

**Tennants Fine Chemicals Limited**  
**Annual report and financial statements**  
**Registered number 00646784**  
**For the year ended 31 December 2015**

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## **Company Information**

### **Directors**

A C Gingell  
K G Jones  
K Sharp

### **Secretary**

W Gittins

### **Auditors**

KPMG LLP  
8 Princes Parade  
Liverpool  
L3 1QH

### **Registered office**

Macclesfield Road  
Leek  
Staffordshire  
ST13 8LD

## Strategic Report

### Principal Objectives and Strategies

The Company is engaged in the manufacture and sale of chemicals in both the UK and overseas markets. The Company's directors are pleased with the overall result for 2015. The Company's focus is on the continued improvement of its manufacturing capabilities.

The Company has some exposure to foreign currencies due to selling and purchasing some of its products in currencies other than sterling. The risk is reduced through the use of forward currency contracts.

The Company's credit risk is minimised by the number of long established customers, an emphasis on proactive credit management and trade credit insurance.

The Company's results were as follows;

	2015 £000	<i>Restated</i> 2014 £000
Revenue	£46,685	£45,818
Profit after taxation	£4,108	£2,751
Net assets	£21,488	£20,115

### Trends likely to affect the future development of the business

Global cultural trends in key consumer products and markets are likely to determine the long term development of the business. Legislative changes are also a concern for the company. The Company's long established supplier and customer base helps to mitigate this risk.

European legislation (e.g. REACH) will continue to impact upon the company and the directors are fully committed to meet these requirements.

The Company's directors are pleased to report that the Company's operations are conducted such that it complies with all legal requirements, especially those relating to the environment and health and safety in respect of which legislation and regulation continue to evolve.

### Key Performance Indicators


The Company utilises a number of financial and non-financial KPIs to measure its effective performance. These include volume, gross margin contribution, customer service, debtor and creditor days, plant utilisation and health and safety statistics. Progress against these KPIs has been satisfactory during the year.

The Company's management and directors monitor all KPIs to ensure that they remain relevant to the business.

### Analysis of the performance during the year.

Turnover in 2015 increased by 1.9% over the previous year to £46.7m (2014: £45.8m), an increase of £0.9m. The increase in turnover was driven by higher volumes of key products. Many of the Company's major customers continued to increase the size and geographical spread of their markets and demand changed accordingly.

By order of the board

  
W. Gittins  
Secretary

## Directors' Report

The directors present their directors' report and financial statements for the year ended 31 December 2015. During the year the company transitioned to new UK GAAP. The Company elected to adopt Financial Reporting Standard 102, applied retrospectively, as more fully explained in note 1 to these financial statements.

### Results and dividends

The profit and loss account and balance sheet, together with appropriate notes, are set out on pages 7 to 20. A dividend of £2,735,000 was paid in the year (2014: £568,750).

### Research and development

The Company advanced its research and development activities primarily in the areas of process and product development. The costs of these activities during the year amounted to £1,043,007 (2014: £482,120).

### Directors

The directors who held office during the year were as follows:

A C Gingell

K G Jones

K Sharp

### Employment of disabled persons

Where individuals become disabled whilst in the Company's employment, every reasonable effort is made to provide opportunity for continued employment within the potential aptitude and ability of the person concerned, and to provide such facilities, including any appropriate training, as may be necessary for that purpose. In dealing with applications for employment and training, career development and promotion of existing employees, efforts are made to ensure that a disabled individual's potential aptitude and ability are considered both without prejudice and as constructively as possible in relation to the opportunities available.

### Employee involvement

A system of departmental and works consultative committees exists at the Leek site. Periodically, the Company provides information regarding the financial and economic factors affecting its performance.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



W Gittins  
Secretary

Macclesfield Road,  
Leek,  
Staffordshire,  
ST13 8LD

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

8 Princes Parade  
Liverpool  
L3 1QH  
United Kingdom

**Independent auditor's report to the members of Tennants Fine Chemicals Limited**

We have audited the financial statements of Tennants Fine Chemicals Limited for the year ended 31 December 2015 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

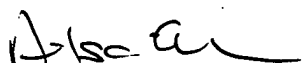
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of Tennants Fine Chemicals Limited**  
(continued)

**Matters on which we are required to report by exception**

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



**Ailsa Griffin (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
8 Princes Parade  
Liverpool  
L3 1QH

19 April 2016



**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> £000	<i>Restated</i> 2014 £000
<b>Turnover</b>		46,685	45,818
Cost of sales		(39,170)	(39,647)
		<hr/>	<hr/>
<b>Gross profit</b>		7,515	6,171
Administrative expenses		(1,800)	(1,717)
Selling and distribution expenses		(702)	(824)
		<hr/>	<hr/>
<b>Operating profit</b>		5,013	3,630
Other interest receivable and similar income	2	168	12
Interest payable and similar charges	3	(137)	(250)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		5,044	3,392
Tax on profit on ordinary activities	4	(936)	(641)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	5	4,108	2,751
Other comprehensive income for the year	14	-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<u>4,108</u>	<u>2,751</u>

All turnover and operating profits in both financial years are derived from continuing operations.

The notes on pages 10 to 20 form part of the financial statements.

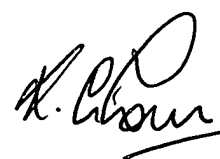
**Balance sheet**  
at 31 December 2015

	<i>Note</i>	2015 £000	<i>Restated</i> 2014 £000
<b>Fixed assets</b>			
Tangible assets	7	6,773	5,906
<b>Current assets</b>			
Stocks	8	4,691	4,984
Debtors	9	8,550	9,265
Cash at bank and in hand		6,505	5,124
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	10	19,746 (5,031)	19,373 (5,164)
		<hr/>	<hr/>
<b>Net current assets</b>		14,715	14,209
<b>Total assets less current liabilities</b>		21,488	20,115
		<hr/>	<hr/>
<b>Net assets</b>		21,488	20,115
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	13	6,000	6,000
Profit and loss account	14	15,488	14,115
		<hr/>	<hr/>
<b>Shareholders' funds</b>		21,488	20,115
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 20 form part of the financial statements.

These financial statements were approved by the board of directors on signed on its behalf by:

18 APRIL 2016 and were



*K Jones (Director)*



*K Sharp (Director)*

## Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 January 2014	6,000	11,933	17,933
<b>Total comprehensive income for the year</b>			
Profit or loss	-	2,751	2,751
	-----	-----	-----
Total comprehensive income for the year	-	2,751	2,751
	-----	-----	-----
Dividends	-	(569)	(569)
	-----	-----	-----
Total contributions by and distributions to owners	-	(569)	(569)
	-----	-----	-----
<b>Balance at 31 December 2014</b>	<b>6,000</b>	<b>14,115</b>	<b>20,115</b>
	-----	-----	-----
Balance at 1 January 2015	6,000	14,115	20,115
<b>Total comprehensive income for the year</b>			
Profit or loss	-	4,108	4,108
	-----	-----	-----
Total comprehensive income for the year	-	4,108	4,108
	-----	-----	-----
Dividends	-	(2,735)	(2,735)
	-----	-----	-----
Total contributions by and distributions to owners	-	(2,735)	(2,735)
	-----	-----	-----
<b>Balance at 31 December 2015</b>	<b>6,000</b>	<b>15,488</b>	<b>21,488</b>
	-----	-----	-----

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### ***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000. In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 18.

The Company's ultimate parent undertaking, Tennants Consolidated Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Tennants Consolidated Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from 12 Upper Belgrave Street, London SW1X 8BA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value

#### ***Going concern***

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

#### ***Foreign currencies***

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Basic financial instruments**

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### **Other financial instruments**

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

#### **Interest receivable and Interest payable**

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### **Tangible assets and depreciation**

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight line basis so as to write-off the cost of the various assets over the period of their expected useful economic lives, as follows:

Freehold buildings	10 - 20 years
Plant and machinery, fixtures and fittings, and tools and equipment	3 - 15 years

No depreciation is provided on freehold land or capital work in progress.

The company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### **Research and development**

Research and development expenditure is recognised in profit or loss in the year in which it is incurred.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Operating leases*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing difference is not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### *Post-retirement benefits*

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### *Turnover*

Turnover represents amounts invoiced to third parties and other Tennants group companies, net of value added tax, arising from the sale of chemicals and related products.

The operations of the Company take place wholly in the United Kingdom and as such there are no overseas operations. All assets used by the Company are held in the United Kingdom and therefore no disclosure is required in respect of segmental operations.

**Notes (continued)**

**2 Operating profit**

<i>Operating profit is stated after charging:</i>	<b>2015</b>	2014
	<b>£000</b>	£000
Operating lease rentals – plant and machinery and motor vehicles	<b>75</b>	95
Depreciation on owned assets	<b>1,086</b>	1,509
Auditors' remuneration		
- audit of these financial statements	<b>26</b>	25
- taxation compliance services	<b>4</b>	3
Research and development expenditure	<b>1,043</b>	399
	<u><u>          </u></u>	<u><u>          </u></u>

**3 Other interest receivable and similar income**

	<b>2015</b>	2014
	<b>£000</b>	£000
Interest receivable	<b>38</b>	12
Net foreign exchange gain	<b>130</b>	-
	<u>          </u>	<u>          </u>
	<b>168</b>	12
	<u><u>          </u></u>	<u><u>          </u></u>

**4 Interest payable and similar charges**

	<b>2015</b>	2014
	<b>£000</b>	£000
Net foreign exchange losses	-	9
Net loss on financial liabilities measured at fair value	<b>137</b>	236
Interest payable	-	5
	<u>          </u>	<u>          </u>
	<b>137</b>	250
	<u><u>          </u></u>	<u><u>          </u></u>

**Notes (continued)**

**5 Taxation**

	2015 £000	<i>Restated</i> 2014 £000
<i>UK Corporation tax</i>		
Current tax on income for the period	856	828
Adjustment in respect of prior periods	(12)	(89)
	<hr/>	<hr/>
Total current tax	844	739
	<hr/>	<hr/>
<i>UK deferred tax (see note 11)</i>		
Origination and reversal of timing differences	85	(107)
Change in tax rate	7	9
	<hr/>	<hr/>
Total deferred tax	92	(98)
	<hr/>	<hr/>
Total tax recognised in profit and loss account	<u>936</u>	<u>641</u>

*Factors affecting the tax charge for the current period*

The tax assessed for the period is lower (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

<b>Reconciliation of effective tax rate</b>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
Profit on ordinary activities before tax	5,044	3,392
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	1,021	729
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	1
Depreciation on assets ineligible for capital allowances	8	12
R&D tax relief	(89)	(31)
Change in tax rate on deferred tax balances	7	9
Adjustment in respect of prior years	(12)	(79)
	<hr/>	<hr/>
Total tax expense included in profit and loss account	<u>936</u>	<u>641</u>

A hybrid rate of 20.25% has been used to calculate the charge in the year.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2015 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly. The impact on the deferred tax asset is not expected to be significant.



**Notes** *(continued)*

**6 Directors and employee information**

	2015 £000	2014 £000
<i>Staff costs</i>		
Wages and salaries	3,616	3,489
Social security costs	387	376
Other pension costs (note 16)	352	334
	<u>4,355</u>	<u>4,199</u>

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

	2015 Number	2014 Number
<i>By activity</i>		
Production	69	65
Selling and distribution	18	18
Administration	10	10
	<u>97</u>	<u>93</u>

Directors' emoluments in the year amounted to £184,966 (2014: £172,444).

The emoluments of the highest paid director were £184,966 (2014: £172,444) and Company contributions of £17,160 (2014: £16,200) were made to a defined contribution pension scheme on his behalf.

**Notes (continued)**

**7 Tangible fixed assets**

	Freehold land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Capital work in progress	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At beginning of year	1,413	22,843	2,454	738	27,448
Additions	-	-	-	1,953	1,953
Reclassifications	-	1,791	-	(1,791)	-
<b>At end of year</b>	<b>1,413</b>	<b>24,634</b>	<b>2,454</b>	<b>900</b>	<b>29,401</b>
<i>Depreciation</i>					
At beginning of year	197	18,938	2,407	-	21,542
Charge for the year	4	1,057	25	-	1,086
<b>At end of year</b>	<b>201</b>	<b>19,995</b>	<b>2,432</b>	<b>-</b>	<b>22,628</b>
<i>Net book value</i>					
<b>At 31 December 2015</b>	<b>1,212</b>	<b>4,639</b>	<b>22</b>	<b>900</b>	<b>6,773</b>
At 31 December 2014	1,216	3,905	47	738	6,309

Included within freehold land and buildings is land amounting to £500,000 (2014: £500,000) which is not depreciated.

**8 Stocks**

	2015 £000	2014 £000
Raw materials and consumables	1,941	1,908
Work in progress	446	460
Finished goods and goods for resale	2,304	2,616
	<b>4,691</b>	<b>4,984</b>

**9 Debtors**

	2015 £000	2014 £000
Trade debtors	8,092	8,693
Prepayments and accrued income	227	258
Other taxation and social security	165	147
Other debtors	1	10
Deferred tax assets (see note 11)	65	157
	<b>8,550</b>	<b>9,265</b>

**Notes** *(continued)*

**10 Creditors: amounts falling due within one year**

	<b>2015</b>	<i>Restated</i>
	<b>£000</b>	2014 £000
Trade creditors	3,846	4,296
Other taxation and social security	271	213
Other creditors and accruals	260	151
Other financial liabilities (see note 12)	252	115
Corporation tax payable	402	389
	<b>5,031</b>	5,164
	<b>5,031</b>	5,164

**11 Deferred taxation**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	41	123	-	-	41	123
Short term timing differences	24	34	-	-	24	34
	<b>65</b>	157	-	-	<b>65</b>	157
	<b>65</b>	157	-	-	<b>65</b>	157

**12 Financial instruments**

*Carrying amount of financial instruments*

	<b>2015</b>	<i>Restated</i>
	<b>£000</b>	2014 £000
Financial liabilities measured at fair value through profit or loss	<b>252</b>	115
	<b>252</b>	115

Financial liabilities measured at fair value through profit or loss relate to forward currency exchange contracts. The fair value of forward currency exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). At the end of the reporting period, the company is primarily exposed to market risk in respect of these forward currency exchange contracts as the fair value of these contracts will change depending on fluctuations in the currency markets.

**Notes** *(continued)*

**13 Called up share capital**

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
6,000,000 (2014: 6,000,000) Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

All shares are classified in shareholders' funds. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**14 Reconciliation of movement in shareholders' funds**

	Share capital £000	<i>Restated</i> Profit and loss account £000	<i>Restated</i> Total £000
At 1 January 2015	6,000	14,115	20,115
Profit for the year	-	4,108	4,108
Dividend paid in year	-	(2,735)	(2,735)
<b>At 31 December 2015</b>	<u>6,000</u>	<u>15,488</u>	<u>21,488</u>

**15 Operating leases – plant and machinery and motor vehicles**

Non-cancellable operating lease rentals are payable as follows:

	2015 £000	2014 £000
Less than one year	54	9
Between one and five years	113	57
More than five years	<u>-</u>	<u>-</u>
	<u>167</u>	<u>66</u>

Operating leases relate to forklift trucks, motor vehicles and IT equipment.

During the year £75,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £95,000).

**16 Pension arrangements**

At 31 December 2015, the Company operated a defined contribution scheme.

The cost of the Company's contributions to the defined contribution scheme amounted to £351,605.

**Notes** *(continued)*

**17 Ultimate parent company and parent undertaking of larger group of which the Company is a member**

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 company is 12 Upper Belgrave Street, London SW1X 8BA.

The largest group in which the results of the Company are consolidated is that headed by Tennants Consolidated Limited. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 12 Upper Belgrave Street, London SW1X 8BA.

**18 Explanation of transition to FRS 102 from old UK GAAP**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out below.

*Reconciliation of profit and equity from old UK GAAP to FRS 102:*

	Note	Profit for the year ended 31 December 2014 £000	Equity as at 31 December 2014 £000	Equity as at 1 January 2014 £000
<b>Amount under old GAAP</b>		<b>2,940</b>	<b>20,206</b>	<b>17,836</b>
Recognition of forward exchange contracts	a)	(236)	(115)	121
Deferred tax on forward exchange contracts		47	24	(24)
<b>Amount under FRS 102</b>		<b>2,751</b>	<b>20,115</b>	<b>17,933</b>

*Notes to the reconciliation of profit and equity*

*a) Forward exchange contracts*

The company holds a number of forward exchange contracts. Under old UK GAAP these were not required to be recognised. Under FRS 102, they are required to be recognised at fair value through profit and loss.

## **Notes** *(continued)*

### **19 Accounting estimates and judgements**

#### *Key sources of estimation uncertainty*

The Directors do not believe there are any key sources of estimation uncertainty at the balance sheet date that may cause material adjustments to the carrying amounts of assets or liabilities within the next financial year.

#### *Critical accounting judgements in applying the Company's accounting policies*

The Directors do not believe there are any critical accounting judgements in applying the Company's accounting policies.

### **20 Commitments**

#### *Capital commitments*

The Company's contractual commitments to purchase tangible fixed assets at the year-end were £449,000 (2014: £189,000).