

**Tennants Fine Chemicals Limited**  
**Annual report and financial statements**  
**Registered number 00646784**  
**For the year ended 31 December 2013**

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## **Company Information**

### **Directors**

W P Alexander

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 2013 considering the continued global economic uncertainty. 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 and an emphasis on proactive credit management.

The Company's results were as follows,

	2013	2012
Profit before taxation	£3,028,000	£2,280,000
Profit after taxation	£2,268,000	£1,729,000
Net Assets	£17,835,000	£15,999,000

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

The principal risk to the Company arises from the global economy. Legislative and cultural changes are an additional concern for the company. The Company's long established supplier and customer base helps to mitigate this risk.

Recent 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 2013 increased by 4% over the previous year to £45.4m, an increase of £1.82m. The increase in turnover was driven in the main by a favourable sales mix due to a reduction in demand for one key product area being offset by increasing demand in another. 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 2013

### Results and dividends

The profit and loss account and balance sheet, together with appropriate notes, are set out on pages 7 to 17. A dividend of £432,250 was paid in the year (2012 £223,250)

### 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 £349,032 (2012 £245,000)

### Directors

The directors who held office during the year were as follows

W P Alexander

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.

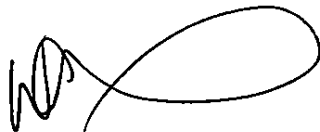
### Disclosure of information to auditor

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

1st May 2014

## **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)

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 judgments 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 its 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 2013 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 2013 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**

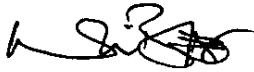
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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



**Will Baker (Senior statutory auditor)**  
**for and on behalf of KPMG LLP, Statutory auditor**  
Chartered Accountants  
8 Princes Parade  
Liverpool  
L3 1QH

19th May 2014



**Profit and loss account**  
*for the year ended 31 December 2013*

	<i>Note</i>	<b>2013</b> £000	2012 £000
Turnover	<i>1</i>	<b>45,389</b>	43,572
Cost of sales		<b>(39,794)</b>	(38,220)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>5,595</b>	5,352
Administrative expenses		<b>(1,707)</b>	(1,768)
Selling and distribution expenses		<b>(927)</b>	(929)
		<hr/>	<hr/>
<b>Operating profit</b>	<i>2</i>	<b>2,961</b>	2,655
Other interest receivable and similar income	<i>3</i>	<b>67</b>	-
Interest payable and similar charges	<i>4</i>	<b>-</b>	(375)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>3,028</b>	2,280
Taxation on profit on ordinary activities	<i>5</i>	<b>(760)</b>	(551)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	<i>13</i>	<b>2,268</b>	1,729
		<hr/> <hr/>	<hr/> <hr/>

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

There were no recognised gains or losses during the current or preceding year apart from those shown above, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 9 to 17 form part of the financial statements

**Balance sheet**  
*at 31 December 2013*

	<i>Note</i>	2013 £000	2012 £000
<b>Fixed assets</b>			
Tangible assets	7	6,309	7,048
<b>Current assets</b>			
Stocks	8	4,354	3,163
Debtors	9	8,036	7,878
Cash at bank and in hand		3,914	2,140
		<hr/>	<hr/>
<b>Creditors</b> amounts falling due within one year	10	16,304 (4,778)	13,181 (4,218)
		<hr/>	<hr/>
<b>Net current assets</b>		11,526	8,963
<b>Total assets less current liabilities</b>		17,835	16,011
<b>Provisions for liabilities</b>	11	-	(12)
		<hr/>	<hr/>
<b>Net assets</b>		17,835	15,999
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	12	6,000	6,000
Profit and loss account	13	11,835	9,999
		<hr/>	<hr/>
<b>Shareholders' funds</b>		17,835	15,999
		<hr/>	<hr/>

The notes on pages 9 to 17 form part of the financial statements

These financial statements were approved by the board of directors on *1st May* 2014 and were signed on its behalf by

*W P Alexander*

W P Alexander (Director)

*K Sharp*

K Sharp (Director)

## 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***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 (revised) the Company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary of Tennants Consolidated Limited, a company which publishes a consolidated cash flow statement

The Company has taken advantage of the exemption not to disclose related party transactions with the other wholly owned members of the group under FRS 8 – Related Party Disclosures, as it is a wholly owned subsidiary

#### ***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 denominated in foreign currencies occurring during the course of the year are translated into sterling at the exchange rates prevailing at the dates of those transactions

Foreign currency assets and liabilities have been translated into sterling at the market rates at the balance sheet date

All translation differences are dealt with through the profit and loss account

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

Tangible fixed assets are stated at cost, net of depreciation and any provisions for impairment. 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 carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

#### ***Stock valuation***

Stocks are stated at the lower of cost and net realisable value. Overheads are absorbed into the cost of finished goods based on average production costs

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

### **1** **Accounting policies** *(continued)*

#### **Research and development**

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

#### **Operating leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

#### **Deferred taxation**

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

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 substantively enacted at the balance sheet date

#### **Post-retirement benefits**

At 31 December 2013, the Company operated a defined contribution scheme. Contributions are charged to the Profit and Loss account as they become payable in accordance with the rules of the scheme.

Prior to the acquisition by Tennants Consolidated Limited on 31 January 2011, the Company operated a defined benefit scheme which will continue to be guaranteed by Tessengerlo Chemie NV.

#### **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 Notes to the profit and loss account**

<i>Profit on ordinary activities before taxation is stated after charging</i>	<b>2013</b>	2012
	<b>£000</b>	£000
Operating lease rentals – plant and machinery and motor vehicles	107	81
Depreciation on owned assets	1,705	1,622
Auditors' remuneration		
- audit of these financial statements	24	27
- taxation	10	4
Research and development expenditure	349	245
	<u>          </u>	<u>          </u>

**3 Other interest receivable and similar income**

	<b>2013</b>	2012
	<b>£000</b>	£000
Net foreign exchange gains	53	-
Interest receivable	14	-
	<u>          </u>	<u>          </u>
	67	-
	<u>          </u>	<u>          </u>

**4 Interest payable and similar charges**

	<b>2013</b>	2012
	<b>£000</b>	£000
Net foreign exchange losses	-	375
	<u>          </u>	<u>          </u>
	-	375
	<u>          </u>	<u>          </u>

**Notes** *(continued)*

**5 Taxation**

	2013 £000	2012 £000
<i>UK Corporation tax</i>		
Current tax on income for the period	834	632
Adjustment in respect of prior periods	21	13
	<hr/>	<hr/>
Total current tax	855	645
	<hr/>	<hr/>
<i>UK deferred tax (see note 11)</i>		
Origination and reversal of timing differences	(89)	(94)
Adjustment in respect of previous years	(6)	-
	<hr/>	<hr/>
Total deferred tax	(95)	(94)
	<hr/>	<hr/>
Tax on profit on ordinary activities	760	551
	<hr/> <hr/>	<hr/> <hr/>

*Factors affecting the tax charge for the current period*

The tax assessed for the period is higher (2012 higher) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5%). The differences are explained below

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,028	2,280
	<hr/>	<hr/>
Current tax at 23.25% (2012 24.5%)	704	559
<i>Effects of</i>		
Expenses not deductible for tax purposes	27	(13)
Depreciation in excess of capital allowances	106	84
Other timing differences	(3)	2
Adjustment in respect of prior years	21	13
	<hr/>	<hr/>
Total current tax charge (see above)	855	645
	<hr/> <hr/>	<hr/> <hr/>

A hybrid rate of 23.25% has been used to calculate the charge in the year

**Notes** *(continued)*

**6 Directors and employee information**

	<b>2013</b>	2012
	<b>£000</b>	£000
<i>Staff costs</i>		
Wages and salaries	<b>3,309</b>	3,154
Social security costs	<b>364</b>	356
Other pension costs (note 15)	<b>325</b>	327
	<u><b>3,998</b></u>	<u>3,837</u>

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

	<b>2013</b>	2012
	<b>Number</b>	Number
<i>By activity</i>		
Production	<b>64</b>	64
Selling and distribution	<b>18</b>	17
Administration	<b>10</b>	11
	<u><b>92</b></u>	<u>92</u>

Directors' emoluments in the year amounted to £171,655 (2012 £164,766)

The emoluments of the highest paid director were £171,655 (2012 £164,766) and Company contributions of £17,096 (2012 £18,042) 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	21,357	2,380	227	25,377
Additions	-	-	-	966	966
Reclassifications	-	771	66	(837)	-
<b>At end of year</b>	<b>1,413</b>	<b>22,128</b>	<b>2,446</b>	<b>356</b>	<b>26,343</b>
<i>Depreciation</i>					
At beginning of year	189	15,906	2,234	-	18,329
Charge for the year	4	1,624	77	-	1,705
<b>At end of year</b>	<b>193</b>	<b>17,530</b>	<b>2,311</b>	<b>-</b>	<b>20,034</b>
<i>Net book value</i>					
<b>At 31 December 2013</b>	<b>1,220</b>	<b>4,598</b>	<b>135</b>	<b>356</b>	<b>6,309</b>
At 31 December 2012	1,224	5,451	146	227	7,048

Included within freehold land and buildings is land amounting to £500,000 (2012 £500,000) which is not depreciated

**8 Stocks**

	2013 £000	2012 £000
Raw materials and consumables	1,403	1,188
Work in progress	343	211
Finished goods and goods for resale	2,608	1,764
	<b>4,354</b>	<b>3,163</b>

**9 Debtors**

	2013 £000	2012 £000
Trade debtors	7,617	7,470
Prepayments and accrued income	203	212
Other taxation and social security	132	173
Other debtors	1	23
Deferred tax assets (see note 11)	83	-
	<b>8,036</b>	<b>7,878</b>



**Notes (continued)**

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

	2013 £000	2012 £000
Trade creditors	3,985	3,442
Other taxation and social security	200	207
Other creditors and accruals	168	205
Corporation tax payable	425	364
	<u>4,778</u>	<u>4,218</u>

**11 Deferred taxation**

	Deferred tax £000
At the beginning of year	12
Charge to the profit and loss for the year	(95)
	<u>(83)</u>

The elements of deferred taxation are as follows

	2013		2012	
	Potential £000	Actual £000	Potential £000	Actual £000
Accelerated capital allowances	(72)	(72)	35	35
Short term timing differences	(11)	(11)	(23)	(23)
	<u>(83)</u>	<u>(83)</u>	<u>12</u>	<u>12</u>

Corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly and reduce the deferred tax assets / liabilities at 31 December 2013 which has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

**Notes** (continued)

**12 Called up share capital**

	2013 £000	2012 £000
<i>Allotted, called up and fully paid</i>		
6,000,000 (2012 6,000,000) Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

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

	Share capital £000	Profit and loss account £000	Total £000
At 1 January 2013	6,000	9,999	15,999
Profit for the year	-	2,268	2,268
Dividend paid in year	-	(432)	(432)
<b>At 31 December 2013</b>	<u>6,000</u>	<u>11,835</u>	<u>17,835</u>

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

	2013 £000	2012 £000
Annual commitments payable under non-cancellable operating leases expiring		
Within one year	27	-
Between two and five years	42	58
Greater than five years	35	27
	<u>104</u>	<u>85</u>

**Notes** *(continued)*

**15 Pension arrangements**

At 31 December 2013, the Company operated a defined contribution scheme

The cost of the Company's contributions to the defined contribution scheme amounted to £327,305

**16 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