

250915

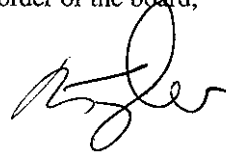
TENNANTS CONSOLIDATED LIMITED

NOTICE IS HEREBY GIVEN that the sixty-sixth annual general meeting of TENNANTS CONSOLIDATED LIMITED will be held at 69 Grosvenor Street, London W1X 0BP on 3rd July, 1997 at 12 noon.

1. To consider the accounts for the year ended 31st December, 1996, and the reports of the directors and the auditors.
2. To declare a final dividend on the ordinary shares and the "A" ordinary shares.
3. To re-elect Dr. S. A. Ridgwell as a director.
4. To re-elect Mr. W. P. Alexander as a director.
5. To re-elect Mr. N. W. Gibson as a director.
6. To fix the directors' remuneration.
7. To re-appoint the auditors and to fix their remuneration.
8. To transact any other ordinary business of the company.

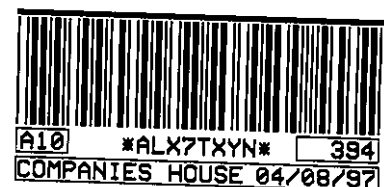
Any member entitled to attend and vote shall be entitled to appoint a proxy to attend and, on a poll, vote for him. A proxy need not be a member of the company.

By order of the board,



69 Grosvenor Street,
London W1X 0BP

15th May, 1997



TENNANTS CONSOLIDATED LIMITED

Directors	Kenneth Alston Alexander <i>Chairman</i> Dr. William Bryce Alexander James Melling Dr. Stanley Arthur Ridgwell CBE Arthur Christopher Llewelyn Smith William Paul Alexander Norman Warwick Gibson
Bankers	Bank of Scotland West End Office, St. James's Gate, 14-16 Cockspur Street, London SW1Y 5BL
Auditors	Ernst & Young, <i>Chartered Accountants</i> Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH
Secretary	David R. Tayler FCA
Registered Office	69 Grosvenor Street, London W1X 0BP
Registered number	250915

TENNANTS CONSOLIDATED LIMITED

Report of the Directors

The group is engaged in the manufacture and sale of chemicals and chemical products.

	1996	1995
Group profit before taxation	£13,107,000	£11,052,000
Net profit attributable to shareholders	£8,969,000	£7,414,000

With the exception of operations in Canada, all companies remained profitable in 1996. In Canada, payments associated with staffing reorganisation and increased interest payments arising from considerable plant additions and improvements in Alberta resulted in a loss. Further substantial distribution facilities have been installed at Purfleet and there have been significant additions to Synthite's plant at Mold. The result of these investments will be increased depreciation charges in the coming years.

The claim against Tennants Textile Colours and Synthite over a patent is close to settlement. Though the costs of the action are not yet known, the directors believe that adequate provision has been made in the accounts.

For 1997 indications are that operating profits will be adversely affected, due to pressure on margins, particularly associated with the high exchange rate for the pound affecting our own exports and the competitive position of our U.K. customers, and also, as mentioned, increased depreciation charges.

As usual it is appropriate to advise shareholders that the group continues to monitor operations to ensure compliance with environmental legislation.

An interim dividend of 5.59p per share was paid on 6th April, 1997 on both classes of ordinary shares. It is proposed to pay a final dividend, which, if adopted at the meeting, will be 9.32p per share on both classes of ordinary shares. This will leave a retained profit of £6,844,000.

Fixed assets

The movements on fixed assets are shown in notes 10 and 11 to the accounts. The directors are of the opinion that the current value of the land and buildings owned by the group is in excess of the book value.

TENNANTS CONSOLIDATED LIMITED

Report of the Directors (*continued*)

Donations

Group donations to U.K. charitable organisations amounted to £45,000. A donation of £5,000 was made to the Conservative Party.

Directors

The directors listed on page 2 were in office throughout the year. As reported last year Mr. R. Lewellen retired on 4th July, 1996.

The directors retiring by rotation are Dr. S. A. Ridgwell, Mr. W. P. Alexander and Mr. N. W. Gibson who offer themselves for re-election.

Directors' and Officers' liability insurance

During the year the Company purchased and maintained liability insurance for its directors and officers as permitted by section 310(3) of the Companies Act 1985.

Directors' shareholdings

The interests of the directors and those of their families in the shares of the company at 1st January and at 31st December, 1996 as required to be disclosed by the Companies Act, 1985 were:

1st January, 1996

	Ordinary	"A" Ordinary	Preference
K. A. Alexander	666,374	697,874	172,033
W. B. Alexander	914,949	909,949	285,640
W. P. Alexander	174,824	172,324	52,339
R. F. Lewellen	4,000	—	—
J. Melling	4,000	—	—
S. A. Ridgwell	4,000	—	—
A. C. L. Smith	4,000	—	—

31st December, 1996

K. A. Alexander	680,868	756,967	179,566
W. B. Alexander	929,443	924,443	285,640
W. P. Alexander	174,824	172,324	52,339
J. Melling	—	—	—
S. A. Ridgwell	—	—	—
A. C. L. Smith	—	—	—
N. W. Gibson	—	—	—

TENNANTS CONSOLIDATED LIMITED

Report of the Directors (*continued*)

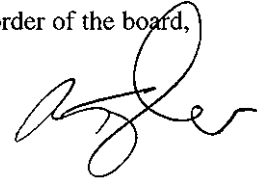
Suppliers

Group policy is to establish payment terms with suppliers when agreeing the terms of business transactions. Where payment terms have not been agreed, payments are generally made on average to suppliers within thirty days of receipt of correct invoices.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the board,

A handwritten signature in black ink, appearing to be 'A. J. Lee', written over the text 'By order of the board,'.

69 Grosvenor Street,
London W1X 0BP
15th May, 1997

TENNANTS CONSOLIDATED LIMITED

Statement of Directors' Responsibilities in respect of the Accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TENNANTS CONSOLIDATED LIMITED

Report of the Auditors to the members of Tennants Consolidated Limited

We have audited the accounts on pages 9 to 23 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31st December, 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Endr. Louny
Chartered Accountant
Registered Auditor
London

15th May, 1997

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Group Profit & Loss Account for the year ended 31st December, 1996

	Notes	1996	1995	
		£000	Before exceptional item £000	Exceptional item £000 Total £000
TURNOVER	2	152,746	156,296	156,296
Operating costs	3	144,206	147,547	150,034
OPERATING PROFIT	4	8,540	8,749	6,262
Profit on sale of fixed asset investments		617	866	866
Income from interests in associated undertakings		121	111	111
Dividends and interest receivable	6	3,829	3,813	3,813
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,107	13,539	11,052
Tax on profit on ordinary activities	7	4,003		3,520
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		9,104		7,532
Minority interests – equity		135		118
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	8	8,969		7,414
Dividends – equity	9	1,808		1,643
– non-equity	9	317		317
RETAINED PROFIT FOR THE YEAR		6,844		5,454

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

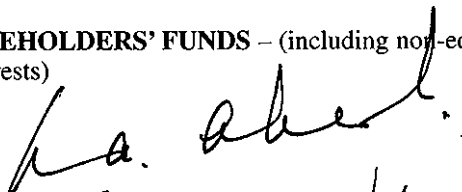
Statement of total recognised gains and losses for the year ended 31st December, 1996

	<i>Notes</i>	1996	1995
		£000	£000
Profit attributable to members of the parent company	8	8,969	7,414
Currency translation differences		(732)	540
Total gains recognised since last annual report	18	<u>8,237</u>	<u>7,954</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Balance Sheets as at 31st December, 1996

	Notes	1996		1995	
		Group £000	Company £000	Group £000	Company £000
FIXED ASSETS					
Tangible assets	10	19,724	93	17,549	85
Investments:	11				
Listed investments		14,677	13,348	14,032	12,703
Subsidiaries		—	10,277	—	9,204
Associates		1,361	50	1,276	—
		<u>35,762</u>	<u>23,768</u>	<u>32,857</u>	<u>21,992</u>
CURRENT ASSETS					
Stocks	12	19,104	—	19,940	—
Debtors	13	31,373	908	32,155	1,046
Cash deposits at bank and in hand	14	55,445	5,263	51,309	5,423
		<u>105,922</u>	<u>6,171</u>	<u>103,404</u>	<u>6,469</u>
CREDITORS: amounts falling due within one year					
Bank overdrafts	14	2,818	—	1,878	—
Trade and other creditors	15	18,050	160	19,616	114
Current taxation		4,112	228	4,360	260
Proposed dividends		1,808	1,808	1,643	1,643
		<u>26,788</u>	<u>2,196</u>	<u>27,497</u>	<u>2,017</u>
NET CURRENT ASSETS		<u>79,134</u>	<u>3,975</u>	<u>75,907</u>	<u>4,452</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>114,896</u>	<u>27,743</u>	<u>108,764</u>	<u>26,444</u>
CREDITORS: amounts falling due after one year					
Advance corporation tax		283	283	257	257
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	16	—	—	118	2
NET ASSETS		<u>114,613</u>	<u>27,460</u>	<u>108,389</u>	<u>26,185</u>
MINORITY INTERESTS – equity		<u>1,930</u>	<u>—</u>	<u>1,818</u>	<u>—</u>
		<u>112,683</u>	<u>27,460</u>	<u>106,571</u>	<u>26,185</u>
CAPITAL & RESERVES					
Called-up share capital	17	5,144	5,144	5,144	5,144
Profit and loss account	18	107,539	22,316	101,427	21,041
SHAREHOLDERS' FUNDS – (including non-equity interests)					
	18	<u>112,683</u>	<u>27,460</u>	<u>106,571</u>	<u>26,185</u>


 H.A. Alexander } Directors
 15th May, 1997

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Accounts (*continued*)

(h) Investment income

Interest on loans and bank deposits is taken into account on an accruals basis. Income from other investments is accounted for when received. Profits on realisation of investments are credited to profit and loss account.

(i) Leased assets

Rentals paid under operating leases are charged to profit and loss account on a straight-line basis over the life of the leases.

2. TURNOVER

Turnover derives principally from the manufacture of and trading in chemicals and allied products and represents the invoiced amount of goods sold stated net of value added tax.

	1996 £000	1995 £000
Analysis of turnover of continuing activities		
Sales by UK companies:		
home	97,763	103,414
export	26,440	26,431
Sales by overseas companies	28,543	26,451
	<u>152,746</u>	<u>156,296</u>

No disclosure of profit before taxation or net assets by reference to geographical markets is given as, in the opinion of the directors, this would be seriously prejudicial to the interests of the company.

3. OPERATING COSTS

Operating costs relating to the group's continuing activities are analysed as follows:

	1996 £000	1995 £000
Changes in stocks of work-in-progress, finished goods and goods for resale	459	(1,315)
Raw materials and consumables	102,556	107,145
Other external charges	7,392	6,770
Staff costs:		
wages and salaries	14,789	15,604
social security costs	1,442	1,514
other pension costs	743	665
Depreciation	4,235	6,160
Other operating charges	12,590	13,491
	<u>144,206</u>	<u>150,034</u>

Exceptional item

During 1995 commercial difficulties forced Mitchanol International Limited to conduct a fundamental reorganisation of its business which resulted in a number of redundancies and the cessation of manufacturing activities of certain products. Assets which were no longer required in the business were fully written off. The total costs of £2,487,000 were shown as an Exceptional Item in the Profit and Loss Account and comprised redundancy costs of £350,000 (included in salaries and wages above), and additional depreciation of £2,137,000. The company has returned to profitability in 1996.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Accounts (*continued*)

4. OPERATING PROFIT

	1996 £000	1995 £000
This is stated after charging/(crediting):		
Auditors' remuneration		
– Ernst & Young – UK audit fees	104	105
other UK services	55	52
– other auditors – audit fees	33	85
other services	22	26
(of the Ernst & Young UK audit fees, £35,000 relates to the parent company (1995: £34,000))		
Hire of plant and machinery	91	118
Operating lease rentals – land and buildings	53	57
– plant and machinery	60	51
Rent received	(240)	(195)
Directors' emoluments:		
Fees	4	4
Other emoluments including pension contributions (including emoluments of the Chairman (who was also the highest paid director) of £90,000, (1995: £98,000))	274	264

The emoluments of the directors (excluding pension contributions) fell within the following ranges:

	1996 Number	1995 Number
£ 5,001— £10,000	1	—
£10,001— £15,000	1	—
£15,001— £20,000	3	4
£50,001— £55,000	1	2
£55,001— £60,000	1	—
£90,001— £95,000	1	—
£95,001—£100,000	—	1

5. EMPLOYEES

The average number of persons employed by the group during the year was:

	1996 Number	1995 Number
Management and administration	221	210
Distribution and sales	192	189
Production	373	401
	<u>786</u>	<u>800</u>

6. DIVIDENDS AND INTEREST RECEIVABLE

	1996 £000	1995 £000
Income from listed investments	1,077	926
Interest on short term loans and deposits	2,752	2,887
	<u>3,829</u>	<u>3,813</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Accounts (*continued*)

7. TAXATION

	1996 £000	1995 £000
Tax on profit on ordinary activities:		
UK corporation tax at 33%	3,712	3,716
Tax credits on franked income	139	120
Deferred taxation	(111)	(681)
	<hr/>	<hr/>
Overseas taxation	3,740	3,155
	271	356
	<hr/>	<hr/>
Over provision in previous years	4,011	3,511
	(44)	(26)
	<hr/>	<hr/>
Associates	3,967	3,485
	36	35
	<hr/>	<hr/>
	4,003	3,520
	<hr/>	<hr/>

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

In accordance with the exemptions allowed by section 230(3) of the Companies Act, 1985 the company has not presented its own profit and loss account. Of the profit attributable to members of the parent company, a profit of £3,400,000 (1995: loss of £990,000) has been dealt with in the accounts of the company.

9. DIVIDENDS

	1996 £000	1995 £000
Interim paid on 6th April, 1997:		
5.59p (1995: 5.08p) per share	678	616
Proposed final: 9.32p (1995: 8.47p) per share	1,130	1,027
	<hr/>	<hr/>
Non-equity dividends on preference shares	1,808	1,643
	317	317
	<hr/>	<hr/>
	2,125	1,960
	<hr/>	<hr/>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Accounts (*continued*)

10. TANGIBLE FIXED ASSETS

GROUP	Land & Buildings £000	Plant & Machinery £000	Vehicles £000	Total £000
Cost				
At 31st December, 1995	11,880	34,051	2,859	48,790
Currency changes	(119)	(265)	(14)	(398)
Additions	2,550	3,457	774	6,781
Disposals	—	(381)	(668)	(1,049)
At 31st December, 1996	<u>14,311</u>	<u>36,862</u>	<u>2,951</u>	<u>54,124</u>
Depreciation				
At 31st December, 1995	3,764	25,583	1,894	31,241
Currency changes	(20)	(173)	(11)	(204)
Provided during the year	426	3,289	520	4,235
Disposals	—	(363)	(509)	(872)
At 31st December, 1996	<u>4,170</u>	<u>28,336</u>	<u>1,894</u>	<u>34,400</u>
Net book value				
At 31st December, 1996	<u>10,141</u>	<u>8,526</u>	<u>1,057</u>	<u>19,724</u>
At 31st December, 1995	<u>8,116</u>	<u>8,468</u>	<u>965</u>	<u>17,549</u>

The net book value of land and buildings comprises:

	1996 £000	1995 £000
Freehold	8,015	5,823
Long leasehold	1,840	1,991
Short leasehold	286	302
	<u>10,141</u>	<u>8,116</u>

COMPANY

	Land & Buildings £000	Plant & Machinery £000	Vehicles £000	Total £000
Cost				
At 31st December, 1995	57	26	13	96
Additions	—	—	17	17
Disposals	—	—	—	—
At 31st December, 1996	<u>57</u>	<u>26</u>	<u>30</u>	<u>113</u>
Depreciation				
At 31st December, 1995	—	4	7	11
Provided during the year	—	2	7	9
Disposals	—	—	—	—
At 31st December, 1996	<u>—</u>	<u>6</u>	<u>14</u>	<u>20</u>
Net book value				
At 31st December, 1996	<u>57</u>	<u>20</u>	<u>16</u>	<u>93</u>
At 31st December, 1995	<u>57</u>	<u>22</u>	<u>6</u>	<u>85</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Accounts (*continued*)

11. FIXED ASSET INVESTMENTS

(a) LISTED INVESTMENTS	Group £000		Company £000	
Cost				
At 31st December, 1995		14,032		12,703
Additions		5,814		5,814
Disposals		(5,169)		(5,169)
At 31st December, 1996		<u>14,677</u>		<u>13,348</u>
Analysis		Market		Market
	Cost	Value	Cost	Value
	£000	£000	£000	£000
At 31st December, 1996				
Listed on the London Stock Exchange	9,383	28,488	8,108	17,074
Listed outside Great Britain	5,294	7,996	5,240	6,610
	<u>14,677</u>	<u>36,484</u>	<u>13,348</u>	<u>23,684</u>
At 31st December, 1995				
Listed on the London Stock Exchange	8,605	26,127	7,330	15,547
Listed outside Great Britain	5,427	8,408	5,373	7,148
	<u>14,032</u>	<u>34,535</u>	<u>12,703</u>	<u>22,695</u>

A tax liability of approximately £4,988,000 (1995: £4,674,000) would have arisen if all the group investments had been realised at the balance sheet date. The comparable figure for the company is £2,490,000 (1995: £2,442,000).

(b) SUBSIDIARIES

	Shares £000	Company Loans £000	Total £000
At 31st December, 1995	6,015	3,189	9,204
Purchase of shares in subsidiaries	4,003	—	4,003
Sale of shares in subsidiaries	(1,790)	—	(1,790)
Additions	—	692	692
Repayments	—	(1,650)	(1,650)
Currency movements	—	(182)	(182)
At 31st December, 1996	<u>8,228</u>	<u>2,049</u>	<u>10,277</u>

Purchases and sales of shares in subsidiaries and associates took place as at 1st January, 1996 as part of a group re-organisation.

(c) ASSOCIATES – unlisted

	Group £000	Company £000
At 31st December, 1995	1,276	—
Purchase of shares	—	50
Share of profits for the year	85	—
At 31st December, 1996	<u>1,361</u>	<u>50</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Accounts (*continued*)

12. STOCKS

	Group	
	1996	1995
	£000	£000
Raw materials and consumables	5,734	7,029
Work-in-progress	1,710	1,808
Finished goods and goods for resale	11,660	11,103
	<u>19,104</u>	<u>19,940</u>

13. DEBTORS

	1996		1995	
	Group	Company	Group	Company
	£000	£000	£000	£000
Due within one year				
Group companies	—	55	—	20
Trade	28,955	—	29,814	—
Other	753	49	716	212
Taxation recoverable	469	123	428	117
Advance corporation tax	229	229	286	286
Prepayments and accrued income	503	—	488	—
	<u>30,909</u>	<u>456</u>	<u>31,732</u>	<u>635</u>
Due after one year				
Advance corporation tax	464	452	423	411
	<u>31,373</u>	<u>908</u>	<u>32,155</u>	<u>1,046</u>

14. CASH AND CASH EQUIVALENTS

Analysis of the balances of cash and cash equivalents as shown in the balance sheet:

	1996	1995	1996	1995
	£000	£000	Change in year £000	Change in year £000
Short term deposits	55,445	51,309	4,136	7,291
Bank overdrafts	(2,818)	(1,878)	(940)	(45)
Currency movements	—	—	538	(452)
Total net cash and cash equivalents	<u>52,627</u>	<u>49,431</u>	<u>3,734</u>	<u>6,794</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Accounts (*continued*)

15. TRADE AND OTHER CREDITORS

	1996		1995	
	Group £000	Company £000	Group £000	Company £000
Trade	12,465	28	13,955	6
Group companies	—	44	—	30
Other taxes and social security costs	1,380	17	1,319	22
Other creditors	2,462	22	1,947	18
Accruals	1,743	49	2,395	38
	<u>18,050</u>	<u>160</u>	<u>19,616</u>	<u>114</u>

16. DEFERRED TAXATION

	Group £000	Company £000
At 31st December, 1995	118	2
Arising during the year	(118)	(2)
At 31st December, 1996	<u>—</u>	<u>—</u>

The analysis of deferred taxation provided in the accounts is:

	1996		1995	
	Group £000	Company £000	Group £000	Company £000
Accelerated capital allowances	(91)	—	178	—
Other timing differences	91	—	(60)	2
	<u>—</u>	<u>—</u>	<u>118</u>	<u>2</u>

There are no other potential deferred tax liabilities.

17. SHARE CAPITAL

	Authorised Shares	Allotted, called-up & fully paid	
		£000	Shares £000
15% cumulative preference shares of £1 each	2,379,030	2,379	2,111,740
Ordinary shares of 25p each	8,419,392	2,105	6,064,488
"A" ordinary shares of 25p each	6,064,488	1,516	6,064,488
		<u>6,000</u>	<u>5,144</u>

There was no change in the authorised or issued share capital during the year.

The preference shares carry a dividend of 15% per annum, payable half-yearly on 1st April and 1st October. The dividend rights are cumulative. The shares carry no votes at meetings unless the dividend thereon is six months or more in arrears or the business of the meeting includes a resolution for the winding up of the company, in which event each holder will be entitled to one vote on a show of hands or one vote per share on a poll.

On winding up of the company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

The "A" ordinary shares carry no votes at meetings unless the business of the meeting includes a resolution for the winding up of the company, in which event each holder will be entitled to one vote on a show of hands or one vote per share on a poll. In all other respects the shares rank *pari passu* with the ordinary shares including entitlement to dividends.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Accounts (*continued*)

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called-up Share Capital £000	Profit and Loss Account £000	Share- holders' Funds £000
<i>Group</i>			
At 31st December, 1995	5,144	101,427	106,571
Total gains recognised since last annual report	—	8,237	8,237
Dividends	—	(2,125)	(2,125)
	<u>5,144</u>	<u>107,539</u>	<u>112,683</u>
At 31st December, 1996	<u>5,144</u>	<u>107,539</u>	<u>112,683</u>
<i>Company</i>			
At 31st December, 1995	5,144	21,041	26,185
Total gains recognised since last annual report	—	3,400	3,400
Dividends	—	(2,125)	(2,125)
	<u>5,144</u>	<u>22,316</u>	<u>27,460</u>
At 31st December, 1996	<u>5,144</u>	<u>22,316</u>	<u>27,460</u>
<i>Group</i>			
At 31st December, 1994	5,144	95,433	100,577
Total gains recognised since last annual report	—	7,954	7,954
Dividends	—	(1,960)	(1,960)
	<u>5,144</u>	<u>101,427</u>	<u>106,571</u>
At 31st December, 1995	<u>5,144</u>	<u>101,427</u>	<u>106,571</u>
<i>Company</i>			
At 31st December, 1994	5,144	23,991	29,135
Total losses recognised since last annual report	—	(990)	(990)
Dividends	—	(1,960)	(1,960)
	<u>5,144</u>	<u>21,041</u>	<u>26,185</u>
At 31st December, 1995	<u>5,144</u>	<u>21,041</u>	<u>26,185</u>

The cumulative amount of goodwill written off at 31st December, 1996, net of goodwill relating to undertakings disposed of, is £3,654,000 (1995: £3,654,000).

The analysis of shareholders' funds between equity and non-equity interests is as follows:

	1996 £000	1995 £000
<i>Group</i>		
Equity	110,571	104,459
Non-equity:		
15% cumulative preference shareholders	<u>2,112</u>	<u>2,112</u>
	<u>112,683</u>	<u>106,571</u>
<i>Company</i>		
Equity	25,348	24,073
Non-equity:		
15% cumulative preference shareholders	<u>2,112</u>	<u>2,112</u>
	<u>27,460</u>	<u>26,185</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Accounts (*continued*)

19. COMMITMENTS

(a) Capital

At 31st December, 1996 the following future capital expenditure had been authorised by the group (company: nil):

	1996	1995
	£000	£000
Contracted	3,437	1,635
Not contracted	1,988	661

In arriving at the above amounts government grants have not been taken into account.

(b) Financial

The parent company has guaranteed the bank overdraft of one of its subsidiary companies to a maximum of £410,000.

The annual commitment under non-cancellable operating leases of the group was as follows (company: nil):

	Land & Buildings		Plant and Machinery	
	1996	1995	1996	1995
	£000	£000	£000	£000
Leases expiring:				
Within one year	13	—	16	—
Within two to five years	20	5	27	59
Thereafter	33	52	17	—
	<u>66</u>	<u>57</u>	<u>60</u>	<u>59</u>

20. CONTINGENT LIABILITIES

A claim has been made against two subsidiary companies. The Directors consider that it is commercially appropriate to settle the matter before incurring the high costs of court proceedings. A prudent provision has been made in the accounts for lawyers' charges and the costs of settlement.

A subsidiary is in receipt of grants which could become repayable if certain conditions are not fulfilled. In the opinion of the directors this is unlikely.

21. PENSION ARRANGEMENTS

The group's main pension scheme is a defined benefit scheme which is open to most permanent employees in the UK and Eire who are over the age of 21 and have completed at least one year's service. Small money purchase schemes are operated by Mitchanol International Limited and in Canada. Assets of the main scheme are held in separate trustee administered funds.

Contributions to the main scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations of the scheme. A valuation at 1st October 1996 is not yet available from actuaries. The market value of the assets of the fund at the last valuation date, 1st October 1993, was £48.5m. After allowing for expected future salary increases and for improvements in benefits implemented with effect from that date, the actuarial value represented 126% of the benefits that had accrued to members. The main assumptions used in the valuation, which was calculated using the projected unit method, were an investment return of 8.5% p.a., salary increases of 7.5% p.a., and pension increases of 5% p.a. The surplus is being dealt with by reducing the level of employer contributions below the long-term funding rate. Contributions paid therefore represent substantially the pension costs as calculated in accordance with SSAP24.

TENNANTS CONSOLIDATED LIMITED

Subsidiaries

United Kingdom

- * Anderson Gibb & Wilson Ltd. (registered in Scotland)
James M. Brown Ltd.
Chemical & Petroleum Investments Ltd.
- * Emery Colours Ltd.
Emery Reimbold & Strick Ltd. (75.6%)
Mitchanol International Ltd.
- * Synthite Ltd.
- * Charles Tennant & Co. Ltd. (registered in Scotland)
- * Charles Tennant & Co. (London) Ltd.
Charles Tennant & Co. (N.I.) Ltd. (incorporated in Northern Ireland)
Tennant-KVK Ltd. (51%)
Tennants Distribution Ltd.
- * Tennants Group Investments Ltd.
- * Tennants (Lancashire) Ltd.
Tennants Tar Distillers & Engineering Supplies Ltd. (incorporated in Northern Ireland)
Tennants Textile Colours Ltd.
- * John C. Walker Ltd. (registered in Scotland)

Canada

- Charles Tennant & Co. (Canada) Ltd.

Eire

- * Irish Tar & Bitumen Suppliers
- * Irish Creosote Suppliers Ltd.
Charles Tennant & Co. (Eire) Ltd.

France

- * Charles Tennant Sarl

Associates

United Kingdom

- * Champion Chemicals Ltd. (26%)
Runnymede Dispersions Ltd. (50%)

- * Held indirectly

Holdings not materially affecting the profit or the assets of the group have been omitted.
UK companies are registered in England and Wales unless stated otherwise. All companies operate in the country of incorporation. The group holds the whole of the issued share capital of subsidiaries unless otherwise stated. All companies, except the investment companies, are engaged in the chemicals and allied trades.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Statistical Information

Year	Turnover	Net Profit attributable to the shareholders	Earnings per Ordinary Share	Dividends per Ordinary Share
	£000	£000	p	p
1987	126,017	7,139	56	8.8
1988	137,738	7,808	62	9.8
1989	149,066	7,400	58	10.6
1990	144,998	17,843	144	40.6
1991	112,351	8,694	69	70.6
1992	115,221	8,253	65	11.2
1993	120,078	8,618	68	27.7
1994	140,943	8,474	67	12.3
1995	156,296	7,414	58	13.6
1996	152,746	8,969	71	14.9