

Tennants Fine Chemicals Limited
Directors' report and financial
statements
Registered number 00646784
For the year ended 31 December 2011

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Company Information

Directors

JM Groenen (resigned 31 1 2011)
BDG Stockhem (resigned 31 1 2011)
DL Van Deynse (resigned 31 1 2011)
AM Van Walleghem (resigned 31 1 2011)
Pol Deturck (resigned 31 1 2011)
W P Alexander (appointed 31 1 2011)
A C Gingell (appointed 31 1 2011)
K G Jones (appointed 31 1 2011)
K Sharp (appointed 16 2 2011)

Secretary

AM Van Walleghem (resigned 31 1 2011)
W Gittins (appointed 6 12 11)

Auditors

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

Registered office

Macclesfield Road
Leek
Staffordshire
ST13 8LD

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2011

Principal activities

The principal activity of the Company during the year was the processing of chemicals

Results and dividends

The profit and loss account and balance sheet, together with appropriate notes, are set out on pages 7 to 17. No interim dividends have been paid (2010 Nil) and the directors do not propose a final dividend (2010 Nil)

Business review

On 31 January 2011 the Company was acquired by Tennants Consolidated Limited. The Company operates as a subsidiary of Tennants Consolidated Limited under the name of Tennants Fine Chemicals Limited.

Net Assets increased from £8,626,000 at the end of 2010 to £14,493,000 at the end of 2011. On 16th February 2011 the following movements in the company's share capital took place. A total of 4,973,280 ordinary shares of £1 each were issued to Tennants Consolidated Limited in consideration of £1,000,000 in cash and partial capitalisation of the loan, a reduction in capital was effected by cancelling 8,772,642 ordinary shares of £1 each together with the redemption reserve of £1,087,000. This capital reconstruction increased distributable reserves by £9,859,642 and resulted in the company having an issued ordinary share capital of £6,000,000.

Profit before Tax	£1,161,000	(2010 ~ £2,252,000)
Profit after Tax	£893,000	(2010 ~ £1,697,000)

Key performance indicators

Key performance indicators are used to measure and evaluate company performance against targets and monitor various activities throughout the company. The main key performance indicators employed in the company are,

Volume (by product)
Turnover (by product)
Profit/loss (Gross and Net)
Fixed Production and Overhead Costs
Debtor Days

The board monitor these on a monthly basis against budgets.

Principal risks and uncertainties

The Company has an exposure to foreign currencies as the majority of customers are outside the UK. Various currency contracts are used to minimise this risk.

Uncertainty surrounding the global economy is an additional concern for the Company. A well established supplier and customer base, along with differing markets for key products help to mitigate this risk.

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 £262k (2010 £282k).

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.

Donations

Charitable donations of £2k were paid in the year (2010 £2k). No political donations were made in the year (2010 £nil).

Payment of suppliers

The Company has a general policy to pay suppliers in accordance with the contract terms agreed with them or, in the absence of such contract terms, in accordance with the Company's own standard terms of trading, provided circumstances permit this and that the supplier is also complying with all relevant terms and conditions. Trade creditors at 31 December 2011 were equivalent to 31 days purchases (2010 46 days).

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

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

By order of the board



W Gittins
Secretary

02/05/2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 auditors' 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 2011 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 auditors' 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 auditors

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 (APB'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 APB's www.frc.org.uk/apb/scope/private.cfm

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 2011 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' 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



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

Lth May 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	<i>1</i>	47,705	45,046
Cost of sales		(44,103)	(40,628)
		<hr/>	<hr/>
Gross profit		3,602	4,418
Administrative expenses		(1,716)	(1,259)
Selling and distribution expenses		(873)	(815)
		<hr/>	<hr/>
Operating profit	<i>2</i>	1,013	2,344
Other interests receivable and similar income	<i>3</i>	162	-
Interest payable and similar charges	<i>4</i>	(14)	(92)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,161	2,252
Taxation on profit on ordinary activities	<i>5</i>	(268)	(555)
		<hr/>	<hr/>
Profit for the financial year	<i>13</i>	893	1,697
		<hr/> <hr/>	<hr/> <hr/>

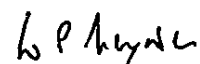
All turnover and operating profits in both financial years are derived from continuing operations

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

Balance sheet
at 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Fixed assets			
Tangible assets	7	6,630	7,185
Current assets			
Stocks	8	3,549	3,436
Debtors	9	8,597	4,762
Cash at bank and in hand		923	30
		<hr/>	<hr/>
Creditors amounts falling due within one year	10	13,069 (5,100)	8,228 (6,574)
		<hr/>	<hr/>
Net current assets		7,969	1,654
Total assets less current liabilities		14,599	8,839
Provisions for liabilities	11	(106)	(213)
		<hr/>	<hr/>
Net assets		14,493	8,626
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	12	6,000	9,799
Capital redemption reserve	13	-	1,087
Profit and loss account	13	8,493	(2,260)
		<hr/>	<hr/>
Shareholders' funds		14,493	8,626
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 2nd May 2012 and were signed on its behalf by:



W P Alexander (Director)



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

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 or valuation, 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 against profits as incurred over the lease term

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 2011, 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

Cash flow statement

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

Related party transactions

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

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

	2011	2010
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Operating lease rentals – plant and machinery and motor vehicles	55	64
Depreciation on owned assets	1,523	1,553
Auditors' remuneration		
- audit of these financial statements	26	24
- taxation	9	4
Research and development expenditure	262	282
	<u> </u>	<u> </u>

3 Other interest receivable and similar income

	2011	2010
	£000	£000
Net foreign exchange gains	157	-
Interest receivable	5	-
	<u> </u>	<u> </u>
	162	-
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	2011	2010
	£000	£000
Interest payable to group undertaking	-	83
Interest payable	14	-
Net foreign exchange losses	-	9
	<u> </u>	<u> </u>
	14	92
	<u> </u>	<u> </u>

Notes (continued)

5 Taxation

	2011 £000	2010 £000
<i>UK Corporation tax</i>		
Current tax on income for the year	358	325
Group relief adjustment in respect of prior years	33	200
Adjustment in respect of prior years	(16)	
	<hr/>	<hr/>
Total current tax	375	525
	<hr/>	<hr/>
<i>UK deferred tax</i>		
Origination and reversal of timing differences	(107)	30
	<hr/>	<hr/>
Total deferred tax (note 11)	(107)	30
	<hr/>	<hr/>
Tax on profit on ordinary activities	268	555
	<hr/>	<hr/>

The tax assessed for the period is higher (2010 lower) than the standard rate of corporation tax in the UK of 26.5% (2010 28%)
The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	1,161	2252
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	308	631
<i>Effects of</i>		
Expenses not deductible for tax purposes	2	5
Depreciation in excess of capital allowances	86	54
Group relief adjustment in respect of prior years	33	200
Other timing differences	(38)	(365)
Adjustment in respect of prior years	(16)	-
	<hr/>	<hr/>
Total current tax charge (see above)	375	525
	<hr/>	<hr/>

Notes *(continued)*

6 Directors and employee information

	2011	2010
	£000	£000
<i>Staff costs</i>		
Wages and salaries	3,043	2,553
Social security costs	312	227
Other pension costs (note 16)	342	463
	<u>3,697</u>	<u>3,243</u>

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

	2011	2010
	Number	Number
<i>By activity</i>		
Production	66	62
Selling and distribution	16	14
Administration	9	9
	<u>91</u>	<u>85</u>

Directors' emoluments in the year amounted to £166,202 (2010 *£nil*)

The emoluments of the highest paid director were £166,202 (2010 *£nil*) and Company contribution of £17,187 (2010 *£nil*) 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	1,184	18,946	2,167	72	22,369
Additions	-	-	-	968	968
Reclassifications	-	70	-	(70)	-
At end of year	1,184	19,016	2,167	970	23,337
<i>Depreciation</i>					
At beginning of year	181	12,836	2,167	-	15,184
Charge for the year	-	1,523	-	-	1,523
Reclassifications	-	-	-	-	-
At end of year	181	14,359	2,167	-	16,707
<i>Net book value</i>					
At 31 December 2011	1,003	4,657	-	970	6,630
At 31 December 2010	1,003	6,110	-	72	7,185

Included within freehold land and buildings is land amounting to £500,000 (2010 £500,000) which is not depreciated

8 Stocks

	2011 £000	2010 £000
Raw materials and consumables	1,381	1,360
Work in progress	231	186
Finished goods and goods for resale	1,937	1,890
	3,549	3,436

9 Debtors

	2011 £000	2010 £000
Trade debtors	7,748	4,145
Amounts owed by group undertakings	-	361
Prepayments and accrued income	138	129
Other taxation and social security	459	127
Other debtors	252	-
	8,597	4,762

Notes (continued)

10 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	4,160	4,785
Amounts owed to group undertakings	-	953
Other taxation and social security	211	211
Other creditors and accruals	297	215
Corporation tax payable	432	410
	<u>5,100</u>	<u>6,574</u>

11 Provisions for liabilities

	Deferred tax £000
At the beginning of year	213
Utilised during the year	-
Charge to the profit and loss for the year	(107)
	<u>106</u>

The elements of deferred taxation are as follows

	2011		2010	
	Potential £000	Actual £000	Potential £000	Actual £000
Accelerated capital allowances	125	125	233	233
Short term timing differences	(19)	(19)	(20)	(20)
Deferred tax liability	<u>106</u>	<u>106</u>	<u>213</u>	<u>213</u>

On the 23 March 2011 the Chancellor announced that the main rate of UK corporation tax will reduce from 26% to 25% with effect from 1 April 2012. This change became substantively enacted in July 2011 and therefore the effect of the rate reduction on the deferred tax balances has been included in the figures above.

On 21 March 2012 the Chancellor announced a further reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012. As this rate was not substantively enacted at the balance sheet date it has not been reflected in the above figures.

The Chancellor has also proposed changes to further reduce the main rate of UK corporation tax by 1% per annum to 22% by 1 April 2014. These reductions have not been substantively enacted the changes are not reflected in the above figures.

Notes (continued)

12 Called up share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
6,000,000 (2010 9,799,000) Ordinary shares of £1 each	6,000	9,799
	6,000	9,799

13 Reconciliation of movement in shareholders' funds

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2011	9,799	1,087	(2,260)	8,626
Profit for the year	-	-	893	893
New shares issued	4,974	-	-	4,974
Capitalisation of capital redemption reserve	1,087	(1,087)	-	-
Share capital reduction	(9,860)	-	9,860	-
	6,000	-	8,493	14,493
At 31 December 2011	6,000	-	8,493	14,493

On 16 February 2011, the following movements in the Company's share capital took place. A total of 4,974,280 ordinary shares of £1 each were issued to Tennants Consolidated Limited in consideration of £1,000,000 in cash and partial capitalisation of the loan, a reduction in capital was effected by cancelling 8,772,642 ordinary shares of £1 each together with the capital redemption reserve of £1,087,000.

This capital reconstruction increased distributable reserves by £9,859,642 and resulted in the Company having an issued ordinary share capital of £6,000,000.

14 Operating leases – plant and machinery and motor vehicles

	2011 £000	2010 £000
Annual commitments payable under non-cancellable operating leases expiring		
Within one year	4	21
Between two and five years	69	12
	73	33

Notes *(continued)*

15 Pension arrangements

At 31 December 2011, the Company operated a defined contribution scheme

The cost of the Company's contributions to the defined contribution scheme amounted to £306,287

Previously, the Company operated a defined benefit scheme providing benefits based on final pensionable pay. This pension scheme was held within Tessenderlo Holding UK Limited. Because the Company was unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

Following the acquisition by Tennants Consolidated Limited on 31 January 2011, the Company has entered into a withdrawal arrangement in respect of the defined benefit scheme. Under the terms of the withdrawal arrangement the defined benefit scheme will be guaranteed by Tessenderlo Chemie NV and this releases the Company from any further liability under the scheme. The Company will provide for post employment benefits under a stakeholder scheme.

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 69 Grosvenor Street, London, W1K 3BP.