

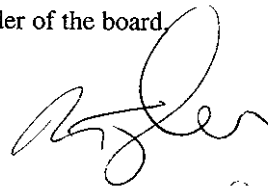
## TENNANTS CONSOLIDATED LIMITED

NOTICE IS HEREBY GIVEN that the sixty-fifth annual general meeting of TENNANTS CONSOLIDATED LIMITED will be held at 69 Grosvenor Street, London W1X 0BP on 4th July, 1996 at 12 noon.

1. To consider the accounts for the year ended 31st December, 1995, 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 Mr. N. W. Gibson as a director.
4. To re-elect Dr. W. B. Alexander as a director.
5. To re-elect Mr. J. Melling as a director.
6. To fix the directors' remuneration.
7. To re-appoint the auditors and to fix their remuneration.
8. To approve the following Special Resolution:  
"That the Articles of Association be altered by the deletion of Article 96".  
(The above Article requires that a director holds £1,000 nominal amount of shares).
9. 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

  
Company Secretary

69 Grosvenor Street,  
London W1X 0BP

6th June 1996



## TENNANTS CONSOLIDATED LIMITED

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

# TENNANTS CONSOLIDATED LIMITED

## Report of the Directors

### Review of business activities

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

	1995	1994
Group profit before tax	£11,052,000	£12,578,000
Net profit attributable to shareholders	£7,414,000	£8,474,000

The operating profit for the year was severely reduced as a result of difficulties at Mitchanol which led to the closure of a principal line of manufacture with attendant redundancies. This is clearly shown in the the Profit and Loss Account and in Note 3. This setback was a considerable disappointment bearing in mind that the results of the companies in the group excluding Mitchanol, all of which were profitable, amounted to a record profit before taxation.

The return from investments was satisfactory despite lower interest rates and it will be seen from Note 11 that the increase in the value of securities since 31st December 1994 was £5,680,000.

On 2nd January, 1996 certain internal changes were made whereby the shares of the three distribution companies, Charles Tennant & Co. (London) Limited, Waltham Abbey, Tennants (Lancashire) Limited, Manchester and Charles Tennant & Co. Limited, Glasgow were transferred into an intermediate holding company, Tennants Distribution Limited. The purpose of this was to correlate better the distribution activities of the separate companies.

The claim referred to last year against two subsidiaries is still outstanding and our lawyers continue to consider that this claim is not likely to succeed.

Substantial capital expenditure has again been incurred in providing for environmental compliance.

Competition remains keen for all our constituent companies and the budgets for the current year have had to be reviewed for several companies to reflect anticipated lower returns.

An interim dividend of 5.08p per share was paid on 9th April, 1996 on both classes of ordinary shares. It is proposed to pay a final dividend on 1st October, 1996 which, if adopted at the meeting, will be 8.47p per share on both classes of ordinary shares. This will leave a retained profit of £5,454,000.

Once again the directors wish to thank all group employees for their considerable efforts during 1995.

### 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*)

#### Charitable donations

Group donations to U.K. charitable organisations amounted to £26,000.

#### Directors

The directors listed on page 2 were in office throughout the year, with the exception of Mr. N. Gibson who was appointed on 14th March, 1996.

Mr. R. Lewellen retires at the annual general meeting after 29 years as a director, having previously been employed by the group for 22 years. He has given tremendous service to the group and the directors are appreciative of the wealth of experience, wisdom and good humour that Mr. Lewellen has brought to his various posts within the organisation.

The directors retiring by rotation are Dr. W. B. Alexander and Mr. J. Melling 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, 1995 as required to be disclosed by the Companies Act, 1985 were:

	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	—	—

#### Articles of Association

The directors recommend a change to the Articles of Association of the Company whereby there would no longer be a requirement for a director to hold £1,000 nominal amount of shares. This Article has proved cumbersome and inefficient in the past and is not in line with modern business practice.

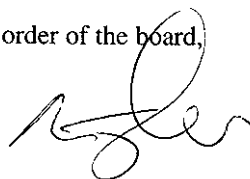
# TENNANTS CONSOLIDATED LIMITED

## Report of the Directors (*continued*)

### 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,



Company Secretary

69 Grosvenor Street,  
London W1X 0BP  
6th June, 1996

## 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.

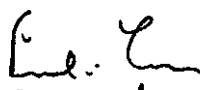
#### **Basis of opinion**

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, 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Chartered Accountants  
Registered Auditors  
London  
6th June, 1996

# TENNANTS CONSOLIDATED LIMITED

Group Profit & Loss Account for the year ended 31st December, 1995

	<i>Notes</i>	1995		1994
		Before exceptional item £000	Exceptional item £000	Total £000
<b>TURNOVER</b>	2	156,296	—	156,296
Operating costs	3	147,547	2,487	150,034
<b>OPERATING PROFIT</b>	4	8,749	(2,487)	6,262
Profit on sale of fixed asset investments		866	—	866
Income from interests in associated undertakings		111	—	111
Dividends and interest receivable	6	3,813	—	3,813
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>13,539</u>	<u>(2,487)</u>	11,052
Tax on profit on ordinary activities	7			3,520
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>				7,532
Minority interests – equity				118
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	8			7,414
Dividends – equity	9			1,643
– non-equity	9			317
<b>RETAINED PROFIT FOR THE YEAR</b>				5,454

# TENNANTS CONSOLIDATED LIMITED

Statement of total recognised gains and losses for the year ended 31st December, 1995

	<i>Notes</i>	1995 £000	1994 £000
Profit attributable to members of the parent company	8	7,414	8,474
Currency translation differences		540	74
Total gains recognised since last annual report	18	<u>7,954</u>	<u>8,548</u>

# TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Balance Sheets as at 31st December, 1995

	Notes	1995		1994	
		Group £000	Company £000	Group £000	Company £000
<b>FIXED ASSETS</b>					
Tangible assets	10	17,549	85	19,251	91
Investments:	11				
Listed investments		14,032	12,703	12,368	11,110
Subsidiaries		—	9,204	—	12,735
Associates		1,276	—	1,200	—
		<u>32,857</u>	<u>21,992</u>	<u>32,819</u>	<u>23,936</u>
<b>CURRENT ASSETS</b>					
Stocks	12	19,940	—	19,901	—
Debtors	13	32,155	1,046	32,574	2,887
Cash deposits at bank and in hand	14	51,309	5,423	44,018	4,376
		<u>103,404</u>	<u>6,469</u>	<u>96,493</u>	<u>7,263</u>
<b>CREDITORS: amounts falling due within one year</b>					
Bank overdrafts	14	1,878	—	1,833	—
Trade and other creditors	15	19,616	114	18,686	129
Current taxation		4,360	260	3,963	180
Proposed dividends		1,643	1,643	1,494	1,494
		<u>27,497</u>	<u>2,017</u>	<u>25,976</u>	<u>1,803</u>
<b>NET CURRENT ASSETS</b>		<u>75,907</u>	<u>4,452</u>	<u>70,517</u>	<u>5,460</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>108,764</u>	<u>26,444</u>	<u>103,336</u>	<u>29,396</u>
<b>CREDITORS: amounts falling due after one year</b>					
Advance corporation tax		257	257	234	234
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	16	118	2	799	27
<b>NET ASSETS</b>		<u>108,389</u>	<u>26,185</u>	<u>102,303</u>	<u>29,135</u>
<b>MINORITY INTERESTS – equity</b>		<u>1,818</u>	<u>—</u>	<u>1,726</u>	<u>—</u>
		<u>106,571</u>	<u>26,185</u>	<u>100,577</u>	<u>29,135</u>
<b>CAPITAL &amp; RESERVES</b>					
Called-up share capital	17	5,144	5,144	5,144	5,144
Profit and loss account	18	101,427	21,041	95,433	23,991
<b>SHAREHOLDERS' FUNDS – (including non-equity interests)</b>					
	18	<u>106,571</u>	<u>26,185</u>	<u>100,577</u>	<u>29,135</u>

*W. B. Alexander*

W. B. Alexander  
6th June, 1996

# TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

## Consolidated Statement of Cash Flows for the year ended 31st December, 1995

	<i>Notes</i>	1995 £000	1994 £000
<b>OPERATING ACTIVITIES</b>			
Operating profit		6,262	9,357
Depreciation charges		6,160	3,834
Increase in stocks		(39)	(4,365)
Decrease/(Increase) in debtors		563	(6,564)
Increase in creditors		930	3,093
Provision against minority interests no longer required		—	(21)
		<hr/> 13,876	<hr/> 5,334
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		2,887	2,246
Dividends received		926	820
Dividends paid		(1,811)	(1,675)
Dividends paid to minority interest		(24)	(24)
		<hr/> 1,978	<hr/> 1,367
<b>TAXATION</b>			
UK corporation tax paid		(3,494)	(3,461)
Overseas tax paid		(398)	(300)
		<hr/> (3,892)	<hr/> (3,761)
<b>INVESTING ACTIVITIES</b>			
Purchase of listed investments		(13,147)	(3,800)
Purchase of tangible fixed assets		(4,465)	(6,295)
Sales of listed investments		12,349	4,822
Sales of tangible fixed assets		95	259
		<hr/> (5,168)	<hr/> 5,014
<b>NET CASH INFLOW/(OUTFLOW)</b>		<hr/> 6,794	<hr/> (2,074)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	14	<hr/> <hr/> 6,794	<hr/> <hr/> (2,074)

# TENNANTS CONSOLIDATED LIMITED

## Notes to the Accounts

### 1. ACCOUNTING POLICIES

#### (a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The group accounts consolidate the accounts of the company and its subsidiary undertakings (subsidiaries) made up to 31st December. The group accounts also include the appropriate share of the associated undertakings' (associates') results and net assets based on their latest audited accounts. Associates are companies in which the group has a long-term investment comprising an interest of not less than 20% in the voting capital and over which it exerts significant influence.

#### (b) Foreign currencies

The accounts of the overseas subsidiaries are converted into sterling at exchange rates ruling at the year end. Exchange adjustments arising from the revaluation of overseas assets and liabilities are dealt with through the statement of total recognised gains and losses and taken to profit and loss account. Fixed asset investments in foreign securities are converted at the rate ruling at the time of acquisition. All other exchange adjustments are dealt with in the profit and loss account.

#### (c) Goodwill

Goodwill arising on the acquisition of businesses or shares in subsidiaries is written off directly to reserves in the year in which it arises.

#### (d) Depreciation

Depreciation is provided on the cost of tangible fixed assets in order to write off such cost over their anticipated useful lives: freehold buildings, 20 years; plant, machinery and vehicles, 3-10 years; leasehold land and buildings, the period of the leases. Freehold land is not depreciated.

#### (e) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing the stocks to their present location and condition and, in the case of work-in-progress and finished goods, an appropriate addition for production overheads.

#### (f) Deferred taxation

This represents the estimated future taxation liability on all timing differences which are not expected to continue in the future.

#### (g) Pension benefits

Contributions to pension schemes are charged to the profit and loss account so as to spread the cost of pensions over the employees' periods of service within the group. The regular cost is calculated by the actuary using the projected unit method. Material deficiencies or surpluses arising from triennial actuarial valuations of the scheme are amortised over the expected remaining service lives of employees in the scheme.

# TENNANTS CONSOLIDATED LIMITED

## 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.

	1995 £000	1994 £000
Analysis of turnover		
Sales by UK companies:		
home	103,414	91,776
export	26,431	26,260
Sales by overseas companies	26,451	22,907
	<u>156,296</u>	<u>140,943</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:

	1995 £000	1994 £000
Changes in stocks of work-in-progress, finished goods and goods for resale	(1,315)	(1,757)
Raw materials and consumables	107,145	95,522
Other external charges	6,770	6,161
Staff costs:		
wages and salaries	15,604	13,837
social security costs	1,514	1,361
other pension costs	665	291
Depreciation	6,160	3,834
Other operating charges	13,491	12,337
	<u>150,034</u>	<u>131,586</u>

### Exceptional item

During the year 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 have been shown as an Exceptional Item in the Profit and Loss Account and comprise redundancy costs of £350,000 (included in salaries and wages above), and additional depreciation of £2,137,000.

# TENNANTS CONSOLIDATED LIMITED

## Notes to the Accounts (*continued*)

### 4. OPERATING PROFIT

	1995 £000	1994 £000
This is stated after charging/(crediting):		
Auditors' remuneration		
– Ernst & Young – UK audit fees	105	99
other UK services	52	32
– other auditors – audit fees	85	83
other services	26	3
(of the Ernst & Young UK audit fees, £34,000 relates to the parent company (1994: £42,000))		
Hire of plant and machinery	118	154
Operating lease rentals – land and buildings	57	55
– plant and machinery	51	37
Rent received	(195)	(71)
Directors' emoluments:		
Fees	4	4
Other emoluments	264	286
(including emoluments of the Chairman of £98,000, (1994: £98,000))		

The emoluments of the directors fell within the following ranges:

	1995 Number	1994 Number
£15,001— £20,000	4	4
£50,001— £55,000	2	1
£70,001— £75,000	—	1
£95,001—£100,000	1	1

No pension contributions were paid in respect of the directors.

### 5. EMPLOYEES

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

	1995 Number	1994 Number
Management and administration	210	215
Distribution and sales	189	182
Production	401	407
	<u>800</u>	<u>804</u>

### 6. DIVIDENDS AND INTEREST RECEIVABLE

	1995 £000	1994 £000
Income from listed investments	926	820
Interest on short term loans and deposits	2,887	2,246
	<u>3,813</u>	<u>3,066</u>

# TENNANTS CONSOLIDATED LIMITED

## Notes to the Accounts (*continued*)

### 7. TAXATION

	1995 £000	1994 £000
Tax on profit on ordinary activities:		
UK corporation tax at 33%	3,716	3,468
Tax credits on franked income	120	92
Deferred taxation	(681)	86
	<hr/> 3,155	<hr/> 3,646
Overseas taxation	356	355
	<hr/> 3,511	<hr/> 4,001
Over provision in previous years	(26)	(77)
	<hr/> 3,485	<hr/> 3,924
Associates	35	38
	<hr/> 3,520	<hr/> 3,962

### 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 loss of £990,000 (*1994: profit of £1,782,000*) has been dealt with in the accounts of the company.

### 9. DIVIDENDS

	1995 £000	1994 £000
Interim paid on 6th April, 1996:		
5.08p ( <i>1994 4.62p</i> ) per share	616	560
Proposed final: 8.47p ( <i>1994 7.7p</i> ) per share	1,027	934
	<hr/> 1,643	<hr/> 1,494
Non-equity dividends on preference shares	317	317
	<hr/> 1,960	<hr/> 1,811

# TENNANTS CONSOLIDATED LIMITED

## Notes to the Accounts (*continued*)

### 10. TANGIBLE FIXED ASSETS

GROUP	Land & Buildings £000	Plant & Machinery £000	Vehicles £000	Total £000
Cost				
At 31st December, 1994	10,214	31,858	2,571	44,643
Currency changes	58	141	12	211
Additions	1,620	2,173	672	4,465
Disposals	(12)	(121)	(396)	(529)
At 31st December, 1995	<u>11,880</u>	<u>34,051</u>	<u>2,859</u>	<u>48,790</u>
Depreciation				
At 31st December, 1994	3,259	20,438	1,695	25,392
Currency changes	15	102	6	123
Provided during the year	497	5,133	530	6,160
Disposals	(7)	(90)	(337)	(434)
At 31st December, 1995	<u>3,764</u>	<u>25,583</u>	<u>1,894</u>	<u>31,241</u>
Net book value				
At 31st December, 1995	<u>8,116</u>	<u>8,468</u>	<u>965</u>	<u>17,549</u>
At 31st December, 1994	<u>6,955</u>	<u>11,420</u>	<u>876</u>	<u>19,251</u>

The net book value of land and buildings comprises:

	1995 £000	1994 £000
Freehold	5,823	4,734
Long leasehold	1,991	1,907
Short leasehold	302	314
	<u>8,116</u>	<u>6,955</u>

### COMPANY

	Land & Buildings £000	Plant & Machinery £000	Vehicles £000	Total £000
Cost				
At 31st December, 1994 and 1995	<u>57</u>	<u>26</u>	<u>13</u>	<u>96</u>
Depreciation				
At 31st December, 1994	—	1	4	5
Provided during the year	—	3	3	6
At 31st December, 1995	<u>—</u>	<u>4</u>	<u>7</u>	<u>11</u>
Net book value				
At 31st December, 1995	<u>57</u>	<u>22</u>	<u>6</u>	<u>85</u>
At 31st December, 1994	<u>57</u>	<u>25</u>	<u>9</u>	<u>91</u>

# TENNANTS CONSOLIDATED LIMITED

## Notes to the Accounts (*continued*)

### 11. FIXED ASSET INVESTMENTS

(a) LISTED INVESTMENTS	Group		Company	
	£000		£000	
Cost				
At 31st December, 1994	12,368		11,110	
Additions	13,147		13,048	
Disposals	(11,483)		(11,455)	
	<u>14,032</u>		<u>12,703</u>	
Analysis		Market		Market
	Cost	Value	Cost	Value
	£000	£000	£000	£000
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>
<i>At 31st December, 1994</i>				
<i>Listed on the London Stock Exchange</i>	8,317	22,734	7,113	13,545
<i>Listed outside Great Britain</i>	4,051	6,121	3,997	5,134
	<u>12,368</u>	<u>28,855</u>	<u>11,110</u>	<u>18,679</u>

A tax liability of approximately £4,674,000 (1994 £3,498,000) would have arisen if all the group investments had been realised at the balance sheet date. The comparable figure for the company is £2,442,000 (1994 £1,748,000).

### (b) SUBSIDIARIES

	Shares	Company	
	£000	Loans	Total
		£000	£000
At 31st December, 1994	6,015	6,720	12,735
Additions		939	939
Repayments		(1,750)	(1,750)
Loans written off and provisions written back		(2,750)	(2,750)
Currency movements		30	30
	<u>6,015</u>	<u>3,189</u>	<u>9,204</u>

### (c) ASSOCIATES – unlisted

	Group	Company
	£000	£000
At 31st December, 1994	1,200	—
Share of profits for the year	76	—
	<u>1,276</u>	<u>—</u>
At 31st December, 1995		

# TENNANTS CONSOLIDATED LIMITED

## Notes to the Accounts (*continued*)

### 12. STOCKS

	Group	
	1995	1994
	£000	£000
Raw materials and consumables	7,029	8,305
Work-in-progress	1,808	1,423
Finished goods and goods for resale	11,103	10,173
	<u>19,940</u>	<u>19,901</u>

### 13. DEBTORS

	1995		1994	
	Group	Company	Group	Company
	£000	£000	£000	£000
Due within one year				
Group companies	—	20	—	1,594
Trade	29,814	—	29,814	—
Other	716	212	1,037	307
Taxation recoverable	428	117	156	113
Advance corporation tax	286	286	384	300
Prepayments and accrued income	488	—	610	—
	<u>31,732</u>	<u>635</u>	<u>32,001</u>	<u>2,314</u>
Due after one year				
Advance corporation tax	423	411	453	453
Other	—	—	120	120
	<u>32,155</u>	<u>1,046</u>	<u>32,574</u>	<u>2,887</u>

### 14. CASH AND CASH EQUIVALENTS

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

	1995	1994	1995	1994
	£000	£000	Change in year	Change in year
	£000	£000	£000	£000
Short term deposits	51,309	44,018	7,291	(1,107)
Bank overdrafts	(1,878)	(1,833)	(45)	(828)
Currency movements	—	—	(452)	(139)
Total net cash and cash equivalents	<u>42,431</u>	<u>42,185</u>	<u>6,794</u>	<u>(2,074)</u>

# TENNANTS CONSOLIDATED LIMITED

## Notes to the Accounts (*continued*)

### 15. TRADE AND OTHER CREDITORS

	1995		1994	
	Group £000	Company £000	Group £000	Company £000
Trade	13,955	6	13,813	10
Group companies	—	30	—	47
Other taxes and social security costs	1,319	22	1,219	14
Other creditors	1,947	18	1,858	20
Accruals	2,395	38	1,796	38
	<u>19,616</u>	<u>114</u>	<u>18,686</u>	<u>129</u>

### 16. DEFERRED TAXATION

	Group £000	Company £000
At 31st December, 1994	799	27
Arising during the year	(681)	(25)
At 31st December, 1995	<u>118</u>	<u>2</u>

The analysis of deferred taxation provided in the accounts is:

	1995		1994	
	Group £000	Company £000	Group £000	Company £000
Accelerated capital allowances	178	—	869	—
Other timing differences	(60)	2	(70)	27
	<u>118</u>	<u>2</u>	<u>799</u>	<u>27</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	2,112
Ordinary shares of 25p each	8,419,392	2,105	6,064,488	1,516
"A" ordinary shares of 25p each	6,064,488	1,516	6,064,488	1,516
		<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

## 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
<b>Group</b>			
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)
At 31st December, 1995	<u>5,144</u>	<u>101,427</u>	<u>106,571</u>
<b>Company</b>			
At 31st December, 1994	5,144	23,991	29,135
Total losses recognised since last annual report	—	(990)	(990)
Dividends	—	(1,960)	(1,960)
At 31st December, 1995	<u>5,144</u>	<u>21,041</u>	<u>26,185</u>
<b>Group</b>			
At 31st December, 1993	5,144	88,696	93,840
Total gains recognised since last annual report	—	8,548	8,548
Dividends	—	(1,811)	(1,811)
At 31st December, 1994	<u>5,144</u>	<u>95,433</u>	<u>100,577</u>
<b>Company</b>			
At 31st December, 1993	5,144	24,020	29,164
Total gains recognised since last annual report	—	1,782	1,782
Dividends	—	(1,811)	(1,811)
At 31st December, 1994	<u>5,144</u>	<u>23,991</u>	<u>29,135</u>

The cumulative amount of goodwill written off at 31st December, 1995, net of goodwill relating to undertakings disposed of, is £3,654,000 (1994 – £3,654,000).

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

	1995 £000	1994 £000
<b>Group</b>		
Equity	104,459	98,465
Non-equity:		
15% cumulative preference shareholders	<u>2,112</u>	<u>2,112</u>
	<u>106,571</u>	<u>100,577</u>
<b>Company</b>		
Equity	24,073	27,023
Non-equity:		
15% cumulative preference shareholders	<u>2,112</u>	<u>2,112</u>
	<u>26,185</u>	<u>29,135</u>

# TENNANTS CONSOLIDATED LIMITED

## Notes to the Accounts (*continued*)

### 19. COMMITMENTS

#### (a) Capital

At 31st December, 1995 the following future capital expenditure had been authorised by the group (company: nil):

	1995 £000	1994 £000
Contracted	1,635	194
Not contracted	661	857

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	
	1995 £000	1994 £000	1995 £000	1994 £000
Leases expiring:				
Within one year	—	—	—	12
Within two to five years	5	5	59	32
Thereafter	52	51	—	—
	<u>57</u>	<u>56</u>	<u>59</u>	<u>44</u>

### 20. CONTINGENT LIABILITY

A claim has been made against two subsidiary companies. The claim is being resisted and it is believed that it is unlikely that it will succeed. A prudent provision has been made in the accounts for lawyers' charges but any further estimate of the financial effect of the action is considered impractical.

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. A small funded contributory pension scheme is operated by Mitchanol International Limited and a small money-purchase scheme is operated 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. 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.  
Prospec Chemicals Ltd.

#### *Eire*

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

### Associates

#### *United Kingdom*

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

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. Both associates are held indirectly through subsidiary companies. 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
1986	120,169	6,931	55	8.0
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	12.32
1995	156,296	7,414	58	13.55