

Thomas Swan & Co Limited

Annual report and financial statements

Registered number 00210794

31 March 2019



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Statutory Information

Directors

KA Wiggins (appointed 19 February 2019)
IG Bonas (resigned 14 November 2018)
HM Swan
DM Cavet
DP Gresham
EA Richardson
GS Hillier (appointed 14 November 2018)

Secretary

DM Cavet

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Bankers

HSBC Bank plc
Floor 3
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Registered office

Administration offices
Rotary Way
Consett
County Durham
DH8 7ND

Strategic Report

The directors present their strategic report for the year ended 31 March 2019.

Principal activities

The principal activities of the group are the manufacture and sale of industrial and fine chemicals and research.

Business review

Performance

The group's results for the year are set out on page 9.

The group's turnover for the year has increased by 10% to £37.0 million (2018: £33.7 million), with gross profit also increasing to £8.2 million (2018: £7.7 million). Operating profit has also increased to £2.1 million from £1.4 million in line with gross profit.

The consolidated balance sheet as at 31 March 2019, on page 10, demonstrates that the financial position of the group remains strong with net assets of £20.4 million (2018: £18.6 million).

Measurement

The group uses a number of financial and non-financial KPIs to measure performance and these are reported both at board level and to employees at briefing sessions. These KPIs include production plan achievement, delivery performance, manufacturing achievement and a number of health and safety and employee related KPIs. The board considers that the group has a very effective measurement and reporting system, consistent with its size and complexity.

As far as financial performance is concerned the key measurements used by the group are turnover and gross margin as reported on the face of the consolidated profit and loss account.

Risks and uncertainties

The directors have carefully considered the principal risks and uncertainties facing the group's business. The group operates in a changing and competitive market place where continuing growth is dependent on maintaining existing customer relationships and developing new business by offering new products and a wider range of services. The directors believe that this can be achieved by continuing to provide a range of high quality products and services at competitive prices.

The directors have evaluated the likely impact of Brexit and have undertaken the necessary practical preparations, together with the development of suitable contingency plans, to mitigate the potential risks across the business.

Outlook

The group continues to strive to expand, both by internal growth and by acquisition. The external commercial environment is expected to remain competitive. However, the directors remain confident that the group's profitable performance will continue in the future. The group continues to invest in its capital equipment to improve both its operating capacity and profitability.

By order of the board



DM Cavet
Director

Administration offices
Rotary Way
Consett
County Durham
DH8 7ND

6 December 2019

Directors' Report

The directors present their directors' report and financial statements for the year ended 31 March 2019.

Research and development

The group is committed to a continuing programme of research and development in order to retain a competitive position in the market. The research and development expenditure primarily relates to the development of products as opposed to basic or applied research.

Proposed dividend

The directors do not recommend the payment of a dividend (2018: £600,000).

Environmental issues

The company has developed and implemented a 'Responsible Care' management system which addresses the requirements of OHSAS 18001 (Occupational Health and Safety) and ISO 14001 (Environmental), together with the additional requirements of the Chemical Industries Association's Responsible Care Management System guidance which are not covered by either of these standards.

Directors

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

KA Wiggins	(appointed 19 February 2019)
IG Bonas	(resigned 14 November 2018)
HM Swan	
DM Cavet	
DP Gresham	
EA Richardson	
GS Hillier	(appointed 14 November 2018)

Employees

The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group.

It is the policy of the group to offer equal opportunities to disabled persons in recruitment, training and career development, having due regard to their aptitudes and abilities in relation to the jobs available.

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



DM Cavet
Director

Administration offices
Rotary Way
Consett
County Durham
DH8 7ND

6 December 2019

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Thomas Swan & Co Limited

Opinion

We have audited the financial statements of Thomas Swan & Co Limited ("the company") for the year ended 31 March 2019 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Independent auditor's report to the members of Thomas Swan & Co Limited (continued)

Going Concern (continued)

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Thomas Swan & Co Limited *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Tara Stonehouse (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

12 December 2019

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2019

	<i>Note</i>	2019 £	2018 £
Group turnover	2	37,042,427	33,735,361
Cost of sales		(28,796,087)	(26,070,184)
Gross profit		8,246,340	7,665,177
Distribution and selling expenses		(1,746,128)	(1,612,136)
Administrative expenses	3	(4,785,027)	(5,136,295)
Other operating income	3	342,352	453,238
Operating profit		2,057,537	1,369,984
Interest receivable	6	4,035	3,266
Interest payable and similar charges	7	(26,300)	(7,838)
Profit on ordinary activities before taxation	3-5	2,035,272	1,365,412
Tax on profit on ordinary activities	8	(352,839)	(259,447)
Profit for the financial year		1,682,433	1,105,965
Other comprehensive income			
Net exchange gain/(loss) on foreign equity investment		153,923	(216,521)
Total comprehensive income for the year		1,836,356	889,444

Consolidated Balance Sheet at 31 March 2019

	Note	£	2019	£	£	2018	£
Fixed assets							
Intangible assets	10		674,302			681,760	
Tangible assets	11		11,947,776			10,715,556	
Investments	12		2,500			-	
			<u>12,624,578</u>			<u>11,397,316</u>	
Current assets							
Stocks	13	3,653,805		4,008,829			
Debtors (including £472,476 (2018: £489,667) due after more than one year)	14	8,951,155		7,653,993			
Cash at bank and in hand		2,239,368		1,942,859			
		<u>14,844,328</u>		<u>13,605,681</u>			
Creditors: amounts falling due within one year	15	<u>(6,221,312)</u>		<u>(6,073,852)</u>			
Net current assets			<u>8,623,016</u>			<u>7,531,829</u>	
Total assets less current liabilities			<u>21,247,594</u>			<u>18,929,145</u>	
Creditors: amounts falling due after more than one year	16		<u>(537,392)</u>			<u>(171,025)</u>	
Provisions for liabilities							
Deferred tax liability	17		<u>(270,301)</u>			<u>(154,575)</u>	
Net assets			<u>20,439,901</u>			<u>18,603,545</u>	
Capital and reserves							
Called up share capital	18		38,000			38,000	
Capital redemption reserve			1,000			1,000	
Profit and loss account			20,400,901			18,564,545	
Shareholders' funds			<u>20,439,901</u>			<u>18,603,545</u>	

These financial statements were approved by the board of directors on 6 December 2019 and were signed on its behalf by:



DM Cavet
Director

Company registered number: 00210794

Company Balance Sheet at 31 March 2019

	Note	2019	2018
		£	£
Fixed assets			
Tangible assets	11	11,243,313	10,061,317
Investments	12	1,942,705	1,940,205
		<u>13,186,018</u>	<u>12,001,522</u>
Current assets			
Stocks	13	2,643,826	3,039,582
Debtors (including £472,4767 (2018: £489,667) due after more than one year)	14	9,187,624	8,674,691
Cash at bank and in hand		2,116,029	1,686,857
		<u>13,947,479</u>	<u>13,401,130</u>
Creditors: amounts falling due within one year	15	<u>(8,619,116)</u>	<u>(8,664,222)</u>
Net current assets		<u>5,328,363</u>	<u>4,736,908</u>
Total assets less current liabilities		<u>18,514,381</u>	<u>16,738,430</u>
Creditors: amounts falling due after more than one year	16	(537,392)	-
Provisions for liabilities			
Deferred tax liability	17	(270,301)	(154,575)
Net assets		<u>17,706,688</u>	<u>16,583,855</u>
Capital and reserves			
Called up share capital	18	38,000	38,000
Capital redemption reserve		1,000	1,000
Capital reserve		220,722	220,722
Profit and loss account		17,446,966	16,324,133
Shareholders' funds		<u>17,706,688</u>	<u>16,583,855</u>

These financial statements were approved by the board of directors on 6 December 2019 and were signed on its behalf by:



DM Cavet
Director

Company registered number: 00210794

Consolidated Cash Flow Statement for the year ended 31 March 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		1,682,433	1,105,965
Adjustments for:			
Depreciation, amortisation and impairment		1,564,322	1,418,856
Interest receivable and similar income	6	(4,035)	(3,266)
Interest payable and similar charges	7	26,300	7,838
Gain on sale of tangible fixed assets		(16,200)	(9,500)
Taxation	8	352,839	259,447
		<hr/>	<hr/>
		3,605,659	2,779,340
(Increase)/decrease in trade and other debtors		(1,298,459)	(112,486)
(Increase)/decrease in stocks		355,024	71,017
(Decrease)/increase in trade and other creditors		910,646	(2,855,280)
Foreign exchange differences		51,559	(129,743)
		<hr/>	<hr/>
		3,624,429	(247,152)
Tax paid		(32,635)	(528,941)
		<hr/>	<hr/>
Net cash from operating activities		3,591,794	(776,093)
		<hr/>	<hr/>
Cash flow from investing activities			
Proceeds from sale of tangible fixed assets		16,200	9,500
Interest received		4,035	3,266
Acquisition of tangible fixed assets	11	(2,686,720)	(3,668,771)
Acquisition of investment	12	(2,500)	-
		<hr/>	<hr/>
Net cash from investing activities		(2,668,985)	(3,656,005)
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid		(26,300)	(7,838)
Dividends paid		(600,000)	(375,000)
		<hr/>	<hr/>
Net cash from financing activities		(626,300)	(382,838)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		296,509	(4,814,936)
Cash and cash equivalents at 1 April		1,942,859	6,757,795
		<hr/>	<hr/>
Cash and cash equivalents at 31 March		2,239,368	1,942,859
		<hr/>	<hr/>

Consolidated Statement of Changes in Equity
for the year ended 31 March 2019

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £000
Balance at 1 April 2017	38,000	1,000	18,275,101	18,314,101
Total comprehensive income for the year				
Profit or loss	-	-	1,105,965	1,105,965
Other comprehensive income/(costs)	-	-	(216,521)	(216,521)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	889,444	889,444
	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity				
Dividends	-	-	(600,000)	(600,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	(600,000)	(600,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	38,000	1,000	18,564,545	18,603,545
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 April 2018	38,000	1,000	18,564,545	18,603,545
Total comprehensive income for the year				
Profit or loss	-	-	1,682,433	1,682,433
Other comprehensive income/(costs)	-	-	153,923	153,923
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	1,836,356	1,836,356
	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity				
Dividends	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	38,000	1,000	20,400,901	20,439,901
	<hr/>	<hr/>	<hr/>	<hr/>

Company Statement of Changes in Equity
for the year ended 31 March 2019

	Called up share capital £	Capital redemption reserve £	Capital reserve £	Profit and loss account £	Total equity £
Balance at 1 April 2017	38,000	1,000	220,722	16,176,394	16,436,116
Total comprehensive income for the year					
Profit or loss	-	-	-	747,739	747,739
Other comprehensive income	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	747,739	747,739
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(600,000)	(600,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-	(600,000)	(600,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	38,000	1,000	220,722	16,324,133	16,583,855
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 April 2018	38,000	1,000	220,722	16,324,133	16,583,855
Total comprehensive income for the year					
Profit or loss	-	-	-	1,122,833	1,122,833
Other comprehensive income	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	1,122,833	1,122,833
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	38,000	1,000	220,722	17,446,966	17,706,688
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Thomas Swan & Co Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 00210794 and the registered address is Thomas Swan & Co Ltd, Administrative Offices, Rotary Way, Consett, County Durham, DH8 7ND.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2. The group meets its day to day working capital requirements through its positive cash balances and cash generated from operating activities.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is expected to have sufficient financial resources available and therefore the directors believe that the group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments (continued)

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The depreciation policies applied are as follows:

- freehold buildings 2% straight line
- fixtures and fittings 15% reducing balance / 4% straight line
- plant and machinery 12.5% - 20% straight line
- motor vehicles 25% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies (continued)

Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets and amortisation

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- know-how and trademarks 4 - 7 years
- customer relationships 10 years

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years

Know-how and trademarks purchased by the group and company are amortised to nil by equal annual instalments over their useful economic life, generally their respective unexpired periods, of between 4 and 7 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Notes (continued)

1 Accounting policies (continued)

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Employee benefits

The group contributes to the personal pension plans of certain employees. The assets of the pension plans are held separately from those of the group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the pension plans in respect of the accounting period.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. The group recognises revenue at the point of dispatch of goods and for services when they have been provided.

Rental income (excluding value added tax) is included within other operating income and is accounted for on an accruals basis under the terms of rental agreements.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Analysis of turnover

	2019 £	2018 £
Sale of goods	33,389,656	31,485,018
Rendering of services	3,652,771	2,250,343
	<hr/>	<hr/>
Total turnover	37,042,427	33,735,361
	<hr/>	<hr/>

An analysis of turnover by geographical market is given below.

	2019 £	2018 £
United Kingdom	11,057,968	7,850,473
Europe, Africa, USA and others	25,984,459	25,884,888
	<hr/>	<hr/>
Total turnover	37,042,427	33,735,361
	<hr/>	<hr/>

Notes (continued)

3 Notes to the profit and loss account

	2019 £	2018 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	1,504,854	1,360,007
Leased	-	-
Amortisation of intangible assets	59,468	58,849
Hire of plant and machinery - rentals payable under operating leases	118,601	88,681
Research and development expenditure	1,594,137	1,793,429
Net exchange (gains)/losses	(248,901)	427,888
Other income: Grant income	(238,380)	(305,650)
Other income: Patent-related income	(27,501)	(84,563)
Other income: Rental income	(16,364)	(19,652)
Other income: Other	(43,907)	(33,873)
Other income: (Gain)/loss on sale of tangible fixed assets	(16,200)	(9,500)
<i>Auditor's remuneration:</i>		
	£	£
Audit of these financial statements	31,300	26,000
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	1,000	1,000
Taxation compliance services	15,000	10,000

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4 Remuneration of directors

	2019 £	2018 £
Directors' emoluments	575,921	1,088,944
Company contributions to money purchase pension schemes	45,968	44,379

The aggregate emoluments of the highest paid director were £343,587 (2018: £657,414), and company pension contributions of £16,905 (2018: £16,818) were made to a money purchase scheme on their behalf.

	Number of directors	
	2019	2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	3

Notes (continued)

5 Staff numbers and costs

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

	Number of employees Group	
	2019	2018
Office and management	64	70
Manufacturing	115	108
	<u>179</u>	<u>178</u>

The aggregate payroll costs of these persons were as follows:

	Group	
	2019 £	2018 £
Wages and salaries	7,880,816	7,453,716
Social security costs	913,816	896,162
Other pension costs (see note 22)	467,912	427,084
	<u>9,262,544</u>	<u>8,776,962</u>

6 Interest receivable

	2019 £	2018 £
Bank deposit interest	<u>4,035</u>	<u>3,266</u>

7 Interest payable and similar charges

	2019 £	2018 £
Bank loans and overdrafts	4,359	7,838
Finance charges payable in respect of finance leases and HP contracts	21,941	-
	<u>26,300</u>	<u>7,838</u>

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

Profit and loss account:

	2019	2018
	£	£
<i>UK corporation tax</i>		
Current UK tax on income for the period	158,752	72,905
Adjustment in respect of prior periods	(72,905)	52,021
Current foreign tax on income for the period	151,266	148,205
	<hr/>	<hr/>
Total current tax	237,113	273,131
<i>Deferred tax (see note 17)</i>		
Origination/reversal of timing differences	114,085	99,578
Adjustments in respect of prior periods	1,641	(113,262)
Effect of reduction in tax rate	-	-
	<hr/>	<hr/>
Total deferred tax	115,726	(13,684)
	<hr/>	<hr/>
Total tax	352,839	259,447
	<hr/>	<hr/>

Reconciliation of effective tax rate

	2019	2018
	£	£
Profit for the year	1,682,433	1,105,965
Total tax expense	352,839	259,447
	<hr/>	<hr/>
Profit excluding taxation	2,035,272	1,365,412
Tax using the UK corporation tax rate of 19% (2018: 19%)	386,702	259,428
<i>Effects of:</i>		
Expenses not deductible for tax purposes	31,519	31,430
Additional deduction for R&D expenditure	(6,793)	(20,879)
Current year losses for which no deferred tax asset was recognised	(1,570)	(2,094)
Higher tax rate on overseas income	19,298	64,518
Adjustments in respect of prior periods	(71,264)	(61,241)
Reduction in tax rate on deferred tax balances	(5,053)	(11,715)
	<hr/>	<hr/>
Total tax expense included in profit or loss	352,839	259,447
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

At the balance sheet date the group had unutilised trading losses of approximately £128,169 (2018: £128,169) available to carry forward against future taxable profits of the group.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2018) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly.

Notes (continued)

9 Dividends

The aggregate amount of dividends comprises:

	2019 £	2018 £
Dividends in respect of the year recognised as a liability at the year end	-	600,000
	<u>-</u>	<u>600,000</u>

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2018: £nil).

10 Intangible fixed assets

Group	Goodwill £	Trade mark £	Know-how £	Customer relationships £	Total £
Cost					
At beginning of year	1,386,110	1,158	1,452,324	834,808	3,674,400
Additions	-	-	-	-	-
Exchange difference	-	89	-	64,261	64,350
	<u>1,386,110</u>	<u>1,247</u>	<u>1,452,324</u>	<u>899,069</u>	<u>3,738,750</u>
At end of year	1,386,110	1,247	1,452,324	899,069	3,738,750
Amortisation and impairment					
At beginning of year	1,386,110	1,158	1,452,324	153,048	2,992,640
Charged in year	-	-	-	59,468	59,468
Exchange difference	-	89	-	12,251	12,340
	<u>1,386,110</u>	<u>1,247</u>	<u>1,452,324</u>	<u>224,767</u>	<u>3,064,448</u>
At end of year	1,386,110	1,247	1,452,324	224,767	3,064,448
Net book value					
At 31 March 2019	-	-	-	674,302	674,302
At 1 April 2018	-	-	-	681,760	681,760
Company			Goodwill	Know-how	Total
			£	£	£
Cost					
At beginning and end of year			1,386,110	1,452,324	2,838,434
Amortisation and impairment					
At beginning and end of year			1,386,110	1,452,324	2,838,434
Net book value					
At 1 April 2018 and 31 March 2019			-	-	-

Know-how related to technology for the production of a range of chemical products was amortised over its expected useful life of between four and seven years.

Customer relationships relate to the acquisition of a US distribution centre by Swan Chemicals Inc. during the year ended 31 March 2016 and is amortised over its expected useful life of ten years.

Notes (continued)

11 Tangible fixed assets

Group	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	3,636,852	29,153,224	1,935,471	233,162	34,958,709
Additions	-	2,686,720	-	-	2,686,720
Disposals	-	-	-	(37,581)	(37,581)
Transfers	617,553	(656,854)	39,301	-	-
Exchange differences	31,586	18,739	29	-	50,354
At end of year	4,285,991	31,201,829	1,974,801	195,581	37,658,202
Depreciation					
At beginning of year	884,453	21,681,680	1,545,498	131,522	24,243,153
Charge for year	73,798	1,257,301	133,128	40,627	1,504,854
Disposals	-	-	-	(37,581)	(37,581)
At end of year	958,251	22,938,981	1,678,626	134,568	25,710,426
Net book value					
At 31 March 2019	3,327,740	8,262,848	296,175	61,013	11,947,776
At 31 March 2018	2,752,399	7,471,544	389,973	101,640	10,715,556

Company	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	3,226,529	28,909,789	1,932,274	233,162	34,301,754
Additions	-	2,686,720	-	-	2,686,720
Disposal	-	-	-	(37,581)	(37,581)
Transfers	617,553	(656,854)	39,301	-	-
At end of year	3,844,082	30,939,655	1,971,575	195,581	36,950,893
Depreciation					
At beginning of year	884,453	21,681,680	1,542,782	131,522	24,240,437
Charge for year	73,798	1,257,301	132,998	40,627	1,504,724
Disposals	-	-	-	(37,581)	(37,581)
At end of year	958,251	22,938,981	1,675,780	134,568	25,707,580
Net book value					
At 31 March 2019	2,885,831	8,000,674	295,795	61,013	11,243,313
At 31 March 2018	2,342,076	7,228,109	389,492	101,640	10,061,317

Notes (continued)

12 Fixed asset investments

Group	Other investments other than loans £		
Cost			
At beginning			366,999
Additions			2,500
			<hr/>
At end of year			369,499
			<hr/>
Provisions			
At beginning and end of year			366,999
			<hr/>
Net book value			
At 31 March 2019			2,500
			<hr/>
At 31 March 2018			-
			<hr/>
Company	Shares in group undertakings £	Other investments £	Total £
Cost			
At beginning of year	3,491,744	366,999	3,858,743
Additions	147,986	2,500	150,486
	<hr/>	<hr/>	<hr/>
At end of year	3,639,730	369,499	4,009,229
	<hr/>	<hr/>	<hr/>
Provisions			
At beginning of year	1,551,539	366,999	1,918,538
Impairment losses	147,986	-	147,986
	<hr/>	<hr/>	<hr/>
At end of year	1,699,525	366,999	2,066,524
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2019	1,940,205	2,500	1,942,705
	<hr/>	<hr/>	<hr/>
At 31 March 2018	1,940,205	-	1,940,205
	<hr/>	<hr/>	<hr/>

Shares in group undertakings

Amounts loaned during the year of £59,906 to Thomas Swan (Shanghai) Co. Limited, and £88,080 to Thomas Swan Opelika Inc., being subsidiary undertakings, were waived by the company during the year. As these amounts were intended to provide long term funding to the company's subsidiary, the waiver has been recorded as an increase in the company's investment.

Following an impairment review undertaken by the directors during the year, the company's investment in Thomas Swan (Shanghai) Co. Limited was written down by £59,906, and its investment in Thomas Swan Opelika Inc. was written down by £88,080.

On 1st July 2018 Thomas Swan & Co Limited made a £2,500 investment for 1,000 ordinary share in Optalysys Limited, representing 0.2% of the issues share capital of 487,367 shares.

Notes (continued)

12 Fixed asset investments (continued)

Other investments

The company's and the group's investment in Cella Energy Limited is held at fair value, which is estimated by the directors to be £nil.

The companies in which the group's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
Swan Chemical Inc.	USA 1	Chemical sales and marketing	100% Ordinary
Cambridge Photonics Limited	England 2	Research	100% Ordinary
Thomas Swan (Shanghai) Co. Limited	China 3	Chemical sales and marketing	100% Ordinary
Orsynetics Limited	England 2	Dormant	100% Ordinary 100% Preference
Organic Specialities Limited	England 2	Dormant	100% Ordinary
Parallel Photonic Systems Limited	England 2	Dormant	100% Ordinary
Cygnnet Images Limited	England 2	Dormant	100% Ordinary
Thomas Swan Opelika Inc.	USA 5	Chemical manufacturing	100% Ordinary
Other investments			
Cella Energy Limited	England 4	Research and development of Hydrogen storage materials	6% Ordinary
Optalysys Limited	England 6	Optical processors	0.2% Ordinary

The registered offices of the above entities were as follows:

1. 136 Ridge Road, 2nd Fl, Lyndhurst, New Jersey, 07071 USA
2. Administration offices, Rotary Way, Consett, County Durham, DH8 7ND
3. Room 607, 3051 Hechuan Road, Shanghai 201103, China
4. Building 148, Sixth Street, Thomson Avenue, Harwell Campus, Didcot, Oxfordshire, OX11 0TR
5. 2 North Jackson Street, Suite 605, Montgomery, Alabama, 36104, USA.
6. Unit 8, Flemming Court, Whistler Drive, Glasshoughton, Castleford, West Yorkshire, WF10 5HW

Notes (continued)

13 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Raw materials and consumables	1,477,553	1,867,184	1,477,553	1,867,184
Finished goods and goods for resale	2,176,252	2,141,645	1,166,273	1,172,398
	<u>3,653,805</u>	<u>4,008,829</u>	<u>2,643,826</u>	<u>3,039,582</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £17,323,153 (2018: £14,743,281) in the Group and £13,556,973 (2018: £11,837,119) in the company. The write-down of stocks to net realisable value amounted to £27,877 (2018: £nil).

14 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	6,735,005	5,853,592	4,666,043	4,412,535
Amounts owed by group undertakings	52,904	152,398	2,533,199	2,773,412
Amounts due from directors (see note 23)	409,859	394,724	409,859	394,724
Corporation tax recoverable	148,445	149,742	148,445	148,292
Other debtors	856,239	825,701	834,034	797,137
Prepayments and accrued income	748,703	277,836	596,044	148,591
	<u>8,951,155</u>	<u>7,653,993</u>	<u>9,187,624</u>	<u>8,674,691</u>

Amounts due from directors are unsecured and interest free.

Amounts due from directors and other debtors (Company and the Group) include £472,476 (2018: £489,667) which is due after more than one year.

Notes (continued)

15 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Obligations under finance leases	328,333	-	328,333	-
Trade creditors	2,560,443	2,606,772	2,417,617	2,454,399
Amounts owed to group undertakings	-	-	3,015,806	3,033,550
Corporation tax	238,922	35,741	85,847	35,741
Other taxation and social security	242,044	229,148	242,044	229,148
Other creditors	829,516	307,513	644,593	94,264
Accruals and deferred income	2,022,054	2,294,678	1,884,876	2,217,120
Dividends payable	-	600,000	-	600,000
	<u>6,221,312</u>	<u>6,073,852</u>	<u>8,619,116</u>	<u>8,664,222</u>

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Obligations under finance leases	537,392	-	537,392	-
Other creditors	-	171,025	-	-
	<u>537,392</u>	<u>171,025</u>	<u>537,392</u>	<u>-</u>

Other creditors due after more than one year were in respect of the consideration on the acquisition of a US distribution Centre by Swan Chemicals Inc. which was being paid over five years in equal instalments. This has been fully repaid in the current year.

17 Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following (Group and Company):

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
Accelerated capital allowances	-	-	(367,911)	(291,619)	(367,911)	(291,619)
Unused tax losses	21,788	21,788	-	-	21,788	21,788
Other	75,822	115,256	-	-	75,822	115,256
	<u>97,610</u>	<u>137,044</u>	<u>(367,911)</u>	<u>(291,619)</u>	<u>(270,301)</u>	<u>(154,575)</u>

Notes (continued)

17 Deferred tax liabilities (continued)

Movement in deferred tax during the year

	31 March 2018 £	Recognised in income £	31 March 2019 £
Accelerated capital allowances	(291,619)	(76,292)	(367,911)
Unused tax losses	21,788	-	21,788
Other	115,256	(39,434)	75,822
	<u>(154,575)</u>	<u>(115,726)</u>	<u>(270,301)</u>

The elements of deferred taxation which have not been recognised in the group and company are as follows:

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Difference between accumulated depreciation and capital allowances	4,215	5,620	-	-
Tax losses	-	-	-	-
	<u>4,215</u>	<u>5,620</u>	<u>-</u>	<u>-</u>

These deferred tax assets have not been recognised as the directors consider it would be imprudent to do so.

18 Called up share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
9,800 'A' Ordinary shares of £1 each	9,800	9,800
4,900 'B' Ordinary shares of £1 each	4,900	4,900
4,300 'C' Ordinary shares of £1 each	4,300	4,300
9,800 'D' Ordinary shares of £1 each	9,800	9,800
4,900 'E' Ordinary shares of £1 each	4,900	4,900
4,300 'F' Ordinary shares of £1 each	4,300	4,300
	<u>38,000</u>	<u>38,000</u>

The 'A', 'B', 'C', 'D', 'E', and 'F' Ordinary shares rank pari passu in all respects except for the following:

Return of capital

In the event of a return of capital, liquidation or otherwise the assets remaining after payment of the debts and liabilities of the company shall be applied firstly in repaying to the 'A', 'B', 'C', 'D', 'E' and 'F' Ordinary shareholders £1 per share held and the balance of such assets shall be distributed amongst the holders of the 'A', 'B' and 'C' Ordinary shares according to the amount paid up or credited as paid up on each such shares.

Voting rights

The holders of 'D', 'E' and 'F' Ordinary shares are entitled to receive notice of and attend all general meetings but are not entitled to vote except if there has been a proposed resolution for the winding-up of the company, a resolution for a reduction in the capital of the company or a resolution varying any of the rights attaching to the 'D', 'E' and 'F' Ordinary shares.

Notes (continued)

19 Contingent liabilities

Thomas Swan & Co Limited has provided a guarantee in favour of HM Revenue & Customs for £240,000 (2018: £240,000).

The company is party to a group composite arrangement under which the overdrafts and cash balances of group companies can be offset. At 31 March 2019 the group had overdrawn balances amounting to £nil (2018: £30) and cash balances of £2,239,368 (2018: £1,942,859).

20 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2019 £	Group 2018 £
Assets measured at amortised cost	8,054,007	7,226,415
Liabilities measured at amortised cost	4,690,464	6,025,564

21 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	Group and Company 2019 £	2018 £
Contracted	146,395	1,178,361

22 Pension schemes

The group contributes to the personal pension plans of certain employees. The pension cost charged for the period represents contributions payable by the group to the pension plans and amounted to £467,912 (2018: £427,084).

Contributions amounting to £62,269 (2018: £53,952) were payable to the schemes and are included in creditors.

23 Related party disclosures

In the directors' opinion the company's ultimate controlling party is Mr HM Swan.

At the beginning of the year Mr DM Cavet owed the company £141,311 and Mr HM Swan owed £253,413. The maximum balance due during the year by Mr DM Cavet was £141,311 and Mr HM Swan was £299,975. At the end of the year Mr DM Cavet owed the company £136,001 and Mr HM Swan owed £273,858.

Notes (continued)

24 Accounting estimates and judgements

In the preparation of the financial statements, it is necessary for the management of the group to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Impairment of tangible and intangible assets

The Group considers whether tangible and intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Impairment of stock

The Company designs, manufactures and sells products which are subject to changing technological advances. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

25 Ultimate controlling party

The Company is a wholly owned subsidiary of Thomas Swan Holdings Limited and the ultimate controlling party is HM Swan.