

Registered number: SC008811

CHARLES TENNANT & COMPANY, LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

SATURDAY



AA2MCE0G

A09

17/04/2021

#107

COMPANIES HOUSE

CHARLES TENNANT & COMPANY, LIMITED

COMPANY INFORMATION

Directors	D J Alexander W P Alexander T Griffiths
Company secretary	G Rainey
Registered number	SC008811
Registered office	Craighead Whistleberry Road Blantyre Glasgow Lanarkshire G72 0TH
Independent auditor	Grant Thornton UK LLP Chartered Accountants, Statutory Auditor Royal Liver Building Liverpool L3 1PS
Bankers	Bank of Scotland 167-201 Argyle Street Glasgow G2 8BU

CHARLES TENNANT & COMPANY, LIMITED

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 4
Independent Auditor's Report to the Directors of Charles Tennant & Company, Limited	5 - 9
Statement of Income and Retained Earnings	10
Statement of Financial Position	11
Notes to the Financial Statements	12 - 27

CHARLES TENNANT & COMPANY, LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The Company is engaged in the distribution and sale of chemicals and allied products, blow molded products and food ingredients in both the UK and overseas markets. The Company's directors are pleased with the overall result for 2020, having regard to the background of continued European and Global uncertainty and continue to seek further growth in its core business.

The Company's results were as follows:

Operating Profit £1,601,000 (2019: £1,811,000)
Profit before tax £1,611,000 (2019: £1,830,000)

Business review

The Company has maintained its core business during a difficult year resulting in sales of £20,675,000 (2019: £21,040,000).

As shown in the Company's Statement of Income and Retained Earnings, the Company had a good year.

The Statement of Financial Position on page 11 of the financial statements shows the Company's financial position remain very strong. Retained profit increased and the year end cash balance stands at £4,359,000 (2019: £2,322,000)

Principal risks and uncertainties

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

Suppliers

The Company aims to agree payment terms with the suppliers when agreeing the terms of the 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

The Company utilises a variety of KPIs to measure performance. These are regularly reviewed by the Company's directors and include inter alia; return on sales, return on capital employed and gross margin contribution. There are 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.

Gary Rainey

G Rainey
Secretary

Date: 13/4/2021

CHARLES TENNANT & COMPANY, LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £1,283,000 (2019: £1,498,000).

Dividends paid in the year amount to £600,000 (2019: £253,000).

The directors have proposed an ordinary dividend of £513,000 in the respect of the year ended 31 December 2020 (2019: £600,000). The dividend is subject to approval at the forthcoming annual general meeting. In accordance with FRS 102, no provision is made for the proposed dividend in the financial statements.

Directors

The directors who served during the year were:

D J Alexander
W P Alexander
A F J Mitchell (retired 30 November 2020)
T Griffiths

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHARLES TENNANT & COMPANY, LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

COVID-19 Assessment

The impact on the Company arising from the uncertainty of the recent COVID-19 outbreak has been considered by the directors:

- Management have considered updated financial forecasts. Based upon the information available, the directors consider that the Company has ample liquidity to continue business for at least the next 12 months as a going concern.
- The directors have reviewed the assets of the business and do not believe there to be any impairments arising as a result of the pandemic.
- As a key supplier to industries at the forefront of fighting the virus and following consultation with our Trade Association, the directors are of the opinion that the Company is a critical business, falling within the criteria issued by the Regulators.
- To date, there has been no material impact on the Company arising from the COVID-19 outbreak and the directors continue to monitor the situation very closely.

Future developments

The Company'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 and below.

The Company 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 Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Principal risks and uncertainties

Foreign currency risk

The Company 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 risk

The Company's principal financial assets are bank balances, cash and trade debtors, which represent the Company'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 Statement of Financial Position are net of allowances for doubtful debts.

The Company'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 Company ensures continuity of liquidity through effective management of its current assets and liabilities.

CHARLES TENNANT & COMPANY, LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Liquidity risk

The Company 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.

Disclosure of information to auditor

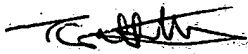
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company'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.



T Griffiths
Director

Date: 13/4/2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARLES TENNANT & COMPANY, LIMITED

Opinion

We have audited the financial statements of Charles Tennant & Company, Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARLES TENNANT & COMPANY,
LIMITED (CONTINUED)**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARLES TENNANT & COMPANY, LIMITED (CONTINUED)

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARLES TENNANT & COMPANY, LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company, and the industry in which it operates. We determined the Companies Act 2006 to be the most significant laws and regulations to the entity. We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews. From the procedures performed we did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- We assessed the susceptibility of the company's financial statements to misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - evaluation of the processes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation engagements of a similar nature;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may results in risk of material misstatement and
 - the company's control environment including the adequacy of procedures for authorisation of transactions.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARLES TENNANT & COMPANY,
LIMITED (CONTINUED)**

Use of our report

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.

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants,
Liverpool
Date: 13/4/2021

CHARLES TENNANT & COMPANY, LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	20,675	21,040
Cost of sales		(15,157)	(15,816)
Gross profit		5,518	5,224
Administrative expenses		(3,917)	(3,413)
Operating profit	5	1,601	1,811
Interest receivable and similar income	9	10	19
Profit before tax		1,611	1,830
Tax on profit on ordinary activities	10	(328)	(332)
Profit after tax		1,283	1,498
Retained earnings at the beginning of the year		6,840	5,595
		6,840	5,595
Profit for the year		1,283	1,498
Dividends declared and paid		(600)	(253)
Retained earnings at the end of the year		7,523	6,840

There was no other comprehensive income for 2020 (2019: £Nil).

All results were derived from the Company's continuing activities.

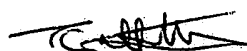
The notes on pages 12 to 27 form part of these financial statements.

CHARLES TENNANT & COMPANY, LIMITED
REGISTERED NUMBER: SC008811

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	12	1,395	1,512
Investments	13	29	29
		<u>1,424</u>	<u>1,541</u>
Current assets			
Stocks	14	2,411	2,100
Debtors: amounts falling due within one year	15	3,247	3,707
Cash at bank and in hand	16	4,359	2,322
		<u>10,017</u>	<u>8,129</u>
Creditors: amounts falling due within one year	17	(3,065)	(1,977)
Net current assets		<u>6,952</u>	<u>6,152</u>
Total assets less current liabilities		<u>8,376</u>	<u>7,693</u>
Provisions for liabilities			
Other provisions	19	(53)	(53)
		<u>(53)</u>	<u>(53)</u>
Net assets		<u><u>8,323</u></u>	<u><u>7,640</u></u>
Capital and reserves			
Called up share capital	20	800	800
Profit and loss account	21	7,523	6,840
		<u><u>8,323</u></u>	<u><u>7,640</u></u>

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



T Griffiths
 Director

Date: 13/4/2021

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

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Charles Tennant & Company, Limited is a private company limited by shares & incorporated in Scotland. Its registered head office is located at Charles Tennant & Company, Limited, Craighead, Whistleberry Road, Blantyre, Glasgow, Lanarkshire, G72 0TH which is the same as its principal place of business.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in Pounds Sterling (£), the Company's functional currency.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.
- the requirements of Section 33 Key management personnel disclosure.

This information is included in the consolidated financial statements of Tennants Consolidated Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The impact on the Company arising from the uncertainty of the recent COVID-19 outbreak has been considered by the directors:

- Management have considered updated financial forecasts. Based upon the information available, the directors consider that the Company has ample liquidity to continue business for at least the next 12 months as a going concern.
- The directors have reviewed the assets of the business and do not believe there to be any impairments arising as a result of the pandemic.
- As a key supplier to industries at the forefront of fighting the virus and following consultation with our Trade Association, the directors are of the opinion that the Company is a critical business, falling within the criteria issued by the Regulators.
- To date, there has been no material impact on the Company arising from the COVID-19 outbreak and the directors continue to monitor the situation very closely.

2.4 Turnover

Turnover derives principally from the continuing manufacture of and trading in chemicals and allied products, from the sale of blow molded 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 left for delivery.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and 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.

The Company adds to the carrying value of fixed assets the cost of replacing part of such an item when the cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount for the replaced part is de-recognised. Repairs and maintenance expenses are charged to the Statement of Income and Retained Earnings during the period in which they are incurred.

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.5 Tangible fixed assets (continued)**

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.

Depreciation is provided on the following basis:

Freehold property	- 25 years
Plant and 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.

Tangible assets are de-recognised on disposal or when no future economic benefits are expected.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

Tangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher.

2.6 Fixed assets investments

Investments in subsidiaries is initially measured at fair value which is the cost.

Investments in subsidiaries are then subsequently measured at cost less accumulated impairment.

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.

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value. At each Statement of Financial Position date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings.

2.8 Debtors

Short term debtors are initially measured at transaction price, less any impairment losses for bad and doubtful debts. They are then subsequently measured at amortised cost less impairment.

2.9 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.10 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price (usually the invoice price). Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.13 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 Statement of Income and Retained Earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.15 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 Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings 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 reporting 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 Statement of Financial Position 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.

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 reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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.

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

All turnover for both the current and prior year relates to the Company's principal activity.

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Turnover	20,675	21,040

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	20,607	20,848
Rest of Europe	68	192
	20,675	21,040

5. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	286	291
Defined contribution pension cost	84	79

6. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	23	21

Fees payable to the Company's auditor in respect of:

Taxation compliance services	2	2
Accounting services	2	2
	4	4

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Employees

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

	2020	2019
	£000	£000
Wages and salaries	1,278	1,243
Social security costs	152	150
Cost of defined contribution scheme	84	79
	1,514	1,472

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

	2020	2019
	No.	No.
Employees	34	33

8. Directors' remuneration

	2020	2019
	£000	£000
Directors' emoluments	50	50
Company contributions to defined contribution pension schemes	5	5
	55	55

During the year retirement benefits were accruing to 1 director (2019: 1) in respect of defined contribution pension schemes.

9. Interest receivable

	2020	2019
	£000	£000
Other interest receivable	10	19

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	312	215
Total current tax	312	215
Deferred tax		
Origination and reversal of timing differences	16	117
Total deferred tax	16	117
Taxation on profit on ordinary activities	328	332

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	1,611	1,830
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	306	348
Effects of:		
Adjustment to tax charge in respect of prior periods	21	-
Adjust opening deferred tax to average rate of 19%	(2)	(18)
Other timing differences	3	2
Total tax charge for the year	328	332

Factors that may affect future tax charges

The tax rate for the current and previous year is 19%. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2019). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporation tax rate from 19% to 17% would no longer happen and that the rates would remain at 19% for the foreseeable future. This new law was enacted on 17 March 2020. Deferred taxes at the Statement of Financial Position date have therefore been measured at 19%.

CHARLES TENNANT & COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Taxation (continued)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £5,126, to increase the deferred tax asset to £21,356.

11. Dividends

	2020 £000	2019 £000
Ordinary dividends paid during the year representing 75.0p per share (2019: 31.6p)	600	253

The directors have proposed an ordinary dividend of £513,000 in respect of the year ended 31 December 2020 (2019: £600,000). 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.

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2020	835	3,279	284	4,398
Additions	-	78	91	169
Disposals	(102)	(11)	(68)	(181)
At 31 December 2020	<u>733</u>	<u>3,346</u>	<u>307</u>	<u>4,386</u>
Depreciation				
At 1 January 2020	660	2,037	189	2,886
Charge in year	15	212	59	286
Disposals	(102)	(11)	(68)	(181)
At 31 December 2020	<u>573</u>	<u>2,238</u>	<u>180</u>	<u>2,991</u>
Net book value				
At 31 December 2020	<u><u>160</u></u>	<u><u>1,108</u></u>	<u><u>127</u></u>	<u><u>1,395</u></u>
At 31 December 2019	<u><u>175</u></u>	<u><u>1,242</u></u>	<u><u>95</u></u>	<u><u>1,512</u></u>

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS.
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2020	29
At 31 December 2020	<u>29</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Hugh Gell & Company Limited	12 Upper Belgrave Street, London, SW1X 8BA	Ordinary	100%
Anderson Gibb and Wilson Limited	Craighead, Whistleberry Road, Blantyre, G72 0TH	Ordinary	100%
Dundee Chemicals Limited	Tennants Distribution Limited, Cheetham, Manchester, M8 0GR	Ordinary	100%

All subsidiary undertakings are dormant companies. Hugh Gell & Company Limited and Dundee Chemicals Limited were incorporated in England and Wales. Anderson Gibb and Wilson Limited was incorporated in Scotland.

14. Stocks

	2020 £000	<i>As restated 2019 £000</i>
Raw materials	767	500
Goods for resale	1,644	1,600
	<u>2,411</u>	<u>2,100</u>

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Debtors

	2020	2019
	£000	£000
Trade debtors	3,077	3,302
Amounts owed by group undertakings	61	127
Other debtors	2	3
Prepayments and accrued income	91	105
Corporation tax recoverable	-	138
Deferred taxation (Note 18)	16	32
	3,247	3,707

An impairment loss of £111,000 (2019: £35,000) was recognised against trade debtors.

16. Cash

	2020	2019
	£000	£000
Cash at bank and in hand	4,359	2,322

17. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	1,628	758
Amounts owed to group undertakings	540	598
Corporation tax	72	-
Other taxation and social security	448	276
Accruals and deferred income	377	345
	3,065	1,977

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	32	149
Utilised in year	(16)	(117)
At end of year	16	32

The deferred tax asset is made up as follows:

	2020	2019
	£000	£000
Accelerated capital allowances	(35)	(22)
Short term timing differences	51	54
	16	32

19. Provisions

	Other provision £000
At 1 January 2020	53
At 31 December 2020	53

20. Share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
800,000 (2019: 800,000) Ordinary shares of £1 each	800	800

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. Reserves

Profit and loss account

Includes all current and prior periods retained profits and losses.

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 2016 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 £84,000 (2019: £79,000). There were outstanding contributions of £15,000 (2019: £Nil) payable to the fund.

23. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£000	£000
Not later than 1 year	216	188
Later than 1 year and not later than 5 years	737	276
	<u>953</u>	<u>464</u>

24. Capital commitments

The Company had capital commitments of £98,000 as at 31 December 2020 (2019: £Nil).

25. Related party transactions

The Company has taken advantage of the exemption available in accordance with FRS 102 not to disclose transactions entered into between two or more members of a group.

CHARLES TENNANT & COMPANY, LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 Companies House.

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.

The smallest and largest group of undertakings for which consolidated financial statements have been drawn up is that headed by Tennants Consolidated Limited. Copies of the consolidated financial statements of the group can be obtained from Companies House.