

00250915

TENNANTS CONSOLIDATED LIMITED

Report and Financial Statements

31st December 2022

TENNANTS CONSOLIDATED LIMITED

NOTICE OF THE NINETY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninety-Second Annual General Meeting of TENNANTS CONSOLIDATED LIMITED will be held at 35 Queen Anne Street, London W1G 9HZ on 11th July 2023 at 12 noon for the transaction of the following business:

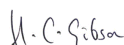
As an Ordinary Resolution

1. THAT the annual report and audited financial statements for the year ended 31 December 2022 be received.
2. To note the interim dividend of 52.91p on the Ordinary shares and the “A” Ordinary shares for the year ended 31 December 2022.
3. THAT the final dividend of 52.91p on the Ordinary shares and the “A” Ordinary shares for the year ended 31 December 2022 be approved.
4. THAT Mr M. G. Hughes be re-elected as a Director.
5. THAT Mr T. Griffiths be re-elected as a Director.
6. THAT Mr S. W. Sloan be re-elected as a Director.
7. THAT the Board be authorised to determine the Directors’ remuneration.
8. THAT Grant Thornton UK LLP be re-appointed as statutory auditor and THAT the Board be authorised to determine the auditor’s remuneration.

As a Special Resolution

9. THAT:
 - (a) the articles of association of the Company be amended by deleting all the provisions that were contained within the Company’s memorandum of association prior to 1 October 2009 which, by virtue of the Companies Act 2006, have been treated as provisions of the Company’s articles of association since 1 October 2009; and
 - (b) the articles of association produced to the meeting and signed by the Chair of the meeting for the purposes of identification be approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association with effect from the conclusion of the meeting.

By order of the board,



Mrs H. C. Gibson
Secretary

35 Queen Anne Street
London W1G 9HZ
7th June 2023

TENNANTS CONSOLIDATED LIMITED

Directors	William Paul Alexander (<i>Chairman</i>) Paul Colin Hancock Duncan James Alexander Jonathan Harry Cartwright (<i>retired May 2022</i>) Michael Gary Hughes Timothy Griffiths Robert Alexander Peden (<i>retired March 2023</i>) Sean William Sloan Jane Bronwen Moriarty (<i>appointed January 2022</i>) Timothy Sydney William Glenn (<i>appointed May 2022</i>)
Bank	Bank of Scotland plc 300 Lawnmarket, Royal Mile, Edinburgh EH1 2PH
Auditors	Grant Thornton UK LLP 30 Finsbury Square, London EC2A 1AG
Secretary	Hannah Clare Gibson
Registered Office	35 Queen Anne Street, London W1G 9HZ
Registered Number	00250915

TENNANTS CONSOLIDATED LIMITED

Strategic Report

Principal activities and operations

The group manufactures, distributes and sells chemicals and chemical products globally.

Review of the group's business

The Directors are pleased with the overall result for 2022, in view of the continued global economic uncertainty. The group is focused on growing its business by expanding its core activities and by strategic acquisitions.

The group's key results are:

	2022	2021
	£'000	£'000
Operating profit	64,361	38,211
Group profit before taxation	82,411	51,407
Net profit attributable to shareholders	65,592	44,541
Adjusted net profit attributable to shareholders*	52,841	34,085

* Excludes one-off gain on sale of property and profits, fair value adjustments and the associated tax movements arising from investments held.

Analysis of the performance during the year

As a result of continued price inflation, turnover in 2022 increased by £187m (34%) to £736m; and stocks increased by £22m (30%) to £98m. Operating profits increased by £26m (68%) to £64m from agile commercial decisions made in the challenging global environment. This is also reflected in the increase of £19m in adjusted net profit attributable to shareholders. Net profit attributable to shareholders of £66m is £22m higher than that recorded in 2021, which includes a one-off gain of £14m made on the sale of certain land and buildings as a consequence of a local regeneration plan. The taxation charge in the year changed in line with underlying profits.

Principal risks and uncertainties facing the group

Primary market risk

Approximately 52% (2021: 52%) of group sales are made in the UK, therefore the uncertainty arising from the UK economy is considered a principal risk. This market risk is mitigated due to the long-term relationships the group maintains with its suppliers and customers.

Global disruption risk

The Directors have assessed the risks arising from global disruption (including the Russia / Ukraine conflict and inflationary pressures) and consider the immediate impact to be limited. Although the longer-term impact is harder to evaluate, after modelling a number of possible scenarios, the Directors are confident that the group remains sufficiently strong to withstand such potential adverse effects on the group's business activities as can practically be foreseen at the date of this report.

TENNANTS CONSOLIDATED LIMITED

Strategic Report (*continued*)

Legal & regulatory risk

There remains some uncertainty following the UK's withdrawal from the European Union (EU). This includes implementation of customs arrangements and European legislation (e.g. REACH). This risk differs across individual group companies.

Changes to legislation, in particular where these relate to the chemical industry, continue to impact some group companies. The Directors are committed to meeting these requirements.

Group systems are designed so that companies comply with legal and regulatory requirements, including environmental and health & safety regulations. Certain group companies are active members of Responsible Care schemes.

Pension risk

The group's defined benefit scheme obligations are subject to medium and long-term interest rate volatility, changes to member longevity and inflation uncertainty. The management of these risks are a significant matter and they are frequently reviewed by the Board, and the pension fund's trustee. The closure of the scheme to future accrual has significantly reduced the group's risk.

Financial instruments

The main risks arising from the group's financial instruments are:

Investment risk

The group has exposure to investment risk on the value of its investment portfolios. The risk is managed by maintaining a broad portfolio of investments and taking a long-term approach to investment decisions.

Foreign currency risk

The group has exposure to foreign currencies due to both selling and purchasing in currencies other than sterling. The risk is managed by the use of forward currency contracts and matching foreign cash holdings against future expenditure.

Credit and cash flow risk

The group's credit risk is primarily from its trade debtors. This risk is reduced by the number of long established customers and an emphasis on good credit management which includes the targeted use of credit insurance cover.

Liquidity risk

The Directors are pleased with the group's high liquidity ratio which reflects the financial health of the group. The group maintains its high liquidity by effective management of its current assets and liabilities.

The group banks in many countries, including Ireland, Brazil, Canada, the USA and the UK. The risks of this include bank solvency, liquidity of investments, interest rates earned and currency fluctuation. In managing these risks, the group places deposits with highly rated institutions. Interest rates and withdrawal limits are reviewed regularly.

TENNANTS CONSOLIDATED LIMITED

Strategic Report (*continued*)

S172(1) Statement

The Directors act with good faith in a way to promote the success of the group for the benefit of its members as a whole. The Directors promote business practices which seek to enhance the good reputation of the group. The Directors seek to nurture positive long-term relationships with the group's key stakeholders including shareholders, employees, the pension fund, customers and suppliers.

Where appropriate, operational decisions will be made at subsidiary level. The Directors have oversight of these decisions to ensure they have the success of the group and its stakeholders in mind and have not had to take any principal decisions in relation to these. Examples of engagement with key stakeholders in the year under review include:

- The group communicates with the shareholders via the annual general meeting and the annual report and financial statements.
- The group's subsidiaries give consideration of the interests of employees when making decisions, with their health, safety and well-being one of the primary considerations.
- Relationships with customers and suppliers are managed at a subsidiary level, with key relationships considered by the group Board.
- The group maintains a collaborative relationship with the pension fund through regular meetings and knowledge sharing.

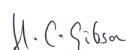
The potential impact of decisions on stakeholders are considered whilst having regard to other factors, including the impact of the group's operations on the environment.

Key performance indicators

The Directors assess the group's performance by reference to the operating profit, group profit before taxation, net profit attributable to shareholders, and adjusted net profit attributable to shareholders and consider these to be the relevant Key Performance Indicators (KPIs). These are discussed further in the review of the group's business.

Individual group companies use a variety of KPIs to measure performance in addition to the KPIs noted above. These are regularly considered by the Board and include return on sales, return on capital employed and gross margin contribution. Individual group companies apply their own criteria to non-financial KPIs which include customer retention statistics, employee turnover, accident statistics and compliance with all relevant environmental legislation.

By order of the Board,



Mrs H. C. Gibson
Secretary

35 Queen Anne Street,
London, W1G 9HZ
7th June 2023

TENNANTS CONSOLIDATED LIMITED

Directors' Report

The Directors present their report for the year ended 31st December 2022.

Directors

The Directors listed on page 1 have held office during the period since the last Annual General Meeting with the exception of Mr J. H. Cartwright who retired from the Board in May 2022 and Dr. R. A. Peden who retired from the Board in March 2023. The Board offer their appreciation and thanks for their dedicated service.

The Directors retiring by rotation are Mr T. Griffiths, Mr M. G. Hughes and Mr S.W. Sloan who offer themselves for re-election at this year's Annual General Meeting by the shareholders.

The company maintains insurance to cover Directors' liability as permitted by Section 232(2) of the Companies Act 2006.

Dividends

An interim dividend for the year ended 31 December 2022 of 52.91p per Ordinary share, 52.91p per Ordinary "A" share and 0.075p per Preference share was declared by the Board on 24 March 2023. The interim dividend was paid to shareholders on 6 April 2023.

The final dividend for the year ended 31 December 2022 will be considered and voted upon at the AGM.

Research and development

Certain group companies are engaged in research and development in support of the products and services that it provides to its customers. Note 3 to the financial statements details the amount spent on research and development in the year under review.

Future developments

The group will maintain its objective of strategic acquisition and core business expansion.

Financial instruments

Details of financial instruments are provided in the Strategic Report.

Employee engagement

The quality and commitment of the group's employees plays a major role in the group's success. The Directors have regard to the interests of employees when making decisions with their health, safety and well-being one of the primary considerations. To grow employees' understanding and engagement, group companies communicate by means of newsletters, meetings, announcements, electronic media and direct communication.

Stakeholder engagement

The group communicates with shareholders via the annual general meeting and the annual report and financial statements. Further details of stakeholder engagement can be found in the S172(1) statement provided in the Strategic Report.

TENNANTS CONSOLIDATED LIMITED

Directors' Report (*continued*)

Equality

The group supports the Equality Act 2010 when considering employment applications and in respect of existing employees. The group makes full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities; continuing the employment of, and arranging training for employees who have become disabled while employed; and career development and training of disabled persons.

Donations

In the year under review, group donations to charitable organisations amounted to £46,180 (2021: £36,350).

Energy and emissions report

The group's businesses regularly consider their energy usage as part of optimising their operations and take relevant actions to improve their energy efficiency. During the year, the group measured its energy usage as set out below:

	2022	2021
UK energy use (kWh)	44,144,300	56,099,338
Associated Greenhouse gas emissions (tCO ₂ e)	9,294	12,586
Intensity ratio (Revenue earned per tCO ₂ e, £M / tCO ₂ e)	40.38	20.44

UK energy use covers the activities of Charles Tennant & Co. (N.I.) Limited, Synthite Limited, Synthite (Mold) Limited and Tennants Distribution Limited.

UK energy use and associated greenhouse gases have been calculated by applying the methodology and conversion factors published by the Department for Business, Energy & Industrial Strategy.

Going concern

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to investment, credit, liquidity and cash flow risk are described in the Strategic Report.

The group has considerable financial resources together with long-standing relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the group is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

To assess the potential impact of ongoing global disruption on the group, the Directors have considered a number of possible scenarios. This includes modelling for major impacts including reduced revenues and operating margins together with increased irrecoverable debt for at least a 12-month period following the date of this report. On the basis of this modelling, the Directors are confident that the group's liquidity remains sufficient over the forecast period.

After making enquiries and reviewing revenue forecasts for at least 12 months after the date of signing of the accounts, the Directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

TENNANTS CONSOLIDATED LIMITED

Directors' Report (*continued*)

Subsequent events

In January 2023, the Company paid a special one-off contribution of £8m into the defined benefit pension scheme.

Auditors

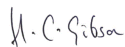
A resolution to re-appoint Grant Thornton UK LLP as statutory auditors will be put to members at the Annual General Meeting.

New Articles of Association

The Board and the Company's legal advisers have identified a number of provisions of the company's Articles of Association which could be updated to provide flexibility for the Company. Details of the new Articles of Association will be sent to shareholders for consideration at the Annual General Meeting.

As the New Articles are based on the Existing Articles, a hard copy of the New Articles and a hard copy of the comparison version, showing the proposed changes being made to the Existing Articles, will be available for inspection at the Company's registered office during the period from the posting of the Notice of AGM until the date of the AGM. These documents will also be available on the day of the AGM for at least 15 minutes before the AGM starts and during the meeting itself.

By order of the Board,



Mrs H. C. Gibson
Secretary

35 Queen Anne Street,
London, W1G 9HZ
7th June 2023

TENNANTS CONSOLIDATED LIMITED

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report and 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 and profit or loss of the company and group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 group will continue in business.

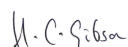
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Disclosure of information to auditors

The Directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the Board



Mrs H. C. Gibson
Secretary

35 Queen Anne Street,
London, W1G 9HZ
7th June 2023

TENNANTS CONSOLIDATED LIMITED

Independent auditor's report to the members of Tennants Consolidated Limited

Opinion

We have audited the financial statements of Tennants Consolidated Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group income statement, Group statement of comprehensive income, Group and Company statements of financial position, Group and Company statements of changes in equity, Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended:
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the Directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included assessment of the forecast cash flows, levels of cash reserves and liquid assets, which include listed investments.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the crisis in Ukraine and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

TENNANTS CONSOLIDATED LIMITED

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

TENNANTS CONSOLIDATED LIMITED

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and industry in which it operates through our general commercial and sector experience and discussions with management and the audit committee. We determined that the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and the Companies Act 2006. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements such as REACH and other chemical regulations.
- We enquired of management and the audit committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group's financial statements to material statement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - a) Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
 - b) Challenging assumptions and judgements made by management in its significant accounting estimates;
 - c) Identifying and testing journal entries; and
 - d) Assessing the extent of compliance with the relevant laws and regulations.

TENNANTS CONSOLIDATED LIMITED

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

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - a) Understanding of, and practical experience with, audit engagements of a similar nature and complexity through
 - b) Knowledge of the industry in which the client operates; and
 - c) Understanding of the legal and regulatory requirements specific to the company including the provisions of applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provision.
- Team communications in respect of potential non-compliance with laws and regulations and fraud including the potential for fraud in revenue recognition.
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that give rise to a risk of material misstatement of the group financial statements.

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

Use of our report

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



Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
7th June 2023

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Group income statement for the year ended 31st December 2022

	Notes	2022 £000	2021 £000
TURNOVER	2	736,446	549,894
Cost of sales		<u>(570,513)</u>	<u>(416,647)</u>
GROSS PROFIT		165,933	133,247
Administrative expenses		(102,682)	(96,361)
Other operating income		1,110	1,325
		<u></u>	<u></u>
OPERATING PROFIT	3	64,361	38,211
Profit on sale of property	13	13,980	-
Profit on disposal of operations	25	-	7,528
Share of profit for the year from joint ventures and associates	14(b)	922	524
Income and fair value movement of fixed asset investments	6	<u>2,853</u>	<u>5,365</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		82,116	51,628
Interest receivable and similar income	7	834	214
Interest payable and similar charges	8	(507)	(211)
Other finance expense	24(d)	<u>(32)</u>	<u>(224)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		82,411	51,407
Tax on profit on ordinary activities	9(a)	<u>(16,819)</u>	<u>(7,287)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>65,592</u>	<u>44,120</u>
Profit for the financial year attributable to:			
Owners of the parent		65,592	44,541
Minority interest		-	(421)

All operations are continuing. The notes on pages 18 to 37 form part of these financial statements.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Group statement of comprehensive income for the year ended 31st December 2022

	Notes	2022 £000	2021 £000
PROFIT FOR THE FINANCIAL YEAR		65,592	44,120
Currency translation		6,359	(3,981)
Other comprehensive income for the year, net of tax		-	55
Income recognised for the year prior to pension adjustments		71,951	40,194
Actuarial gain on defined benefit pension scheme before tax	24(d)	553	13,686
Deferred tax on actuarial movement on defined benefit pension scheme	19	(138)	(3,422)
Actuarial gain on defined benefit pension scheme after tax		415	10,264
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		72,366	50,458
Total comprehensive income for the financial year attributable to:			
Owners of the parent		72,366	50,863
Minority interest		-	(405)

The notes on pages 18 to 37 form part of these financial statements.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Statements of financial position at 31st December 2022

	Notes	2022		2021	
		Group £000	Company £000	Group £000	Company £000
FIXED ASSETS					
Intangible assets	12	1,627	-	2,919	-
Tangible assets	13	59,176	55	54,330	62
Investments:					
Listed investments	14(a)	45,645	-	52,571	-
Other investments	14(b)	15,997	-	13,310	-
Subsidiaries	14(c)	-	40,035	-	40,035
		<u>122,445</u>	<u>40,090</u>	<u>123,130</u>	<u>40,097</u>
CURRENT ASSETS					
Stocks	15	97,692	-	75,339	-
Debtors	16	124,773	27,089	112,054	25,886
Cash at bank and in hand		<u>136,165</u>	<u>35,160</u>	<u>95,419</u>	<u>20,056</u>
		358,630	62,249	282,812	45,942
CREDITORS: Amounts falling due within one year	17	<u>(78,980)</u>	<u>(5,593)</u>	<u>(69,754)</u>	<u>(1,190)</u>
NET CURRENT ASSETS		<u>279,650</u>	<u>56,656</u>	<u>213,058</u>	<u>44,752</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		402,095	96,746	336,188	84,849
CREDITORS: Amounts falling due after more than one year	18	(7,461)	(17,764)	(8,612)	(18,660)
PROVISION FOR LIABILITIES	19	<u>(7,343)</u>	<u>-</u>	<u>(3,195)</u>	<u>-</u>
NET ASSETS BEFORE PENSION LIABILITY		387,291	78,982	324,381	66,189
PENSION LIABILITY	24(f)	<u>(245)</u>	<u>(245)</u>	<u>(2,566)</u>	<u>(2,566)</u>
NET ASSETS		<u>387,046</u>	<u>78,737</u>	<u>321,815</u>	<u>63,623</u>
CAPITAL & RESERVES					
Called up share capital	20	4,608	4,608	4,608	4,608
Capital redemption reserve	21	536	536	536	536
Other non-distributable reserves	21	900	-	900	-
Profit and loss account		<u>381,002</u>	<u>73,593</u>	<u>315,771</u>	<u>58,479</u>
TOTAL SHAREHOLDERS' FUNDS		<u>387,046</u>	<u>78,737</u>	<u>321,815</u>	<u>63,623</u>

The Company's profit for the year was £21,834,000 (2021: £48,320,000).

The financial statements were approved by the Board of Directors and authorised for issue on 7th June 2023 and were signed on its behalf by:

Paul Alexander

Director W P Alexander

Sean Sloan

Director S W Sloan

Company registration number: 00250915

The notes on pages 18 to 37 form part of these financial statements.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Group statement of changes in equity for the year ended 31st December 2022

	Called up share capital	Capital redemption reserve	Other non- distributable reserves	Profit and loss account	Amount attributable to owners of the parent £000	Minority interests £000	Total shareholders' funds £000
At 1st January 2021	4,608	536	900	313,099	319,143	532	319,675
Profit for the year	-	-	-	44,541	44,541	(421)	44,120
Other comprehensive income	-	-	-	6,322	6,322	16	6,338
Total comprehensive income for the year	-	-	-	50,863	50,863	(405)	50,458
Purchase of minority interest	-	-	-	(1,625)	(1,625)	(127)	(1,752)
Dividends	-	-	-	(46,566)	(46,566)	-	(46,566)
As at 31st December 2021	4,608	536	900	315,771	321,815	-	321,815
Profit for the year	-	-	-	65,592	65,592	-	65,592
Other comprehensive income	-	-	-	6,774	6,774	-	6,774
Total comprehensive income for the year	-	-	-	72,366	72,366	-	72,366
Dividends	-	-	-	(7,135)	(7,135)	-	(7,135)
As at 31st December 2022	4,608	536	900	381,002	387,046	-	387,046

Company statement of changes in equity for the year ended 31st December 2022

	Called up share capital	Capital redemption reserve	Other non- distributable reserves	Profit and loss account	Amount attributable to shareholders £000
At 1st January 2021	4,608	536	-	46,382	51,526
Profit for the year	-	-	-	48,320	48,320
Other comprehensive income	-	-	-	10,343	10,343
Total comprehensive income for the year	-	-	-	58,663	58,663
Dividends	-	-	-	(46,566)	(46,566)
As at 31st December 2021	4,608	536	-	58,479	63,623
Profit for the year	-	-	-	21,834	21,834
Other comprehensive income	-	-	-	415	415
Total comprehensive income for the year	-	-	-	22,249	22,249
Dividends	-	-	-	(7,135)	(7,135)
As at 31st December 2022	4,608	536	-	73,593	78,737

The notes on pages 18 to 37 form part of these financial statements.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Group statement of cash flows for the year ended 31st December 2022

	Notes	2022 £000	2021 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	40,810	6,001
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		834	214
Purchase of listed investments	14(a)	(10,996)	(5,051)
Investments in joint ventures and associates		-	(1)
Purchase of intangible fixed assets	12	(327)	(508)
Purchase of tangible fixed assets	13	(12,686)	(16,714)
Sale of business operations, net of cash disposed of	25	-	32,906
Proceeds from the sale of listed and unlisted investments		17,367	9,012
Proceeds and deferred income from property sales		6,730	7,250
Proceeds from the sale of tangible fixed assets		1,311	355
Dividends and interest received from investments		2,185	1,891
		<u>4,418</u>	<u>29,354</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(507)	(211)
Purchase of minority interest		-	(1,752)
Dividends paid to preference shareholders	11	(317)	(317)
Dividends paid to equity shareholders	11	<u>(6,818)</u>	<u>(46,249)</u>
		<u>(7,642)</u>	<u>(48,529)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	26	37,586	(13,174)
Foreign exchange translation adjustment		1,341	(2,426)
Cash and cash equivalents at 1st January		<u>94,619</u>	<u>110,219</u>
CASH, CASH EQUIVALENTS AND OVERDRAFTS AT 31ST DECEMBER	26	<u>133,546</u>	<u>94,619</u>

The notes on pages 18 to 37 form part of these financial statements.

TENNANTS CONSOLIDATED LIMITED

Notes to the Financial Statements

1. ACCOUNTING POLICIES

1.1 Statement of compliance

Tennants Consolidated Limited is a private company limited by shares and is incorporated in England. The Registered Office is 35 Queen Anne Street, London, W1G 9HZ (registered number 00250915).

1.2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including 'FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

1.3 Going concern

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposure to investment, credit and cash flow, and liquidity risk are described in the Strategic Report.

The group has considerable financial resources together with long-standing relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the group is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

The uncertainty as to the future impact on the group from global disruption (including the Russia / Ukraine conflict and inflationary pressures) has been considered as part of the group's adoption of the going concern basis.

To assess the potential impact of ongoing global disruption on the group, the Directors have considered a number of possible scenarios. This includes modelling for major impacts including reduced revenues and operating margins together with increased irrecoverable debt for at least a 12-month period following the date of this report.

After making enquiries and reviewing revenue forecasts for at least 12 months after the date of signing of the accounts, the Directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.4 Basis of consolidation

The group financial statements are presented in sterling and consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31st December each year. The results of the subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed and are accounted for under the acquisition method. The group has taken advantage of the exemption conferred by Regulation 7 of the Partnerships (Accounts) Regulations 2008 and has therefore not appended the accounts of Tennants Scottish Limited Partnership to the accounts of Tennants Consolidated Limited.

The individual accounts of the company have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes.
- financial instrument disclosures, including:
 - categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments; and
 - exposure to and management of financial risks.

TENNANTS CONSOLIDATED LIMITED

Notes to the Financial Statements (*continued*)

1.4 Basis of consolidation (*continued*)

Entities in which the group holds an interest, and which are jointly controlled by the group and one or more other parties under a contractual arrangement, are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

In the parent company financial statements, investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Minority interest represents the group's non-controlling interest as defined under FRS 102. Non-controlling interest, presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that are not held by the group. The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

1.5 Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Significant estimates made include:

- assumptions made in the estimation of the defined benefit pension scheme liability (note 24);
- treatment of Tennants Scottish Limited Partnership (a special purpose vehicle created as part of the defined benefit pension scheme funding arrangement) as an extension of the Company when applying the definition of scheme assets under FRS 102, hence there are no separate scheme assets to recognise in the balance sheet of the Company.

1.6 Turnover

Turnover derives principally from the continuing manufacture of, and trading in, chemicals and allied products.

Turnover represents the fair value of consideration received or receivable for goods supplied to customers, excluding intra-group sales and after deducting sales allowances, rebates and value added taxes.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, the revenue and costs incurred in respect of the transaction can be measured reliably and collectability is reasonably assured. This is usually at the point when goods have been delivered to the customer.

1.7 Foreign currencies

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

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

TENNANTS CONSOLIDATED LIMITED

Notes to the Financial Statements (*continued*)

1.7 Foreign currencies (*continued*)

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

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

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

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

1.8 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the income statement.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to profit and loss reserves.

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the income statement. Outstanding derivatives at the reporting date are included under the appropriate format heading depending on the nature of the derivative.

1.9 Research and development

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

1.10 Investment income

Interest on loans and bank deposits is taken into account using the effective interest method. Income from other investments is accounted for when received. Profits or losses on realisation of investments are credited to the income statement.

1.11 Dividends

Dividends received are recognised as income when the right to income is established. Related tax credits are reflected in the tax charge for the year.

Dividends payable are recognised as a liability when there is a binding obligation to pay them.

TENNANTS CONSOLIDATED LIMITED

Notes to the Financial Statements (*continued*)

1.12 Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts, are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful life. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the statement of financial position. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the income statement on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. Lease incentives are recognised over the lease term on a straight-line basis.

1.13 Intangible assets

Intangible assets comprise goodwill, patents and trademarks and licences. Goodwill is capitalised on the statement of financial position and amortised on a straight-line basis over its economic life of up to a maximum of ten years. Goodwill is reviewed for impairment at the end of the first financial year following acquisition and in other periods if events or changes in circumstances indicate that carrying value may not be recoverable.

Other intangible assets are included at cost and amortised on a straight-line basis over their estimated economic useful lives with provision made for any impairment if events or changes in circumstances indicate that carrying values may not be recoverable. Such other intangible assets include patents and intellectual property, each having its own estimated economic useful life according to particular circumstances and varying between three years and ten years.

1.14 Tangible assets

Tangible assets are stated at cost, net of depreciation, and any provisions for impairment. Tangible assets are depreciated on a straight-line basis, over the following periods:

- | | |
|---------------------------------------|---------------|
| - Buildings | 20 years |
| - Plant, machinery and motor vehicles | 3 to 10 years |

1.15 Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, in order to write off such cost, less estimated residual value, over the useful economic life of the asset. Leasehold assets are written off over the period of the lease. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying values may not be recoverable.

1.16 Fixed asset investments

Investments in listed securities are recognised at fair value. Initially, this is normally the transaction price and subsequently it is typically the quoted market price. Changes in fair value are recognised in the income statement.

Investments in unquoted equity instruments are measured at fair value, estimated using valuation techniques consistent with the International Private Equity and Venture Capital guidelines (for example, by calibrating to the price of a recent investment). There is inherent estimation uncertainty in these valuations. Changes in fair value are recognised in the income statement.

Investments in subsidiary undertakings are held at historic cost less impairment.

TENNANTS CONSOLIDATED LIMITED

Notes to the Financial Statements (*continued*)

1.17 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

1.18 Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Thereafter, the group's share of the joint venture's profit or loss is recognised in the income statement and the group's share of movements in other comprehensive income of the joint venture is recognised in the group statement of other comprehensive income. Dividends received are recognised as a reduction in the carrying value of the joint venture investment.

1.19 Associates

In the group financial statements, investments in associates are accounted for using the equity method. The consolidated income statement includes the group's share of associates' profit less losses while the group's share of the net assets of the associates is shown in the consolidated statement of financial position.

1.20 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing the stocks to their present location and condition and, in the case of work-in-progress and finished goods, an appropriate addition for production overheads.

Group companies use a variety of stock valuation methodologies each of which are appropriate to their business and are disclosed in the individual accounting policies of those companies. The methodologies used include "First in, first out" and "Average cost".

1.21 Debtors

Short-term trade debtors are initially measured at transaction price and are measured subsequently at amortised cost using the effective interest method, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.22 Creditors

Short-term trade creditors are initially measured at transaction price and are measured subsequently at amortised cost using the effective interest method. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.23 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

TENNANTS CONSOLIDATED LIMITED

Notes to the Financial Statements (*continued*)

1.23 Provisions for liabilities (*continued*)

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

1.24 Taxation

Current tax is recognised in respect of the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.25 Pension benefits

The group operates two types of pension scheme.

a) Defined contribution scheme:

Contributions are recognised in the period related to when employee services are received.

b) Defined benefit scheme:

Changes in net defined benefit liability from employee service rendered during the period, along with net interest on the liability, the cost of plan introductions, benefit changes, curtailments and settlements are recognised in the profit and loss account. Actuarial gains or losses are recognised as other comprehensive income.

Pension scheme assets are measured using market values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at least triennially and are updated at each financial statement date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the statement of financial position.

1.26 Cost of past services

The modification or introduction of a new benefits scheme after employment has ceased, or other long-term benefits may increase the present value of the obligation reflecting the benefits defined for services rendered during previous years and called “cost of past services”. This cost of past services and costs from settlements and curtailments are booked in the income statement.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

2. TURNOVER

Analysis of turnover:	2022	2021
	£000	£000
Sales by UK companies:		
Home	381,443	285,840
Export	87,098	63,090
Sales by overseas companies	267,905	200,964
	<u>736,446</u>	<u>549,894</u>

3. OPERATING PROFIT

This is stated after charging/(crediting):	2022	2021
	£000	£000
Auditors' remuneration		
Grant Thornton UK LLP and Associates		
Audit of the company financial statements	58	57
Audit of the subsidiary financial statements	599	236
Tax compliance services	14	17
Audit related assurance services	23	10
Non-audit services	19	3
Corporate finance services	-	73
Other Auditors		
Audit of the subsidiary financial statements	4	235
Tax compliance services	38	61
Non-audit services	27	101
Research and development	609	519
Operating lease rentals	1,888	1,814
Amortisation of intangible fixed assets	1,617	1,317
Depreciation of tangible fixed assets	8,035	9,041
Exchange differences	(872)	294

4. EMPLOYEES

Staff costs consist of:	2022	2021
	£000	£000
Wages and salaries	50,117	46,416
Social security costs	6,416	5,796
Pension costs	3,680	3,403
	<u>60,213</u>	<u>55,615</u>

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

	Number	Number
Management and administration	256	261
Distribution and sales	344	334
Production	554	549
	<u>1,154</u>	<u>1,144</u>

The average monthly number of persons employed by the company during the year was 12 (2021: 12).

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements *(continued)*

5. DIRECTORS' REMUNERATION

	2022	2021
	£000	£000
Directors' emoluments	2,450	1,727
Directors' fees	<u>7</u>	<u>8</u>
	<u>2,457</u>	<u>1,735</u>

There were five Directors in the group's defined contribution pension scheme in the year under review (2021: five). The cost of providing those benefits was £68,000 (2021: £64,000). No Director accrued benefits under the group's defined benefit pension scheme during the year.

Emoluments of the highest paid Director were £684,000 (2021: £490,000).

6. INCOME FROM FIXED ASSET INVESTMENTS

	2022	2021
	£000	£000
Dividend and interest income from listed investments	1,895	1,606
Profit on sale of investments	-	1,966
Increase in fair value of fixed asset investments	<u>958</u>	<u>1,793</u>
	<u>2,853</u>	<u>5,365</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£000	£000
Interest on short term loans and deposits	<u>834</u>	<u>214</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£000	£000
Interest payable on loans and financing arrangements	<u>(507)</u>	<u>(211)</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

9. TAXATION

(a) Tax on profit on ordinary activities:

	2022 £000	2021 £000
UK corporation tax:		
UK corporation tax on profits for the year	8,997	4,409
Adjustments in respect of prior years	81	77
Double taxation relief	147	61
	<u>9,225</u>	<u>4,547</u>
Foreign tax:		
Current tax	2,431	2,092
Adjustments in respect of prior years	(216)	2
	<u>2,215</u>	<u>2,094</u>
Total current tax	<u>11,440</u>	<u>6,641</u>
Deferred tax:		
Origination and reversal of timing differences	4,986	1,159
Adjustments in respect of prior years	219	96
Changes in tax rates	174	(609)
	<u>5,379</u>	<u>646</u>
Total deferred tax	<u>16,819</u>	<u>7,287</u>

(b) Factors affecting the total tax charge for the year:

The tax assessed for the year is higher (2021: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	<u>82,411</u>	<u>51,407</u>
Profit on ordinary activities multiplied by the tax rate of 19% (2021:19%)	15,658	9,767
Effect of:		
Expenses not deductible for tax purposes	630	243
Adjustments in respect of prior years	84	176
Difference in overseas tax rates	(514)	(786)
Remeasurement of deferred tax - change in tax rates	1,225	(609)
Capital gains (effects of indexation, rebasing etc.)	(149)	(17)
Disposal of a subsidiary	-	(1,618)
Accounting profit on chargeable assets	(6)	66
Brought forward losses	11	163
Research allowances	(120)	(98)
Total tax (note 9(a))	<u>16,819</u>	<u>7,287</u>

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is a loss of £138,000 (2021: loss £3,422,000).

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

10. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

In accordance with the exemptions allowed by section 408 of the Companies Act 2006 the company has not presented its own income statement. Of the profit attributable to members of the parent company, a profit of £ 21,834,000 (2021: £48,320,000) has been dealt with in the financial statements of the company.

11. DIVIDENDS

	2022 £000	2021 £000
Interim dividend for the year ended 31st December 2021, paid on 6th April 2022: 34.13p (2021: 31.28p) per Ordinary and "A" Ordinary share	3,409	3,124
Special dividend for the year ended 31st December 2021: £nil (2021: £4.00) per share	-	39,944
Final dividend for the year ended 31st December 2021, paid on 3rd October 2022: 34.13p (2021: 31.86p) per Ordinary and "A" Ordinary share	<u>3,409</u>	<u>3,181</u>
	6,818	46,249
Dividends on preference shares	<u>317</u>	<u>317</u>
	<u>7,135</u>	<u>46,566</u>

An interim dividend for the year ended 31 December 2022 of 52.91p per Ordinary share, 52.91p per Ordinary "A" share and 0.075p per Preference share was declared by the Board on 24th March 2023. The interim dividend was paid to shareholders on 6th April 2023.

The final dividend for the year ended 31 December 2022 will be considered and voted upon at the AGM scheduled for 11th July 2023.

12. INTANGIBLE FIXED ASSETS

	Goodwill £000	Patents & other £000	Total £000
Cost or valuation:			
At 1st January	21,714	8,404	30,118
Additions	-	327	327
Disposals	<u>(1,284)</u>	<u>(1,418)</u>	<u>(2,702)</u>
At 31st December 2022	<u>20,430</u>	<u>7,313</u>	<u>27,743</u>
Amortisation:			
At 1st January	20,562	6,637	27,199
Disposals	<u>(1,284)</u>	<u>(1,416)</u>	<u>(2,700)</u>
Provided during the year (note 3)	<u>1,152</u>	<u>465</u>	<u>1,617</u>
At 31st December 2022	<u>20,430</u>	<u>5,686</u>	<u>26,116</u>
Net book value			
At 31st December 2022	<u>-</u>	<u>1,627</u>	<u>1,627</u>
At 31st December 2021	<u>1,152</u>	<u>1,767</u>	<u>2,919</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements *(continued)*

13. TANGIBLE FIXED ASSETS

GROUP	Land & buildings £000	Plant & machinery £000	Vehicles £000	Total £000
Cost				
At 1st January 2022	45,096	152,134	10,756	207,986
Currency changes	1,467	3,264	42	4,773
Re-classification	(1,938)	964	-	(974)
Additions	560	10,491	1,635	12,686
Disposals	(559)	(4,615)	(998)	(6,172)
At 31st December 2022	<u>44,626</u>	<u>162,238</u>	<u>11,435</u>	<u>218,299</u>
Depreciation				
At 1st January 2022	21,956	123,976	7,724	153,656
Currency changes	437	2,554	29	3,020
Re-classification	(505)	-	-	(505)
Provided during the year (note 3)	503	6,032	1,500	8,035
Disposals	(38)	(4,079)	(966)	(5,083)
At 31st December 2022	<u>22,353</u>	<u>128,483</u>	<u>8,287</u>	<u>159,123</u>
Net book value				
At 31st December 2022	<u>22,273</u>	<u>33,755</u>	<u>3,148</u>	<u>59,176</u>
At 31st December 2021	<u>23,140</u>	<u>28,158</u>	<u>3,032</u>	<u>54,330</u>

Plant and machinery with a carrying value of £3,159,000 (2021: £1,478,000) are held under finance leases. A one-off gain of £14m was made on the sale of certain land and buildings as a consequence of a local regeneration plan.

The net book value of land and buildings comprises:

	2022 £000	2021 £000
Freehold	20,575	19,920
Long leasehold	<u>2,167</u>	<u>3,220</u>
	<u>22,742</u>	<u>23,140</u>

COMPANY	Land & buildings £000	Plant & machinery £000	Vehicles £000	Total £000
Cost				
At 1st January 2022	119	204	103	426
Disposals	-	-	(103)	(103)
At 31st December 2022	<u>119</u>	<u>204</u>	<u>-</u>	<u>323</u>
Depreciation				
At 1st January 2022	73	188	103	364
Provided during the year	-	7	(103)	(96)
At 31st December 2022	<u>73</u>	<u>195</u>	<u>-</u>	<u>268</u>
Net book value				
At 31st December 2022	<u>46</u>	<u>9</u>	<u>-</u>	<u>55</u>
At 31st December 2021	<u>46</u>	<u>16</u>	<u>-</u>	<u>62</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements *(continued)*

14. FIXED ASSET INVESTMENTS

(a) Listed investments	Group £000
Fair Value	
At 1st January 2022	52,571
Currency changes	68
Change in fair value	(623)
Additions	10,996
Disposals	<u>(17,367)</u>
At 31st December 2022	<u>45,645</u>
Analysis	Group £000
At 31st December 2022	
Listed on the London Stock Exchange	28,750
Listed outside Great Britain (mainly North America)	<u>16,895</u>
	<u>45,645</u>
At 31st December 2021	
Listed on the London Stock Exchange	37,099
Listed outside Great Britain (mainly North America)	<u>15,472</u>
	<u>52,571</u>

Deferred tax amounting to £929,000 (2021: £2,014,000) has been provided for in these financial statements on the realisable value of these investments at 31st December 2022 (note 19).

(b) Other investments	Investment property £000	Joint ventures £000	Associates £000	Other £000	Total £000
As at 1st January 2022	1,736	5,485	4,665	1,424	13,310
Currency changes	43	253	-	-	296
Reclassification	469	-	-	-	469
Change in fair value and other movements	1,581	(291)	-	-	1,290
Share of profit/ (losses)	-	1,532	(610)	-	922
Dividends received	-	(290)	-	-	(290)
At 31st December 2022	<u>3,829</u>	<u>6,689</u>	<u>4,055</u>	<u>1,424</u>	<u>15,997</u>

Other investments include minority stakes acquired in UK unlisted companies.

The group has a 50% holding in the registered capital of TC China Ltd, a joint venture company incorporated in China and a 49% holding in the registered capital of Asahi Tennants Color Pvt Ltd, an associated company incorporated in India.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements *(continued)*

14. FIXED ASSET INVESTMENTS (continued)

(c) Subsidiaries

Company
£000

As at 31st December 2022 and 31st December 2021

40,035

A list of the company's subsidiaries is included on pages 38 to 40 of these financial statements.

15. STOCKS

	2022 £000	2021 £000
Raw materials and consumables	41,173	30,880
Work-in-progress	1,479	871
Finished goods and goods for resale	<u>55,040</u>	<u>43,588</u>
	<u>97,692</u>	<u>75,339</u>

16. DEBTORS

	2022		2021	
	Group £000	Company £000	Group £000	Company £000
Amounts falling due within one year:				
Trade debtors	104,796	-	95,921	-
Amounts owed by group companies	-	12,641	-	9,799
Other debtors	5,695	76	6,108	69
Taxation recoverable	7,043	-	3,270	-
Deferred taxation (note 19)	-	-	1,818	666
Prepayments and accrued income	<u>4,192</u>	<u>3</u>	<u>2,832</u>	<u>1</u>
	<u>121,726</u>	<u>12,720</u>	<u>109,949</u>	<u>10,535</u>
Amounts falling due after more than one year:				
Trade and other debtors	1,086	-	691	-
Deferred taxation (note 19)	1,961	83	1,414	-
Amounts owed by group companies	<u>-</u>	<u>14,286</u>	<u>-</u>	<u>15,351</u>
	<u>3,047</u>	<u>14,369</u>	<u>2,105</u>	<u>15,351</u>
Total Debtors	<u>124,773</u>	<u>27,089</u>	<u>112,054</u>	<u>25,886</u>

Trade receivables/debtors are assessed for impairment at each statement of financial position date, and an impairment loss/provision is recognised if the expected cash flows are less than the carrying amount and an appropriate impairment provision is recognised when it is probable that the cash due will not be received in full. Included within trade debtors are provisions against bad and doubtful debts of £5.4m (2021: £6.1m). Payment terms for amounts due from/owed to group companies are agreed on an individual basis. These are reflective of market rates applicable at the date of each agreement.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022		2021	
	Group £000	Company £000	Group £000	Company £000
Bank overdrafts	2,619	-	800	-
Trade creditors	46,487	113	42,257	117
Amounts owed to group companies	-	908	-	863
Corporation tax	2,737	1,709	1,145	-
Other taxes and social security costs	10,930	2,422	5,907	-
Other creditors	2,019	-	1,487	-
Deferred income	-	-	7,250	-
Accruals	14,188	441	10,908	210
	<u>78,980</u>	<u>5,593</u>	<u>69,754</u>	<u>1,190</u>

Included within accruals are a number of environmental and dilapidations provisions amounting to £2.5m (2021: £1.5m). Payment terms for amounts due from/owed to group companies are agreed on an individual basis. These are reflective of market rates applicable at the date of each agreement.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022		2021	
	Group £000	Company £000	Group £000	Company £000
Finance lease obligations	1,944	-	2,779	-
Bank loans	708	-	722	-
Future employee benefits of certain overseas subsidiaries	3,166	-	3,569	-
Amounts owed to group subsidiaries	-	17,764	-	18,660
Other long-term creditors	1,643	-	1,542	-
	<u>7,461</u>	<u>17,764</u>	<u>8,612</u>	<u>18,660</u>
		2022		2021
		Company £000		Company £000
Amounts falling due to group subsidiaries:				
In more than one year but less than two years		939		896
In more than two years but less than five years		3,121		2,967
In more than five years		<u>13,704</u>		<u>14,797</u>
		<u>17,764</u>		<u>18,660</u>

Payment terms for amounts due from/owed to group companies are agreed on an individual basis. These are reflective of market rates applicable at the date of each agreement.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements *(continued)*

19. DEFERRED TAXATION

	Group £000	Company £000
At 1st January 2022	(37)	(666)
Arising during the year:		
Currency changes	(98)	-
Income statement	5,379	445
Other comprehensive income	138	138
	<u>5,382</u>	<u>(83)</u>
At 31st December 2022	<u>5,382</u>	<u>(83)</u>

The analysis of deferred taxation recognised in the accounts is:

	2022		2021	
	Group £000	Company £000	Group £000	Company £000
Accelerated capital allowances	3,525	(22)	736	-
Tax losses	(893)	-	(859)	-
Fixed asset investments	929	-	2,014	-
Pension	(61)	(61)	(642)	(642)
Rolled over gains	3,369	-	-	-
Other timing differences	(1,487)	-	(1,286)	(24)
	<u>5,382</u>	<u>(83)</u>	<u>(37)</u>	<u>(666)</u>
Included in debtors (note 16)	(1,961)	(83)	(3,232)	(666)
Included in provision for liabilities on statement of financial position	<u>7,343</u>	<u>-</u>	<u>3,195</u>	<u>-</u>
Undiscounted tax (asset)	<u>5,382</u>	<u>(83)</u>	<u>(37)</u>	<u>(666)</u>

The amount of the net reversal of deferred tax expected to occur next year is £0.7m (2021: £nil) relating to the reversal of existing timing differences on fixed asset investments. Deferred tax has been provided at a rate of 25% (2021: 25%) which represents the future corporation tax rate that was enacted at the statement of financial position date, except where the reversal of timing differences is expected within the next 12 months where a blended tax rate of 23.5% has been used.

The UK Budget 2023 announced on 15 March 2023 confirmed that the UK main corporation tax rate will increase to 25% with effect from 1 April 2023. This was substantively enacted at the statement of financial position date and therefore has been reflected in the measurement of deferred tax balances at the period end as appropriate.

20. SHARE CAPITAL

1st January 2022 and 31st December 2022	Authorised		Allotted, called up & fully paid	
	Shares	£000	Shares	£000
15% cumulative preference shares of £1 each	2,379,030	2,379	2,111,740	2,112
Ordinary shares of 25p each	8,419,392	2,105	4,993,060	1,248
“A” Ordinary shares of 25p each	6,064,488	1,516	4,993,060	1,248
		<u>6,000</u>		<u>4,608</u>

The preference shares carry a dividend of 15% per annum, payable half-yearly at the discretion of the company. The dividend rights are cumulative. The shares carry no votes at meetings unless the dividend thereon is six months or more in arrears or the business of the meeting includes a resolution for the winding up of the company, in which event each holder will be entitled to one vote on a show of hands or one vote per share on a poll. The preference shares are classified as equity as there is no redemption date, there is no redemption at the option of the holder, the company has no obligation to redeem them and the dividends are payable at the discretion of the company. On winding up of the company, the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements *(continued)*

20. SHARE CAPITAL (continued)

The “A” Ordinary shares carry no votes at meetings unless the business of the meeting includes a resolution for the winding up of the company, in which event each holder will be entitled to one vote on a show of hands or one vote per share on a poll. In all other respects the shares rank pari passu with the Ordinary shares including entitlement to dividends.

The Ordinary shares carry full voting and distribution rights.

21. RESERVES

Profit and loss reserve

The profit and loss reserve includes all current and prior year retained profits and losses.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Other non-distributable reserves

This reserve records the historic treatment of the cost of certain assets acquired by a subsidiary resulting in a reserve on consolidation.

22. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

At 31st December, the following future capital expenditure had been authorised by the group (company: £nil):

	2022 £000	2021 £000
Contracted	4,854	986
Not contracted	3,262	2,719

(b) Leasing commitments

The group's future minimum operating lease payments are as follows:

	2022 £000	2021 £000
Within one year	1,828	2,150
Between one and five years	3,608	4,480
Later than five years	1,692	435
	<u>7,128</u>	<u>7,065</u>

Certain plant and machinery and motor vehicles are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases. The lease agreements generally include fixed lease payments and a purchase option at the end of the lease term.

The group's future minimum finance lease payments are as follows:

	Plant and machinery	
	2022 £000	2021 £000
Within one year	919	1,155
Between one and five years	1,546	2,335
	<u>2,465</u>	<u>3,490</u>

(c) Defined benefit pension scheme funding arrangement:

On 17th April 2014, the company entered into a defined benefit pension scheme funding arrangement to provide contributions to the pension scheme of £1.8m per annum commencing in October 2014 and ending in April 2034, the actuarial value of those contributions being £23m.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

23. FINANCIAL ASSETS AND LIABILITIES

The following financial assets and liabilities have been recognised within the group statement of financial position.

	2022 £000	2021 £000
Financial assets at fair value through profit and loss		
Listed investments	45,645	52,571
Forward foreign currency contracts	370	-
Financial liabilities at fair value through profit and loss		
Forward foreign currency contracts	(12)	(146)

The group purchases forward foreign currency contracts to hedge currency exposure on future commitments. The fair values of the assets and liabilities held at fair value through comprehensive income are determined using quoted prices. Where quoted prices are not available the fair value has been estimated by applying appropriate valuation techniques. In prior year, Other investments were included as financial assets at fair value through profit and loss. This has been removed from the comparative disclosure in the current period

24. PENSION ARRANGEMENTS

The group's main pension scheme for UK employees comprises an active defined contribution section and a closed to future accrual defined benefit section. Other defined contribution schemes operate for employees of acquired UK subsidiaries and certain other overseas subsidiaries. Contributions to defined contribution schemes in the year were £1.9m.

The pension fund's triennial actuarial valuation at 30th September 2019 showed a surplus of £5.2m. At 31st December 2022, the company's actuarial valuation for accounting purposes showed a deficit of £0.2m. Contributions of £1.8m were made in the year ended 31st December 2022 (2021: £2.3m).

Following the fund's triennial actuarial valuation at 30th September 2019, a schedule of company contributions was not required.

The defined benefit pension scheme funding arrangement (note 22(c)) remains in place.

In January 2023, the Company paid a special one-off contribution to the pension fund of £8 million.

(a) Change in benefit obligation

	2022 £000	2021 £000
Benefit obligation at beginning of the year	168,118	187,769
Interest cost	3,047	2,395
Actuarial gains	(59,170)	(14,957)
Benefits and expenses paid from plan	(6,887)	(7,089)
Benefit obligation at end of the year	<u>105,108</u>	<u>168,118</u>

(b) Change in plan assets

	2022 £000	2021 £000
Fair value of plan assets at beginning of the year	165,552	169,441
Interest income on fund assets	3,016	2,172
Return on fund assets excluding interest income	(58,617)	(1,271)
Employer contributions	1,800	2,300
Benefits and expenses paid from plan	(6,888)	(7,090)
Fair value of plan assets at end of the year	<u>104,863</u>	<u>165,552</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

24. PENSION ARRANGEMENTS (*continued*)

(c) Amounts recognised in the statement of financial position	2022 £000	2021 £000
Present value of wholly or partly funded obligations	105,108	168,118
Fair value of plan assets	<u>(104,863)</u>	<u>(165,552)</u>
Net liability, before taxation (note 24(f))	<u>245</u>	<u>2,566</u>
(d) Components of pension cost		
	2022 £000	2021 £000
Amounts recognised in the income statement:		
Net interest cost	<u>32</u>	<u>224</u>
Total expense recognised in the income statement	<u>32</u>	<u>224</u>
Actuarial gain immediately recognised in Other Comprehensive Income, before deferred tax	<u>553</u>	<u>13,686</u>
Cumulative amount of actuarial losses recognised in Other Comprehensive Income	<u>(60,474)</u>	<u>(61,027)</u>
(e) Principal actuarial assumptions at 31st December:		
	2022	2021
Weighted-average assumptions to determine benefit obligations:		
Discount rate (p.a.)	4.80%	1.85%
RPI inflation (p.a.)	3.20%	3.45%
CPI inflation (p.a.)	2.45%	3.00%
Rate of pension increases		
- RPI minimum 0%, maximum 5%	3.10%	3.25%
- Fixed 5%	5.00%	5.00%
Life expectancy at 65 for male aged 65	22.9 years	22.9 years
Life expectancy at 65 for female aged 65	24.9 years	24.9 years
Life expectancy at 65 for male aged 45	24.1 years	24.0 years
Life expectancy at 65 for female aged 45	26.0 years	26.0 years
(f) Reconciliation of the statement of financial position	2022 £000	2021 £000
Gross liability on the statement of financial position at beginning of the year	2,566	18,328
Expense recognised in the income statement in the financial year	32	224
Remeasurement (gain) recognised in other comprehensive income	(553)	(13,686)
Actual contributions made by company in the financial year	<u>(1,800)</u>	<u>(2,300)</u>
Gross liability on the statement of financial position at end of the year (note 24(c))	245	2,566
Related deferred tax asset (note 19)	<u>(61)</u>	<u>(642)</u>
Net liability	<u>184</u>	<u>1,924</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements *(continued)*

24. PENSION ARRANGEMENTS (continued)

(g) Breakdown of value of assets at 31st December	2022	2021
	£000	£000
Equities	16,217	38,965
Absolute and real return funds	11,512	17,080
Liability driven investment funds	8,383	26,420
Buy and maintain credit	32,354	45,750
Secured income assets fund	27,444	32,084
Cash and net current assets	8,953	5,253
	<u>104,863</u>	<u>165,552</u>

25. DISPOSAL OF SUBSIDIARY

On 1st February 2021, the group disposed of Tennants Fine Chemicals Limited. The profit on disposal has been calculated as follows:

	£000
Cash proceeds	<u>37,287</u>
Net assets disposed of:	
Tangible fixed assets	7,577
Stocks	7,675
Debtors	16,710
Cash	4,381
Creditors	<u>(6,584)</u>
Carrying amount of the assets on sale	<u>29,759</u>
Profit on disposal before tax	<u>7,528</u>

The net inflow of cash in respect of the sale of Tennants Fine Chemicals Limited is as follows:

	£000
Cash consideration	37,287
Cash transferred on disposal	<u>(4,381)</u>
Net inflow of cash	<u>32,906</u>

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1st January 2022	Cash flows	Exchange	Non-cash changes	At 31st December 2022
	£000	£000	£000	£000	£000
Cash at bank and in hand	95,419	39,405	1,341	-	136,165
Bank overdrafts	<u>(800)</u>	<u>(1,819)</u>	<u>-</u>	<u>-</u>	<u>(2,619)</u>
Cash, cash equivalents and overdrafts	94,619	37,586	1,341	-	133,546
Bank loans	(722)	14	-	-	(708)
Finance leases	<u>(2,779)</u>	<u>859</u>	<u>-</u>	<u>(24)</u>	<u>(1,944)</u>
Total	<u>91,118</u>	<u>38,459</u>	<u>1,341</u>	<u>(24)</u>	<u>130,894</u>

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

27. CASH FLOWS FROM OPERATING ACTIVITIES

	2022	2021
	£000	£000
Profit for the financial year	65,592	44,120
Adjustments for:		
Depreciation, amortisation and impairment of fixed assets	9,652	10,358
Profit on sale of property	(13,980)	-
Profit on sale of a business	-	(7,528)
Profit on sale of investments	-	(1,966)
(Profit)/ loss on sale of other fixed assets (net)	(220)	662
Net interest receivable	(327)	(3)
Dividend and interest income from investments	(1,895)	(1,606)
Taxation expense	16,819	7,287
Foreign exchange	2,901	(429)
Change in fair value of investments	(958)	(1,793)
Other capital movements	(631)	(84)
Other finance expense	32	224
Increase in stocks	(22,353)	(24,323)
Increase in trade and other debtors	(10,217)	(25,503)
Increase in trade and other creditors	11,914	17,165
Cash from operations	56,329	16,581
Contributions paid to pension fund	(1,800)	(2,300)
Tax paid	(13,719)	(8,280)
Net cash generated from operating activities	40,810	6,001

28. RELATED PARTY DISCLOSURES

Tennants Consolidated Limited is the group's ultimate parent company. The company has taken advantage of the exemptions available under Financial Reporting Standard 102, section 33, "Related Party Disclosures", not to disclose transactions with wholly owned subsidiary undertakings.

All Directors are considered to be key management personnel. Total remuneration in respect of these individuals is £2,457,000 (2021: £1,735,000).

During the year the group made sales of £70,000 (2021: £65,000) and purchases of £5,637,000 (2021: £4,715,000) to non-wholly owned companies. As at 31 December 2022, trade and other debtors of £71,000 (2021: £774,000) were due from non-wholly owned companies and trade and other creditors of £1,074,000 (2021: £841,000) were due to non-wholly owned companies. A dividend of £290,000 (2021: £287,000) was received from non-wholly owned companies.

29. POST-BALANCE SHEET EVENT

In January 2023, the Company paid a special one-off contribution to the pension fund of £8 million.

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Subsidiaries

As at 31 December 2022 the group held the whole of the issued share capital of subsidiaries unless otherwise stated. All companies, except the investment companies, are engaged in the chemicals and allied trades.

United Kingdom - active companies

- * Belgrave Contract Management Limited
Arthur House, 41 Arthur Street, Belfast, BT1 4GB
- * BIP (Oldbury) Limited
Tat Bank Road, Oldbury, West Midlands, B69 4NH
- * Charles Tennant & Co. Limited
Craighead, Whistleberry Road, Blantyre, Glasgow, Lanarkshire, G72 0TH
Charles Tennant & Co. (N.I.) Limited
9 Airport Road West, Belfast, County Antrim, BT3 9ED
Chemical and Petroleum Investments Limited
35 Queen Anne Street, London W1G 9HZ
Dalewick Properties Limited
35 Queen Anne Street, London W1G 9HZ
James M. Brown Limited
Napier Street, Fenton, Stoke-on-Trent, Staffordshire, ST4 4NX
John C. Walker Limited
Craighead, Whistleberry Road, Blantyre, Glasgow, Lanarkshire, G72 0TH
- * Kestrel Thermoplastics Limited
89 Drumagarner Road, Kilrea, Co Londonderry, BT51 5TE
Key Organics Limited
Highfield Road Industrial Estate, Camelford, Cornwall, PL32 9RA
- * Northern Road Markings Limited
89 Drumagarner Road, Kilrea, Co Londonderry, BT51 5TE
Riggott & Co Limited
Unit X Lodge Lane, Tuxford, Newark, Nottinghamshire, NG22 0NL
- * Synthite Limited
Alyn Works, Denbigh Road, Mold, Flintshire, CH7 1BT
- * Synthite (Mold) Limited
Alyn Works, Denbigh Road, Mold, Flintshire, CH7 1BT
Tennants Distribution Limited
Hazelbottom Road, Cheetham, Manchester, M8 0GR
Tennants Group Investments Limited
35 Queen Anne Street, London W1G 9HZ
- * Tennants (IT) Investments Limited
35 Queen Anne Street, London W1G 9HZ
Tennants Scottish Limited Partnership
Craighead, Whistleberry Road, Blantyre, Glasgow, Lanarkshire, G72 0TH
Tennants Textile Colours Limited
35 Queen Anne Street, London W1G 9HZ
- * Tennants Ventures Limited
35 Queen Anne Street, London W1G 9HZ
- * TS Resins Limited
Alyn Works, Denbigh Road, Mold, Flintshire, CH7 1BT
- * Walls & Ceilings International Limited
Tything Road, Arden Forest Industrial Estate, Alcester, Warwickshire, B49 6EP

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Subsidiaries (*continued*)

United Kingdom - dormant companies (exempt from audit by virtue of S479 of Companies Act 2006)

- * Anderson Gibb & Wilson Limited
Craighead, Whistleberry Road, Blantyre, Glasgow, Lanarkshire, G72 0TH
- * Arrowsped Logistics Limited
Hazelbottom Road, Cheetham, Manchester, M8 0GR
- * Bionet Research Limited
Highfield Road Industrial Estate, Camelford, Cornwall, PL32 9RA
- * Charles Tennant & Co (London) Limited
Hazelbottom Road, Cheetham, Manchester, M8 0GR
- * Dundee Chemicals Limited
Hazelbottom Road, Cheetham, Manchester, M8 0GR
- * Hugh Gell & Co Limited
35 Queen Anne Street, London W1G 9HZ
- * Joseph Crowther (Chemicals) Limited
Hazelbottom Road, Cheetham, Manchester, M8 0GR
- * Key Organics Holdings Limited
Highfield Road Industrial Estate, Camelford, Cornwall, PL32 9RA
- * Mark Day Limited
Hazelbottom Road, Cheetham, Manchester, M8 0GR
- * Tennants (Lancashire) Limited
Hazelbottom Road, Cheetham, Manchester, M8 0GR
- Tennants Pension Trustees Limited
35 Queen Anne Street, London W1G 9HZ
- Tennants Tar Distillers & Engineering Supplies Limited
9 Airport Road West, Belfast, County Antrim, BT3 9ED
- * Tennant Trading (Chemicals) Limited
Hazelbottom Road, Cheetham, Manchester, M8 0GR
- Tennants (Warehousing) Limited
35 Queen Anne Street, London W1G 9HZ
- Waterloo Nominees Limited
35 Queen Anne Street, London W1G 9HZ
- * Held indirectly

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Subsidiaries (*continued*)

Overseas companies

Brazil

- * Multicel Pigmentos Indústria e Comércio Ltda
Estrada Part. Sadae Takagi, 3300, Bairro Cooperativa, Sao Bernardo Do Campo, Sao Paulo CEP 09852-070, Brazil

Canada

- Charles Tennant & Co. (Canada) Limited
34 Clayson Road, Weston, Ontario, M9M 2G8, Canada

France

- * Charles Tennants SARL
Parc des Bellevues, Immeuble le Minnesota, Allée Rosa Luxemburg, F-95610 Eragny, France

Germany

- * Tennants GmbH
Hauptstrasse 81, D-33647, Bielefeld, Germany

Ireland

- * Charles Tennant & Co. (Cork) Limited
Marino Point, Cobh, County Cork, Ireland
- Charles Tennant & Co. (Eire) Limited
Unit J, Aerodrome Business Park, Rathcoole, Dublin D24 FP89, Ireland
- * Irish Tar & Bitumen Suppliers Limited
Alexandra Road, Dublin 1, D01 R5W7, Ireland
- * Marinochem Limited
Marino Point, Cobh, County Cork, P24 X938, Ireland
- * Tennants Building Products Limited
2 Airton Road, Tallaght, Dublin, D24 R89Y, Ireland
- Tennants Consolidated (Ireland) Limited
Alexandra Road, Dublin 1, D01 R5W7, Ireland
- * Tennants Group Treasury Ireland Limited
Alexandra Road, Dublin 1, D01 R5W7, Ireland
- * Tennants Group Investments Ireland Limited
Alexandra Road, Dublin 1, D01 R5W7, Ireland

Italy

- Mifar S.r.l.
Via Valtellina 18/20, 20027 Rescaldina (MI), Italy

Netherlands

- * Charles Tennant B.V.
Mikboomweg 4, 5674 XG Nuenen, Netherlands

Norway

- * Visafo AS
Sandbrekkevegen 81, 5225 Nesttun, Norway

USA

- * Paradigm Science Inc
67 Beaver Avenue, Annandale, NJ 08801, USA
- * TC U.S.A. Inc
251 Little Falls Drive, Wilmington, DE 19808, USA
- * Held indirectly

TENNANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Year	Turnover	Net profit attributable to equity shareholders	Adjusted net profit attributable to equity shareholders	Adjusted net profit attributable to equity shareholders per Ordinary Share	Dividends per Ordinary share
	£000	£000	£000	p	p
2011	409,208	13,386	13,386	131	26
2012	394,080	16,780	16,780	165	27
2013	400,522	14,632	14,632	143	28
2014	413,306	18,611	18,611	183	28
2014*	413,394	19,020	18,933	186	28
2015	373,874	19,998	21,616	213	128
2016	387,306	35,528	22,190	219	29
2017	468,803	28,593	24,975	247	230
2018	509,706	12,861	20,629	203	31
2019	522,140	25,866	22,386	221	45
2020	512,793	30,478	31,525	313	463
2021	549,894	44,541	34,085	338	68
2022**	736,446	65,592	52,841	526	53

2014* restated under FRS 102

2022** dividends per Ordinary share excludes the final dividend for the year ended 31 December 2022, which will be considered and voted on at the AGM which is scheduled to be held on 11th July 2023.

Adjusted net profit attributable to equity shareholders excludes one-off gain from sale of property and profits, fair value adjustments and the associated tax movements arising from investments held.

Dividends per Ordinary share includes special dividends of 100p in 2015, 200p in 2017 and 400p in 2020.