
Swallow Holdings Limited

Directors' Report and Financial Statements

For the year ended 30 September 2015

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Swallow Holdings Limited

Company Information

Directors	R K B Purvis A D Swallow C D Swallow H H G Swallow
Company secretary	C D Swallow
Registered number	02979029
Registered office	Mellors Road Trafford Park Manchester M17 1PB
Independent auditors	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Solicitors	Ward Hadaway The Observatory Chapel Walks Manchester M2 1HL

Swallow Holdings Limited

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Swallow Holdings Limited

Group Strategic Report For the year ended 30 September 2015

Introduction

The directors present the group strategic report for the year ended 30 September 2015.

Business review

As shown in the profit and loss account on page 7 the group's turnover has decreased by £6.4m (20%) from the prior year. The prior year, 2013/14, included an unusually large amount of raw milk reselling as a consequence of the group's acquisition of the Dairy Crest North West local distribution business amounting to £2.4 million.

The group returned a net profit before tax of £1.1m against £1.3m in the prior year, a decrease of 16%.

The balance sheet on page 8 shows that the group's financial position at the year end in terms of net assets has improved from the prior year. The group has a strong base of owned and long leasehold commercial property from which it operates, positive net current assets and good lines of credit available.

The group has invested significantly in its online retail trading platform for online selling and delivery of dairy, convenience, fruit & veg products to residential customers in the North West and this remains a priority area for activity and investment for the future.

The group has continued to source the majority of its raw milk requirements from selected high quality farms in the North West, particularly in Cheshire. This strengthens our position as a high quality supplier of genuine local produce with strong links to our farmer suppliers.

Principal risks and uncertainties

Continued heavy discounting of milk by the major and minor multiple retailers to win custom may continue to lead to margin compression and loss of sales volume. The group will address this by remaining price competitive for a conveniently delivered product with strong local provenance and high quality, and appeal to those consumers who value these characteristics and are willing to pay for them, particularly through reaching a wider audience in Manchester and Warrington with its online platform.

We will make further investment in the online delivery model which has yielded healthy growth levels during the financial year and to which we have added a bespoke fruit & veg delivery service since the financial year end. We expect this to mitigate offline doorstep milk volume loss and expand our product range to a new generation of consumers via this channel to market. We will also continue to extend the product range of the online platform to include more non-dairy goods to make it a genuine home delivery convenience service.

Although the doorstep delivery market continues to decline nationally and in the North West, the group manages this risk through the growth of its online sales, acquiring milk rounds or canvassing new customers to replace lost custom. Volume loss in this segment will also be offset by retaining and growing volumes in the wholesale, middle ground and contract packing segments.

Creditworthiness of our customers remains a significant risk. However, the group has a very diverse and well spread customer base who themselves are individuals or businesses with good cash flow characteristics and the group actively manages its debtors to keep risk exposure to acceptable levels and to follow up slow or non-payment.

The group's revenues and costs derive entirely inside the UK (and principally the North West of England) so with the exception of the impact of world markets on the UK price of raw milk, cream and energy it is largely domestically focused.

Swallow Holdings Limited

Group Strategic Report (continued) For the year ended 30 September 2015

Principal risks and uncertainties (continued)

A safe working and operating environment for all our staff, customers, contractors and suppliers is of the utmost importance to the board of directors and to that end they have put in place policies, procedures, management and systems to plan, analyse, monitor and act on all aspects of health and safety within the business from farm collections of milk, through to production, logistics and fleet management, customer deliveries and administration. The Board have appointed a suitably qualified Health & Safety Manager and personally supervise regular meetings of the management of the company with responsibility for operational health and safety.

The company also takes its corporate and social responsibility seriously. It is a member of the Dairy Energy Savings Scheme, has recently completed its ESOS assessments and will continue to invest in energy saving measures. We work with our packaging and other suppliers to find ways of reducing the amount of packaging materials used in our packing operations, and by the use of washable glass bottles and electric delivery vehicles has long led the way in sustainable food delivery systems.

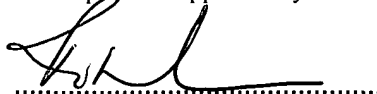
The company is also a generous charitable donor, on its own account, supporting charities involved in the improvement of the lives of young people in Manchester and its environs, and also through its customer lottery scheme which supports numerous worthy local charities, recently reaching the £100,000 donation threshold with St Ann's Hospice. Through its Cream of the Community award scheme the company also helps support and draw attention to those people within the Greater Manchester area who are outstanding citizens.

Financial key performance indicators

The key financial performance indicators for the past five years are as follows -

	2015	2014	2013	2012	2011
Turnover £'000	26,245	32,647	21,978	19,041	19,140
Gross profit £'000	12,903	12,795	8,675	7,468	8,137
Gross profit %	49%	39%	39%	39%	43%
EBITDA £'000	1,940	1,872	1,515	1,092	1,220
Operating profit £'000	1,244	1,351	1,166	751	829
Employee numbers	263	261	187	177	186
Turnover/employee £'000	100	125	118	108	103

This report was approved by the board and signed on its behalf.



R K B Purvis
Director

Date: 23rd February 2016

Swallow Holdings Limited

Directors' Report For the year ended 30 September 2015

The directors present their report and the audited financial statements for the year ended 30 September 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dividends

Dividends paid during the year amounted to £nil (2014: £600,000).

The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

R K B Purvis
A D Swallow
C D Swallow
H H G Swallow

Charitable contributions

During the year the group donated £29,670 (2014: £28,390) to UK registered charities.

Swallow Holdings Limited

**Directors' Report
For the year ended 30 September 2015**

Future developments

The business remains well set to benefit from its diverse and solid customer base which yields regular repeat custom and its low cost, strategically well positioned and well invested manufacturing and distribution facilities in Manchester, Warrington and Kendal. We will continue to bid for profitable business using our available production and distribution capacity and in particular will invest in and market heavily to residential consumers our online convenience and fruit & veg offering in the year ahead.

The directors consider the group to be in a strong financial position and plan to expand the group's operations by organic growth and acquisition of further business if the opportunity presents itself in the future.

Employee involvement

The group places considerable value on the involvement of its employees and has continued its existing practice of keeping them informed on matters affecting them as employees and on various matters affecting the performance of the group. In particular the group will involve employees in developing a strong health and safety culture by creating opportunities for them to easily communicate concerns and ideas about how to improve the company's performance in this area.

Disabled employees

Disabled persons are employed by the group when they appear to be suited to a particular vacancy. Where an existing employee becomes disabled every effort is made to continue to provide suitable employment, either in the same or in an alternative position.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

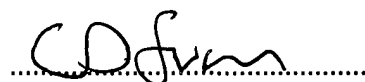
Auditors

The auditors, Hurst & Company Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



R K B Purvis
Director



C D Swallow
Director

Date: 23rd February 2016

Swallow Holdings Limited

Independent Auditors' Report to the Members of Swallow Holdings Limited

We have audited the financial statements of Swallow Holdings Limited for the year ended 30 September 2015, set out on pages 7 to 23. 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 shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

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 group's and the parent 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 Group Strategic Report and the Directors' 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2015 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 the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Swallow Holdings Limited

Independent Auditors' Report to the Members of Swallow Holdings Limited

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 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.

Hurst & Company Accountants LLP

Mike Jackson (Senior Statutory Auditor)
for and on behalf of

Hurst & Company Accountants LLP

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

Date: *14 March 2016*

Swallow Holdings Limited

**Consolidated Profit and Loss Account
For the year ended 30 September 2015**

	Note	2015 £	2014 £
Turnover	1,2	26,245,206	32,646,738
Cost of sales		<u>(13,342,333)</u>	<u>(19,851,684)</u>
Gross profit		12,902,873	12,795,054
Distribution costs		(8,527,598)	(8,738,062)
Administrative expenses		(3,363,904)	(2,978,766)
Other operating income	3	<u>233,112</u>	<u>272,339</u>
Operating profit	4	1,244,483	1,350,565
Interest receivable and similar income		2,188	3,702
Interest payable and similar charges	8	<u>(119,426)</u>	<u>(58,028)</u>
Profit on ordinary activities before taxation		1,127,245	1,296,239
Tax on profit on ordinary activities	9	<u>(314,615)</u>	<u>(289,280)</u>
Profit for the financial year	19	<u><u>812,630</u></u>	<u><u>1,006,959</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and Loss Account.

The notes on pages 11 to 23 form part of these financial statements.

Swallow Holdings Limited
Registered number: 02979029

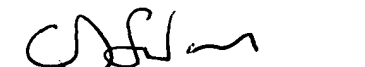
Consolidated Balance Sheet
As at 30 September 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	10		475,553		595,288
Tangible assets	11		6,367,230		5,694,429
			<u>6,842,783</u>		<u>6,289,717</u>
Current assets					
Stocks	13	263,021		236,796	
Debtors	14	3,089,102		3,599,860	
Cash at bank		1,001,620		555,793	
			<u>4,353,743</u>	<u>4,392,449</u>	
Creditors: amounts falling due within one year	15	(4,147,915)		(4,513,739)	
Net current assets/(liabilities)			<u>205,828</u>		<u>(121,290)</u>
Total assets less current liabilities			<u>7,048,611</u>		<u>6,168,427</u>
Creditors: amounts falling due after more than one year	16		(1,070,419)		(1,066,216)
Provisions for liabilities					
Deferred tax	17		(239,437)		(176,086)
Net assets			<u><u>5,738,755</u></u>		<u><u>4,926,125</u></u>
Capital and reserves					
Called up share capital	18		20,000		20,000
Share premium account	19		390,000		390,000
Profit and loss account	19		5,328,755		4,516,125
Shareholders' funds	20		<u><u>5,738,755</u></u>		<u><u>4,926,125</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



R K B Purvis
Director



C D Swallow
Director

Date: 23rd February 2016

The notes on pages 11 to 23 form part of these financial statements.

Swallow Holdings Limited
Registered number: 02979029

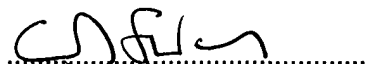
Company Balance Sheet
As at 30 September 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Investments	12		928,339		928,339
Creditors: amounts falling due within one year	15		(493)		(493)
Total assets less current liabilities			<u>927,846</u>		<u>927,846</u>
Capital and reserves					
Called up share capital	18		20,000		20,000
Share premium account	19		390,000		390,000
Profit and loss account	19		<u>517,846</u>		<u>517,846</u>
Shareholders' funds	20		<u>927,846</u>		<u>927,846</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



R K B Purvis
Director



C D Swallow
Director

Date: 23rd February 2016

The notes on pages 11 to 23 form part of these financial statements.

Swallow Holdings Limited

**Consolidated Cash Flow Statement
For the year ended 30 September 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	22	1,935,892	2,095,532
Returns on investments and servicing of finance	23	(117,238)	(30,326)
Taxation		(233,508)	(255,632)
Capital expenditure and financial investment	23	(871,348)	(3,374,490)
Equity dividends paid		-	(600,000)
Cash inflow/(outflow) before financing		713,798	(2,164,916)
Financing	23	(267,971)	2,036,276
Increase/(Decrease) in cash in the year		445,827	(128,640)

**Reconciliation of Net Cash Flow to Movement in Net Funds/Debt
For the year ended 30 September 2015**

	2015 £	2014 £
Increase/(Decrease) in cash in the year	445,827	(128,640)
Cash flow from decrease in debt and lease financing	267,971	(2,036,276)
Change in net debt resulting from cash flows	713,798	(2,164,916)
New hire purchase	(372,787)	(284,185)
Movement in net debt in the year	341,011	(2,449,101)
Net (debt)/funds at 1 October 2014	(1,894,503)	554,598
Net debt at 30 September 2015	(1,553,492)	(1,894,503)

The notes on pages 11 to 23 form part of these financial statements.

Swallow Holdings Limited

Notes to the Financial Statements For the year ended 30 September 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Basis of consolidation

The financial statements consolidate the accounts of Swallow Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Straight line over fifty and fifteen years
Leasehold improvements	-	Straight line over the life of the lease
Machinery, fixtures and fittings	-	10 - 20% straight line
Motor vehicles	-	20% straight line
Computer equipment	-	25% straight line

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Swallow Holdings Limited

Notes to the Financial Statements
For the year ended 30 September 2015

1. Accounting Policies (continued)

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

All turnover arose from the principal activity of the group wholly undertaken in the United Kingdom.

3. Other operating income

	2015	2014
	£	£
Other operating income	233,112	272,339

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

4. Operating profit

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Amortisation - intangible fixed assets	165,362	175,332
Depreciation of tangible fixed assets:		
- owned by the group	422,484	304,521
- held under hire purchase agreements	107,390	41,097
Profit/loss on sale of tangible assets	(4,167)	(20,000)
Settlement of trust related tax liabilities (see below)	369,051	-
Operating lease rentals - plant and machinery	182,508	235,994
Operating lease rentals - land and buildings	157,965	157,965
	<u>165,362</u>	<u>175,332</u>

During the period the directors closed an Employee Benefit Trust which resulted in the final settlement of Trust related tax liabilities totalling £369,051.

5. Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	13,250	12,750
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	3,500	3,500
All other non-audit services not included above	1,000	1,000
	<u>13,250</u>	<u>12,750</u>

6. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	5,699,708	5,663,385
Social security costs	496,395	478,098
Other pension costs	77,684	45,421
	<u>6,273,787</u>	<u>6,186,904</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Distribution	196	196
Administration	67	65
	<u>263</u>	<u>261</u>

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

7. Directors' remuneration

	2015	<i>2014</i>
	£	<i>£</i>
Remuneration	111,584	<i>110,929</i>

8. Interest payable

	2015	<i>2014</i>
	£	<i>£</i>
On bank loans and overdrafts	24,840	<i>20,438</i>
On other loans	72,000	<i>24,000</i>
On hire purchase contracts	22,586	<i>13,590</i>
	119,426	<i>58,028</i>

9. Taxation

	2015	<i>2014</i>
	£	<i>£</i>
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	251,264	<i>233,508</i>
Deferred tax (see note 17)		
Origination and reversal of timing differences	63,351	<i>55,772</i>
Tax on profit on ordinary activities	314,615	<i>289,280</i>

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 21%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	1,127,245	1,296,239
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 21%)	225,449	272,210
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	8,305
Expenses not deductible for tax purposes	75,955	10,683
Capital allowances for year in excess of depreciation	(55,920)	(55,772)
Change in rates	6,120	221
Marginal relief	(340)	(2,139)
Current tax charge for the year (see note above)	251,264	233,508

10. Intangible fixed assets

	Goodwill £
Group	
Cost	
At 1 October 2014	2,633,973
Additions	45,627
At 30 September 2015	2,679,600
Amortisation	
At 1 October 2014	2,038,685
Charge for the year	165,362
At 30 September 2015	2,204,047
Net book value	
At 30 September 2015	475,553
At 30 September 2014	595,288

Goodwill represents consideration paid in excess of the net assets acquired following the purchase of trade. In July 2013 the company acquired the local distribution business of Dairy Crest Ltd in Warrington, Manchester, Stockport and Macclesfield. Additions in the current year relate to the purchases of local business.

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

11. Tangible fixed assets

Group	Land and buildings £	Plant and machinery £	Motor vehicles £	Leasehold improvements £	Total £
Cost					
At 1 October 2014	3,974,801	3,530,402	1,971,718	24,956	9,501,877
Additions	14,684	499,647	688,344	-	1,202,675
Disposals	-	-	(19,564)	-	(19,564)
At 30 September 2015	3,989,485	4,030,049	2,640,498	24,956	10,684,988
Depreciation					
At 1 October 2014	100,671	2,267,989	1,413,832	24,956	3,807,448
Charge for the year	77,017	241,261	211,596	-	529,874
On disposals	-	-	(19,564)	-	(19,564)
At 30 September 2015	177,688	2,509,250	1,605,864	24,956	4,317,758
Net book value					
At 30 September 2015	3,811,797	1,520,799	1,034,634	-	6,367,230
At 30 September 2014	3,874,130	1,262,413	557,886	-	5,694,429

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2015 £	2014 £
Plant and machinery	139,716	156,866
Motor vehicles	616,339	262,242
	756,055	419,108

12. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2014 and 30 September 2015	928,339
Net book value	
At 30 September 2015	928,339
At 30 September 2014	928,339

Details of the principal subsidiaries can be found under note number 28.

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

13. Stocks

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Raw materials	91,601	69,618	-	-
Finished goods and goods for resale	171,420	167,178	-	-
	263,021	236,796	-	-

14. Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	2,252,050	2,624,292	-	-
Other debtors	319,914	333,875	-	-
Prepayments and accrued income	517,138	641,693	-	-
	3,089,102	3,599,860	-	-

**15. Creditors:
Amounts falling due within one year**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	86,246	83,825	-	-
Other loans	1,200,000	1,200,000	-	-
Net obligations under hire purchase	198,447	100,255	-	-
Trade creditors	1,006,303	1,389,636	-	-
Corporation tax	251,264	233,508	-	-
Other taxation and social security	115,853	117,410	493	493
Other creditors	194,391	190,014	-	-
Accruals and deferred income	1,095,411	1,199,091	-	-
	4,147,915	4,513,739	493	493

Bank loans and overdrafts are secured by a debenture and a fixed and floating charge over the assets of the group.

Net obligations under hire purchase contracts are secured against the assets to which they relate.

Other loans relate to a loan provided by A D Swallow, a director of the company, see note 27.

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

16. Creditors:
Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	740,700	826,946	-	-
Net obligations under hire purchase	329,719	239,270	-	-
	1,070,419	1,066,216	-	-

Included within the above are amounts falling due as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Between one and two years				
Bank loans	88,736	86,246	-	-
Between two and five years				
Bank loans	281,880	273,969	-	-
Over five years				
Bank loans	370,084	466,731	-	-

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Repayable by instalments	370,084	466,731	-	-

The bank loan is repayable in 115 monthly instalments at the rate of 1.85% per annum over the Bank of England base rate.

Bank loans and overdrafts are secured by a debenture and a fixed and floating charge over the assets of the group.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Between one and five years	329,719	239,270	-	-

Net obligations under hire purchase contracts are secured against the assets to which they relate.

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

17. Deferred taxation

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
At beginning of year	176,086	120,314	-	-
Charge for the year (P&L)	63,351	55,772	-	-
At end of year	<u>239,437</u>	<u>176,086</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Accelerated capital allowances	<u>239,437</u>	<u>176,086</u>	<u>-</u>	<u>-</u>

18. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
6,250 A Ordinary shares of £1 each	6,250	6,250
8,750 B Ordinary shares of £1 each	8,750	8,750
5,000 C Ordinary shares of £1 each	5,000	5,000
	<u>20,000</u>	<u>20,000</u>

Each class of share ranks pari passu in all respects.

19. Reserves

Group	Share premium account	Profit and loss account
	£	£
At 1 October 2014	390,000	4,516,125
Profit for the financial year	-	812,630
At 30 September 2015	<u>390,000</u>	<u>5,328,755</u>

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

19. Reserves (continued)

	Share premium account £	Profit and loss account £
Company		
At 1 October 2014 and 30 September 2015	390,000	517,846

20. Reconciliation of movement in shareholders' funds

	2015 £	2014 £
Group		
Opening shareholders' funds	4,926,125	4,519,166
Profit for the financial year	812,630	1,006,959
Dividends (Note 21)	-	(600,000)
Closing shareholders' funds	5,738,755	4,926,125

	2015 £	2014 £
Company		
Opening shareholders' funds	927,846	927,846
Profit for the financial year	-	600,000
Dividends (Note 21)	-	(600,000)
Closing shareholders' funds	927,846	927,846

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The profit for the year dealt with in the accounts of the company was £NIL (2014 - £600,000).

21. Dividends

	2015 £	2014 £
Dividends paid on equity capital	-	600,000

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

22. Net cash flow from operating activities

	2015 £	2014 £
Operating profit	1,244,483	1,350,565
Amortisation of intangible fixed assets	165,362	175,332
Depreciation of tangible fixed assets	529,874	345,618
Profit on disposal of tangible fixed assets	(4,167)	(20,000)
(Increase)/decrease in stocks	(26,224)	54,852
Decrease in debtors	510,757	539,167
Decrease in creditors	(484,193)	(350,002)
Net cash inflow from operating activities	1,935,892	2,095,532

23. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	2,188	3,702
Interest paid	(96,840)	(20,438)
Hire purchase interest	(22,586)	(13,590)
Net cash outflow from returns on investments and servicing of finance	(117,238)	(30,326)

	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(45,627)	(179,104)
Purchase of tangible fixed assets	(829,888)	(3,221,586)
Sale of tangible fixed assets	4,167	26,200
Net cash outflow from capital expenditure	(871,348)	(3,374,490)

	2015 £	2014 £
Financing		
New secured loans	-	945,000
Repayment of loans	(83,825)	(34,229)
Other new loans	-	1,200,000
Repayment of hire purchase	(184,146)	(74,495)
Net cash (outflow)/inflow from financing	(267,971)	2,036,276

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Notes to the Financial Statements For the year ended 30 September 2015

24. Analysis of changes in net debt

	1 October 2014 £	Cash flow £	Other non-cash changes £	30 September 2015 £
Cash at bank and in hand	555,793	445,827	-	1,001,620
Debt:				
Hire purchase	(339,525)	184,146	(372,787)	(528,166)
Debts due within one year	(1,283,825)	83,825	(86,246)	(1,286,246)
Debts falling due after more than one year	(826,946)	-	86,246	(740,700)
Net debt	(1,894,503)	713,798	(372,787)	(1,553,492)

25. Pension commitments

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £77,684 (2014 - £45,421).

26. Operating lease commitments

At 30 September 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
Group	2015 £	2014 £	2015 £	2014 £
Expiry date:				
Within 1 year	10,500	10,500	24,784	7,764
Between 2 and 5 years	69,880	69,880	162,595	187,379
After more than 5 years	12,750	12,750	-	-

27. Related party transactions

The directors have taken advantage of the exemption available under FRS 8 'Related Party Disclosures' and have not disclosed transactions with companies wholly owned within the group.

During the prior period, Mr A D Swallow, a director, issued a £1.2m commercial loan to the group. The loan remained outstanding at the period end and has since been repaid in full. The loan was unsecured. Interest payable at 6% was being charged on the loan and amounted to £72,000 (2014: £24,000) during the period. Included within accruals at the period end was £24,000 (2014: £24,000) in respect of interest due.

Swallow Holdings Limited

**Notes to the Financial Statements
For the year ended 30 September 2015**

28. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Creamline Dairies Limited	England	100%	Retail of milk and dairy products