

**CHARLES TENNANT AND COMPANY
(NORTHERN IRELAND) LIMITED**

**ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2017



CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

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CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

COMPANY INFORMATION

Directors	Mr. A. Gingell Mr. W. P. Alexander Dr. R.A. Peden
Secretary	Mrs. C. Simmons
Company number	NI001969
Registered office	9 Airport Road West Belfast BT3 9ED
Auditor	Moore Stephens (NI) LLP 4th Floor Donegall House Donegall Square North Belfast BT1 5GB
Bankers	Ulster Bank Limited 11-16 Donegal Square East Belfast BT1 5UB
Solicitors	Tughans 30 Victoria Street Belfast BT1 3GG

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report and consolidated financial statements for the group and company for the year ended 31 December 2017.

Review of the business

The diversity of activities trading within the group has provided the platform for improved profitability. The continued revival of the building industry across the UK and Ireland has presented opportunities to expand the scope of existing activities into new locations and markets.

The group's key to success remains the capability to provide customers with the goods and commercial expertise required to enable them to compete successfully in their respective markets.

We have again made substantial investment in buildings, plant, equipment and training of our staff to facilitate the delivery of an ever improving service to our customers.

The group remains committed to the ethos of demonstrable continuous improvement in key areas such as health and safety, quality assurance and environmental performance.

Risks and uncertainties

The management and the execution of the group's strategy is subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to competition from both national and international manufacturers, customer retention and product liability. With the delivery of Brexit still presenting uncertainty, the directors remain vigilant as to the opportunities and threats which may arise.

Environment

The group recognises its responsibility to carry out its operations whilst minimising environmental impacts. The directors continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The group is committed to achieving the highest practicable standards in health and safety management and strives to make its sites and offices safe environments for employees and customers alike.

Human resources

The group's most important resource is its people, their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical.

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in, price risk, liquidity risk, interest rate risk, foreign currency risk and credit risk.

Liquidity risk

The group actively maintains short-term debt finance that is designed to ensure that the group has sufficient available funds for operations and planned expansions.

Price risk

The group is exposed to commodity price risk as a result of its operations. However given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Foreign currency risk

The group manages exposure to Euro transactions through the use of dedicated bank accounts denominated in foreign currencies to which receipts are lodged, and out of which payments are made. The directors monitor movements to the exchange rates on a regular basis, and move funds when rates are favourable.

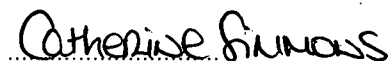
Credit Risk

The group's credit risk is primarily attributable to its trade debtors, which is minimised by the number of long established customers and its emphasis on good credit management, which includes the use of appropriate credit insurance cover.

Key Performance Indicators

Given the straightforward nature of the business, the group's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the group.

On behalf of the board



Mrs C Simmons

Secretary

11th April 2018

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The principal activities of the company continues to be that of the storage, packaging and distribution of fertilisers, building materials, chemicals and the manufacture and distribution of bitumen and bituminous products.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr. A. Gingell
Mr. W.P. Alexander
Dr. R.A. Peden

Mr W.P. Alexander retires by rotation at the Annual General Meeting and offers himself for re-election.

Directors' interests

None of the directors had any interest in the company's shares during the year or in any material contract with the company. The interests of any directors who had an interest in the parent company, Tennants Consolidated Limited are disclosed in the interests of that company.

No rights to subscribe for shares or debentures in the company have been granted during the financial year and there were no rights to subscribe for shares or debentures outstanding at the end of the financial year.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

Auditor

The auditor, Moore Stephens (NI) LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting, including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the group and company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the group and company is aware of that information.

On behalf of the board



Mrs. C. Simmons

Secretary

11th April 2018

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

Opinion

We have audited the financial statements of Charles Tennant and Company (Northern Ireland) Limited (the 'company') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Parent Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We 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 group or the parent 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.

Other information

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

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

We have nothing to report in this regard.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

INDEPENDENT AUDITORS REPORT (CONTINUED)

TO THE MEMBERS OF CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

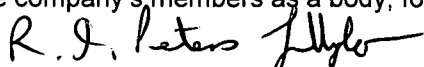
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



Dr R I Peters Gallagher OBE FCA (Senior Statutory Auditor)

for and on behalf of Moore Stephens (NI) LLP

Chartered Accountants

Statutory Auditor

11th April 2018
4th Floor Donegall House
Donegall Square North
Belfast
BT1 5GB

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	£
Turnover	3	46,491,956	33,070,195
Cost of sales		<u>(34,589,347)</u>	<u>(24,287,434)</u>
Gross profit		11,902,609	8,782,761
Distribution costs		(988,636)	(531,531)
Administrative expenses		(7,406,964)	(5,476,231)
Other operating income		<u>17,496</u>	<u>137,920</u>
Operating profit	4	3,524,505	2,912,919
Interest receivable and similar income	8	29,869	60,600
Interest payable and similar charges	9	<u>(28,489)</u>	<u>(13,976)</u>
Profit before taxation		3,525,885	2,959,543
Taxation	10	<u>(726,414)</u>	<u>(531,121)</u>
Profit for the financial year		2,799,471	2,428,422
Other comprehensive income			
Currency translation differences on foreign currency net investments		<u>(11,340)</u>	<u>(178,727)</u>
Total comprehensive income for the financial year		<u>2,788,131</u>	<u>2,249,695</u>

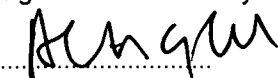
The company has elected, in accordance with s.408 CA 2006, not to include the company's individual profit and loss account.

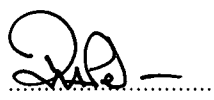
The notes on pages 14 to 31 form part of these financial statements and should be read in conjunction therewith.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

		2017	2016
	Notes	£	£
Fixed assets			
Intangible assets	11	1,988,577	-
Tangible assets	12	3,848,029	2,493,970
		<u>5,836,606</u>	<u>2,493,970</u>
Current assets			
Stocks	18	4,487,958	3,478,748
Debtors	19	11,674,881	8,095,480
Cash at bank and in hand		6,895,917	10,184,305
		<u>23,058,756</u>	<u>21,758,533</u>
Creditors: amounts falling due within one year	20	<u>(8,617,873)</u>	<u>(6,745,649)</u>
Net current assets		<u>14,440,883</u>	<u>15,012,884</u>
Total assets less current liabilities		<u>20,277,489</u>	<u>17,506,854</u>
Creditors falling due after more than one year	21	<u>(117,544)</u>	<u>(135,040)</u>
Net assets		<u>20,159,945</u>	<u>17,371,814</u>
Capital and reserves			
Called up share capital	25	300,000	300,000
Profit and loss reserves		19,859,945	17,071,814
Total shareholders' equity		<u>20,159,945</u>	<u>17,371,814</u>

The financial statements were approved by the board of directors and authorised for issue on 11th April 2018 and are signed on its behalf by:


 Mr. A. Gingell
 Director


 Dr. R.A. Peden
 Director

Company Registration No. NI001969

The notes on pages 14 to 31 form part of these financial statements and should be read in conjunction therewith.

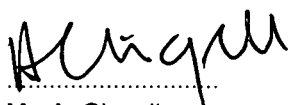
CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

PARENT COMPANY BALANCE SHEET

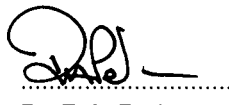
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	£
Fixed assets			
Tangible assets	13	2,237,825	2,122,194
Investments	14	4,905,038	3
		<u>7,142,863</u>	<u>2,122,197</u>
Current assets			
Stocks	17	3,308,945	2,966,960
Debtors	19	8,166,747	7,908,705
Cash at bank and in hand		5,871,281	9,105,884
		<u>17,346,973</u>	<u>19,981,549</u>
Creditors: amounts falling due within one year	20	(5,669,824)	(4,681,602)
Net current assets		<u>11,677,149</u>	<u>15,299,947</u>
Total assets less current liabilities		<u>18,820,012</u>	<u>17,422,144</u>
Creditors falling due after more than one year	21	(117,544)	(135,040)
Net assets		<u>18,702,468</u>	<u>17,287,104</u>
Capital and reserves			
Called up share capital	25	300,000	300,000
Profit and loss reserves		18,402,468	16,987,104
Total equity		<u>18,702,468</u>	<u>17,287,104</u>

The financial statements were approved by the board of directors and authorised for issue on 11th April 2018 and are signed on its behalf by:



Mr. A. Gingell
Director



Dr. R.A. Peden
Director

Company Registration No. NI001969

The notes on pages 14 to 31 form part of these financial statements and should be read in conjunction therewith.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
At 1 January 2016		300,000	14,822,119	15,122,119
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	2,249,695	2,249,695
Balance at 31 December 2016		300,000	17,071,814	17,371,814
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	2,788,131	2,788,131
Balance at 31 December 2017		300,000	19,859,945	20,159,945

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
At 1 January 2016		300,000	15,408,785	15,708,785
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	1,578,319	1,578,319
Balance at 31 December 2016		300,000	16,987,104	17,287,104
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	1,415,364	1,415,364
Balance at 31 December 2017		300,000	18,402,468	18,702,468

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017		2016	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	30	1,437,904		919,908	
Interest paid		(28,489)		(13,976)	
Income taxes paid		(781,691)		(426,452)	
Net cash inflow from operating activities		627,724		479,480	
Investing activities					
Goodwill on acquisition of subsidiary		(2,093,239)		-	
Net book value of subsidiary fixed assets purchased		(1,025,919)		-	
Purchase of tangible fixed assets		(1,106,071)		(620,862)	
Receipt on sale of tangible fixed assets		75,689		10,810	
Interest received		29,869		60,600	
Net cash (used in)/generated from investing activities		(4,119,671)		(549,452)	
Financing activities					
Bank loan owed by subsidiary acquired in period		203,559		-	
Net cash generated from/(used in) financing activities		203,559		-	
Net increase in cash and cash equivalents		(3,288,388)		(69,972)	
Cash and cash equivalents at beginning of year		10,184,305		10,254,277	
Cash and cash equivalents at end of year		6,895,917		10,184,305	
Relating to:					
Cash at bank and in hand		6,895,917		10,184,305	
Bank overdrafts included in creditors payable within one year		-		-	

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Charles Tennant and Company (Northern Ireland) Limited is a private company limited by shares domiciled and incorporated in Northern Ireland. The registered office is 9 Airport Road West, Belfast, BT3 9ED.

The group consists of Charles Tennant and Company (Northern Ireland) and all of its subsidiaries.

1.1 Accounting convention

The group and individual financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Charles Tennant and Company (Northern Ireland) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover derives principally from the continuing distribution of fertilisers, building materials, chemicals and bitumen and bitumen products. Turnover represents the fair value of consideration received and receivable for goods supplied to customers excluding intra-group sales and after deducting sales allowances, rebates and value added taxes.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, the revenue and costs incurred in 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.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

1.5 Tangible fixed assets

Fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment. Depreciation is provided on all tangible fixed assets other than freehold land, in order to write off such cost, less estimated residual value, over the assets' useful economic lives as follows:

Land and buildings leasehold	over the period of the lease
Plant, machinery and equipment	10 – 50% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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

1.6 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.10 Stocks

Stock is 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 finished goods, an appropriate addition for production overheads.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the groups balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 group after deducting all of its liabilities.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

Provision is made for tax on gains arising from the revaluation and similar fair value adjustments of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets;

Provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted;

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

The company participates in the Tennants Consolidated Limited Pension Fund, operated by the ultimate parent company. The group operates two types of pension scheme.

Defined Contribution Scheme:

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Defined Benefit Scheme:

Any increase in the present value of the liabilities expected to arise from employee service in the period is charged against operating profit and included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credit adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Pension scheme assets are measured using market values and liabilities on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred taxation, is presented separately after other net assets on the face of the balance sheet in the financial statements of Tennants Consolidated Limited. The most recent triennial actuarial valuation of this pension fund was carried out on 30th September 2016

1.17 Leases

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

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

1.18 Foreign currency translation

In the financial statements of the individual entities in the group, transactions in currencies other than the functional currency of the entity are recognised at the exchange rates ruling on the dates of the transactions or at an average rate where this approximates as the actual rate.

At the end of each reporting period, monetary items denominated in foreign currencies are converted into sterling at exchange rates ruling at the year end.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are measured at fair value in a foreign currency are converted into sterling at the rate ruling when the fair value was determined.

Exchange differences are recognised in the income statement in the period in which they arise.

In the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

The assets and liabilities of the group's overseas subsidiaries are converted into sterling at exchange rates ruling at the year end. Income and expenses are translated using the average rate for the period. Exchange differences arising on the translation of group companies are recognised in other comprehensive income.

1.19 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 the profit and loss account.

1.20 Related Party Transactions

The company has taken advantage of the exemption not to disclose related party transactions with other members of the group under FRS 102 - Related Party Disclosures, as it is a wholly owned subsidiary and group consolidated financial statements are available.

1.21 Dividends

Dividends are recognised as income as they fall due for payment. Related tax credits are reflected in the tax charge for the year.

1.22 Intangible assets - goodwill

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

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017 £	2016 £
Turnover		
Sale of goods	43,552,337	30,449,595
Provision of services	2,889,592	2,591,814
Commission	50,027	28,786
	<u>46,491,956</u>	<u>33,070,195</u>

Other significant revenue

Interest income	<u>29,869</u>	<u>60,600</u>
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Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	31,076,115	20,893,862
Ireland	15,415,841	12,176,333
Other exports	-	-
	<u>46,491,956</u>	<u>33,070,195</u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	765,227	550,396
Amortisation of intangible assets	104,662	-
Loss/(profit) on foreign exchange transactions	(61,082)	(331,529)
Operating lease rentals	131,957	127,198
Deferred income	(17,496)	(17,496)
Loss/ (Profit) on disposal of tangible assets	(62,985)	(10,810)
Rent receivable	-	(120,424)
Cost of stocks recognised as an expense	<u>34,589,347</u>	<u>24,287,434</u>

5 Auditors remuneration

	2017 £	2016 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	<u>39,919</u>	<u>41,422</u>

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Management and administration	25	19
Distribution and sales	29	20
Production	23	22
	<u>77</u>	<u>61</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	3,198,406	2,548,192
Social security costs	322,608	262,884
Pension costs	334,655	272,712
	<u>3,855,669</u>	<u>3,083,788</u>

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	179,740	174,505
Company pension contributions to defined contribution schemes	14,379	13,960
	<u>194,119</u>	<u>188,465</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 – 1).

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Bank interest income	13,999	44,641
Other interest income	15,870	15,959
Income from fixed asset investments		
Income from shares in group undertakings	-	-
	<u>29,869</u>	<u>60,600</u>

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Interest payable and similar charges

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	13,438	45
Other interest	15,051	13,931
	<u>28,489</u>	<u>13,976</u>

10 Taxation

	2017 £	2016 £
Current tax		
UK Corporation tax	576,213	426,007
Adjustments in respect of prior periods	-	-
	<u>576,213</u>	<u>426,007</u>
Foreign current year tax		
Corporation taxes	211,353	137,820
Adjustment for prior years	-	(382)
	<u>787,566</u>	<u>563,445</u>
Deferred tax		
Origination and reversal of timing differences	(61,152)	(32,324)
Deferred tax adjustment re previous year	-	-
	<u>(61,152)</u>	<u>(32,324)</u>
Total tax charge	<u>726,414</u>	<u>531,121</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	<u>3,525,885</u>	<u>2,959,543</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	669,918	591,909
Tax effect of expenses that are not deductible in determining taxable profit	5,907	3,800
Movement in general provision	7,600	19,288
Adjustments in respect of pension payments made in period	(7,600)	-
Adjustments in respect of prior years	-	(382)
Permanent capital allowances in excess of depreciation	73,293	34,203
Deferred tax adjustments	(61,152)	(32,324)
Amortisation of goodwill	19,886	-
Tax effect of income not taxable in determining taxable profit	(14,327)	(5,661)
Other tax adjustments	32,889	(79,712)
Tax expense for the year	<u>726,414</u>	<u>531,121</u>

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2017	-
Additions	2,093,239
At 31 December 2017	<u>2,093,239</u>
Amortisation and impairment	
At 1 January 2017	-
Amortisation charged in the year	104,662
At 31 December 2017	<u>104,662</u>
Carrying amount	
At 31 December 2017	<u>1,988,577</u>
At 31 December 2016	<u>-</u>

12 Tangible fixed assets

Group	Land & buildings freehold £	Land & buildings leasehold £	Plant, machinery & equipment £	Motor vehicles £	Total £
At 1 January 2017	-	1,881,565	4,989,645	832,576	7,703,786
Cost of assets new subsidiary purchased in year	894,104	-	682,755	551,745	2,128,604
Additions	357,000	-	307,439	441,632	1,106,071
Disposals	-	-	(224,685)	(152,171)	(376,856)
At 31 December 2017	<u>1,251,104</u>	<u>1,881,565</u>	<u>5,755,154</u>	<u>1,673,782</u>	<u>10,561,605</u>
Depreciation and impairment					
At 1 January 2017	-	848,335	3,807,693	553,788	5,209,816
Accumulated depreciation on assets new subsidiary purchased in year	55,010	-	663,943	383,731	1,102,684
Depreciation charged in the year	11,423	5,700	452,559	295,545	765,227
Eliminated in respect of disposals	-	-	(224,100)	(140,051)	(364,151)
At 31 December 2017	<u>66,433</u>	<u>854,035</u>	<u>4,700,095</u>	<u>1,093,013</u>	<u>6,713,576</u>
At 31 December 2017	<u>1,184,671</u>	<u>1,027,530</u>	<u>1,055,060</u>	<u>580,769</u>	<u>3,848,029</u>
At 31 December 2016	<u>-</u>	<u>1,033,230</u>	<u>1,181,952</u>	<u>278,788</u>	<u>2,493,970</u>

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Tangible fixed assets

Company

	Land & buildings leasehold £	Plant, machinery & equipment £	Motor vehicles £	Total £
At 1 January 2017	1,881,565	4,408,544	763,348	7,053,457
Additions	-	289,814	355,601	645,415
Disposals	-	(87,401)	(96,039)	(183,440)
At 31 December 2017	1,081,565	4,610,957	1,022,910	7,515,432
Depreciation and impairment				
At 1 January 2017	848,335	3,558,431	524,497	4,931,263
Depreciation charged in the year	5,700	335,350	188,734	529,784
Eliminated in respect of disposals	-	(87,401)	(96,039)	(183,440)
At 31 December 2017	854,035	3,806,380	617,192	5,277,607
At 31 December 2017	1,027,530	804,577	405,718	2,237,825
At 31 December 2016	1,033,230	850,113	238,851	2,122,194

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Fixed asset investments

Notes	Group 2017	2016	Company 2017	2016
	£	£	£	£
Investments in subsidiaries	-	-	4,905,038	3

15 Fixed asset investments

Movements in fixed asset investments Company

Shares in group undertakings

	£
Cost or valuation	
At 1 January 2017	3
Additions	4,905,035
At 31 December 2017	4,905,038
Carrying amount	
At 31 December 2017	4,905,038
At 31 December 2016	3

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Details of the company's subsidiaries at 31 December 2017 are as follows:					
Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held	
				Direct	Indirect
Tennants Building Products Limited	Ireland	Provision of building products	Ordinary	100.00	-
Charles Tennant & Company (Cork) Limited	Ireland	Distribution of fertilisers	Ordinary	100.00	-
Walls & Ceilings International Limited	UK	Provision of building products	Ordinary	100.00	-

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Financial instruments

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>10,678,173</u>	<u>7,652,164</u>	<u>7,763,339</u>	<u>7,560,982</u>
	£	£	£	£
Carrying amount of financial liabilities				
Measured at amortised cost	<u>7,512,350</u>	<u>6,062,020</u>	<u>5,186,359</u>	<u>4,232,807</u>

18 Stocks

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Raw materials and consumables	2,204,058	2,083,533	2,204,058	2,083,533
Finished goods and goods for resale	<u>2,283,900</u>	<u>1,395,215</u>	<u>1,104,887</u>	<u>833,427</u>
	<u>4,487,958</u>	<u>3,478,748</u>	<u>3,308,945</u>	<u>2,966,960</u>

19 Debtors

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Trade debtors	9,130,130	6,488,976	4,682,969	4,304,531
Amounts owed by group undertakings	991,189	653,871	2,800,581	2,827,868
Other debtors	999,204	509,316	279,789	428,583
Prepayments and accrued income	404,527	305,892	245,976	214,395
Deferred tax asset (see note 24)	<u>149,831</u>	<u>137,425</u>	<u>157,432</u>	<u>133,328</u>
	<u>11,674,881</u>	<u>8,095,480</u>	<u>8,166,747</u>	<u>7,908,705</u>

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

20 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	23	203,559	-	-	-
Trade creditors		4,424,501	2,775,340	2,923,626	1,819,089
Amounts owed to group undertakings		2,519,833	2,961,858	1,970,133	2,134,255
Corporation tax		342,067	384,938	197,990	286,007
Other taxation and social security		559,897	298,691	285,475	162,788
Other creditors		-	-	1	1
Accruals and deferred income		568,016	324,822	292,599	279,462
		<u>8,617,873</u>	<u>6,745,649</u>	<u>5,669,824</u>	<u>4,681,602</u>

21 Creditors: amounts falling due after more than one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Grants	117,544	135,040	117,544	135,040
	<u>117,544</u>	<u>135,040</u>	<u>117,544</u>	<u>135,040</u>

22 Loans

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	203,559	-	-	-
	<u>203,559</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payable within one year	203,559	-	-	-
Payable after one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The mortgage was fully repaid in January 2018.

The bank borrowings are secured as follows:-

- A debenture comprising fixed and floating charges over all the assets and undertaking of the subsidiary company, Walls & Ceilings International Limited, including all present and future freehold and leasehold property, book and other debts, chattels and goodwill and uncalled capital, both present and future.

- First Mortgage of the freehold property of Walls & Ceilings International Limited known as Unit 35, Arden Forest Industrial Estate, Tything Road West, Alcester Warwickshire.

- First Legal Mortgage of the freehold property of Walls & Ceilings International Limited known as Unit 33, Arden Forest Industrial Estate, Tything Road West, Alcester Warwickshire.

- Personal guarantees given by the previous directors of the subsidiary company.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Assets 2017 £	Assets 2016 £
Balances:		
Decelerated capital allowances	(86,831)	(82,425)
Other timing differences	<u>(63,000)</u>	<u>(55,000)</u>
	<u>(149,831)</u>	<u>(137,425)</u>
		2016 £
Movements in the year:		
Liability/(Asset) at 1 January 2017		(137,425)
Liability acquired on purchase of subsidiary in period		48,910
Charge /(release) to profit or loss		(61,152)
Foreign exchange movement on assets in foreign currencies		<u>(164)</u>
Liability at 31 December 2017		<u>(149,831)</u>

The net deferred tax asset is expected to increase in 12 months by £32,987. This primarily relates to the tax timing differences on capital allowances.

Company	Assets 2017 £	Assets 2016 £
Balances:		
Decelerated capital allowances	(102,432)	(78,328)
Other timing differences	<u>(55,000)</u>	<u>(55,000)</u>
	<u>(157,432)</u>	<u>(133,328)</u>
		2016 £
Movements in the year:		
Liability/(Asset) at 1 January 2017		(133,328)
Charge to profit or loss		<u>(24,104)</u>
Liability at 31 December 2017		<u>(157,432)</u>

The net deferred tax asset is expected to increase in 12 months by £43,540. This primarily relates to the tax timing differences on capital allowances.

24 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>341,271</u>	<u>272,713</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

25 Share capital

Group and company

2017 2016
£ £

Ordinary share capital

Issued and fully paid

300,000 Ordinary shares of £1 each

300,000 300,000

The ordinary shares entitle the shareholders to:

- full voting rights;
- full rights to participate in dividends, as voted; and
- full rights to participate in a distribution including in a winding up situation.

26 Related party transactions

The company has taken advantage of the exemption not to disclose related party transactions with other members of the group under FRS 102 - Related Party Disclosures, as it is a wholly owned subsidiary.

27 Controlling party

The ultimate parent and controlling company is Tennants Consolidated Limited, a company incorporated in the United Kingdom. The address of the registered office of the parent is 12 Upper Belgrave Street, London, SW1X 8BA.

28 Financial guarantees and contingent liabilities

At the balance sheet date the group and company had no contingent liabilities requiring disclosure in the Financial Statements.

29 Financial Commitments

At the reporting end date the group and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	Land and buildings		Land and buildings	
	2017	2016	2017	2016
Within one year	90,912	130,357	57,800	57,800
Between two and five years	231,200	340,035	231,200	231,200
In over five years	351,617	409,417	351,617	409,417
	<u>673,729</u>	<u>879,809</u>	<u>640,617</u>	<u>698,417</u>

CHARLES TENNANT AND COMPANY (NORTHERN IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

30 Cash generated from operations

	2017 £	2016 £
Profit/(loss) for the year after tax	2,788,131	2,249,695
Adjustments for:		
Taxation charged/(credited)	726,414	531,121
Finance costs	28,489	13,976
Interest received	(29,869)	(60,600)
Depreciation and impairment of tangible fixed assets	765,227	550,396
Amortisation of intangible fixed assets	104,662	-
Losses/(Profit) on disposal of tangible assets	(62,985)	(10,810)
Movement on grant provision	(17,496)	(17,496)
Movements in working capital:		
Decrease/(increase) in stocks	(1,009,210)	(1,558,268)
(Increase) in debtors	(3,566,995)	(1,489,669)
(Decrease)/increase in creditors	1,711,536	711,563
Cash generated from operations	1,437,904	919,908