

Financial Statements Charles Tennant & Company Limited

For the year ended 31 December 2016



Registered number: SC008811

Company Information

Directors	Mr W P Alexander Mr D J Alexander Mr A F J Mitchell
Company secretary	Mr G Rainey
Registered number	SC008811
Registered office	Craighead Whistleberry Road Blantyre G72 0TH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	Bank of Scotland 167-201 Argyle Street Glasgow G2 8BU

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Group strategic report

For the year ended 31 December 2016

Introduction

The Group is engaged in the distribution and sale of chemicals and allied products, blow moulded products and food ingredients in both the UK and overseas markets. The Company's directors are pleased with the overall result for 2016, having regard to the background of continued global uncertainty and continue to seek further growth in its core business.

The Group's results were as follows:

Operating profit £1,405,000 (2015: £1,254,000)

Profit before tax £1,426,000 (2015: £1,274,000)

Business review

Due to the impact of oil and energy pricing sales in the year fell to £15,510,000 (2015: £15,838,000).

As shown in the Group's profit and loss account the group had a good year in spite of the fall in sales in the year.

The balance sheet on page 9 of the financial statements shows that the company's financial position remains very strong. Retained profit increased and the year-end cash balance stands at £5,086,000 (2015: £3,477,000).

Principal risks and uncertainties

The principal risk to the Group and Company arises from the UK economy and in particular the manufacturing sector. The Group and Company's long established supplier and customer base helps to mitigate this risk

Foreign currency risk

The Group has an exposure to foreign currency due to the selling and purchasing of products in Euros, US Dollars and Australian Dollars. The Directors do not consider that this is a material risk.

Credit and cash flow risk

The Group's principal financial assets are bank balances, cash and trade debtors, which represent the group's maximum exposure to credit risk in relation to its financial assets. The credit risk is primarily attributable to its trade debtors which is managed through good credit management, incorporating monitoring the total amount due and the duration of the exposure to any one customer depending on their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts.

The Group's credit risk is minimised further by the number of long established customers and an emphasis on good credit management which includes the use of an appropriate credit rating agency. The Group ensures continuity of liquidity through effective management of its current assets and liabilities.

Liquidity risk

The Group does not have material exposures in any of the areas mentioned above and as a result does not use derivative instruments to manage these exposures.

Group strategic report

For the year ended 31 December 2016

Suppliers

The Group aims to agree payment terms with suppliers when agreeing the terms of business transactions. Where payment terms have not been agreed, payments by the company are generally made between 30-60 days of receipt of correct invoices.

Key performance indicators

As the group's businesses are different, the Group's activities are not measured by one set of Key Performance Indicators (KPIs).

Group companies utilise a variety of KPIs to measure performance. These are regularly reviewed by the group's Directors and include inter alia; return on sales, return on capital employed and gross margin contribution. Individual group companies similarly apply their own criteria to non-financial KPIs which include customer retention statistics, employee turnover, accident statistics and compliance with all relevant environmental legislation.

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



Mr G Rainey

Secretary

Date: 24 March 2017

Directors' report

For the year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Principal activities

The principal activity of the group during the year continued to be the merchandising of industrial chemicals and allied products, the sale of blow moulded products and the sale and marketing of food ingredients.

Dividends paid

Dividends paid in the year amount to £752,000 (2015 - £241,000).

The directors have proposed an ordinary dividend of £286,250 in respect of the year end 31 December 2016 (2015: £202,000). The dividend is subject to approval at the forthcoming annual general meeting. In accordance with FRS102, no provision is made for the proposed dividend in the financial statements.

Directors

The directors who served during the year were:

Mr W P Alexander
Mr D J Alexander
Mr A F J Mitchell

Directors' report (continued)

For the year ended 31 December 2016

Future developments

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic report.

The Group has considerable financial resources together with long-term relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Disclosure of information to auditor

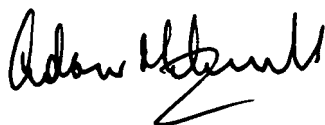
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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 auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK 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.



Mr A F J Mitchell

Director

Date: 24 March 2017

Independent auditor's report to the members of Charles Tennant & Company Limited

We have audited the financial statements of Charles Tennant & Company Limited for the year ended 31 December 2016, which comprise the consolidated Statement of comprehensive income, the consolidated and company Statement of financial positions, consolidated and company Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 3, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Charles Tennant & Company Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

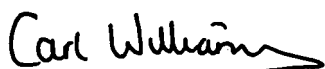
Matters on which we are required to report under the Companies Act 2006

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the 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.



Carl Williams
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Manchester

25 March 2017

Consolidated statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £000
Turnover	3	15,510	15,838
Cost of sales *		(14,105)	(14,584)
Gross profit		1,405	1,254
Interest receivable and similar income	7	21	20
Profit before taxation		1,426	1,274
Tax on profit	8	(281)	(267)
Profit for the year		1,145	1,007
Total comprehensive income for the year attributable to:			
Owners of the parent Company		1,145	1,007

* refer to note 4.

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

The notes on pages 12 to 27 form part of these financial statements.

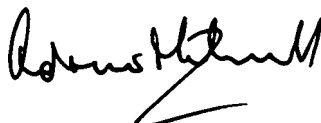
Consolidated statement of financial position

As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	10	561	513
		<u>561</u>	<u>513</u>
Current assets			
Stocks	12	1,161	1,190
Debtors: amounts falling due within one year	13	2,734	3,526
Cash at bank and in hand	14	5,086	3,477
		<u>8,981</u>	<u>8,193</u>
Creditors: amounts falling due within one year	15	(1,895)	(1,911)
Net current assets		<u>7,086</u>	<u>6,282</u>
Total assets less current liabilities		<u>7,647</u>	<u>6,795</u>
Provisions for liabilities			
Deferred taxation	17	-	(9)
Other provisions	18	(553)	(85)
		<u>(553)</u>	<u>(94)</u>
Net assets		<u><u>7,094</u></u>	<u><u>6,701</u></u>
Capital and reserves			
Called up share capital	19	800	800
Capital reserve		-	634
Revenue reserves		-	631
Profit and loss account		6,294	4,636
		<u><u>7,094</u></u>	<u><u>6,701</u></u>

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

Mr A F J Mitchell
Director
Date: 24 March 2017



Company statement of financial position

As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	10	479	409
Investments	11	28	28
		<u>507</u>	<u>437</u>
Current assets			
Stocks	12	1,161	1,190
Debtors: amounts falling due within one year	13	2,785	3,613
Cash at bank and in hand	14	5,013	3,156
		<u>8,959</u>	<u>7,959</u>
Creditors: amounts falling due within one year	15	(2,258)	(1,950)
		<u>6,701</u>	<u>6,009</u>
Net current assets		<u>6,701</u>	<u>6,009</u>
Total assets less current liabilities		<u>7,208</u>	<u>6,446</u>
Provisions for liabilities			
Other provisions	18	(468)	-
		<u>(468)</u>	<u>-</u>
Net assets		<u><u>6,740</u></u>	<u><u>6,446</u></u>
Capital and reserves			
Called up share capital	19	800	800
Capital reserve		-	634
Revenue reserves		-	631
Profit and loss account		5,940	4,381
		<u>6,740</u>	<u>6,446</u>

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



Mr A F J Mitchell
 Director
 Date: 24 March 2017

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Called up share capital £000	Capital reserve £000	Revenue reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2015	800	634	631	3,870	5,935
Comprehensive income for the year					
Profit for the year	-	-	-	1,007	1,007
Total comprehensive income for the year	-	-	-	1,007	1,007
Dividends paid	-	-	-	(241)	(241)
Total transactions with owners	-	-	-	(241)	(241)
At 1 January 2016	800	634	631	4,636	6,701
Comprehensive income for the year					
Profit for the year	-	-	-	1,145	1,145
Total comprehensive income for the year	-	-	-	1,145	1,145
Dividends paid	-	-	-	(752)	(752)
Transfer revenue reserves to P&L reserves	-	-	(631)	631	-
Transfer capital reserves to P&L reserves	-	(634)	-	634	-
At 31 December 2016	800	-	-	6,294	7,094

Company statement of changes in equity

For the year ended 31 December 2016

	Called up share capital £000	Capital reserve £000	Revenue reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2015	800	634	631	3,767	5,832
Comprehensive income for the year					
Profit for the year	-	-	-	810	810
Total comprehensive income for the year	-	-	-	810	810
Contributions by and distributions to owners					
Dividends paid	-	-	-	(196)	(196)
At 1 January 2016	800	634	631	4,381	6,446
Comprehensive income for the year					
Profit for the year	-	-	-	1,046	1,046
Total comprehensive income for the year	-	-	-	1,046	1,046
Contributions by and distributions to owners					
Dividends paid	-	-	-	(752)	(752)
Transfer revenue reserves to P&L reserves	-	-	(631)	631	-
Transfer capital reserves to P&L reserves	-	(634)	-	634	-
At 31 December 2016	800	-	-	5,940	6,740

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies

1.1 Company information

The principal activity of the group during the year continued to be the merchandising of industrial chemicals and allied products, the sale of blow moulded products and the sale and marketing of food ingredients. The company's registered office is Charles Tennant & Co Limited, Craighead, Whistleberry Road, Blantyre, G72 0TH which is the same as its principal place of business.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2).

The financial statements are presented in pounds Sterling (£).

The group accounts of Charles Tennant & Company Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes,
- the requirement to disclose transactions with related parties.

The Group, being a subsidiary where 90% or more of the voting rights are controlled within the Group whose consolidated financial statements are publicly available, is exempt from the requirements to draw up a cash flow statement and to disclose related party transactions in accordance with Financial Reporting Standard 102.

The following principal accounting policies have been applied:

1.3 Basis of consolidation

The group financial statements consolidate the financial statements of Charles Tennant & Company Limited and all its subsidiary undertakings drawn up to 31 December each year. No statement of comprehensive income is presented for Charles Tennant & Company Limited as permitted by section 408 of the Companies Act 2006.

Entities, other than subsidiary undertakings or joint ventures in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates.

In the group financial statements, associates are accounted for using the equity method. The results of subsidiaries sold are included up to the effective date of disposal.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.4 Turnover

Turnover derives principally from the continuing manufacture of and trading in chemicals and allied products, from the sale of blow moulded products and the sale and marketing of food ingredients.

Turnover represents the fair value of consideration received or receivable for goods supplied to customers, excluding intra-group sales and after deducting sales allowances, rebates and value added taxes.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, the revenue and costs incurred in the respect of the transaction can be measured reliably and collectability is reasonably assured. This is usually at the point when goods have been delivered to the customer and signed for.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 20 years
Plant & machinery	- 3 to 10 years
Motor vehicles	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

1.6 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.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.7 Operating leases

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. Lease incentives are recognised over the lease term on a straight line basis.

1.8 Fixed asset investments

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying values may not be recoverable.

1.9 Intangible assets

Intangible assets comprise goodwill, patents and trademarks and licences. Goodwill is capitalised on the statement of financial position and amortised on a straight line basis over its economic life up to a maximum of 10 years. Goodwill is reviewed for impairment at the end of the first financial year following acquisition and in other periods if events or changes in circumstances indicate that carrying value may not be recoverable.

1.10 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.

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, and any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at year end are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.13 Pensions

The company participates in the Tennants Consolidated Limited Pension Fund, operated by the ultimate parent company. Formerly a defined benefit scheme, on 31 January 2002 the defined benefit section was placed on a paid up basis and all members were invited to join a defined contribution scheme from that date.

Defined benefit scheme:

Pension benefits are funded over the employees' period of service. The cost is calculated by an independent, qualified actuary and deficiencies or surpluses arising from triennial valuations of the group's scheme are amortised over the remaining service lives of employees. It is not possible to identify the company's share of the underlying assets and liabilities on a consistent and reasonable basis and therefore the company accounts for contributions as if they were being paid into a defined contribution scheme.

Defined contribution scheme:

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.14 Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the income statement.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to profit and loss reserves.

2. Judgements and estimates

Management has applied its own judgement to assess the appropriateness of the key accounting policies, and to ensure that they are compliant with FRS102.

Management has determined that the areas subject to judgement are the bad debt provision, stock provision and packaging provision. The entity provides against these in line with the age of each item held within that balance on a continuous basis. Management conclude that their assessment is prudent and accurate, with the treatment in line with reporting standards.

Notes to the financial statements

For the year ended 31 December 2016

3. Turnover

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	15,292	15,594
Rest of the world	218	244
	<u>15,510</u>	<u>15,838</u>

4. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	111	139
Auditors remuneration - audit	25	31
Auditors remuneration - tax	2	2
Operating lease rentals plant and machinery	190	108
Defined contribution pension cost	65	59
Defined benefit pension cost	24	24
	<u>427</u>	<u>493</u>

* The 2015 cost of sales and administrative expenses have each been adjusted by £2,579,000 to show a more appropriate allocation of costs.

Notes to the financial statements

For the year ended 31 December 2016

5. Employees

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

	2016 £000	2015 £000
Wages and salaries	1,109	1,120
Social security costs	127	135
Cost of defined benefit scheme	24	24
Cost of defined contribution scheme	65	59
	<u>1,325</u>	<u>1,338</u>

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

	2016 No.	2015 No.
Management and administration	8	9
Distribution and sales	23	22
Production	2	2
	<u>33</u>	<u>33</u>

6. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	49	98
Company contributions to defined contribution pension schemes	8	8
	<u>57</u>	<u>106</u>

During the year retirement benefits were accruing to no directors (2015 - none) in respect of defined contribution pension schemes.

7. Interest receivable

	2016 £000	2015 £000
Interest receivable from group companies	1	3
Other interest receivable	20	17
	<u>21</u>	<u>20</u>

Notes to the financial statements

For the year ended 31 December 2016

8. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	438	274
Adjustments in respect of previous periods	(1)	-
Total current tax	<u>437</u>	<u>274</u>
Deferred tax		
Origination and reversal of timing differences	(156)	(7)
Total deferred tax	<u>(156)</u>	<u>(7)</u>
Taxation on profit on ordinary activities	<u>281</u>	<u>267</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>1,426</u>	<u>1,274</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	285	259
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	1
Capital allowances for year in excess of depreciation	-	1
Adjustments to tax charge in respect of prior periods	(1)	-
Short term timing difference leading to an increase in taxation rates	25	-
Other timing differences leading to an increase (decrease) in taxation	-	5
Capital gains	145	-
Accounting profit on chargeable assets	(174)	1
Total tax charge for the year	<u>281</u>	<u>267</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Notes to the financial statements

For the year ended 31 December 2016

9. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £1,046,000k (2015 - £810,000).

10. Tangible fixed assets

Group

	Freehold property £000	Plant & machinery £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2016	901	2,111	247	3,259
Additions	-	70	108	178
Disposals	(66)	(56)	(106)	(228)
At 31 December 2016	835	2,125	249	3,209
Depreciation				
At 1 January 2016	670	1,939	137	2,746
Charge for the period on owned assets	14	43	54	111
Disposals	(66)	(56)	(87)	(209)
At 31 December 2016	618	1,926	104	2,648
Net book value				
At 31 December 2016	217	199	145	561
At 31 December 2015	231	172	110	513

Notes to the financial statements

For the year ended 31 December 2016

10. Tangible fixed assets (continued)

Company

	Freehold property £000	Plant & machinery £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2016	901	1,353	247	2,501
Additions	-	70	108	178
Disposals	(66)	(56)	(106)	(228)
At 31 December 2016	835	1,367	249	2,451
Depreciation				
At 1 January 2016	670	1,286	137	2,093
Charge for the period on owned assets	14	20	54	88
Disposals	(66)	(56)	(87)	(209)
At 31 December 2016	618	1,250	104	1,972
Net book value				
At 31 December 2016	217	117	145	479
At 31 December 2015	231	68	110	409

Notes to the financial statements

For the year ended 31 December 2016

11. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Hugh Gell & Company Limited	Ordinary	100 %	Food and related products
Anderson Gibb and Wilson Limited	Ordinary	100 %	Dormant
Dundee Chemicals Limited	Ordinary	100 %	Chemicals and related products

Company

Investments
in subsidiary
companies
£000

Cost or valuation

At 1 January 2016 28

At 31 December 2016 28

Net book value

At 31 December 2016 28

At 31 December 2015 28

12. Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Finished goods and goods for resale	1,161	1,190	1,161	1,190

Stock recognised in cost of sales during the year as an expense was £11,234,000 (£11,516,000).

Notes to the financial statements

For the year ended 31 December 2016

13. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade debtors	2,468	2,824	2,466	2,805
Amounts owed by group undertakings	48	578	57	698
Prepayments and accrued income	71	124	115	109
Deferred taxation	147	-	147	1
	<u>2,734</u>	<u>3,526</u>	<u>2,785</u>	<u>3,613</u>

An impairment loss of £35,000 (2015: £35,000) was recognised against trade debtors.

14. Cash and cash equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	5,086	3,477	5,013	3,156
	<u>5,086</u>	<u>3,477</u>	<u>5,013</u>	<u>3,156</u>

15. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade creditors	814	1,245	1,202	1,237
Amounts owed to group undertakings	167	162	167	296
Corporation tax	257	93	230	36
Other taxation and social security	234	261	234	250
Accruals and deferred income	423	150	425	131
	<u>1,895</u>	<u>1,911</u>	<u>2,258</u>	<u>1,950</u>

Notes to the financial statements

For the year ended 31 December 2016

16. Financial instruments

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets				
Financial assets measured at amortised cost	<u>7,673</u>	<u>6,879</u>	<u>7,651</u>	<u>6,660</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(1,404)</u>	<u>(1,557)</u>	<u>(1,794)</u>	<u>(1,663)</u>

Financial assets at amortised cost comprise trade debtors, other debtors, amounts owed by group undertakings and cash.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

Notes to the financial statements

For the year ended 31 December 2016

17. Deferred taxation

Group

	2016 £000
At beginning of year	(9)
Charged to Profit and loss	156
Utilised in year	-
At end of year	147

Company

	2016 £000
At beginning of year	1
Charged to Profit and loss	145
At end of year	146

	Group 2016 £000
Accelerated capital allowances	(4)
Other timing differences	151
	147

Notes to the financial statements

For the year ended 31 December 2016

18 Provisions

Group

	£000
At 1 January 2016	85
Charged to profit or loss	500
Utilised in year	(32)
At 31 December 2016	553

The provision charged to the profit and loss in the year relates to property, warranty and other disputes that the directors feel it is necessary to provide for. All provisions have been calculated using the potential legal obligations resulting from leases and other supply arrangements.

19. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
800,000 Ordinary Shares shares of £1 each	800	800

20. Dividends

	2016 £000	2015 £000
Ordinary dividends paid during the year	752	241

The directors have proposed an ordinary dividend of £286,250 in respect of the year ended 31 December 2016 (2015: £202,000). The dividend is subject to approval at the forthcoming annual general meeting. In accordance with FRS 102, no provision has been made for the proposed dividend in the financial statements.

21. Contingent liabilities

At the year end the group had a guarantee in favour of HM Customs & Excise for £60,000 (maximum £60,000) until further notice.

Notes to the financial statements

For the year ended 31 December 2016

22. Pension commitments

The company participates in the Tennants Consolidated Limited Pension Fund, a combined defined benefit and defined contribution scheme, operated by the ultimate parent company. An actuarial valuation of the scheme took place as at 30 September 2013 and further details are shown in the financial statements of Tennants Consolidated Limited.

The cost of the company's contributions to the defined contribution section of the Group scheme amounted to £65,000 (2015: £59,000). There were outstanding contributions of £5,000 (2015: £5,000) payable to the fund.

23. Capital commitments

There are capital commitments of £Nil (2015: £16,000).

24. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Not later than 1 year	185	189	185	116
Later than 1 year and not later than 5 years	836	778	836	428
	<u>1,021</u>	<u>967</u>	<u>1,021</u>	<u>544</u>

25. Related party transactions

The group has taken advantage of the exemption conferred under FRS 102 not to disclose transactions with entities that are part of the group on the basis that this group's financial statements are included in the consolidated group financial statements which are publicly available.

26. Controlling party

Tennants Consolidated Limited, registered in England, is regarded by the directors as the ultimate holding company and controlling party. It has included the Company in its group financial statements, copies of which are available from its registered office, 12 Upper Belgrave Street, London SW1X 8BA.

Tennants Distribution Limited, registered in England, is the immediate parent company and owns 100% of the share capital of Charles Tennant & Company Limited. Tennants Distribution Limited is a 100% subsidiary of Tennants Consolidated Limited.