

# Financial Statements

## Charles Tennant & Company Limited

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For the Year Ended 31 December 2017

Registered number: SC008811



**Charles Tennant & Company Limited**

## Company Information

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

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# Strategic Report

**For the Year Ended 31 December 2017**

## Introduction

The Company 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 2017, having regard to the background of continued global uncertainty and continue to seek further growth in its core business.

The Company's results were as follows:

Operating Profit £1,505,000 (2016: £1,291,000)

Profit before tax £1,521,000 (2016: £1,312,000)

## Business review

The Company has seen some growth in its core business resulting in sales of £18,290,000 (2016: £15,521,000).

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

The Statement of Financial Position 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 £5,605,000 (2016: £5,013,000).

## 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.

### 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 flow 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.

### 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.

## **Strategic Report (continued)**

**For the Year Ended 31 December 2017**

### **Suppliers**

The Company 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**

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.



**G Rainey**  
Secretary

Date: 29 March 2018

# Directors' Report

**For the Year Ended 31 December 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

## **Results and dividends**

The profit for the year, after taxation, amounted to £1,237,000 (2016: £1,046,000).

Dividends paid in the year amount to £286,250 (2016: £752,000)

The directors have proposed an ordinary dividend of £310,000 in the respect of the year of the year end 31 December 2017 (2016: £286,250). 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

## **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

## Directors' Report (continued)

For the Year Ended 31 December 2017

### 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.

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

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 annual report and accounts

### Post balance sheet events

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

### Disclosure of information to auditor

The directors at the time when this Directors' Report is approved has confirmed that:

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



**A F J Mitchell**  
Director

Date: 29 March 2018

## Independent Auditor's Report to the Members of Charles Tennant & Company Limited

### Opinion

We have audited the financial statements of Charles Tennant & Company Limited for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 2017 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

### Who we are reporting to

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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## Independent Auditor's Report to the Members of Charles Tennant & Company Limited (continued)

### **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 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.

### **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 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.

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



## Independent Auditor's Report to the Members of Charles Tennant & Company Limited (continued)

### **Responsibilities of directors for the financial statements**

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, 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.

### **Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.

*Grant Thornton UK LLP*

Carl Williams (Senior statutory auditor)  
for and on behalf of

**Grant Thornton UK LLP**  
Chartered Accountants  
Statutory Auditor  
Liverpool

Date: 4 April 2018

## Statement of Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	4	18,290	15,521
Cost of sales		(13,787)	(11,730)
<b>Gross profit</b>		<b>4,503</b>	<b>3,791</b>
Administrative expenses		(2,998)	(2,500)
<b>Operating profit</b>	5	<b>1,505</b>	<b>1,291</b>
Interest receivable and similar income	9	16	21
<b>Profit before tax</b>		<b>1,521</b>	<b>1,312</b>
Tax on profit	10	(284)	(266)
<b>Profit for the financial year</b>		<b>1,237</b>	<b>1,046</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>1,237</b>	<b>1,046</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the Statement of Comprehensive Income.


The notes on pages 11 to 24 form part of these financial statements.

## Statement of Financial Position

As at 31 December 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	12	1,383	479
Investments	13	29	29
		<u>1,412</u>	<u>508</u>
<b>Current assets</b>			
Stocks	14	1,328	1,161
Debtors: amounts falling due within one year	15	3,722	2,786
Cash at bank and in hand	16	5,605	5,013
		<u>10,655</u>	<u>8,960</u>
Creditors: amounts falling due within one year	17	(3,821)	(2,258)
<b>Net current assets</b>		<u>6,834</u>	<u>6,702</u>
<b>Total assets less current liabilities</b>		<u>8,246</u>	<u>7,210</u>
<b>Provisions for liabilities</b>			
Other provisions	20	(553)	(468)
		<u>(553)</u>	<u>(468)</u>
<b>Net assets</b>		<u><u>7,693</u></u>	<u><u>6,742</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	800	800
Profit and loss account	22	6,893	5,942
		<u><u>7,693</u></u>	<u><u>6,742</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2018.



**A F J Mitchell**

Director

The notes on pages 11 to 24 form part of these financial statements.

## Statement of Changes in Equity

For the Year Ended 31 December 2017

	Called up share capital £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2016	800	634	631	4,383	6,448
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,046	1,046
<b>Total comprehensive income for the year</b>	-	-	-	1,046	1,046
<b>Contributions by and distributions to owners</b>					
Dividends paid	-	-	-	(752)	(752)
Transfer to revenue reserves transfer to P&L account	-	-	(631)	631	-
Transfer to capital reserves transfer to P&L account	-	(634)	-	634	-
At 1 January 2017	800	-	-	5,942	6,742
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,237	1,237
<b>Total comprehensive income for the year</b>	-	-	-	1,237	1,237
<b>Contributions by and distributions to owners</b>					
Dividends: Equity capital	-	-	-	(286)	(286)
At 31 December 2017	800	-	-	6,893	7,693

# Notes to the Financial Statements

**For the Year Ended 31 December 2017**

1. General 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.

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 judgment in applying the Company's accounting policies (see note 3).

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

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 2017 and these financial statements may be obtained from 12 Upper Belgrave Street, London SW1X 8BA.

**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.

# Notes to the Financial Statements

**For the Year Ended 31 December 2017**

## 2. Accounting policies (continued)

### 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 infra-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.

### 2.5 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.

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.

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

### 2.6 Fixed assets 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.

### 2.7 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 2017

### 2. Accounting policies (continued)

#### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.10 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.

#### 2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### 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 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 2017

## 2. Accounting policies (continued)

### 2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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 Comprehensive Income 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 Comprehensive Income using the effective interest method.

### 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 Comprehensive Income 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.

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 2. Accounting policies (continued)

#### 2.18 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 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.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

4. Turnover

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

	2017 £000	2016 £000
Turnover	18,290	15,521

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	18,145	15,303
Europe	145	218

5. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	132	80
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	19	19
Defined contribution pension cost	64	65

6. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	19	19
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	2	2
Accounting services	2	2
	4	4

# Notes to the Financial Statements

For the Year Ended 31 December 2017

7. Employees

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

	2017 £000	2016 £000
Wages and salaries	1,201	1,236
Cost of defined contribution scheme	64	65
	<u>1,265</u>	<u>1,301</u>

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

	2017 No.	2016 No.
Employees	<u>33</u>	<u>33</u>

8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	50	50
Directors pension costs - defined contrib'n sch.	5	5
	<u>55</u>	<u>55</u>

During the year retirement benefits were accruing to no directors (2016 -NIL) in respect of defined contribution pension schemes.

9. Interest receivable

	2017 £000	2016 £000
Other interest receivable	<u>16</u>	<u>21</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 10. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	303	411
	<u>303</u>	<u>411</u>
Total current tax	<u>303</u>	<u>411</u>
Deferred tax		
Origination and reversal of timing differences	(11)	(145)
Adjustments in respect of prior periods	(8)	-
Total deferred tax	<u>(19)</u>	<u>(145)</u>
Taxation on profit on ordinary activities	<u>284</u>	<u>266</u>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 -higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	<u>1,521</u>	<u>1,312</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 -20%)	293	262
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	1
Fixed asset differences	3	(167)
Adjustments to brought forward values	(23)	-
Other tax adjustments, reliefs and transfers	16	-
Adjustments to tax charge in respect of prior periods	(8)	(1)
Adjustments to tax rate to 19.25%	2	26
Capital gains	-	145
Total tax charge for the year	<u>284</u>	<u>266</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2017

## 11. Dividends

	2017 £000	2016 £000
Ordinary dividends paid during the year	286	752

The directors have proposed an ordinary dividend of £310,000 in respect of the year ended 31 December 2017 (2016: £286,250). 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.

## 12. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2017	835	1,367	249	2,451
Additions	-	936	23	959
Transfer from group undertakings	-	757	-	757
Disposals	-	-	(36)	(36)
At 31 December 2017	835	3,060	236	4,131
Depreciation				
At 1 January 2017	618	1,250	104	1,972
Charge owned for the period	14	56	62	132
Transfer from group undertakings	-	675	-	675
Disposals	-	-	(31)	(31)
At 31 December 2017	632	1,981	135	2,748
Net book value				
At 31 December 2017	203	1,079	101	1,383
At 31 December 2016	217	117	145	479

Included in Plant and machinery, additions of £866,827 relate to assets under construction and have not been depreciated in the year.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	29
At 31 December 2017	29
Net book value	
At 31 December 2017	29
At 31 December 2016	29

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

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

All subsidiary undertakings are incorporated in England and Wales.

14. Stocks

	2017 £000	2016 £000
Finished goods and goods for resale	1,328	1,161

# Notes to the Financial Statements

For the Year Ended 31 December 2017

15. Debtors

	2017 £000	2016 £000
Trade debtors	3,224	2,466
Amounts owed by group undertakings	105	57
Other debtors	141	49
Prepayments and accrued income	68	67
Corporation tax recoverable	18	-
Deferred taxation	166	147
	<u>3,722</u>	<u>2,786</u>

16. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	5,605	5,013
	<u>5,605</u>	<u>5,013</u>

17. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	2,017	785
Amounts owed to group undertakings	1,124	584
Corporation tax	-	230
Other taxation and social security	226	234
Accruals and deferred income	454	425
	<u>3,821</u>	<u>2,258</u>



# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 18. Financial instruments

	2017 £000	2016 £000
Financial assets		
Financial assets measured at amortised cost	<u>9,142</u>	<u>7,651</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,686)</u>	<u>(1,793)</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.

## 19. Deferred taxation

	2017 £000	2016 £000
At beginning of year	147	1
Utilised in year	<u>19</u>	<u>146</u>
At end of year	<u>166</u>	<u>147</u>
	2017 £000	2016 £000
Accelerated capital allowances	(6)	(4)
Short term timing differences	<u>172</u>	<u>151</u>
	<u>166</u>	<u>147</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 20. Provisions

	Other provision £000
At 1 January 2017	468
Transfer from group undertakings	85
At 31 December 2017	<u>553</u>

The provision of £85,000 was transferred in the year from the subsidiary undertaking, Dundee Chemicals Limited.

## 21. Share capital

	2017 £000	2016 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
800,000 Ordinary shares of £1 each	<u>800</u>	<u>800</u>

## 22. Reserves

### Profit and loss account

Includes all current and prior periods retained profits and losses.

## 23. 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 £64,000 (2016: £65,000). There were outstanding contributions of £6,000 (2016: £5,000) payable to the fund.

## Notes to the Financial Statements

For the Year Ended 31 December 2017

24. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Not later than 1 year	186	185
Later than 1 year and not later than 5 years	460	836
	<u>646</u>	<u>1,021</u>

25. Related party transactions

The Company has taken advantage of the exemption conferred under FRS 102 not to disclose transactions with entities that are part of the group.

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.