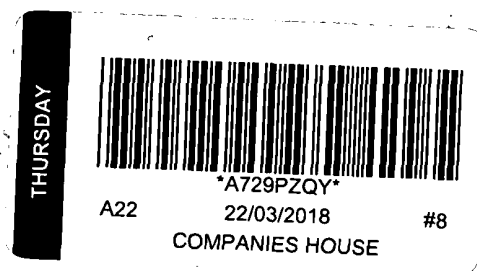


Tennants Fine Chemicals Limited
Annual report and financial statements
Registered number 00646784
31 December 2017



Company Information

Directors

A C Gingell
K G Jones
W Gittins
K Sharp (Resigned 30 June 2017)

Secretary

W Stride

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 a global supplier of liquid chemicals used by manufacturers in primary production processes. Products are used in a broad range of industries, with a particular focus on those where the smell and taste of the products are important. The Company continues to focus on a strategy of Customer Service and Quality, Manufacturing Excellence and Growth, whilst complying with all appropriate Health, Safety and Environmental legislation, regulations and other requirements.

Principal Risks and Uncertainties

The Company seeks to mitigate risk through management action. This includes the use of hedging contracts to cover any currency exposure. Credit risks are minimised through long established customer relationships, an emphasis on proactive credit management and trade credit insurance.

There remains some uncertainty around the UK's withdrawal from the European Union. This includes both future customs arrangements and European legislation (eg, REACH).

Analysis of the performance during the year

The Company's results were as follows;

	2017 £000	2016 £000
Revenue	55,634	49,765
Profit after taxation	4,462	5,318
Net assets	27,806	25,779

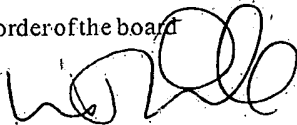
Revenues for 2017 have increased by 11.8% over the previous year to £55.6m (2016: £49.8m). This represents an increase of £5.9m and is evidence of the continued development of the Company's product-market strategy combined with favourable trading conditions. Profit levels continue to reflect the ongoing re-investment in the business and are in line with expectations. The Company's directors remain pleased with the overall result for 2017.

The Company utilises a number of financial and non-financial Key Performance Indicators (KPIs) to monitor performance. These cover volume, gross margin, customer service, working capital, plant utilisation, people and health and safety statistics. Progress against these KPIs has been satisfactory during the year with regular updates provided to the Company's Parent.

Trends likely to affect the future development of the business

Global trends in key consumer products and markets will continue to determine the long term development of the business. As a consequence the Company maintains strong relationships with both customers and suppliers. Legislative changes remain a consideration for the Company, specifically with reference to the UK's planned exit from the European Union. The Company remains fully committed to delivering the requirements defined within REACH. Health, Safety and Environmental legislation continues to advance. The Company and the directors continue to strive for high standards of regulatory compliance.

By order of the board


W Stride
Secretary

8 March 2018

Directors' Report

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

Results and dividends

The financial statements are set out on pages 7 to 19. A dividend of £2,435,000 was paid in the year (2016: £1,027,000). The directors do not recommend a payment of a final dividend in respect of the year ended 31 December 2017 (2016: nil).

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 £347,042 (2016: £370,431).

Directors

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

A C Gingell

K G Jones

K Sharp (Resigned 30 June 2017)

W Gittins

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.

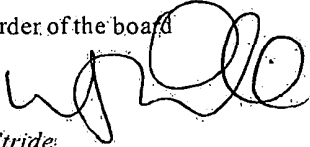
Disclosure of information to auditor

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 Stride
Secretary

8 March 2018

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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

Opinion

We have audited the financial statements of Tennants Fine Chemicals Limited ("the company") for the year ended 31 December 2017 which comprise the statement of profit and loss and other comprehensive income, statement of financial position, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.
- We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

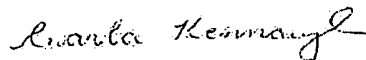
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at:
www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Carla Kennaugh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade,
Liverpool
L3 1QH

8 March 2018

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover		55,634	49,765
Cost of sales		(47,173)	(40,360)
		<hr/>	<hr/>
Gross profit		8,461	9,405
Administrative expenses		(2,595)	(1,980)
Selling and distribution expenses		(615)	(633)
		<hr/>	<hr/>
Operating profit	2	5,251	6,792
Other interest receivable and similar income	3	643	80
Interest payable and similar expenses	4	(373)	(278)
		<hr/>	<hr/>
Profit before taxation		5,521	6,594
Tax on profit	5	(1,059)	(1,276)
		<hr/>	<hr/>
Profit for the financial year		4,462	5,318
Other comprehensive income for the year		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		<u>4,462</u>	<u>5,318</u>

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

The notes on pages 10 to 19 form part of the financial statements.

Balance sheet
at 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Fixed assets			
Tangible assets	8	7,525	7,977
Current assets			
Stocks	10	7,628	7,631
Debtors	11	13,365	11,061
Cash at bank and in hand		3,879	5,391
		<hr/>	<hr/>
Creditors: amounts falling due within one year	12	24,872 (4,480)	24,083 (6,226)
		<hr/>	<hr/>
Net current assets		20,392	17,857
		<hr/>	<hr/>
Total assets less current liabilities		27,917	25,834
Provisions for liabilities and charges			
Deferred tax liability	13	(111)	(55)
		<hr/>	<hr/>
Net assets		27,806	25,779
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	6,000	6,000
Profit and loss account		21,806	19,779
		<hr/>	<hr/>
Shareholders' funds		27,806	25,779
		<hr/>	<hr/>

The notes on pages 10 to 19 form part of the financial statements.

These financial statements were approved by the board of directors on 8 March 2018 and were signed on its behalf by:



K Jones

Director

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 January 2016	6,000	15,488	21,488
Total comprehensive income for the year			
Profit or loss	-	5,318	5,318
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	5,318	5,318
	<hr/>	<hr/>	<hr/>
Dividends	-	(1,027)	(1,027)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(1,027)	(1,027)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	6,000	19,779	25,779
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2017	6,000	19,779	25,779
Total comprehensive income for the year			
Profit or loss	-	4,462	4,462
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4,462	4,462
	<hr/>	<hr/>	<hr/>
Dividends	-	(2,435)	(2,435)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(2,435)	(2,435)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	6,000	21,806	27,806
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 19 form part of the financial statements.

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

Tennants Fine Chemicals Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 646784 and the registered address is Macclesfield Road, Leek, Staffordshire, ST13 8LD.

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, which is also the functional currency. All amounts in the financial statements have been rounded to the nearest £1,000.

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.
- Disclosure in respect of related party transactions.
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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)

I 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.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

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 there is any indication of impairment to tangible fixed assets. 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.

Notes (continued)

1 Accounting policies (continued)

Impairment excluding stocks and deferred tax assets

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognised for other assets are reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Research and development

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

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.

Notes (continued)

1 Accounting policies (continued)

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.

Share capital and reserves

Called up share capital represents the nominal value of shares that have been issued. The profit and loss account includes all current and prior period retained profits and losses.

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. Turnover is generated through sales to Europe, Asia, The Americas & Africa.

The operations of the Company take place wholly in the United Kingdom and as such there are no overseas operations.

2 Operating profit

Operating profit is stated after charging:

	2017 £000	2016 £000
Operating lease rentals – plant and machinery and motor vehicles	57	66
Depreciation on owned assets	916	878
Auditors' remuneration		
- audit of these financial statements	26	26
- taxation compliance services	6	5
Research and development expenditure	347	370
	<u> </u>	<u> </u>

3 Other interest receivable and similar income

	2017 £000	2016 £000
Interest receivable	13	27
Net gain on financial liabilities measured at fair value	630	-
Net foreign exchange gain	-	53
	<u> </u>	<u> </u>
	643	80
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	2017 £000	2016 £000
Net loss on financial liabilities measured at fair value	-	278
Net foreign exchange loss	373	-
	<u> </u>	<u> </u>
	373	278
	<u> </u>	<u> </u>

Notes (continued)

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2017 £000	2016 £000
<i>UK Corporation tax</i>		
Current tax on income for the period	1,001	1,156
Adjustment in respect of prior periods	2	-
Total current tax	1,003	1,156
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	47	120
Adjustment in respect of prior period	9	-
Total deferred tax	56	120
Total tax recognised in profit and loss account	1,059	1,276
Reconciliation of effective tax rate		
	2017 £000	2016 £000
Profit on ordinary activities before tax	5,521	6,594
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	1,062	1,319
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4	2
Depreciation on assets ineligible for capital allowances	30	14
Research and development tax relief	(42)	(42)
Change in tax rate on deferred tax balances	(6)	(17)
Adjustment in respect of prior years	11	-
Total tax expense included in profit and loss account	1,059	1,276

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

Notes (continued)

6 Staff numbers and costs

	2017 £000	2016 £000
Wages and salaries	3,969	3,790
Social security costs	426	411
Other pension costs (note 17)	379	368
	<u>4,774</u>	<u>4,569</u>

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

	2017 Number	2016 Number
<i>By activity</i>		
Production	72	73
Selling and distribution	18	17
Administration	13	11
	<u>103</u>	<u>101</u>

7 Directors' Remuneration

	2017 £000	2016 £000
Directors' remuneration	283	213
Amounts receivable under long term incentive schemes	-	-
Company contributions to pension plans	25	22
	<u>308</u>	<u>235</u>

The emoluments of the highest paid director were £141,986 (2016: £203,543) and Company contributions of £14,280 (2016: £18,360) were made to a defined contribution pension scheme on his behalf.

Notes (continued)

8 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	2,112	24,077	821	2,286	29,296
Additions	-	118	-	690	808
Transfers	138	2,214	-	(2,352)	-
Impairment	-	(157)	-	(223)	(380)
At end of year	2,250	26,252	821	401	29,724
<i>Depreciation</i>					
At beginning of year	962	19,537	820	-	21,319
Charge for the year	146	769	1	-	916
Impairment	-	(36)	-	-	(36)
At end of year	1,108	20,270	821	-	22,199
<i>Net book value</i>					
At 31 December 2017	1,142	5,982	-	401	7,525
At 31 December 2016	1,150	4,540	1	2,286	7,977

Included within freehold land and buildings is land amounting to £500,000 (2016: £500,000) which is not depreciated.

Impairment loss and subsequent reversal

Impairment losses of £343,728 are included under Administrative expenses within the profit and loss account, (2016: £nil). This relates to project expenditure that has now ceased. There have been no reversals in either financial year.

9 Investment in subsidiary undertakings

Company	Shares in subsidiary undertakings	Total
	£	£
<i>Cost and net book value</i>		
At beginning and end of year	2	2

The undertakings in which the Company's interest at the year-end is more than 20% are as follows:

	Country of incorporation	Registered office Address	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>				
Leek Chemicals Limited (Registered number 3434540)	England	Macclesfield Road, Leek, Staffordshire, ST13 8LD	Dormant	100% Ordinary

The investment in Leek Chemicals Limited, which is held at cost, is £2 (2016: £2). The most recent period for which financial statements have been prepared for Leek Chemicals Limited is the year ended 31 December 2017. Its aggregate capital and reserves at that date was £2 (2016: £2).

Notes (continued)

10 Stocks

	2017 £000	2016 £000
Raw materials and consumables	3,308	3,562
Work in progress	672	531
Finished goods and goods for resale	3,648	3,538
	<u>7,628</u>	<u>7,631</u>

11 Debtors

	2017 £000	2016 £000
Trade debtors	12,086	10,544
Prepayments and accrued income	260	246
Other taxation and social security	492	170
Other debtors	21	101
Other financial asset (see note 14)	100	-
Corporation tax receivable	406	-
	<u>13,365</u>	<u>11,061</u>

12 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	3,307	4,514
Other taxation and social security	288	287
Other creditors and accruals	885	285
Other financial liabilities (see note 14)	-	530
Corporation tax payable	-	610
	<u>4,480</u>	<u>6,226</u>

13 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Accelerated capital allowances	-	-	130	76	(130)	(76)
Short term timing differences	19	21	-	-	19	21
Deferred tax liability	<u>19</u>	<u>21</u>	<u>130</u>	<u>76</u>	<u>(111)</u>	<u>(55)</u>

Notes (continued)

14 Financial instruments

Carrying amount of financial instruments

	2017 £000	2016 £000
Financial asset/(liabilities) measured at fair value through profit or loss	100	(530)

Financial asset/(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.

15 Called up share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i> 6,000,000 (2016: 6,000,000) Ordinary shares of £1. each	6,000	6,000

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.

16 Operating leases – plant and machinery and motor vehicles

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	2	1
Between one and five years	98	138
	<u>100</u>	<u>139</u>

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

During the year £57,100 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £66,000).

17 Pension arrangements

At 31 December 2017, the Company operated a defined contribution scheme.

The cost of the Company's contributions to the defined contribution scheme amounted to £379,132 (2016: £368,000).

Notes (continued)

18 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.

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.

Impairment of non-financial assets

The Directors do not believe, other than the impairment over project costs in fixed assets, that there are any other impairment indicators where calculations for impairment are required.

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 £156,322 (2016: £66,011).