

Registration number: 00457231

# W R Swann & Co Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 September 2016



Landin Wilcock & Co  
Chartered Accountants & Registered Auditors  
Queen Street Chambers  
68 Queen Street  
Sheffield  
South Yorkshire  
S1 1WR

# **W R Swann & Co Limited**

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# W R Swann & Co Limited

## Company Information

**Directors** M J McGinley  
M I Hirst  
R J Whiteley  
C L Taylor

**Company secretary** M I Hirst

**Registered office** Penn Works  
Owlerton Green  
Sheffield  
South Yorkshire  
S6 2BJ

**Solicitors** Wake Smith LLP  
No 1 Velocity  
2 Tenter Street  
Sheffield  
South Yorkshire  
S1 4BY

**Bankers** Barclays Bank plc  
2 Arena Court  
Sheffield  
South Yorkshire  
S9 2WU

**Auditors** Landin Wilcock & Co  
Chartered Accountants & Registered Auditors  
Queen Street Chambers  
68 Queen Street  
Sheffield  
South Yorkshire  
S1 1WR

## W R Swann & Co Limited

### Strategic Report for the Year Ended 30 September 2016

The directors present their strategic report for the year ended 30 September 2016.

#### Principal activity

The principal activity of the company is the manufacture and sale of fine edge blades for both surgical and industrial purposes.

#### Fair review of the business

Our activities are geared to meeting our principal objects and principles which are:

- The desire for on-going improvement
- The hard work ethic of all our employees
- Policy of promotion within

Our primary goals are growth and customer centricity. In pursuing these goals, we are committed to reaching the highest standards of quality in all our work and to ensuring the financial security of the group.

We continue to strive to keep the global respectability of the group in terms of quality, precision, consistency and reliability, and to be recognised for combining traditional blade making skills with the latest technology.

We aim to continue exporting to over 100 countries around the world and maintaining an extensive network of overseas distributors supporting the local customer base and ensuring service levels of the highest standard are maintained at all times.

The group's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Turnover	£	29,051,437	27,357,328
Turnover growth	%	6	3
Gross profit margin	%	25	24
Profit before tax	£	2,668,896	2,390,483

#### Principal risks and uncertainties

The main factor outside our control includes the actions of our competitors and government policy. Our senior management regularly review the competitive threats we face in order to identify the appropriate actions to be taken.

The main factor within our control is how we are organised internally, and the recruitment, retention and training of staff with the appropriate skills.


**W R Swann & Co Limited**

**Strategic Report for the Year Ended 30 September 2016**

Approved by the Board on 21 March 2017 and signed on its behalf by:



.....  
M I Hirst  
Director



.....  
R J Whiteley  
Director

## **W R Swann & Co Limited**

### **Directors' Report for the Year Ended 30 September 2016**

The directors present their report and the for the year ended 30 September 2016.

#### **Directors of the group**

The directors who held office during the year were as follows:

M J McGinley

M I Hirst

R J Whiteley

C L Taylor

#### **Financial instruments**

#### ***Objectives and policies***

During the year ended 30 September 2016 we continued to further establish and retain a strong financial position. This has arisen due to the successful application of stringent financial policies.

#### ***Price risk, credit risk, liquidity risk and cash flow risk***

The business' activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### **Pension deficit**

We continue to review the options open to us to further manage and mitigate the risks faced by all parties in continuing to operate the scheme. The scheme is closed to new members. It is our intention to decide on what further steps can be taken to control the risk, and to consult with those members of the scheme to ensure that all parties develop a strategy to achieve a sustainable solution to manage the risk in the future.

## **W R Swann & Co Limited**

### **Directors' Report for the Year Ended 30 September 2016**

#### **Employment of disabled persons**

The group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the company. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

#### **Employee involvement**

The group has a positive policy towards employee involvement and informing employees of its performance. With regards to consultation with employees, regular meetings are held such that the view of the employees can be taken into account in making decisions which are likely to affect their interests.

As a means of improving staff retention, we have introduced a scheme of flexible working. The opportunity now exists for employees to apply for consideration under the scheme to meet both their own requirements and our business needs.

The group's quality systems are accredited to ISO 13485:2003 and ISO 9001:2008, the energy management system is accredited to ISO 50001:2011 and the environmental system is accredited to ISO 14001:2004. Under the Environmental Management System the group also adheres to an independently audited Labour Standards Assurance Management System as required by NHS supply framework agreement in order to be an approved supplier. This system follows the guidelines of the Ethical Trading Initiative base code to ensure the following commitment from the group:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practiced
- Regular employment is provided
- No harsh or inhumane treatment is allowed

#### **Environmental matters**

The group is committed to conducting its business activities in a way that minimises the impact on the natural and human environment and prevents the pollution of the environment wherever possible.

The group is committed to continually improve its environmental performance and prevention of pollution in line with its environmental policy by implementing and maintaining an environmental and labour standards assurance management system. This system provides a clear framework for setting, developing, maintaining, achieving and reviewing objectives and targets.

## W R Swann & Co Limited

### Directors' Report for the Year Ended 30 September 2016

#### Energy policy

The W R Swann Group is committed to responsible energy management and will practice energy efficiency throughout all our facilities, plant and equipment, wherever it is cost effective to do so. Energy management will play a key role in our business.

Our efforts to reduce energy use and prevent pollution will also support our commitment to our employees, the environment and the communities in which we are a part.

The W R Swann Group is committed to ensuring the availability of information and of necessary resources to achieve objectives and targets.

#### Future developments

The directors are proposing to maintain the management policies which have resulted in the company's stability and growth in recent years. We consider that despite the current world economic climate, a further growth in sales is possible.

#### Research and development

The group continues to devote internal resources to upgrading its technological capabilities. The group's strategy involves maintaining and improving its competitive position by developing processes to control energy efficiency and consumption, through in house research and development activities.

#### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 21 March 2017 and signed on its behalf by:



.....  
M I Hirst  
Director



.....  
R J Whiteley  
Director



## **W R Swann & Co Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

## **W R Swann & Co Limited**

### **Independent Auditor's Report to the Members of W R Swann & Co Limited**

We have audited the financial statements of W R Swann & Co Limited for the year ended 30 September 2016, set out on pages 10 to 50. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 7), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 the company's affairs as at 30 September 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

## W R Swann & Co Limited

### Independent Auditor's Report to the Members of W R Swann & Co Limited


- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



.....  
Kevin Parkes (Senior Statutory Auditor)  
For and on behalf of Landin Wilcock & Co, Statutory Auditor

Queen Street Chambers  
68 Queen Street  
Sheffield  
South Yorkshire  
S1 1WR

21 March 2017

# W R Swann & Co Limited

## Consolidated Profit and Loss Account for the Year Ended 30 September 2016

	Note	Total 30 September 2016 £	Total 30 September 2015 £
Turnover	3	29,051,437	27,357,328
Cost of sales		<u>(21,686,082)</u>	<u>(20,779,200)</u>
Gross profit		7,365,355	6,578,128
Distribution costs		(604,612)	(564,809)
Administrative expenses		(3,084,707)	(3,058,916)
Other operating income	4	<u>102,151</u>	<u>94,679</u>
Operating profit	6	<u>3,778,187</u>	<u>3,049,082</u>
Other interest receivable and similar income	8	2,811	3,030
Interest payable and similar expenses	9	<u>(1,112,102)</u>	<u>(661,629)</u>
		<u>(1,109,291)</u>	<u>(658,599)</u>
Profit before tax		2,668,896	2,390,483
Taxation	13	<u>(670,233)</u>	<u>(597,695)</u>
Profit for the financial year		<u>1,998,663</u>	<u>1,792,788</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		1,890,943	1,703,050
Minority interests		<u>107,720</u>	<u>89,738</u>
		<u>1,998,663</u>	<u>1,792,788</u>

The notes on pages 18 to 50 form an integral part of these financial statements.

# W R Swann & Co Limited

## Consolidated Statement of Comprehensive Income for the Year Ended 30 September 2016

	Note	2016 £	2015 £
Profit for the year		<u>1,998,663</u>	<u>1,792,788</u>
Foreign currency translation gains/(losses)		148,387	14,336
Remeasurement gain/loss on defined benefit pension schemes		(8,537,000)	(1,027,000)
Movement on deferred tax relating to pension scheme liability		<u>1,536,660</u>	<u>205,400</u>
		<u>(6,851,953)</u>	<u>(807,264)</u>
Total comprehensive income for the year		<u>(4,853,290)</u>	<u>985,524</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		(4,961,010)	895,786
Minority interests		<u>107,720</u>	<u>89,738</u>
		<u>(4,853,290)</u>	<u>985,524</u>

The notes on pages 18 to 50 form an integral part of these financial statements.

# W R Swann & Co Limited

(Registration number: 00457231)

## Consolidated Balance Sheet as at 30 September 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	14	311,251	172,905
Tangible assets	15	<u>20,550,226</u>	<u>20,458,241</u>
		<u>20,861,477</u>	<u>20,631,146</u>
<b>Current assets</b>			
Stocks	17	10,581,790	9,246,954
Debtors	18	8,871,501	7,417,763
Cash at bank and in hand	19	<u>2,178,418</u>	<u>1,903,644</u>
		21,631,709	18,568,361
<b>Creditors: Amounts falling due within one year</b>	20	<u>(3,131,210)</u>	<u>(2,556,619)</u>
<b>Net current assets</b>		<u>18,500,499</u>	<u>16,011,742</u>
<b>Total assets less current liabilities</b>		39,361,976	36,642,888
<b>Creditors: Amounts falling due after more than one year</b>	20	(158,029)	(208,975)
<b>Provisions for liabilities</b>	21	<u>(1,611,848)</u>	<u>(1,594,859)</u>
<b>Net assets excluding pension asset/(liability)</b>		37,592,099	34,839,054
Net pension liability	22	<u>(23,529,000)</u>	<u>(15,833,000)</u>
<b>Net assets</b>		<u>14,063,099</u>	<u>19,006,054</u>
<b>Capital and reserves</b>			
Called up share capital	23	198,000	198,000
Other reserves	24	2,000	2,000
Profit and loss account	24	<u>13,499,582</u>	<u>18,460,592</u>
Equity attributable to owners of the company		13,699,582	18,660,592
Minority interests		<u>363,517</u>	<u>345,462</u>
<b>Total equity</b>		<u>14,063,099</u>	<u>19,006,054</u>

The notes on pages 18 to 50 form an integral part of these financial statements.

**W R Swann & Co Limited**

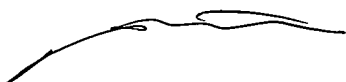
**(Registration number: 00457231)**

**Consolidated Balance Sheet as at 30 September 2016**

Approved and authorised by the Board on 21 March 2017 and signed on its behalf by:



.....  
M J McGinley  
Director



.....  
R J Whiteley  
Director

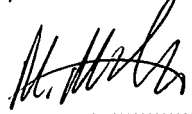
# W R Swann & Co Limited

(Registration number: 00457231)  
Balance Sheet as at 30 September 2016

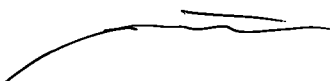
	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	16	4,510,100	4,510,100
<b>Current assets</b>			
Debtors	18	3,608,731	3,307,935
Cash at bank and in hand		<u>100</u>	<u>100</u>
		3,608,831	3,308,035
<b>Creditors: Amounts falling due within one year</b>	20	<u>(271,365)</u>	<u>(266,142)</u>
<b>Net current assets</b>		<u>3,337,466</u>	<u>3,041,893</u>
<b>Net assets</b>		<u><u>7,847,566</u></u>	<u><u>7,551,993</u></u>
<b>Capital and reserves</b>			
Called up share capital		198,000	198,000
Other reserves		2,000	2,000
Profit and loss account		<u>7,647,566</u>	<u>7,351,993</u>
Total equity		<u><u>7,847,566</u></u>	<u><u>7,551,993</u></u>

The company made a profit after tax for the financial year of £295,573 (2015 - profit of £417,088).

Approved and authorised by the Board on 21 March 2017 and signed on its behalf by:

  
.....

M J McGinley  
Director

  
.....

R J Whiteley  
Director



**W R Swann & Co Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 30 September 2016**  
**Equity attributable to the parent company**

	Share capital £	Other reserves £	Profit and loss account £	Total £	Minority interests £	Total equity £
At 1 October 2015	198,000	2,000	18,460,592	18,660,592	345,462	19,006,054
Profit for the year	-	-	1,890,943	1,890,943	107,720	1,998,663
Other comprehensive income	-	-	(6,851,953)	(6,851,953)	-	(6,851,953)
Total comprehensive income	-	-	(4,961,010)	(4,961,010)	107,720	(4,853,290)
Dividends	-	-	-	-	(147,814)	(147,814)
Effects of foreign exchange movements	-	-	-	-	58,149	58,149
At 30 September 2016	198,000	2,000	13,499,582	13,699,582	363,517	14,063,099
	Share capital £	Other reserves £	Profit and loss account £	Total £	Minority interests £	Total equity £
At 1 October 2014	198,000	2,000	17,564,806	17,764,806	409,544	18,174,350
Profit for the year	-	-	1,703,050	1,703,050	89,738	1,792,788
Other comprehensive income	-	-	(807,264)	(807,264)	-	(807,264)
Total comprehensive income	-	-	895,786	895,786	89,738	985,524
Dividends	-	-	-	-	(126,518)	(126,518)
Effects of foreign exchange movements	-	-	-	-	(27,302)	(27,302)
At 30 September 2015	198,000	2,000	18,460,592	18,660,592	345,462	19,006,054

The notes on pages 18 to 50 form an integral part of these financial statements.  
Page 15

**W R Swann & Co Limited**

**Statement of Changes in Equity for the Year Ended 30 September 2016**

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 October 2015	198,000	2,000	7,351,993	7,551,993
Profit for the year	-	-	295,573	295,573
Total comprehensive income	-	-	295,573	295,573
At 30 September 2016	198,000	2,000	7,647,566	7,847,566
	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 October 2014	198,000	2,000	6,934,905	7,134,905
Profit for the year	-	-	417,088	417,088
Total comprehensive income	-	-	417,088	417,088
At 30 September 2015	198,000	2,000	7,351,993	7,551,993

The notes on pages 18 to 50 form an integral part of these financial statements.  
Page 16

## W R Swann & Co Limited

### Consolidated Statement of Cash Flows for the Year Ended 30 September 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Profit for the year		1,998,663	1,792,788
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	1,428,752	1,312,425
Loss on disposal of tangible assets	5	45,751	111,856
Finance income	8	(2,811)	(3,030)
Finance costs	9	530,000	559,738
Income tax expense	13	670,233	597,695
		4,670,588	4,371,472
Working capital adjustments			
Increase in stocks	17	(1,334,836)	(423,714)
Increase in debtors	18	(257,017)	(203,322)
Increase/(decrease) in creditors	20	579,824	(592,923)
Decrease in retirement benefit obligation net of actuarial changes	22	(1,167,818)	(1,380,571)
Increase in provisions	21	50,195	95,000
(Decrease)/increase in deferred income		(50,946)	19,421
Cash generated from operations		2,489,990	1,885,363
Income taxes paid	13	(365,379)	(201,471)
Net cash flow from operating activities		2,124,611	1,683,892
<b>Cash flows from investing activities</b>			
Interest received		2,811	3,030
Acquisitions of tangible assets		(1,575,821)	(1,407,476)
Proceeds from sale of tangible assets		11,072	58,233
Acquisition of intangible assets	14	(140,085)	(172,905)
Net cash flows from investing activities		(1,702,023)	(1,519,118)
<b>Cash flows from financing activities</b>			
Interest paid	9	-	(738)
Payments to finance lease creditors		-	(13,545)
Dividends paid to minority interests		(147,814)	(126,518)
Net cash flows from financing activities		(147,814)	(140,801)
Net increase in cash and cash equivalents		274,774	23,973
Cash and cash equivalents at 1 October		1,903,644	1,879,671
Cash and cash equivalents at 30 September		2,178,418	1,903,644

The notes on pages 18 to 50 form an integral part of these financial statements.

## **W R Swann & Co Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **1 General information**

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Penn Works  
Owlerton Green  
Sheffield  
South Yorkshire  
S6 2BJ

These financial statements were authorised for issue by the Board on 21 March 2017.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied 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 were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 30 for an explanation of the transition.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentational and functional currency is considered to be pounds sterling because that is the currency in the primary economic environment in which the Group operates.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 September 2016.

## **W R Swann & Co Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority shareholder's share of changes in equity since the date of the combination.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

## **W R Swann & Co Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **Key sources of estimation uncertainty**

The provision for decommissioning costs of cobalt 60 rods are material to the financial statements. The provision arises out of the obligation to dispose of the irradiation plant at the end of its useful life. The useful life over which the assets are depreciated is 16 years and as such there is significant uncertainty surrounding the future costs of disposal.

The estimated costs of disposal are based upon the quoted and actual disposal costs incurred by the Group. The carrying amount is £620,195 (2015: £570,000).

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the group's activities.

#### **Government grants**

Government grants in respect of capital expenditure are based on the accrual model, and credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold & leasehold land	not depreciated
Freehold & leasehold buildings	2% straight line
Plant & machinery	6.67% straight line
Computer equipment	20% straight line
Office equipment	20% straight line
Motor vehicles	25% straight line
Gamma irradiation source	6.25% straight line

#### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### **Intangible assets**

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period which the group is expected to benefit.

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	6.67% straight line

#### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.



## **W R Swann & Co Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Provisions**

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Defined contribution pension obligation**

Employer contributions for the defined contribution scheme are a predetermined percentage of the employee's salary.

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### **Defined benefit pension obligation**

Employer contributions for the defined benefit scheme are calculated by reference to the triennial actuarial valuation.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on 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 are charged or credited to other comprehensive income in the period in which they arise.

Further information on the Group's pension schemes is contained in note 22 of the financial statements.

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### Financial instruments

##### **Classification**

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

##### **Recognition and measurement**

###### **(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction cost), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financial transaction. If any arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on the future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraph (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfer to another party substantially all the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Sale of goods	28,023,110	26,421,464
Rendering of services	<u>1,028,327</u>	<u>935,864</u>
	<u><u>29,051,437</u></u>	<u><u>27,357,328</u></u>

The analysis of the group's turnover for the year by class of business is as follows:

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

	2016 £	2015 £
Manufacture of fine edge blades	28,023,110	26,421,464
Gamma irradiation services	544,762	540,982
Laboratory services	483,565	394,882
	<u>29,051,437</u>	<u>27,357,328</u>

The analysis of the group's turnover for the year by market is as follows:

	2016 £	2015 £
Sales, UK	9,796,261	9,553,799
Sales - Europe	11,783,938	10,776,675
Sales - rest of world	7,471,238	7,026,854
	<u>29,051,437</u>	<u>27,357,328</u>

#### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2016 £	2015 £
Government grants	50,946	46,036
Miscellaneous other operating income	51,205	48,643
	<u>102,151</u>	<u>94,679</u>

#### 5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2016 £	2015 £
Gain (loss) on disposal of property, plant and equipment	<u>(45,751)</u>	<u>(111,856)</u>

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 6 Operating profit

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	1,427,013	1,312,425
Amortisation expense	1,739	-
Operating lease expense - plant and machinery	25,204	40,993
Loss on disposal of property, plant and equipment	<u>45,751</u>	<u>111,856</u>

#### 7 Government grants

The grants relate to funding assistance of capital expenditure.

The amount of grants recognised in the financial statements was £50,946 (2015 - £46,036).

#### 8 Other interest receivable and similar income

	2016 £	2015 £
Interest income on bank deposits	339	425
Other finance income	<u>2,472</u>	<u>2,605</u>
	<u>2,811</u>	<u>3,030</u>

#### 9 Interest payable and similar expenses

	2016 £	2015 £
Interest on obligations under finance leases and hire purchase contracts	-	738
Foreign exchange (gains) / losses	582,102	101,891
Other finance costs	<u>530,000</u>	<u>559,000</u>
	<u>1,112,102</u>	<u>661,629</u>

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	10,267,818	10,117,787
Social security costs	1,100,451	1,024,803
Other short-term employee benefits	173,993	134,036
Pension costs, defined contribution scheme	406,042	382,315
Pension costs, defined benefit scheme	671,466	595,524
Other employee expense	<u>2,921</u>	<u>6,482</u>
	<u><u>12,622,691</u></u>	<u><u>12,260,947</u></u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Production operatives	336	318
Administration and selling	48	49
Production management and supervision	34	35
Directors	<u>4</u>	<u>4</u>
	<u><u>422</u></u>	<u><u>406</u></u>

#### 11 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Remuneration (including benefits in kind)	<u>595,879</u>	<u>588,132</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under defined benefit pension scheme	<u>3</u>	<u>3</u>

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

In respect of the highest paid director:

	2016 £	2015 £
Remuneration	208,512	205,981
Company contributions to defined benefit pension scheme	44,414	27,874
Defined benefit accrued pension entitlement at the end of the period	<u>88,310</u>	<u>84,489</u>

#### 12 Auditors' remuneration

	2016 £	2015 £
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>60,770</u>	<u>58,611</u>
<b>Other fees to auditors</b>		
Taxation compliance services	8,450	8,062
All other assurance services	9,500	9,250
All other non-audit services	<u>32,670</u>	<u>33,550</u>
	<u>50,620</u>	<u>50,862</u>

#### 13 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax	282,015	281,347
UK corporation tax adjustment to prior periods	<u>(40,226)</u>	<u>(11,855)</u>
	<u>241,789</u>	<u>269,492</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	225,592	328,203
Arising from changes in tax rates and laws	<u>202,852</u>	<u>-</u>
Total deferred taxation	<u>428,444</u>	<u>328,203</u>
Tax expense in the income statement	<u>670,233</u>	<u>597,695</u>



## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.5%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>2,668,896</u>	<u>2,390,483</u>
Corporation tax at standard rate	533,779	490,025
Decrease from effect of different UK tax rates on some earnings	-	(254)
Effect of expense not deductible in determining taxable profit (tax loss)	58,148	56,745
Effect of foreign tax rates	(67,801)	42,203
Deferred tax expense/(credit) relating to changes in tax rates or laws	193,565	(8,209)
(Decrease)/increase in UK and foreign current tax from unrecognised tax loss or credit	(3,809)	10,725
Decrease in UK and foreign current tax from unrecognised temporary difference from a prior period	(22,501)	-
Decrease in UK and foreign current tax from adjustment for prior periods	(40,226)	(11,855)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>19,078</u>	<u>18,315</u>
Total tax charge	<u>670,233</u>	<u>597,695</u>

# W R Swann & Co Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Deferred tax

#### Group

Deferred tax assets and liabilities

	Asset £	Liability £
<b>2016</b>		
Accelerated capital allowances	27,330	1,038,880
Pension costs	4,235,220	-
Short term timing differences	7,847	(47,227)
	<u>4,270,397</u>	<u>991,653</u>

	Asset £	Liability £
<b>2015</b>		
Accelerated capital allowances	12,547	1,100,812
Pension costs	3,166,600	-
Short term timing differences	16,240	(75,953)
	<u>3,195,387</u>	<u>1,024,859</u>

#### Company

Deferred tax assets and liabilities

	Asset £
<b>2015</b>	
Short term timing differences	<u>6,493</u>

### Tax relating to items recognised in other comprehensive income or equity - group

	2016 £	2015 £
Current tax related to items recognised as items of other comprehensive income	241,789	269,492
Deferred tax related to items recognised as items of other comprehensive income	428,444	328,203
Deferred tax related to items recognised as items of equity	<u>1,536,660</u>	<u>205,400</u>

# W R Swann & Co Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 14 Intangible assets

#### Group

	Internally generated development costs £	Total £
<b>Cost or valuation</b>		
At 1 October 2015	172,905	172,905
Additions acquired separately	<u>140,085</u>	<u>140,085</u>
At 30 September 2016	<u>312,990</u>	<u>312,990</u>
<b>Amortisation</b>		
Amortisation charge	<u>1,739</u>	<u>1,739</u>
At 30 September 2016	<u>1,739</u>	<u>1,739</u>
<b>Carrying amount</b>		
At 30 September 2016	<u>311,251</u>	<u>311,251</u>
At 30 September 2015	<u>172,905</u>	<u>172,905</u>

#### Individually material intangible assets

##### Internally developed auto grinder

The carrying amount of this asset is £219,347 (2015 -£49,231) and the remaining amortisation period is 14 years 11 months (2015 - 15 years).

W R Swann & Co Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

15 Tangible assets

Group

	Land and buildings £	Gamma irradiation source £	Motor vehicles £	Property, plant and equipment £	Total £
<b>Cost or valuation</b>					
At 1 October 2015	14,618,160	2,785,394	186,915	24,805,535	42,396,004
Additions	250,976	50,195	-	1,274,650	1,575,821
Disposals	(2,238)	-	-	(455,674)	(457,912)
At 30 September 2016	<u>14,866,898</u>	<u>2,835,589</u>	<u>186,915</u>	<u>25,624,511</u>	<u>43,513,913</u>
<b>Depreciation</b>					
At 1 October 2015	4,416,728	1,815,706	93,280	15,612,049	21,937,763
Charge for the year	287,572	173,479	32,410	933,552	1,427,013
Eliminated on disposal	(2,238)	-	-	(398,851)	(401,089)
At 30 September 2016	<u>4,702,062</u>	<u>1,989,185</u>	<u>125,690</u>	<u>16,146,750</u>	<u>22,963,687</u>
<b>Carrying amount</b>					
At 30 September 2016	<u>10,164,836</u>	<u>846,404</u>	<u>61,225</u>	<u>9,477,761</u>	<u>20,550,226</u>
At 30 September 2015	<u>10,201,432</u>	<u>969,688</u>	<u>93,635</u>	<u>9,193,486</u>	<u>20,458,241</u>

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

Included within the net book value of land and buildings above is £9,340,928 (2015 - £9,357,469) in respect of freehold land and buildings and £823,908 (2015 - £843,963) in respect of long leasehold land and buildings.

#### 16 Investments

##### Group

##### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2016	2015
Subsidiary undertakings				
Swann-Morton Ltd*	Owlerton Green Sheffield S6 2BJ England	Ordinary shares	100%	100%
Jewel Blade Ltd*	Owlerton Green Sheffield S6 2BJ England	Ordinary shares	100%	100%
Swann-Morton (Services) Ltd*	Owlerton Green Sheffield S6 2BJ England	Ordinary shares	100%	100%
Swann-Morton (Microbiological Laboratory Services) Ltd*	Owlerton Green Sheffield S6 2BJ England	Ordinary shares	100%	100%
Swann-Morton (Europe) Ltd*	Owlerton Green Sheffield S6 2BJ England	Ordinary shares	100%	100%

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

Lance Paragon Ltd*	Owlerton Green Sheffield S6 2BJ  England	Ordinary shares	100%	100%
Swann-Morton (Growers) Ltd*	Owlerton Green Sheffield S6 2BJ England	Ordinary shares	100%	100%
Swann-Morton Sinner SA	Zi Du Verdalai 13790 Peynier France	Ordinary shares	65.84%	65.84%
J K Surgical Sp zoo	Ul Zlebowa 8 Poznan 60-115 Poland	Ordinary shares	100%	100%

\* indicates direct investment of the company

#### **Subsidiary undertakings**

The principal activity of Swann-Morton Ltd is the manufacture of fine edge blades.

The principal activity of Jewel Blade Ltd is the manufacture of fine edge blades.

The principal activity of Swann-Morton (Services) Ltd is that of gamma irradiation services.

The principal activity of Swann-Morton (Microbiological Laboratory Services) Ltd is that of laboratory services.

The principal activity of Swann-Morton (Europe) Ltd is that of a holding company.

The principal activity of Lance Paragon Ltd is that of a dormant company.

The principal activity of Swann-Morton (Growers) Ltd is that of a dormant company.

The principal activity of Swann-Morton Sinner SA is the distribution of fine edge blades.

The principal activity of J K Surgical Sp zoo is the distribution of fine edge blades.

# W R Swann & Co Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Company

	2016 £	2015 £
Investments in subsidiaries	<u>4,510,100</u>	<u>4,510,100</u>
<b>Subsidiaries</b>		<b>£</b>
<b>Cost or valuation</b>		
At 1 October 2015		<u>4,510,100</u>
<b>Provision</b>		
<b>Carrying amount</b>		
At 30 September 2016		<u>4,510,100</u>
At 30 September 2015		<u>4,510,100</u>

### 17 Stocks

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Raw materials and consumables	3,169,058	3,324,082	-	-
Work in progress	1,279,724	1,396,606	-	-
Finished goods and goods for resale	<u>6,133,008</u>	<u>4,526,266</u>	<u>-</u>	<u>-</u>
	<u>10,581,790</u>	<u>9,246,954</u>	<u>-</u>	<u>-</u>

# W R Swann & Co Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Group

#### 18 Debtors

		Group		Company	
	Note	2016 £	2015 £	2016 £	2015 £
Trade debtors		3,765,833	3,734,181	-	-
Amounts owed by related parties	28	-	-	3,608,731	3,301,442
Other debtors		438,604	347,762	-	-
Prepayments		244,055	109,532	-	-
Deferred tax assets	13	4,270,397	3,195,387	-	6,493
Income tax asset	13	152,612	30,901	-	-
		<u>8,871,501</u>	<u>7,417,763</u>	<u>3,608,731</u>	<u>3,307,935</u>
Less non-current portion		<u>(4,479,291)</u>	<u>(3,380,254)</u>	<u>-</u>	<u>-</u>
Total current trade and other debtors		<u>4,392,210</u>	<u>4,037,509</u>	<u>3,608,731</u>	<u>3,307,935</u>

#### Details of non-current trade and other debtors

##### Group

£244,071 (2015 - £213,654) of Employee loans is classified as non current.

£4,235,220 (2015 - £3,166,600) of Deferred tax asset on pension deficit is classified as non current.

#### 19 Cash and cash equivalents

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash on hand	22,637	16,455	-	-
Cash at bank	<u>2,155,781</u>	<u>1,887,189</u>	<u>100</u>	<u>100</u>
	<u>2,178,418</u>	<u>1,903,644</u>	<u>100</u>	<u>100</u>



# W R Swann & Co Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 20 Creditors

		Group		Company	
	Note	2016 £	2015 £	2016 £	2015 £
<b>Due within one year</b>					
Trade creditors		1,876,916	1,311,298	-	-
Amounts due to related parties	28	-	-	271,365	266,142
Social security and other taxes		532,557	494,020	-	-
Outstanding defined contribution pension costs		75,254	99,468	-	-
Accrued expenses		441,832	441,949	-	-
Income tax liability	13	153,705	155,584	-	-
Deferred income		50,946	50,946	-	-
Dividends payable		-	3,354	-	-
		<u>3,131,210</u>	<u>2,556,619</u>	<u>271,365</u>	<u>266,142</u>
<b>Due after one year</b>					
Deferred income		<u>158,029</u>	<u>208,975</u>	-	-

### 21 Deferred tax and other provisions

#### Group

	Deferred tax £	Cobalt disposal costs £	Total £
At 1 October 2015	1,024,859	570,000	1,594,859
Increase (decrease) in existing provisions	<u>(33,206)</u>	<u>50,195</u>	<u>16,989</u>
At 30 September 2016	<u>991,653</u>	<u>620,195</u>	<u>1,611,848</u>

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 22 Pension and other schemes

##### Defined contribution and benefit pension schemes

The Group operates a pension and life assurance scheme for eligible employees, providing defined benefits based on final pensionable salary, which is closed to new employees. The assets of the scheme are held separately from those of the Group in a separate trustee administered fund.

The group also operates a defined contribution pension scheme for which all new employees are eligible. The pension cost charge for the year represents contributions payable by the group to the defined contribution scheme and amounted to £406,042 (2015 - £382,315).

Contributions totalling £75,254 (2015 - £99,468) were payable to the scheme at the end of the year and are included in creditors.

##### Defined benefit pension schemes

##### W R Swann & Co Limited Retirement Benefit Scheme

The scheme is a funded defined benefit scheme, of which the assets are held as a segregated fund and administered by trustees.

The date of the most recent comprehensive actuarial valuation was 30 June 2015. This was undertaken out by Mr Simon Corbett FIA of AON Hewitt, an independent actuary, who carried out the latest triennial assessment of the scheme.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £1,108,000 (2015 - £1,065,000).

##### **Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amounts recognised in the statement of financial position are as follows:

	2016 £	2015 £
Fair value of scheme assets	42,866,000	37,190,000
Present value of defined benefit obligation	<u>(66,395,000)</u>	<u>(53,023,000)</u>
Defined benefit pension scheme deficit	<u>(23,529,000)</u>	<u>(15,833,000)</u>

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### **Defined benefit obligation**

Changes in the defined benefit obligation are as follows:

	<b>2016</b> <b>£</b>
Present value at start of year	53,023,000
Current service cost	578,000
Interest cost	1,844,000
Actuarial gains and losses	11,718,000
Benefits paid	(910,000)
Contributions by scheme participants	<u>142,000</u>
Present value at end of year	<u><u>66,395,000</u></u>

#### **Fair value of scheme assets**

Changes in the fair value of scheme assets are as follows:

	<b>2016</b> <b>£</b>
Fair value at start of year	37,190,000
Return on plan assets, excluding amounts included in interest income/(expense)	1,314,000
Actuarial gains and losses	3,181,000
Employer contributions	1,949,000
Contributions by scheme participants	142,000
Benefits paid	<u>(910,000)</u>
Fair value at end of year	<u><u>42,866,000</u></u>

#### **Analysis of assets**

The major categories of scheme assets are as follows:

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Cash and cash equivalents	512,000	507,000
Invested growth assets	26,470,000	22,620,000
Invested matching assets	<u>15,884,000</u>	<u>14,063,000</u>
	<u><u>42,866,000</u></u>	<u><u>37,190,000</u></u>

# W R Swann & Co Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Return on scheme assets

	2016 £	2015 £
Return on scheme assets	<u>3,181,000</u>	<u>(601,000)</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

### Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2016 %	2015 %
Discount rate at year end for interest cost	2.20	3.50
Discount rate at year end for Defined Benefit obligation	2.45	3.85
Future salary increases	3.50	3.60
Future pension increases	2.90	3.00
Inflation - CPI	<u>1.90</u>	<u>2.00</u>

### Post retirement mortality assumptions

	2016 Years	2015 Years
Current UK pensioners at retirement age - male	22.30	22.40
Future UK pensioners at retirement age - male	<u>21.70</u>	<u>22.70</u>

### 23 Share capital

#### Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>198,000</u>	<u>198,000</u>	<u>198,000</u>	<u>198,000</u>

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 24 Reserves

##### Group

Called up share capital

Represents the nominal value of shares that have been issued.

Retained earnings

Includes all current and prior period profits and losses.

Other reserves

Represents the nominal value of other reserves.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Retained earnings £	Total £
Foreign currency translation gains/(losses)	148,387	148,387
Remeasurement gain/loss on defined benefit pension schemes	(8,537,000)	(8,537,000)
Movement on deferred tax relating to pension scheme liability	1,536,660	1,536,660
	<u>(6,851,953)</u>	<u>(6,851,953)</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Retained earnings £	Total £
Foreign currency translation gains/(losses)	14,336	14,336
Remeasurement gain/loss on defined benefit pension schemes	(1,027,000)	(1,027,000)
Movement on deferred tax relating to pension scheme liability	205,400	205,400
	<u>(807,264)</u>	<u>(807,264)</u>

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 25 Obligations under leases and hire purchase contracts

##### Group

##### Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	82,271	36,231
Later than one year and not later than five years	246,158	19,480
Later than five years	<u>226,368</u>	<u>-</u>
	<u>554,797</u>	<u>55,711</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £88,671 (2015 - £77,560).

#### 26 Commitments

##### Group

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £685,656 (2015 - £422,182).

##### Other financial commitments

The French subsidiary has entered into forward exchange contracts as at the balance sheet date, to purchase pounds sterling totalling £2,120,000 in exchange for €2,656,790.

#### 27 Contingent liabilities

##### Group

The Group has provided a cross guarantee with its UK subsidiaries, as a continuing security for any amounts due to the bank. As at the balance sheet date there were no amounts due to the bank from any of the subsidiaries.

## W R Swann & Co Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 28 Related party transactions

##### Group

##### Summary of transactions with other related parties

##### **Swann - Morton Foundation:**

Relationship as described in note 29.

During the period the Group made charitable donations amounting to £75,000 (2015 - £60,000) to the Swann - Morton Foundation.

As at the balance sheet date the amount due to the Swann - Morton Foundation was £nil (2015- £nil).

##### **Swann - Morton Sinner SA:**

A company 65.84% owned by members of the W R Swann & Co Limited group.

During the period the Group sold goods to Swann - Morton Sinner SA amounting to £2,758,850 (2015 - £3,008,243)

As at the balance sheet date the amount due from Swann - Morton Sinner SA was £503,670 (2015 - £697,174).

##### **Dominique & Alice Lassagne:**

Employees of Swann - Morton Sinner SA, who between them own 34.00% of Swann - Morton Sinner SA's share capital.

During the period dividends of £147,122 (2015 - £125,926) were paid to Dominique & Alice Lassagne from Swann - Morton Sinner SA.

As at the balance sheet date the amount due to Dominique & Alice Lassagne was £nil (2015 - £nil).

##### **SCI De Taillebourg:**

A business controlled equally by Dominique & Alice Lassagne.

During the period the Group incurred annual rent charges of £55,937 (2015 - £47,878) from SCI De Taillebourg.

As at the balance sheet date the amount due to SCI De Taillebourg was £nil (2015 - £nil).

## **W R Swann & Co Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **29 Parent and ultimate parent undertaking**

These financial statements are available upon request from Penn Works, Owlerton Green, Sheffield, South Yorkshire, S6 2BJ.

W R Swann & Co is jointly controlled by the W R Swann Employees Benefit Scheme and the Swann-Morton Foundation.

In turn, the W R Swann Employees Benefit Scheme is controlled by the W R Swann and D Thorp Settlement via W R Swann & Co Trustees Limited.

The trustee of the W R Swann Employee Benefit Scheme is W R Swann & Co Trustees Limited.

The trustees of the Swann-Morton Foundation are:

M J McGinley  
J I Gilmour  
G Rodgers

#### **30 Transition to FRS 102**

The Group has adopted FRS 102 for the year ended 30 September 2016 and has restated the comparative prior year amounts.

The Group has made the following changes for FRS 102 adoption:

- Deferred tax asset has been recognised separately in respect of the pension deficit.
  - The defined benefit pension expense for the prior year is measured £390,000 higher, mainly because the expected return on assets item is now effectively calculated using the discount rate.
  - Intangible assets in respect of Research & Development have been reclassified.
- Certain income and expenses have been reclassified.

The last financial statements under previous UK GAAP were for the year ended 30 September 2015 and the date of transition to FRS 102 was therefore 1 October 2014.



# W R Swann & Co Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Consolidated Balance Sheet at 1 October 2014

	As originally reported £	Reclassification £	Remeasurement £	As restated £
<b>Fixed assets</b>				
Tangible assets	20,533,279	-	-	20,533,279
<b>Current assets</b>				
Stocks	8,823,240	-	-	8,823,240
Debtors	3,942,500	3,123,000	-	7,065,500
Cash at bank and in hand	1,879,671	-	-	1,879,671
	14,645,411	3,123,000	-	17,768,411
Creditors: Amounts falling due within one year	(3,011,571)	-	-	(3,011,571)
Net current assets	11,633,840	3,123,000	-	14,756,840
Total assets less current liabilities	32,167,119	3,123,000	-	35,290,119
Creditors: Amounts falling due after more than one year	(196,100)	-	-	(196,100)
Provisions for liabilities	(1,304,669)	-	-	(1,304,669)
Net assets excluding pension asset/(liability)	30,666,350	3,123,000	-	33,789,350
Pension liability	(12,492,000)	(3,123,000)	-	(15,615,000)
Net assets	18,174,350	-	-	18,174,350
<b>Capital and reserves</b>				
Called up share capital	198,000	-	-	198,000
Capital redemption reserve	2,000	-	-	2,000
Minority interests	409,544	-	-	409,544
Profit and loss account	17,564,806	-	-	17,564,806
Total equity	18,174,350	-	-	18,174,350

# W R Swann & Co Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Consolidated Balance Sheet at 30 September 2015

	As originally reported £	Reclassification £	Remeasurement £	As restated £
<b>Fixed assets</b>				
Intangible assets	-	172,905	-	172,905
Tangible assets	20,631,146	(172,905)	-	20,458,241
	<u>20,631,146</u>	<u>-</u>	<u>-</u>	<u>20,631,146</u>
<b>Current assets</b>				
Stocks	9,246,954	-	-	9,246,954
Debtors	4,145,822	3,271,941	-	7,417,763
Cash at bank and in hand	1,903,644	-	-	1,903,644
	<u>15,296,420</u>	<u>3,271,941</u>	<u>-</u>	<u>18,568,361</u>
Creditors: Amounts falling due within one year	(2,480,065)	(76,554)	-	(2,556,619)
Net current assets	<u>12,816,355</u>	<u>3,195,387</u>	<u>-</u>	<u>16,011,742</u>
Total assets less current liabilities	33,447,501	3,195,387	-	36,642,888
Creditors: Amounts falling due after more than one year	(208,975)	-	-	(208,975)
Provisions for liabilities	(1,566,072)	(28,787)	-	(1,594,859)
Net assets excluding pension asset/(liability)	31,672,454	3,166,600	-	34,839,054
Pension liability	(12,666,400)	(3,166,600)	-	(15,833,000)
Net assets	<u>19,006,054</u>	<u>-</u>	<u>-</u>	<u>19,006,054</u>
<b>Capital and reserves</b>				
Called up share capital	198,000	-	-	198,000
Capital redemption reserve	2,000	-	-	2,000
Minority interests	345,462	-	-	345,462
Profit and loss account	18,460,592	-	-	18,460,592
Total equity	<u>19,006,054</u>	<u>-</u>	<u>-</u>	<u>19,006,054</u>

# W R Swann & Co Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### Consolidated Profit and Loss Account for the year ended 30 September 2015

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Turnover	27,357,328	-	-	27,357,328
Cost of sales	<u>(20,779,200)</u>	<u>-</u>	<u>-</u>	<u>(20,779,200)</u>
Gross profit	6,578,128	-	-	6,578,128
Distribution costs	(564,809)	-	-	(564,809)
Administrative expenses	(3,160,807)	101,891	-	(3,058,916)
Other operating income	<u>94,679</u>	<u>-</u>	<u>-</u>	<u>94,679</u>
Operating profit	<u>2,947,191</u>	<u>101,891</u>	<u>-</u>	<u>3,049,082</u>
Other interest receivable and similar income	3,030	-	-	3,030
Interest payable and similar expenses	<u>(169,738)</u>	<u>(101,891)</u>	<u>(390,000)</u>	<u>(661,629)</u>
	(166,708)	(101,891)	(390,000)	(658,599)
Minority interests	<u>(89,738)</u>	<u>-</u>	<u>-</u>	<u>(89,738)</u>
Profit/(loss) before tax	2,690,745	-	(390,000)	2,300,745
Taxation	<u>(675,695)</u>	<u>-</u>	<u>78,000</u>	<u>(597,695)</u>
Profit/(loss) for the financial year	<u>2,015,050</u>	<u>-</u>	<u>(312,000)</u>	<u>1,703,050</u>

## **W R Swann & Co Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

The Company has adopted FRS 102 for the year ended 30 September 2016 and there are no requirements to restate the comparative prior year amounts.

The last financial statements under previous UK GAAP were for the year ended 30 September 2015 and the date of transition to FRS 102 was therefore 1 October 2014.