



TAX STRATEGY

Scope

This strategy covers J. & J. Denholm Limited and its subsidiary companies. It applies to the financial year ended 31 December 2018.

Our businesses are primarily located in the UK and pay a significant amount of tax to UK local and national governments, including corporation tax on profits, national insurance contributions in relation to employment of staff, business rates and taxes on property. We also collect and pay to HMRC VAT charged to our customers and income tax payable by our employees.

Overview of Internal Governance

The Group's Tax Strategy is approved by the board of J. & J. Denholm Limited.

The Chief Financial Officer has overall responsibility for oversight of tax affairs and receives updates on the Group's tax position on a regular basis. Day to day tax matters are delegated to the Group Tax Manager and company finance teams who hold a combination of qualifications and experience appropriate to their roles.

The Group Tax Manager has responsibility for identifying the impact of changes in tax legislation and for briefing the Chief Financial Officer, the Group Finance Director and relevant finance teams appropriately. The Chief Financial Officer has responsibility for assessing the tax impact of changes in the business, taking input from the Group tax manager and reputable external advisers, as appropriate.

On a day to day basis the Group Finance Director ensures that adequate procedures and controls are in place to ensure that the correct amount of tax is identified and paid. Compliance is monitored by the Group's internal audit function.

While not expected to occur frequently, any significant tax risks will be discussed at the Group Risk and Audit Committees.

Attitude to Tax Planning

Our primary objective from a tax perspective is to be compliant with all tax legislation requirements. This includes making timely and accurate returns which reflect our fiscal obligation to Government whilst, at the same time, recognising all legislative concessions and reliefs.

The Group has a responsibility to its shareholders to deliver value and engages in reasonable tax planning that is aligned with commercial and economic activity. We plan and manage our tax affairs to ensure that we make appropriate claims for reliefs and deductions provided by the law where it is cost-effective to do so and we interpret the relevant tax laws in a reasonable way.

Tax advice is sought from reputable external advisers where the Group's internal tax team does not possess the requisite knowledge or experience in a particular area of tax.

Attitude Towards Tax Risk

We aim to reduce uncertainty with regard to tax risk, either from routine transactions or from changes to our business.

The Group carefully manages the tax risks and costs inherent in every commercial transaction through routine tax compliance and takes advice from reputable independent external advisers where the in-house tax team does not have the requisite knowledge and experience.

A detailed tax controls and responsibilities document that sets out the tax controls in place and persons responsible for them is maintained by the Group Finance Director.

Where there is uncertainty in respect of significant transactions, advice may be taken from reputable external advisers and where appropriate agreement will be sought from HMRC in advance.

Relationship with HMRC

An important part of the Group's tax strategy is to maintain and develop its open and effective working relationship with HMRC. The Group values its low risk status and maintains a regular dialogue with HMRC, updating them on both developments in the business and our ongoing tax position.

