	114	-	12	7	5	-	230
At 27 March 2021	4,068	456	310	12	-	5	-	4,858
Net book value at 27 March 2021	210	1	-	555	352	26	802	1,946
Net book value at 28 March 2020	260	115	-	-	-	-	120	495

The computer software capitalised principally relates to the ongoing development of the Group's Enterprise Resource Planning and Financial systems.

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 UK Emissions Trading Scheme (UKETS) 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.

Customer Relationships, Technology and Brands were assets acquired through the purchase of TFP Hydrogen Products Ltd by Technical Fibre Products Ltd on 18 January 2021.

Notes to the Financial Statements

Company

	Computer Software	Emission Allowances	Total
Cost			
At 27 March 2021	4,138	803	4,941
Additions	56	2,567	2,623
Disposals/surrender of allowances	-	(2,799)	(2,799)
At 26 March 2022	4,194	570	4,764
Aggregate amortisation			
At 27 March 2021	3,928	-	3,928
Charge for Period	67	-	67
At 26 March 2022	3,995	-	3,995
Net book value at 26 March 2022	**199**	**570**	**769**
Net book value at 27 March 2021	**210**	**803**	**1,013**

Company

	Computer Software	Emission Allowances	Total
Cost			
At 28 March 2020	4,096	120	4,216
Additions	42	1,361	1,403
Disposals/surrender of allowances	-	(678)	(678)
At 27 March 2021	4,138	803	4,941
Aggregate amortisation			
At 28 March 2020	3,850	-	3,850
Charge for Period	78	-	78
At 27 March 2021	3,928	-	3,928
Net book value at 27 March 2021	210	803	1,013
Net book value at 28 March 2020	246	120	366

10 Property plant and equipment

Group

All figures in £'000	Note	Freehold land & buildings	Plant & machinery	Assets under construction[1]	Total
Cost					
At 27 March 2021		14,963	90,112	6,694	111,769
Transfers		-	6,694	(6,694)	-
Transfers to right of use assets[2]	11	-	(3,337)	-	(3,337)
Additions at cost		280	2,965	2,896	6,141
Effects of movements in foreign exchange		-	114	-	114
At 26 March 2022		15,243	96,548	2,896	114,687
Accumulated Depreciation					
At 27 March 2021		7,678	73,395	-	81,073
Charge for period		292	2,771	-	3,063
At 26 March 2022		7,970	76,166	-	84,136
Net book value at 26 March 2022		**7,273**	**20,382**	**2,896**	**30,551**
Net book value at 27 March 2021		**7,285**	**16,717**	**6,694**	**30,696**

1 Assets under construction comprise the expenditure to date on an embosser and a gas compressor.

2 Assets transferred through right of assets are assets held under finance leases.

Group

All figures in £'000	Notes	Freehold land & buildings	Plant & machinery	Assets under construction[2]	Total
Cost					
At 28 March 2020		14,466	89,382	5,502	109,350
Transfers from right-of-use assets[3]	11	-	131	-	131
Additions at cost		497	798	1,192	2,487
Assets acquired from business combination		-	71	-	71
Effects of movements in foreign exchange		-	(270)	-	(270)
At 27 March 2021		14,963	90,112	6,694	111,769
Accumulated Depreciation					
At 28 March 2020		7,447	70,021	-	77,468
Transfers from right-of-use assets[3]	11	-	131	-	131
Charge for period		231	3,243	-	3,474
At 27 March 2021		7,678	73,395	-	81,073
Net book value at 27 March 2021		**7,285**	**16,717**	**6,694**	**30,696**
Net book value at 28 March 2020		**7,019**	**19,361**	**5,502**	**31,882**

1 Assets held under right of use assets where ownership is transferred to the Group / Company at the end of the lease are transferred to property, plant and equipment.

Company

All figures in £'000	Note	Freehold land & buildings	Plant & machinery	Total
Cost				
At 27 March 2021		1,694	2,809	4,503
Additions at cost		-	5	5
At 26 March 2022		1,694	2,814	4,508
Accumulated Depreciation				
At 27 March 2021		530	2,199	2,729
Charge for period		22	127	149
At 26 March 2022		552	2,326	2,878
Net book value at 26 March 2022		**1,142**	**488**	**1,630**
Net book value at 27 March 2021		**1,165**	**610**	**1,774**

Company

All figures in £'000	Note	Freehold land & buildings	Plant & machinery	Total
Cost				
At 28 March 2020		1,694	2,668	4,362
Transfers	11	-	131	131
Additions at cost		-	10	10
At 27 March 2021		1,694	2,809	4,503
Accumulated Depreciation				
At 28 March 2020		508	1,929	2,437
Transfers	11	-	131	131
Charge for period		22	139	161
At 27 March 2021		530	2,199	2,729
Net book value at 27 March 2021		**1,164**	**610**	**1,774**
Net book value at 28 March 2020		**1,189**	**739**	**1,925**

11 Right of use assets

Group

All figures in £'000	Note	Land & buildings	Plant, equipment & vehicles	Total
Cost				
At 27 March 2021		3,585	2,182	5,767
Additions		222	304	526
Transfers from property, plant & equipment[1]	10	-	3,337	3,337
Disposals		-	(172)	(172)
Right of use reassessments		37	-	37
Effects of movements in foreign exchange		100	-	100
At 26 March 2022		3,944	5,651	9,595
Accumulated Depreciation				
At 27 March 2021		586	1,021	1,607
Charge for the period		393	409	802
Disposals		-	(172)	(172)
At 26 March 2022		979	1,258	2,237
Net book value at 26 March 2022		**2,965**	**4,393**	**7,358**
Net book value at 27 March 2021		**2,999**	**1,161**	**4,160**

All figures in £'000	Note	Land & buildings	Plant, equipment & vehicles	Total
Cost				
At 28 March 2020		3,924	2,218	6,142
Additions		432	166	598
Disposals		(514)	(69)	(583)
Right of use reassessments		-	(2)	(2)
Transfers to property, plant & equipment[2]	10	-	(131)	(131)
Effects of movements in foreign exchange		(257)	-	(257)
At 27 March 2021		3,585	2,182	5,767
Accumulated Depreciation				
At 28 March 2020		401	834	1,235
Charge for the period		413	372	785
Disposals		(228)	(54)	(282)
Transfers to property, plant and equipment[2]	10	-	(131)	(131)
At 27 March 2021		586	1,021	1,607
Net book value at 27 March 2021		2,999	1,161	4,160
Net book value at 28 March 2020		3,523	1,384	4,907

1 Assets transferred from property, plant and equipment currently held under finance leases.

2 Assets where ownership is transferred to the Group/Company upon completion of the lease liability are transferred into Property, plant and equipment (Note 10).

Company

All figures in £'000	Note	Plant, equipment & vehicles	Total
Cost			
At 27 March 2021		459	459
Additions		251	251
Disposals		(172)	(172)
At 26 March 2022		538	538
Accumulated Depreciation			
At 27 March 2021		223	223
Charge for the period		144	144
Disposals		(172)	(172)
At 26 March 2022		195	195
Net book value at 26 March 2022		**343**	**343**
Net book value at 27 March 2021		**236**	**236**

All figures in £'000	Note	Land & buildings	Plant, equipment & vehicles	Total
Cost				
At 28 March 2020		131	495	626
Additions		-	166	166
Disposals		(131)	(69)	(200)
RoU reassessments		-	(2)	(2)
Transfers to property, plant & equipment[2]	10	-	(131)	(131)
At 27 March 2021		-	459	459
Accumulated Depreciation				
At 28 March 2020		71	254	325
Charge for the period		60	154	214
Disposals		(131)	(54)	(185)
Transfers to property, plant and equipment[2]	10	-	(131)	(131)
At 28 March 2020		-	223	223
Net book value at 27 March 2021		-	236	236
Net book value at 28 March 2020		60	241	301

2 Assets where ownership is transferred to the Group/Company upon completion of the lease liability are transferred into Property, plant and equipment (Note 10).

12 Investments

Investments in subsidiary undertakings

All figures in £'000	Group 2022	Group 2021	Company 2022	Company 2021
At 26 March 2022 and 27 March 2021	-	-	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	Direct or indirect holding	Nature of business
James Cropper Speciality Papers Limited	England	(i)	100	Direct	Manufacturer of specialist paper and board
James Cropper (Guangzhou) Trading Co Limited	China	(iii)	100	Indirect	Sales and marketing organisation
James Cropper Converting Limited	England	(i)	100	Direct	Paper converter
James Cropper 3D Products Limited	England	(i)	100	Direct	Manufacturer of moulded fibre products
Technical Fibre Products Limited	England	(i)	100	Direct	Manufacturer of advanced materials
TFP Hydrogen Products Limited	England	(i)	100	Indirect	Manufacturer of electrochemical materials
Tech Fibers Inc	USA	(ii)	100	Indirect	Holding company
Technical Fibre Products Inc	USA	(ii)	100	Indirect	Sales and marketing organisation
Metal Coated Fibers Inc	USA	(ii)	100	Indirect	Manufacturer of metal coated carbon fibres
Electro Fiber Technologies LLC	USA	(ii)	100	Indirect	Manufacturer of metal coated fibres
James Cropper EBT Limited	England	(i)	100	Direct	Dormant company
Melmore Limited	England	(i)	100	Direct	Dormant company
James Cropper Paper Limited	England	(i)	100	Direct	Dormant company
The Paper Mill Shop Company Limited	England	(i)	100	Direct	Dormant company
James Cropper Overseas Trading Limited	England	(i)	100	Direct	Marketing organisation
James Cropper Germany GmbH	Germany	(iv)	100	Indirect	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

TFP Hydrogen Products Limited, formerly PV3 Technologies Ltd, was acquired on 18 January 2021 by Technical Fibre Products Ltd.

13 Inventories

All figures in £'000	Group 2022	Group 2021
Materials	8,795	7,567
Work in progress	3,069	2,264
Finished goods	5,729	5,638
	17,593	15,469

Inventories are stated after a provision for impairment of £1,308k (2021: £1,522k).

The cost of inventories recognised as expenses and included in cost of sales for the year ended 26 March 2022 was £76,383k (2021: £59,464k).

The Company does not hold any inventories.

14 Trade and other receivables

All figures in £'000	Group 2022	Group 2021	Company 2022	Company 2021
Trade receivables	18,555	14,469	-	-
Less: Provision for impairment of receivables	(777)	(961)	-	-
Trade receivables – net	17,778	13,508	-	-
Amounts owed by group undertakings	-	-	52,468	49,778
Provision for amounts owed by group undertakings	-	-	-	(260)
Other receivables	945	245	929	254
Prepayments	2,684	1,339	1,630	831
	21,407	15,092	55,027	50,603

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 £28m (2021: £26m) with a fixed term of one year with an interest charge of 3.6% pa. Intercompany funding accounts of £23m (2021: £23m) and intercompany current accounts of £2m (2021: £1m) are settled within 30 days.

15 Other Financial Assets

All figures in £'000	Group 2022	Group 2021	Company 2022	Company 2021
Pulp Hedging fair value adjustment	-	501	-	-
	-	501	-	-

The loss arising in the statement of comprehensive income on fair value Hedging instruments was £501k (2021: £nil)

16 Trade and other Payables

All figures in £'000	Group 2022	Group 2021	Company 2022	Company 2021
Trade payables	11,640	8,559	2,724	2,022
Amounts owed to group undertakings	-	-	11,777	19,345
Other tax and social security payable	2,178	1,188	382	371
Other payables	687	250	352	238
Accruals	6,181	5,386	1,089	1,013
Deferred consideration[1]	250	397	-	-
Due within one year	20,936	15,780	16,324	22,989

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

1 Deferred consideration is the value of the earn out consideration on the acquisition of PV3 Technologies Ltd (now known as TFP Hydrogen Products Ltd), acquired on 18 January 2021, following the achievement of the targets for the period ended 26 March 2022 due for payment in May 2022.

All figures in £'000	Group 2022	Group 2021	Company 2022	Company 2021
Contingent consideration[2]	578	401	-	-
Due after one year	578	401	-	-

2 Contingent consideration is the fair value of earn out consideration on the acquisition of PV3 Technologies Ltd (now known as TFP Hydrogen Products Ltd, based on the estimated future performance of the subsidiary against earn out targets.

Deferred / contingent consideration		Group only Deferred consideration		Group only Contingent consideration	
All figures in £'000	**Note**	**2021**	**2020**	**2021**	**2020**
Balance as at 27 March 2021 / 28 March 2020		397	-	401	-
Arising on acquisition		-	397	-	401
Payments made		(400)	-	-	-
New provision for Earn Out due		250	-	104	-
Fair value adjustment	3	3	-	73	-
Balance at 26 March 2022 / 27 March 2021		250	397	578	401

The actual performance of TFP Hydrogen Products for the period ended 26 March 2022 exceeded expectations as at acquisition, resulting in an earn out payment falling due for payment in May 2022. In addition, future projections for the subsidiary have meant an increase in provision of further potential earn out payments.

17 Other Financial Liabilities

Group and Company

All figures in £0'000	2022	2021
Interest rate swaps used for hedging	-	16
Foreign exchange rate swaps for hedging	6	-
	6	16

The liabilities are held at fair value.

The accompanying notes form part of the financial statements

18 Borrowings

All figures in £'000	Note	Group 2022	Group 2021	Company 2022	Company 2021
Current					
Bank loans and overdrafts due within one year or on demand:					
Unsecured bank loans[1]		256	7,609	-	-
Lease liabilities		1,339	692	133	94
	19.3	1,595	8,301	133	94
Non-current loans					
Unsecured bank loans[1]		12,244	1,908	8,000	100
Lease liabilities		6,483	4,058	182	111
	19.3	18,727	5,966	8,182	211

1 The bank loans bear interest rates between 1.95% and 2.75% above SOFRA or SONIA, where applicable.

Reconciliation of net cash flow to net debt

Group

All figures in £'000	27 March 2021	Loan reclassified as lease	Cash flow	Interest	Reclassify	Exchange movement	26 March 2022
Loans repayable within 1 year	(7,609)	3,337	461	-	3,749	(194)	(256)
Loans repayable after 1 year	(1,908)	-	(6,529)	-	(3,749)	(58)	(12,244)
	(9,517)	3,337	(6,068)	-	-	(252)	(12,500)
Lease liabilities repayable within 1 year	(692)	-	1,170	(211)	(1,606)	-	(1,339)
Lease liabilities repayable after 1 year	(4,058)	(3,337)	(563)	-	1,606	(131)	(6,483)
	(4,750)	(3,337)	607	(211)	-	(131)	(7,822)
Total borrowings	(14,267)	-	(5,461)	(211)	-	(383)	(20,322)
Cash and cash equivalents	6,765	-	868	-	-	117	7,750
Net Debt	(7,502)	-	(4,593)	(211)	-	(266)	(12,572)

Group

All figures in £'000	28 March 2020	RoU termination/ reassessment	Cash flow	Interest	Reclassify	Exchange movement	27 March 2021
Loans repayable within 1 year	(3,008)	-	3,008	-	(7,804)	195	(7,609)
Loans repayable after 1 year	(11,541)	-	1,513	-	7,804	316	(1,908)
	(14,549)	-	4,521	-	-	511	(9,517)
Lease liabilities repayable within 1 year	(748)	-	817	(147)	(614)	-	(692)
Lease liabilities repayable after 1 year	(4,722)	323	(597)	-	614	324	(4,058)
	(5,470)	323	220	(147)	-	324	(4,750)
Total borrowings	(20,019)	323	4,741	(147)	-	835	(14,267)
Cash and cash equivalents	8,964	-	(1,537)	-	-	(662)	6,765
Net Debt	(11,055)	323	3,204	(147)	-	173	(7,502)

The accompanying notes form part of the financial statements

19 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.

19.1 Financial instruments by category

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

Group		Fair value through profit or loss		Amortised cost loans and receivables	
All figures in £'000	**Note**	**2022**	2021	**2022**	2021
Financial assets					
Current					
Trade receivables	14	-	-	17,778	13,508
Other receivables	14	-	-	945	245
Derivatives	15	-	501	-	-
Cash and cash equivalents		-	-	7,750	6,765
		-	501	26,473	20,518
Financial liabilities					
Current					
Trade payables	16	-	-	11,640	8,559
Other payables	16	-	-	687	250
Accruals	16	-	-	6,181	5,386
Deferred consideration	16	250	397	-	-
Derivatives	17	6	16	-	-
Short term borrowings	18	-	-	1,595	8,301
		256	413	20,103	22,496
Non-current					
Long term borrowings	18	-	-	18,727	5,966
Contingent consideration	16	578	401	-	-
		578	401	18,727	5,966

Company		Fair value through profit or loss		Amortised cost loans and receivables	
All figures in £'000	**Note**	**2022**	2021	**2022**	2021
Financial assets					
Current					
Amounts owed by group undertakings	14	-	-	52,468	49,518
Other receivables	14	-	-	929	254
Cash and cash equivalents		-	-	4,011	2,861
		-	-	57,408	52,633
Financial liabilities					
Current					
Trade payables	16	-	-	2,724	2,022
Amounts owed to group undertakings	16	-	-	11,777	19,345
Other payables	16	-	-	352	238
Accruals	16	-	-	1,089	1,013
Derivatives	17	6	16	-	-
Short term borrowings	18	-	-	133	94
		6	16	16,075	22,712
Non-current					
Long term borrowings	18	-	-	8,182	211

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	2022 Level 2	2022 Total	2021 Level 2	2021 Total
Financial assets (Group)				
Derivatives	-	-	501	501
Financial liabilities (Group and Company)				
Derivatives	6	6	16	16

19.2 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 26 March 2022 (2021: 27 March) were:

All figures in £'000	2022	2021
JC Speciality Papers	9,721	8,104
JC Converting	1,452	1,398
JC 3D Products	733	590
Technical Fibre Products	6,649	4,377
Trade receivables	18,555	14,469
Provision for impairment on trade receivables	(777)	(961)
	17,778	13,508

The Company does not have trade receivables.

The majority of trade receivables are covered by credit insurance.

All trade receivables have been reviewed under the expected credit loss impairment model and a provision of £777k (2021: £961k) 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

All figures in £'000	2022	2021
Balance at Start of period	961	530
Increased during the period	(184)	431
Utilised during the period	-	-
Balance at end of period	777	961

Provision for impairment - company disclosure:

At 27 March 2021, 1% of the loan receivables was provided for, equating to an expected £260K credit loss. The Group has subsequently performed strongly in FY22, with revenue returning to pre-pandemic levels. The Group expects continued robust performance and top-line growth in FY23, and as a result no expected credit loss is recognised against intra-group loans at 26 March 2022.

Intra-group loan receivables at 26 March 2022 are:

All figures in £'000	2022	2021
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	8,519	7,000
	27,519	26,000
Provision for impairment	-	(260)
Net Intra-group loans	27,519	25,740

Company

All figures in £'000	2022	2021
Balance at the start of the period	260	350
Released during the period	(260)	(90)
Balance at the end of the period	**-**	260

19.3 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 26 March 2022 (2021: 27 March 2021), was as follows:

Group All figures in £'000	2022 Debt	Lease liabilities	Derivatives	Total	2021 Debt	Lease liabilities	Derivatives	Total
In less than one year	256	1,339	6	1,601	7,609	692	16	8,317
In more than one year but not more than two years	370	1,222	-	1,592	1,808	702	-	2,510
In more than two years but not more than five years	6,567	2,317	-	8,884	100	1,256	-	1,356
In more than five years	5,307	2,944	-	8,251	-	2,100	-	2,100
	12,500	7,822	6	20,328	9,517	4,750	16	14,283

Company All figures in £'000	2022 Debt	Lease liabilities	Derivatives	Total	2021 Debt	Lease liabilities	Derivatives	Total
In less than one year	-	133	6	139	-	94	16	110
In more than one year but not more than two years	-	92	-	92	-	72	-	72
In more than two years but not more than five years	2,693	90	-	2783	100	39	-	139
In more than five years	5,307	-	-	5,307	-	-	-	-
	8,000	315	6	8,321	100	205	16	321

Trade payables

Trade payables at the reporting date was:

All figures in £'000	Group 2022	Group 2021	Company 2022	Company 2021
Trade payables at the reporting date was	11,640	8,559	2,074	2,022
Total contractual cash flows	11,640	8,559	2,074	2,022

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 26 March 2022:

All figures in £'000	Group at 26 March 2022 Floating rate	Group at 27 March 2021 Floating rate
Expiring within one year	3,500	4,168
Expiring after one year	17,000	7,092

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

All figures in £'000	Group 27 March 2022	Group 28 March 2021	Company 27 March 2022	Company 28 March 2021
June 2021	-	3,432	-	-
December 2021	-	4,177	-	-
May 2022	-	1,808	-	-
October 2023	-	100	-	100
Dec 2026	4,500	-	-	-
March 2029	8,000	-	8,000	-
	12,500	1,908	8,000	100

19.4 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.

Represented below is the net exposure to foreign currencies, reported in pounds sterling, and arising from all Group activities, as at 26 March 2022.

All figures in £'000	USD	Euro	RMB	GBP	Total
Trade Receivables	4,771	4,270	7	8,730	17,778
Cash and cash equivalents	4,823	1,112	78	1,737	7,750
Trade Payables	(2,669)	(1,201)	-	(7,770)	(11,640)
Unsecured current loans	(256)	-	-	-	(256)
Lease liabilities current	(125)	-	-	(1,214)	(1,339)
Unsecured non-current loans	(4,244)	-	-	(8,000)	(12,244)
Lease liabilities non-current	(2,585)	-	-	(3,898)	(6,483)
Net exposure	(285)	4,181	85	(10,415)	(6,434)

At the 27 March 2021 the Group's exposure to foreign currency risk was as follows:

All figures in £'000	USD	Euro	RMB	GBP	Total
Trade receivables	3,268	2,987	-	7,253	13,508
Cash and cash equivalents	4,813	2,159	36	(243)	6,765
Trade payables	(2,914)	(1,141)	-	(4,504)	(8,559)
Unsecured current loans	(4,177)	-	-	(3,432)	(7,609)
Lease liabilities current	(107)	-	-	(585)	(692)
Unsecured non-current loans	(1,808)	-	-	(100)	(1,908)
Lease liabilities non-current	(2,579)	-	-	(1,479)	(4,058)
Net exposure	(3,504)	4,005	36	(3,090)	(2,553)

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

At the 26 March 2022 the Company's exposure to foreign currency risk was as follows:

All figures in £'000	USD	Euro	GBP	Total
Cash and cash equivalents	2,032	890	1,089	4,011
Trade payables	-	(13)	(2,711)	(2,724)
Lease liabilities current	-	-	(133)	(133)
Unsecured non-current loans	-	-	(8,000)	(8,000)
Lease liabilities non-current	-	-	(182)	(182)
Net exposure	2,032	877	(9,937)	(7,028)

At the 27 March 2021 the Company's exposure to foreign currency risk was as follows:

All figures in £'000	USD	Euro	GBP	Total
Bank overdrafts	1,849	1,974	(962)	2,861
Trade payables	(1)	(3)	(2,018)	(2,022)
Lease liabilities current	-	-	(94)	(94)
Unsecured current loans	-	-	(100)	(100)
Lease liabilities non-current	-	-	(111)	(111)
Net exposure	1,848	1,971	(3,285)	534

A one percent strengthening of the pound against the Euro and the US Dollar at 27 March 2021 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
26 March 2022	USD	3	(21)	26 March 2022	USD	(20)	-
26 March 2022	Euro	(41)	(30)	26 March 2022	Euro	(9)	-
27 March 2021	USD	11	(1)	27 March 2021	USD	(18)	-
27 March 2021	Euro	(42)	(21)	27 March 2021	Euro	(20)	-

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.

19.5 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. 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 2022	Group 2021	Company 2022	Company 2021
Interest bearing liabilities - floating				
Borrowings	12,500	9,517	8,000	100
	12,500	9,517	8,000	100
Interest bearing liabilities - fixed				
Lease liabilities	7,822	4,750	315	205
	7,822	4,750	315	205
Interest bearing liabilities	**20,322**	14,267	**8,315**	305

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

	2022 %	2021 %
Bank overdraft	2.75	2.35
Borrowings	1.50	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 £125k for the Group and £83k 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	Statement of comprehensive income £'000
26 March 2022	125
27 March 2021	37

Company	Statement of comprehensive income £'000
26 March 2022	83
27 March 2021	21

19.6 Derivative contracts

Derivative assets

All figures in £'000	2022	2021
Derivatives designated as hedging instruments		
Pulp Hedge	-	501
Total derivatives designated as hedging instruments	-	501
Total derivative financial assets	-	501
Current portion	-	501

Derivative liabilities

All figures in £'000	2022	2021
Derivatives designated as hedging instruments		
Interest rate swaps	-	16
Forward foreign exchange contracts	6	-
Total derivatives designated as hedging instruments	6	16
Total derivative financial liabilities	6	16
Less non-current portion		
Interest rate swaps	-	-
Forward foreign exchange contracts	-	-
Current portion	6	16

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 has entered into a SONIA interest rate cap, with effective date 28th March 2022, to manage exposure to interest rate fluctuations. The Group has a floating rate liability with an interest profile linked to SONIA compounded in arrear maturing on 28 March 2026. The Cap is set at 1.5%.p.a on a notional £15,000,000. The Cap helps to protect the Group from the risk of interest rates rising above the Cap Rate, limiting the Group's exposure to higher interest rates.

The effects of the cash flow interest rate swap hedging relationships are as follows as at 26 March 2022:

All figures in £'000	2022	2021
Carrying amount of the derivatives	-	16
Change in fair value of the designated hedging instrument	-	(24)
Change in fair value of the designated hedged item	-	(24)
Notional amount	-	2,170
Maturity date	-	17/06/21

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 ratio 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 26 March 2022 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 26 March 2022.

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 26 March 2022:

All figures in £'000	2022	2021
Carrying amount of the derivatives	6	-
Change in fair value of the designated hedging instrument	6	-
Change in fair value of the designated hedged item	(6)	-
Notional amount	7,659	-
Maturity date	20/03/23	-

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 26 March 2022 and 27 March 2021 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 26 March 2022, the foreign operations were denominated in USD.

All figures in £'000	2022	2021
Carrying amount of the loan payable	-	1,808
Change in fair value of the designated hedging instrument	-	(1,201)
Change in fair value of the designated hedged item	-	1,437
Notional amount	1,519	2,893
Maturity date	27/06/22	22/12/21

On 25 March 2022, James Cropper PLC purchased a Non Deliverable Forward of notional amount USD 2,000,000. It is the intention to novate the derivative to TFP Limited. Once novated, the derivative will be designated a hedging item, to hedge the change in fair value of the net investment in a foreign operation.

20 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	2022	2021
Defined contribution schemes	893	845
Personal Pension contributions	38	32

Other pension costs totalled £732k (2021: £835k) 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 2019 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 %	2022	2021	2022	2021
CPI Inflation assumption	3.30	2.65	3.25	2.70
RPI Inflation assumption	3.75	3.15	3.65	3.15
Rate of increase in pensionable salaries	1.80	1.65	1.80	1.65
Discount rate	2.75	1.95	2.75	2.05
Pension increases for in-payment benefits capped at 5%, with a 3% floor	3.90	3.60	3.65	3.40
Pension increases for in-payment benefits capped at 2.5%, with a 0% floor	2.25	2.00	2.25	2.05

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 3.4% for the staff scheme and 4.2% 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	2022	2021	2020	2019	2018
Defined benefit obligation (DBO)	(121,130)	(135,579)	(121,470)	(132,646)	(126,079)
Fair value of assets (FVA)	109,388	117,143	113,968	109,998	106,607
Deficit	(11,742)	(18,436)	(7,502)	(22,648)	(19,472)
Effect of limit on recoverable surplus	(1,388)	-	(1,880)	-	-
Net liability recognised in the SFP	(13,130)	(18,436)	(9,382)	(22,648)	(19,472)

Staff Scheme	1,623	(1,383)	1,880	(7,664)	(6,408)
Works Scheme	(13,365)	(17,053)	(9,382)	(14,984)	(13,064)
Deficit	(11,742)	(18,436)	(7,502)	(22,648)	(19,472)
Effect of limit on recoverable surplus	(1,388)	-	(1,880)	-	-
Net liability recognised in the SFP	(13,130)	(18,436)	(9,382)	(22,648)	(19,472)

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 26 March 2022. The key risks relating to the pension schemes can be found in the Pension Report on pages 21 to 23.

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

	Staff Scheme		Works Scheme	
All figures in %	2022	2021	2022	2021
Managed Growth	71.1	66.8	73.6	73.1
Annuities	2.6	2.6	-	-
Cash	1.3	1.1	1.1	1.1
Matching Assets	25.0	29.5	25.3	25.8

The pension plan assets do not include any investments in the shares of the Company (2021: 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	2022	2021
Total included within employee benefit costs - current service costs, past service costs and administration costs	1,203	1,034
Interest income on plan assets	(2,300)	(2,837)
Interest cost on the defined benefit obligation	2,667	3,076
Total included within interest	367	239
Total	**1,570**	1,273

Analysis of the movement in the Statement of Financial Position liability

All figures in £'000	**2022**	2021
At 27 March 2021 / 28 March 2020	(18,436)	(9,382)
Total expense as above	(1,570)	(1,273)
Contributions paid	2,099	969
Actuarial gains / (losses) recognised in Other Comprehensive Income	4,777	(8,750)
At 26 March 2022 / 27 March 2021	**(13,130)**	(18,436)

The actual return on plan assets was £3,016k deficit (2021: £6,579k gain). The Company expects to pay £119k (2021: £505k) in contributions to the Staff Scheme and £1,053k (2021: £933k) 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 £1.4m 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 £12,148k (2021: £16,295k).

	Works Scheme		**Staff Scheme**		Works Scheme		Staff Scheme	
	2022	**2022**	**2022**	**2022**	2021	2021	2021	2021
All figures in £'000	**Assets**	**DBO**	**Assets**	**DBO**	Assets	DBO	Assets	DBO
At 27 March 2021 / 28 March 2020	62,047	(79,100)	55,096	(56,479)	60,456	(69,838)	53,512	(51,632)
Interest Income on plan assets	1,267	-	1,033	-	1,521	-	1,316	-
Current service costs	(182)	(712)	(41)	(268)	(124)	(587)	(31)	(224)
Benefits paid	(2,098)	2,098	(4,895)	4,895	(2,506)	2,506	(2,114)	2,114
Contributions by plan participants	272	(272)	106	(106)	290	(290)	112	(112)
Employer contributions	1,477	-	622	-	697	-	272	-
Interest cost on the DBO	-	(1,610)	-	(1,057)	-	(1,760)	-	(1,269)
Past service costs	-	-	-	-	-	(40)	-	(28)
Return on plan assets	(3,541)	6,989	(1,775)	4,492	1,713	(9,091)	2,029	(5,328)
At 26 March 2022 / 27 March 2021	**59,242**	**(72,607)**	**50,146**	**(48,523)**	62,047	(79,100)	55,096	(56,479)

Experience adjustments

All figures in £'000	**2022**	2021	2020	2019	2018
Arising on plan assets	(5,316)	5,669	2,693	2,503	(1,161)
Percentage of scheme assets	(4.86%)	4.84%	2.36%	2.28%	(1.09%)
Arising on plan liabilities	11,481	(14,419)	12,244	(5,761)	3,754
Percentage of scheme liabilities	9.48%	(10.64%)	10.08%	(4.34%)	2.98%

The accompanying notes form part of the financial statements

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	2.75%pa	0.25% decrease	1,666	+3.4%
Price inflation	3.75%pa (RPI)			
	3.30%pa (CPI)	0.25% increase	365	+0.8%
Mortality	142% of SAPS "S3" series table	Increase in life expectancy of 1 year	2,742	+5.6%

Works Scheme	**Current assumption**	**Sensitivity**	**£'000**	**Effect on DBO**
Discount rate	2.75%pa	0.25% decrease	3,028	+4.2%
Price inflation	3.65%pa (RPI)			
	3.25%pa (CPI)	0.25% increase	637	+0.9%
Mortality	142% of SAPS "S3" series table	Increase in life expectancy of 1 year	3,570	+4.9%

21 Deferred taxation

The movement on the deferred tax account is shown below:

All figures in £'000	**Group 2022**	Group 2021	**Company 2022**	Company 2021
At 27 March 2021 / 28 March 2020	1,483	(292)	3,604	1,820
(Charge) / credit to other comprehensive income	(179)	1,663	(179)	1,663
Charge to equity	8	-	8	-
Adjustments in respect of prior years	38	145	(8)	(7)
(Charge) / credit to statement of comprehensive income	(909)	150	(89)	128
Movement arising from acquisition of business	-	(183)	-	-
At 26 March 2022 / 27 March 2021	**441**	1,483	**3,336**	3,604

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 28 March 2020	1,782	23	116	1,921	1,782	23	129	1,934
Adjustment in respect of prior years	-	(7)	6	(1)	-	(7)	-	(7)
Credit to the statement of comprehensive income	58	57	31	146	58	57	1	116
Credit to other comprehensive income	1,663	-	-	1,663	1,663	-	-	1,663
At 27 March 2021	3,503	73	153	3,729	3,503	73	130	3,706
Adjustment in respect of prior years	13	43	(54)	2	13	43	(67)	(11)
Credit/(charge) to statement of comprehensive income	(54)	(10)	38	(26)	(54)	(10)	(1)	(65)
Credit/(charge) to equity	-	8	-	8	-	8	-	8
Charge to other comprehensive income	(179)	-	-	(179)	(179)	-	-	(179)
At 26 March 2022	**3,283**	**114**	**137**	**3,534**	**3,283**	**114**	**62**	**3,459**

The accompanying notes form part of the financial statements

Deferred tax liabilities All figures in £'000	Group Accelerated capital allowances	Total	Company Accelerated capital allowances	Total
At 28 March 2020	(2,213)	(2,213)	(114)	(114)
Adjustment in respect of prior periods	144	144	-	-
Charge to statement of comprehensive income	5	5	12	12
Movement arising from acquisition of business	(182)	(182)	-	-
At 27 March 2021	(2,246)	(2,246)	(102)	(102)
Adjustment in respect of prior years	37	37	-	-
Charge to statement of comprehensive income	(884)	(884)	(21)	(21)
Movement arising from acquisition of business	-	-	-	-
At 26 March 2022	**(3,093)**	**(3,093)**	**(123)**	**(123)**

22 Share capital

Group and Company
Issued and fully paid

	Number of ordinary shares	£'000
At 26 March 2022 and 27 March 2021	**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 71,748 ordinary shares of 25p by August 2024 (2021: 92,060 ordinary shares of 25p by August 2023). There were no share options exercised in the period (2021: nil). Further information on directors share options can be seen in the Remuneration Committee Report.

	Options at 27 March 2021	Options granted in the period	Options exercised in the period	Options not expected to vest	Options lapsed in the period	Options at 26 March 2022
Share options	92,060	40,007	nil	nil	(60,319)	71,748

The amount of gains made by Directors on no share options exercised in the year totalled £nil (2021: £nil).
The Statement of Comprehensive Income includes an LTIP credit of £73,689 for the year in relation to Directors (2021: £251,780 charge).

23 Employees and directors

Staff costs during the period

All figures in £'000	Group 2022	Group 2021	Company 2022	Company 2021
Wages and salaries	25,934	22,761	2,401	2,678
Social Security costs	2,391	2,251	315	379
Pension costs (note 20)	2,210	2,287	711	786
Restructuring costs	-	1,118	-	289
	30,535	28,417	**3,427**	4,132

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	**2022**	2021	**2022**	2021
James Cropper Paper Products	375	366	384	377
James Cropper 3D Products	33	26	34	27
Technical Fibre Products	135	119	143	125
James Cropper PLC	44	62	67	84
	587	573	628	613

The accompanying notes form part of the financial statements

24 Capital commitments

All figures in £'000	Group 2022	Group 2021	Company 2022	Company 2021
Contracts placed for future capital expenditure not provided in the financial statements	2,308	730	14	3

25 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, there are no post-balance sheet events to report.

26 Exceptional items

Period ended 26 March 2022	Group £'000	Company £'000
Increased earn out provisions	354	-

Due to future projections exceeding original projections on acquisition of TFP Hydrogen, additional provisions for earn out are required

Period ended 27 March 2021	Group £'000	Company £'000
Restructuring costs[1]	1,118	289
Transaction costs[2]	384	-
Exceptional items	1,502	289

1 The costs incurred during the restructuring of operations have been charged to the consolidated statement of comprehensive income under Employee benefit costs (note 23), considered exceptional due to being non-recurring costs.

2 The transaction costs incurred on the acquisition of PV3 Technologies Ltd (now known as TFP Hydrogen Products Ltd) by Technical Fibre Products Ltd on 18 January 2021 have been charged to the consolidated statement of comprehensive income under other expenses, considered exceptional due to being non-recurring costs.

The accompanying notes form part of the financial statements

27 Business combinations

Acquisition of PV3 Technologies Limited

Technical Fibre Products Limited acquired 100% of the share capital of PV3 Technologies Limited on 18 January 2021 for a total fair value consideration of £2,588,000 on a debt and cash free basis.

PV3, established in 2011, is based in Launceston, Cornwall, and is a specialist in materials for electrochemical technologies. The company develops and manufactures a range of products which include coated electrodes, high performance catalyst powders for use in fuel cells and electrolysis, as well as water electrolyser materials which improve system efficiency and durability, reducing the cost of green hydrogen. PV3 serves a small number of customers, mainly within the hydrogen sector and is well placed to grow within the hydrogen production market and has existing capacity in place to grow substantially. In addition to having complementary technologies to TFP, PV3 also shares the same emphasis on customer collaboration and product development. On 23 February 2021, the name of the Acquisition was changed from PV3 Technologies Limited to TFP Hydrogen Products Limited.

TFP Hydrogen Products Limited's revenue for the year ended 27 March 2021 was £862,659 with a loss after tax of £307,939. TFP Hydrogen Products Limited's revenue of £59,797 and loss after tax of £199,878 since the date of acquisition have been included in the Statement of Comprehensive Income page 73.

Details of net assets acquired, as adjusted from book to fair value, are as follows:

Year ended 27 March 2021

All figures in £'000	Note	Book value	Revaluation	Fair value
Net assets acquired				
Property, plant and equipment	10	71	-	71
Intangible assets	9	-	957	957
Inventories		124	-	124
Trade and other receivables		207	-	207
Cash and cash equivalents		815	-	815
Total assets		1,217	957	2,174
Trade and other payables		(667)	-	(667)
Deferred tax liabilities		-	(183)	(183)
Total liabilities		(667)	(183)	(850)
Net assets acquired		550	774	1,324
Goodwill arising on acquisitions	8	-	-	1,264
Total consideration		-	-	2,588
Comprising				
Consideration paid in cash on 18 January 2021		-	-	1,600
PPA adjustments paid on 18 January 2021		-	-	190
Deferred consideration at fair value	16	-	-	397
Contingent consideration at fair value	16	-	-	401
Total consideration at fair value		-	-	2,588
Net cash outflow arising on acquisition				
Consideration paid in cash		-	-	1,790
Cash acquired		-	-	(815)
Transaction costs paid		-	-	384
Net cash paid per consolidated statement of cash flows		-	-	1,359

1 Transaction costs of £384k were charged to the consolidated income statement.

2 Deferred consideration of £400k is due to be paid by 27 October 2021 and has been discounted at the cost of debt (1.6%).

3 Contingent consideration is based on the formula defined in the Sales and Purchase Agreement and estimated to be £663k, discounted by the weighted average cost of capital (17%).

The accompanying notes form part of the financial statements

28 Related party transactions

Group

The Group has taken advantage of the exemption not to disclose intra-group transactions that are eliminated on consolidation. TFP Hydrogen Products Ltd paid £22,000 (2021: £5,500) to NRD Ventures Ltd, a company in which David Hodgson (Director of TFP Hydrogen Products Ltd) is a Director, for rental of premises in Launceston, Cornwall, used as the main premises for TFP Hydrogen Products Ltd.

Company

The Company paid £40,000 (2021: £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 £nil (2021: £5,090) to Ellergreen Group, a company in which M A J Cropper (Chairman and Non-Executive Director) is a director in the period for maintenance work. The Company paid £23,528 (2021: £26,207) to Ellergreen Group, a company in which M A J Cropper is a director, for imports of electricity from the hydro-electric plant owned and operated by the Trust.

The Company also has the following transactions with related entities:

2022 All figures in £'000	Management charges	Receivable / (Payable)	Loans and net intercompany funding
James Cropper Speciality Papers Limited	3,285	971	226
James Cropper Converting Limited	223	12	7,720
James Cropper 3D Products Limited	331	(3)	11,352
Technical Fibre Products Limited	1,827	1,185	19,121
James Cropper Overseas Trading Limited	-	107	1
	5,666	2,272	38,420

2021 All figures in £'000	Management charges	Receivable / (Payable)	Loans and net intercompany funding
James Cropper Speciality Papers Limited	4,676	757	(7,345)
James Cropper Converting Limited	484	45	8,943
James Cropper 3D Products Limited	457	23	11,034
Technical Fibre Products Limited	1,659	268	16,652
James Cropper Overseas Trading Limited	-	57	-
	7,276	1,150	29,284

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 58).

All figures in £'000	2022	2021
Salaries and fees	1,162	1,132
Short term employee benefits	155	148
Short term bonuses	101	-
Pension costs	60	70
Termination benefits	-	73
Total	1,478	1,423

The accompanying notes form part of the financial statements

2021 – 2022 Shareholder Information

Reporting

Interim Results announced and sent to	
Ordinary Shareholders	9 November 2021
Final results announced	21 June 2022
Notification of AGM issued by	6 July 2022

Annual General Meeting - at Bryce Institute, Burneside Mills, Kendal. Wednesday 27 July 2022 at 11.00am.

Dividends on Ordinary Shares

Interim dividend paid on 14 January 2022 to Ordinary Shareholders registered on 9 December 2021.
Final dividend proposed to be paid on 12 August 2022 to Ordinary Shareholders registered on 8 July 2022.

Advisers

Independent Auditor

BDO LLP, Manchester

Tax Advisers

PriceWaterhouseCoopers LLP, Manchester

NOMAD & Stockbrokers

Shore Capital, London

Corporate Lawyers

Squire Patton Boggs LLP, Manchester
DWF LLP, Manchester

Registrars

Link Asset Services, Beckenham

Pension Adviser

Willis Towers Watson, Manchester

James Cropper PLC

Telephone. +44 (0)1539 722 002
Email. info@cropper.com

Burneside Mills
Kendal, Cumbria LA9 6PZ
Great Britain

www.jamescropper.com

Company Registration No: 30226

Annual Report Production

All the paper used in this report has been made in England by James Cropper PLC.

Cover

WAINWRIGHT COLOURS FROM NATURE. Herdwick Brown. 350gsm.

Inner Pages

Strategic Report

TYPOGRAPHIA. Flat White. 120gsm.

Governance

VANGUARD®. Blush. 120gsm.

Financial Statements

VANGUARD®. Peppermint. 120gsm.

Design

Plain Creative

Photography

James Cropper Archives
Steven Barber Photography
George Carrick
Plain Creative

Print

Titus Wilson

JAMES CROPPER PLC

Registered Office: Burneside Mills, Kendal, Cumbria LA9 6PZ
Registered in England and Wales No. 30226

JAMESCROPPER.COM