

00250915

TENNANTS CONSOLIDATED LIMITED

Report and Financial Statements

31st December 2023

TENANTS CONSOLIDATED LIMITED

| | |
|--------------------------|---|
| Directors | William Paul Alexander (<i>Chairman</i>) Paul Colin Hancock Duncan James Alexander Michael Gary Hughes Timothy Griffiths Sean William Sloan Jane Bronwen Moriarty Timothy Sydney William Glenn Paul Lawrence Osborne (<i>appointed December 2023</i>) Robert Alexander Peden (<i>retired March 2023</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 |

TENANTS 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 2023, 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:

| | 2023 £'000 | 2022 £'000 |
|---|---------------|---------------|
| Operating profit | 43,646 | 64,361 |
| Group profit before taxation | 46,182 | 82,411 |
| Net profit attributable to shareholders | 31,557 | 65,592 |
| Adjusted net profit attributable to shareholders* | 32,229 | 52,841 |

* Excludes one-off gain on sale of property (2022); loss on disposal of a business (2023); and profits, fair value adjustments and the associated tax movements arising from investments held.

Analysis of the performance during the year

Turnover in 2023 decreased by £119m (16%) to £617m; and stocks decreased by £21m (21%) to £77m, as the high price inflation experienced in 2022 subsided. Operating profits decreased by £21m (32%) to £44m as markets have become tighter and margins have normalised. This is also reflected in the decrease of £21m in adjusted net profit attributable to shareholders. Net profit attributable to shareholders of £32m is £34m lower than that recorded in 2022, which included 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 increased as a percentage on profits due to the reversal of advance tax relief on pension contributions.

Principal risks and uncertainties facing the group

Primary market risk

Approximately 50% (2022: 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 escalation of geopolitical tensions in the Red Sea and wider conflict in the Middle East, the ongoing conflict in Russia/Ukraine, as well as ongoing inflationary and cost of living pressures. The Directors consider the immediate impact on the Group 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.

Climate-related risks

Following detailed scenario analysis undertaken by the group's subsidiaries in the year under review, the Board consider the group's principal climate-related actual and physical risks in a 1.5°C warming scenario to be an increased likelihood of extreme temperature leading to an ignition event on site and/or in surrounding areas and supply chain disruption. In addition, under a 4°C warming scenario water availability has been identified. Please refer to the Non-Financial and Sustainability Information Statement for further information.

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.

TENANTS 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. Due to the differing nature of individual group companies, aggregation of these metrics would not be meaningful.

TENNANTS CONSOLIDATED LIMITED

Non-Financial and Sustainability Information Statement

The Group has undertaken an assessment of climate-related risks and opportunities taking place in the year under review, to better understand the physical risks and issues associated with both a 1.5°C and 4°C warming scenario, and the transition risks and issues associated with our markets & customers, supply chains, policy, and technology changes. This was achieved through a detailed scenario analysis completed by each of the operating businesses (see Strategy section).

Annual energy and fuel usage data across Group was first collated for the year ended 31 December 2021 (benchmark year) and is updated and reviewed by the Board annually, although energy and fuel usage is monitored at a more granular level within each operating business.

The specific path forward to a low-carbon energy future will depend on a number of factors, including public policy, technology innovation and customer demand. Group emissions will adjust and evolve simultaneously with these factors.

Governance

The Board are responsible for overseeing the Group's climate-related risks and opportunities. The actions to comply with climate and energy reporting are delegated to the Audit & Risk Committee (ARC) which is accountable to the Board. Management within each operating business are responsible for assessing and managing their own climate-related risks and opportunities.

The Board will continue to review the ARC's role in supporting the Board and overseeing management in the development, implementation, measurement and reporting of the Group's climate and energy reporting.

Strategy

After consideration of the scenario analysis, the Group plans to focus on the more significant opportunities that can have a step change impact on site reduction of energy and carbon emissions.

These include:

- Empowering management within each business to ensure opportunities to reduce energy use are consistent with other objectives and constraints, especially the need to maintain production and quality, commercial competitiveness, and the requirement to decarbonise sites in line with stakeholder demands.
- Developing plans that are agreed with the key stakeholders for each business, which may include engineering, operations, local regulators, management, executive, procurement, technical and finance. These plans are frequently reviewed.
- Building on, rather than replicating, work already completed or in hand.

Risk Management

The principal climate-related risks identified in a 1.5°C warming scenario to be mitigated against were increased likelihood of extreme temperature leading to an ignition on site and/or in surrounding areas and supply chain disruption. In addition under a 4°C warming scenario water availability was identified.

Opportunities identified include developing green alternatives to existing products principally through engagement with customers and suppliers, regulators, authorities and trade bodies, increasing efficiency of supply chains and taking advantage of technological and policy changes.

TENANTS CONSOLIDATED LIMITED

Non-Financial and Sustainability Information Statement (*continued*)**Metrics**

The Group's subsidiaries consider their energy and fuel usage as part of optimising their operations and take relevant actions to improve their energy and fuel efficiency. During the year, the group measured its energy usage and Scope 1 and Scope 2 greenhouse gas emissions as set out below:

| UK ¹ | 2023 | 2022 | Benchmark |
|---|-------------|-------------|---------------------|
| Energy use (kWh) | 54,139,729 | 49,167,533 | |
| Associated greenhouse gas emissions (GHG) (tCO ² e) ² | 10,485 | 10,561 | |
| Intensity ratio (tCO ² e per employee) | 30.57 | 30.61 | |
| Group | 2023 | 2022 | (2021) ³ |
| Energy use (kWh) | 131,497,052 | 136,654,294 | 139,031,127 |
| Associated greenhouse gas emissions (GHG) (tCO ² e) ² | 23,167 | 25,179 | 26,512 |
| Intensity ratio (tCO ² e per employee) | 21.49 | 23.18 | 24.58 |

1. UK energy use covers the activities of Charles Tennant & Co. (N.I.) Limited, Synthite Limited, Synthite (Mold) Limited and Tennants Distribution Limited only. These disclosures have been separated out to comply with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (Streamlined Energy and Carbon Reporting (SECR)). An overall transport energy conversion factor has been applied due to a change in methodology, for consistency with other Group climate-related reporting.
2. 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.
3. A benchmark has been included to comply with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 to meet the Group's mandatory climate-related financial disclosure requirement.

Overall energy use and associated GHG emissions in the Group are falling year-on-year. This reflects the Group's transition away from fossil fuels towards electrification e.g. investment in electric vehicles and electric boilers. Two of the operating businesses have invested in solar power which now provide all/ the majority of these two sites energy consumption. Simultaneously the UK government conversion factors tend to reduce year-on-year, as technological advancements reduce overall carbon emissions i.e. transitioning the UK's electricity system to net zero by 2035.

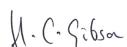
TENANTS CONSOLIDATED LIMITED

Non-Financial and Sustainability Information Statement (*continued*)

Targets

- The Board's target is for the Group to achieve net zero by 2050 at the latest. It should be noted that individual operating businesses may set earlier net zero targets at their own discretion and are developing their own strategies to meet their targets.
- Each operating business will aim to achieve a rolling 3 year period reduction in their GHG emissions and fuel usage. At this stage no quantitative targets have been set.
- Energy and fuel usage data is collated, reported and considered by the Board at least annually.
- Ongoing review and monitoring of energy savings and carbon reduction opportunities and share knowledge amongst operating businesses.

By order of the Board,



Ms. H. C. Gibson
Secretary

35 Queen Anne Street,
London, W1G 9HZ
14th May 2024

TENANTS CONSOLIDATED LIMITED

Directors' Report

The Directors present their report for the year ended 31st December 2023.

Directors

The Directors listed on page 1 have held office during the period since the last Annual General Meeting with the exception of Mr P.L. Osborne who was appointed to the Board in December 2023 and Mr R.A. Peden who retired in March 2023.

The Directors retiring by rotation are Mr D.J. Alexander, Mr P.C. Hancock and Mr T.S.W Glenn who offer themselves for re-election at this year's Annual General Meeting by the shareholders. Mr. P. L. Osborne shall offer himself for election by the shareholders, this being the first Annual General Meeting since his appointment to the board.

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 2023 of 52.91p per Ordinary share, 52.91p per Ordinary "A" share and 7.5p per Preference share was declared by the Board on 26 March 2024. The interim dividend was paid to shareholders on 8 April 2024. A special dividend of 750.00p per Ordinary share and 750.00p per Ordinary "A" share was declared by the Board on 26 March 2024. The special dividend was paid to shareholders on 3 May 2024.

The final dividend for the year ended 31 December 2023 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.

TENANTS 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 £37,740 (2022: £46,180).

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.

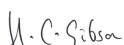
To assess the potential impact of ongoing global disruption on the group, the Directors have considered a number of possible scenarios. This includes modelling for major impacts including reduced revenues and operating margins together with increased irrecoverable debt for at least a 12-month period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

Auditors

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

By order of the Board,



Ms. H. C. Gibson
Secretary

35 Queen Anne Street,
London, W1G 9HZ
14th May 2024

TENANTS 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.

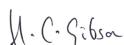
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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



Ms. H. C. Gibson
Secretary

35 Queen Anne Street,
London, W1G 9HZ
14th May 2024

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 2023 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 2023 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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.

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.

TENANTS 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.

TENANTS 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 10, 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 about the group's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks related to fraud or non-compliance with laws and 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:
 - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Identifying and testing journal entries; and
 - Assessing the extent of compliance with the relevant laws and regulations.

TENANTS 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:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
 - Knowledge of the industry in which the group operates.
- 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.



UK LLP

Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
14th May 2024

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Group income statement for the year ended 31st December 2023

| | <i>Notes</i> | 2023 £000 | 2022 £000 |
|---|--------------|--------------|--------------|
| TURNOVER | | | |
| Cost of sales | | (468,977) | (570,513) |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 148,366 | 165,933 |
| Administrative expenses | | (105,710) | (102,682) |
| Other operating income | | 990 | 1,110 |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | 3 | 43,646 | 64,361 |
| Profit on sale of property | 13 | - | 13,980 |
| Loss on disposal of operations | 25 | (2,665) | - |
| Share of profit for the year from joint ventures and associates | 14(b) | 64 | 922 |
| Income and fair value movement of fixed asset investments | 6 | 2,657 | 2,853 |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES | | | |
| BEFORE INTEREST AND TAXATION | | 43,702 | 82,116 |
| Interest receivable and similar income | 7 | 2,720 | 834 |
| Interest payable and similar charges | 8 | (621) | (507) |
| Other finance income/ (expense) | 24(d) | 381 | (32) |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES | | 46,182 | 82,411 |
| BEFORE TAXATION | | | |
| Tax on profit on ordinary activities | 9(a) | (14,625) | (16,819) |
| | | <hr/> | <hr/> |
| PROFIT FOR THE FINANCIAL YEAR | | 31,557 | 65,592 |
| | | <hr/> | <hr/> |

All operations are continuing. The notes on pages 20 to 39 form part of these financial statements.

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Group statement of comprehensive income for the year ended 31st December 2023

| | Notes | 2023 £000 | 2022 £000 |
|--|-------|--------------|--------------|
| PROFIT FOR THE FINANCIAL YEAR | | 31,557 | 65,592 |
| Currency translation | | (2,334) | 6,359 |
| Income recognised for the year prior to pension adjustments | | 29,223 | 71,951 |
| Actuarial (loss)/ gain on defined benefit pension scheme before tax | 24(d) | (9,936) | 553 |
| Current and deferred tax on actuarial movement on defined benefit pension scheme | 9 | 2,339 | (138) |
| Actuarial (loss)/ gain on defined benefit pension scheme after tax | | (7,597) | 415 |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | | 21,626 | 72,366 |

The notes on pages 20 to 39 form part of these financial statements.

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Statements of financial position at 31st December 2023

| | Notes | 2023 | | 2022* | |
|---|-------|-----------------|-----------------|-----------------|-----------------|
| | | Group £000 | Company £000 | Group £000 | Company £000 |
| FIXED ASSETS | | | | | |
| Intangible assets | 12 | 3,944 | - | 1,627 | - |
| Tangible assets | 13 | 62,647 | 51 | 59,176 | 55 |
| Investments: | | | | | |
| Listed investments | 14(a) | 29,531 | - | 45,645 | - |
| Investments in associates and joint ventures | 14(b) | 11,057 | - | 10,744 | - |
| Other investments | 14(c) | 5,351 | - | 5,253 | - |
| Subsidiaries | 14(d) | - | 35,526 | - | 40,035 |
| | | <u>112,530</u> | <u>35,577</u> | <u>122,445</u> | <u>40,090</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 15 | 76,758 | - | 97,692 | - |
| Debtors | 16 | 101,188 | 32,808 | 124,773 | 27,089 |
| Cash at bank and in hand | | <u>178,644</u> | <u>41,081</u> | <u>136,165</u> | <u>35,160</u> |
| | | <u>356,590</u> | <u>73,889</u> | <u>358,630</u> | <u>62,249</u> |
| CREDITORS: Amounts falling due within one year | 17 | <u>(59,026)</u> | <u>(2,715)</u> | <u>(78,980)</u> | <u>(5,593)</u> |
| NET CURRENT ASSETS | | <u>297,564</u> | <u>71,174</u> | <u>279,650</u> | <u>56,656</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 410,094 | 106,751 | 402,095 | 96,746 |
| CREDITORS: Amounts falling due after more than one year | 18 | (6,229) | (16,279) | (7,461) | (17,764) |
| PROVISION FOR LIABILITIES | | | | | |
| Post-employment benefits | 24(f) | - | - | (245) | (245) |
| Provision for other liabilities | 19 | <u>(6,077)</u> | <u>-</u> | <u>(7,343)</u> | <u>-</u> |
| NET ASSETS | | <u>397,788</u> | <u>90,472</u> | <u>387,046</u> | <u>78,737</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>391,744</u> | <u>85,328</u> | <u>381,002</u> | <u>73,593</u> |
| TOTAL SHAREHOLDERS' FUNDS | | <u>397,788</u> | <u>90,472</u> | <u>387,046</u> | <u>78,737</u> |

The Company's profit for the year was £30,216,000 (2022: £21,834,000).

The financial statements were approved by the Board of Directors and authorised for issue on 14th May 2024 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 20 to 39 form part of these financial statements.

* The format of the statements of financial position have been re-presented in the year (Note 1.2).

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Group statement of changes in equity for the year ended 31st December 2023

| | Called up share capital £000 | Capital redemption reserve £000 | Other non-distributable reserves £000 | Profit and loss account £000 | Total equity £000 |
|---|---------------------------------|------------------------------------|--|---------------------------------|----------------------|
| At 1st January 2022 | 4,608 | 536 | 900 | 315,771 | 321,815 |
| Profit for the year | - | - | - | 65,592 | 65,592 |
| Other comprehensive income | - | - | - | 6,774 | 6,774 |
| Total comprehensive income for the year | - | - | - | 72,366 | 72,366 |
| Dividends | - | - | - | (7,135) | (7,135) |
| As at 31st December 2022 | 4,608 | 536 | 900 | 381,002 | 387,046 |
| Profit for the year | - | - | - | 31,557 | 31,557 |
| Other comprehensive loss | - | - | - | (9,931) | (9,931) |
| Total comprehensive income for the year | - | - | - | 21,626 | 21,626 |
| Dividends | - | - | - | (10,884) | (10,884) |
| As at 31st December 2023 | <u>4,608</u> | <u>536</u> | <u>900</u> | <u>391,744</u> | <u>397,788</u> |

Company statement of changes in equity for the year ended 31st December 2023

| | Called up share capital £000 | Capital redemption reserve £000 | Profit and loss account £000 | Total equity £000 |
|---|---------------------------------|------------------------------------|---------------------------------|----------------------|
| At 1st January 2022 | 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 |
| Profit for the year | - | - | 30,216 | 30,216 |
| Other comprehensive loss | - | - | (7,597) | (7,597) |
| Total comprehensive income for the year | - | - | 22,619 | 22,619 |
| Dividends | - | - | (10,884) | (10,884) |
| As at 31st December 2023 | <u>4,608</u> | <u>536</u> | <u>85,328</u> | <u>90,472</u> |

The notes on pages 20 to 39 form part of these financial statements.

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Group statement of cash flows for the year ended 31st December 2023

| | Notes | 2023 £000 | 2022 £000 |
|---|-------|-----------------|----------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 27 | 57,595 | 40,810 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 2,720 | 834 |
| Purchase of listed investments | 14(a) | (19,441) | (10,996) |
| Investments in associates and joint ventures | 14(b) | (750) | - |
| Purchase of other investments | 14(c) | (100) | - |
| Purchase of intangible fixed assets | 12 | (931) | (327) |
| Purchase of tangible fixed assets | 13 | (16,451) | (12,686) |
| Purchase of a business, net of cash acquired | 25 | (3,431) | - |
| Proceeds from the sale of listed and unlisted investments | 14(a) | 36,562 | 17,367 |
| Proceeds and deferred income from property sales | | - | 6,730 |
| Proceeds from the sale of tangible fixed assets | | 804 | 1,311 |
| Dividends and interest received from investments | | 2,224 | 2,185 |
| | | <u>1,206</u> | <u>4,418</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of loans and finance leases | | (1,727) | - |
| Interest paid | | (578) | (507) |
| Dividends paid to preference shareholders | 11 | (317) | (317) |
| Dividends paid to equity shareholders | 11 | (10,567) | (6,818) |
| | | <u>(13,189)</u> | <u>(7,642)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 26 | 45,612 | 37,586 |
| Foreign exchange translation adjustment | | (518) | 1,341 |
| Cash and cash equivalents at 1st January | | <u>133,546</u> | <u>94,619</u> |
| CASH, CASH EQUIVALENTS AND OVERDRAFTS AT 31ST DECEMBER | 26 | <u>178,640</u> | <u>133,546</u> |

The notes on pages 20 to 39 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. The prior year Group statement of financial position has been re-presented in the current year to separately disclose Investments in associates and joint ventures. All information re-presented was available within the Notes to the Financial Statements for the year ended 31 December 2022.

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, 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.

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.

TENANTS CONSOLIDATED LIMITED

Notes to the Financial Statements (*continued*)

1.4 Basis of consolidation (*continued*)

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.

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.

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.

TENNANTS CONSOLIDATED LIMITED

Notes to the Financial Statements (*continued*)

1.7 Foreign currencies (*continued*)

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.

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.

TENANTS 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:

| | |
|--|---------------------------|
| <ul style="list-style-type: none"> - Buildings - Plant, machinery and motor vehicles | 20 years 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.

TENANTS 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.

TENANTS 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.

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

2. TURNOVER

| Analysis of turnover by geography: | 2023 £000 | 2022 £000 |
|------------------------------------|----------------|----------------|
| UK | 310,036 | 380,638 |
| Europe - Other | 201,898 | 235,349 |
| Americas | 74,337 | 99,175 |
| Rest of World | 31,072 | 21,284 |
| | <u>617,343</u> | <u>736,446</u> |

The segmental analysis has been extended in the current year. In prior year, turnover was split between sales by UK companies (home and export) and sales by overseas companies.

3. OPERATING PROFIT

| This is stated after charging/(crediting): | 2023 £000 | 2022 £000 |
|--|--------------|--------------|
| Auditors' remuneration | | |
| Grant Thornton UK LLP and Associates | | |
| Audit of the company financial statements | 58 | 58 |
| Audit of the subsidiary financial statements | 682 | 599 |
| Tax compliance services | 3 | 14 |
| Audit related assurance services | 8 | 23 |
| Non-audit services | 16 | 19 |
| Other Auditors | | |
| Audit of the subsidiary financial statements | - | 4 |
| Tax compliance services | - | 38 |
| Non-audit services | - | 27 |
| Research and development | 635 | 609 |
| Operating lease rentals | 1,912 | 1,888 |
| Amortisation of intangible fixed assets | 881 | 1,617 |
| Depreciation of tangible fixed assets | 8,882 | 8,035 |
| Exchange differences | 556 | (872) |

4. EMPLOYEES

| Staff costs consist of: | 2023 £000 | 2022 £000 |
|-------------------------|---------------|---------------|
| Wages and salaries | 50,056 | 50,117 |
| Social security costs | 5,810 | 6,416 |
| Pension costs | 3,666 | 3,680 |
| | <u>59,532</u> | <u>60,213</u> |

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

| | 2023 Number | 2022 Number |
|-------------------------------|----------------|----------------|
| Management and administration | 263 | 256 |
| Distribution and sales | 345 | 344 |
| Production | 536 | 554 |
| | <u>1,144</u> | <u>1,154</u> |

The average monthly number of persons employed by the company during the year was 13 (2022: 12).

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

5. DIRECTORS' REMUNERATION

| | 2023 £000 | 2022 £000 |
|-----------------------|--------------|--------------|
| Directors' emoluments | 2,678 | 2,450 |
| Directors' fees | 8 | 7 |
| | <u>2,686</u> | <u>2,457</u> |

There were five Directors in the group's defined contribution pension scheme in the year under review (2022: five). The cost of providing those benefits was £80,000 (2022: £68,000). No Director accrued benefits under the group's defined benefit pension scheme during the year.

Emoluments of the highest paid Director were £691,000 (2022: £684,000).

6. INCOME FROM FIXED ASSET INVESTMENTS

| | 2023 £000 | 2022 £000 |
|--|--------------|--------------|
| Dividend and interest income from listed investments | 1,605 | 1,895 |
| Increase in fair value of fixed asset investments | 1,052 | 958 |
| | <u>2,657</u> | <u>2,853</u> |

7. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2023 £000 | 2022 £000 |
|--------------------------------------|--------------|--------------|
| Interest received from bank accounts | <u>2,720</u> | <u>834</u> |

8. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2023 £000 | 2022 £000 |
|--|--------------|--------------|
| Interest payable on loans and financing arrangements | <u>(621)</u> | <u>(507)</u> |

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

9. TAXATION

(a) Tax on profit on ordinary activities:

| | 2023 £000 | 2022 £000 |
|--|---------------|---------------|
| UK corporation tax: | | |
| UK corporation tax on profits for the year | 12,401 | 8,997 |
| Adjustments in respect of prior years | 419 | 81 |
| Double taxation relief | 116 | 147 |
| | <u>12,936</u> | <u>9,225</u> |
| Foreign tax: | | |
| Current tax | 2,454 | 2,431 |
| Adjustments in respect of prior years | 2 | (216) |
| | <u>2,456</u> | <u>2,215</u> |
| Total current tax | <u>15,392</u> | <u>11,440</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | (400) | 4,986 |
| Adjustments in respect of prior years | (377) | 219 |
| Changes in tax rates | 10 | 174 |
| | <u>(767)</u> | <u>5,379</u> |
| | <u>14,625</u> | <u>16,819</u> |

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

The tax assessed for the year is higher (2022: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

| | 2023 £000 | 2022 £000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | <u>46,182</u> | <u>82,411</u> |
| Profit on ordinary activities multiplied by the tax rate of 23.5% (2022: 19%) | 10,865 | 15,658 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 593 | 630 |
| Adjustments in respect of prior years | 44 | 84 |
| Difference in overseas tax rates | (943) | (514) |
| Remeasurement of deferred tax - change in tax rates | 15 | 1,225 |
| Disposal of a subsidiary | 293 | - |
| Tax losses not recognised | 315 | 11 |
| Reversal of tax relief on pension contributions | 3,428 | - |
| Research allowances | - | (120) |
| Other differences | 15 | (155) |
| Total tax (note 9(a)) | <u>14,625</u> | <u>16,819</u> |

The average tax rate of 23.5% used in the reconciliation above reflects the increase in the UK tax rate to 25% on 1 April 2023.

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is a loss of £2,339,000 (2022: loss £138,000).

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is not within the scope of the legislation for the 2024 year by virtue of its revenue falling below the required thresholds in 2023. The Group will continue to monitor the thresholds moving forward.

TENANTS 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 £30,216,000 (2022: £21,834,000) has been dealt with in the financial statements of the company.

11. DIVIDENDS

| | 2023 £000 | 2022 £000 |
|---|---------------|--------------|
| Interim dividend for the year ended 31st December 2022, paid on 6th April 2023: | | |
| 52.91p (2022: 34.13p) per Ordinary and "A" Ordinary share | 5,284 | 3,409 |
| Final dividend for the year ended 31st December 2022, paid on 2nd October 2023: | | |
| 52.91p (2022: 34.13p) per Ordinary and "A" Ordinary share | 5,283 | 3,409 |
| Dividends on preference shares | 10,567 317 | 6,818 317 |
| | <u>10,884</u> | <u>7,135</u> |

An interim dividend for the year ended 31 December 2023 of 52.91p per Ordinary share, 52.91p per Ordinary "A" share and 7.5p per Preference share was declared by the Board on 26 March 2024. The interim dividend was paid to shareholders on 8 April 2024 (record date: 26 March 2024). A special dividend of 750.00p per Ordinary share and 750.00p per Ordinary "A" share was declared by the Board on 26 March 2024. The special dividend was paid on 3 May 2024 (record date: 26 March 2024).

The final dividend for the year ended 31 December 2023 will be considered and voted upon at the AGM scheduled for 17 July 2024.

12. INTANGIBLE FIXED ASSETS

| | Goodwill £000 | Patents & other £000 | Total £000 |
|-----------------------------------|------------------|----------------------------|---------------|
| Cost or valuation: | | | |
| At 1st January | 20,430 | 7,313 | 27,743 |
| Additions | 2,271 | 931 | 3,202 |
| Disposals | (684) | (767) | (1,451) |
| At 31st December 2023 | <u>22,017</u> | <u>7,477</u> | <u>29,494</u> |
| Amortisation: | | | |
| At 1st January | 20,430 | 5,686 | 26,116 |
| Disposals | (684) | (763) | (1,447) |
| Provided during the year (note 3) | 170 | 711 | 881 |
| At 31st December 2023 | <u>19,916</u> | <u>5,634</u> | <u>25,550</u> |
| Net book value | | | |
| At 31st December 2023 | <u>2,101</u> | <u>1,843</u> | <u>3,944</u> |
| At 31st December 2022 | <u>-</u> | <u>1,627</u> | <u>1,627</u> |

TENANTS 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 2023 | 44,626 | 162,238 | 11,435 | 218,299 |
| Currency changes | (500) | (2,200) | (39) | (2,739) |
| Re-classification | (27) | 512 | - | 485 |
| Additions | 91 | 14,166 | 2,194 | 16,451 |
| Acquisitions | - | 53 | - | 53 |
| Disposals | (10) | (11,887) | (1,649) | (13,546) |
| At 31st December 2023 | <u>44,180</u> | <u>162,882</u> | <u>11,941</u> | <u>219,003</u> |
| Depreciation | | | | |
| At 1st January 2023 | 22,353 | 128,483 | 8,287 | 159,123 |
| Currency changes | (197) | (1,622) | (25) | (1,844) |
| Re-classification | (17) | (25) | - | (42) |
| Provided during the year (note 3) | 881 | 6,442 | 1,559 | 8,882 |
| Disposals | - | (8,416) | (1,347) | (9,763) |
| At 31st December 2023 | <u>23,020</u> | <u>124,862</u> | <u>8,474</u> | <u>156,356</u> |
| Net book value | | | | |
| At 31st December 2023 | <u>21,160</u> | <u>38,020</u> | <u>3,467</u> | <u>62,647</u> |
| At 31st December 2022 | <u>22,273</u> | <u>33,755</u> | <u>3,148</u> | <u>59,176</u> |

Plant and machinery with a carrying value of £674,000 (2022: £3,159,000) are held under finance leases. In 2022, 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:

| | 2023 | 2022 |
|----------------|---------------|---------------|
| | £000 | £000 |
| Freehold | 19,210 | 20,106 |
| Long leasehold | 1,950 | 2,167 |
| | <u>21,160</u> | <u>22,273</u> |

COMPANY

| | Land & buildings £000 | Plant & machinery £000 | Total £000 |
|--|-----------------------------|------------------------------|---------------|
| Cost | | | |
| At 1st January 2023 and 31 December 2023 | <u>119</u> | <u>204</u> | <u>323</u> |
| Depreciation | | | |
| At 1st January 2023 | 73 | 195 | 268 |
| Provided during the year | - | 4 | 4 |
| At 31st December 2023 | <u>73</u> | <u>199</u> | <u>272</u> |
| Net book value | | | |
| At 31st December 2023 | <u>46</u> | <u>5</u> | <u>51</u> |
| At 31st December 2022 | <u>46</u> | <u>9</u> | <u>55</u> |

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

14. FIXED ASSET INVESTMENTS

| (a) Listed investments | Group £000 |
|---|------------------------------|
| Fair Value | |
| At 1st January 2023 | 45,645 |
| Currency changes | (45) |
| Change in fair value | 1,052 |
| Additions | 19,441 |
| Disposals | (36,562) |
| At 31st December 2023 | <u>29,531</u> |
| | 2023 2022 |
| Analysis at 31 December: | £000 £000 |
| Listed on the London Stock Exchange | 16,356 28,750 |
| Listed outside Great Britain (mainly North America) | <u>13,175</u> <u>16,895</u> |
| | <u>29,531</u> <u>45,645</u> |

Deferred tax amounting to £nil (2022: £929,000) has been provided for in these financial statements on the realisable value of these investments at 31st December 2023 (note 19).

| (b) Investments in Joint Ventures and Associates | Joint ventures £000 | Associates Investment in £000 | Loan to £000 | Total £000 |
|--|---------------------------|--|-----------------|---------------|
| As at 1st January 2023 | 6,689 | 4,055 | - | 10,744 |
| Currency changes | (203) | - | - | (203) |
| Additions | - | - | 750 | 750 |
| Share of profit/ (losses) | 464 | (400) | - | 64 |
| Other movements | 321 | - | - | 321 |
| Dividends received | <u>(619)</u> | <u>-</u> | <u>-</u> | <u>(619)</u> |
| At 31st December 2023 | <u>6,652</u> | <u>3,655</u> | <u>750</u> | <u>11,057</u> |

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.

| (c) Other investments | Investment property £000 | Other £000 | Total £000 |
|------------------------|--------------------------------|---------------|---------------|
| As at 1st January 2023 | 3,829 | 1,424 | 5,253 |
| Currency changes | (2) | - | (2) |
| Addition | - | 100 | 100 |
| At 31st December 2023 | <u>3,827</u> | <u>1,524</u> | <u>5,351</u> |

Other investments include minority stakes acquired in UK unlisted companies.

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

14. FIXED ASSET INVESTMENTS (continued)

| (d) Subsidiaries | Company £000 |
|--------------------------|-----------------|
| As at 1st January 2023 | 40,035 |
| Impairment | (4,509) |
| As at 31st December 2023 | <u>35,526</u> |

A list of the company's subsidiaries is included on pages 40 to 42 of these financial statements.

15. STOCKS

| | 2023 £000 | 2022 £000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables | 27,626 | 41,173 |
| Work-in-progress | 1,815 | 1,479 |
| Finished goods and goods for resale | <u>47,317</u> | <u>55,040</u> |
| | <u>76,758</u> | <u>97,692</u> |

16. DEBTORS

| | 2023 Group £000 | 2023 Company £000 | 2022 Group £000 | 2022 Company £000 |
|---|-----------------------|-------------------------|-----------------------|-------------------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 85,312 | - | 104,796 | - |
| Amounts owed by group companies | - | 18,078 | - | 12,641 |
| Other debtors | 6,812 | 1,249 | 5,695 | 76 |
| Taxation recoverable | 2,080 | - | 7,043 | - |
| Prepayments and accrued income | <u>4,292</u> | <u>209</u> | <u>4,192</u> | <u>3</u> |
| | <u>98,496</u> | <u>19,536</u> | <u>121,726</u> | <u>12,720</u> |
| Amounts falling due after more than one year: | | | | |
| Trade and other debtors | 1,190 | - | 1,086 | - |
| Deferred taxation (note 19) | 1,502 | 20 | 1,961 | 83 |
| Amounts owed by group companies | - | 13,252 | - | 14,286 |
| | <u>2,692</u> | <u>13,272</u> | <u>3,047</u> | <u>14,369</u> |
| Total Debtors | <u>101,188</u> | <u>32,808</u> | <u>124,773</u> | <u>27,089</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 £5.7m (2022: £5.4m). 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.

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2023 | | 2022 | |
|---------------------------------------|---------------|-----------------|---------------|-----------------|
| | Group £000 | Company £000 | Group £000 | Company £000 |
| Bank overdrafts | 4 | - | 2,619 | - |
| Trade creditors | 35,470 | 428 | 46,487 | 113 |
| Amounts owed to group companies | - | 1,531 | - | 908 |
| Corporation tax | 1,404 | 54 | 2,737 | 1,709 |
| Other taxes and social security costs | 6,846 | 77 | 10,930 | 2,422 |
| Other creditors | 1,359 | - | 2,019 | - |
| Accruals | 13,943 | 625 | 14,188 | 441 |
| | 59,026 | 2,715 | 78,980 | 5,593 |

Included within accruals are a number of environmental and dilapidations provisions amounting to £2.9m (2022: £2.5m). 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

| | 2023 | | 2022 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Group £000 | Company £000 | Group £000 | Company £000 |
| Finance lease obligations | 407 | - | 1,944 | - |
| Bank loans | 561 | - | 708 | - |
| Future employee benefits of certain overseas subsidiaries | 2,976 | - | 3,166 | - |
| Amounts owed to group subsidiaries | - | 16,279 | - | 17,764 |
| Other long-term creditors | 2,285 | - | 1,643 | - |
| | 6,229 | 16,279 | 7,461 | 17,764 |
| | 2023 | | 2022 | |
| | Company £000 | | Company £000 | |
| Amounts falling due to group subsidiaries: | | | | |
| In more than one year but less than two years | 989 | | 939 | |
| In more than two years but less than five years | 3,278 | | 3,121 | |
| In more than five years | 12,012 | | 13,704 | |
| | 16,279 | | 17,764 | |

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.

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

| 19. DEFERRED TAXATION | Group £000 | Company £000 |
|----------------------------|--------------|--------------|
| At 1st January 2023 | 5,382 | (83) |
| Arising during the year: | | |
| Currency changes | (6) | - |
| Income statement | (767) | 97 |
| Other comprehensive income | (34) | (34) |
| At 31st December 2023 | <u>4,575</u> | <u>(20)</u> |

The analysis of deferred taxation recognised in the accounts is:

| | 2023 | | 2022 | |
|--|--------------|--------------|--------------|--------------|
| | Group £000 | Company £000 | Group £000 | Company £000 |
| Accelerated capital allowances | 3,055 | (20) | 3,525 | (22) |
| Tax losses | (883) | - | (893) | - |
| Fixed asset investments | 351 | - | 929 | - |
| Pension | - | - | (61) | (61) |
| Rolled over gains | 3,369 | - | 3,369 | - |
| Other timing differences | (1,317) | - | (1,487) | - |
| | <u>4,575</u> | <u>(20)</u> | <u>5,382</u> | <u>(83)</u> |
| Included in debtors (note 16) | (1,502) | (20) | (1,961) | (83) |
| Included in provision for liabilities on statement of financial position | <u>6,077</u> | <u>-</u> | <u>7,343</u> | <u>-</u> |
| Undiscounted tax (asset) | <u>4,575</u> | <u>(20)</u> | <u>5,382</u> | <u>(83)</u> |

The amount of the net reversal of deferred tax expected to occur next year is £nil (2022: £0.7m) relating to the reversal of existing timing differences on fixed asset investments. Deferred tax has been provided at a rate of 25% (2022: 25%) which represents the future corporation tax rate that was enacted at the statement of financial position date.

20. SHARE CAPITAL

| 1st January 2023 and 31st December 2023 | Authorised | Allocated, 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.

TENANTS 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):

| | 2023 £000 | 2022 £000 |
|----------------|--------------|--------------|
| Contracted | 1,504 | 4,854 |
| Not contracted | 2,049 | 3,262 |

(b) Leasing commitments

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

| | 2023 £000 | 2022 £000 |
|----------------------------|-------------------------------|-------------------------------|
| Within one year | 1,681 | 1,828 |
| Between one and five years | 2,964 | 3,608 |
| Later than five years | 2,129 | 1,692 |
| | <hr/> <hr/> <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> <hr/> <hr/> |
| | <hr/> <hr/> <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> <hr/> <hr/> |
| | 6,774 | 7,128 |

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 2023 £000 | 2022 £000 |
|----------------------------|-------------------------------------|-------------------------------|
| Within one year | 286 | 919 |
| Between one and five years | 416 | 1,546 |
| | <hr/> <hr/> <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> <hr/> <hr/> |
| | <hr/> <hr/> <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> <hr/> <hr/> |
| | 702 | 2,465 |

(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. With the agreement of the pension scheme, this arrangement was terminated on 8 February 2024.

TENANTS 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.

| | 2023 | 2022 |
|---|--------|--------|
| | £000 | £000 |
| Financial assets at fair value through profit and loss | | |
| Listed investments | 29,531 | 45,645 |
| Forward foreign currency contracts | - | 370 |
| Financial liabilities at fair value through profit and loss | | |
| Forward foreign currency contracts | (225) | (12) |

The group purchases forward foreign currency contracts to hedge currency exposure on future commitments. Changes to the fair values of the assets and liabilities held 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.

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 (2022: £1.9m).

The pension fund's triennial actuarial valuation at 30th September 2022 showed a deficit and the company paid a contribution of £8m in January 2023 to eliminate this deficit. At 31st December 2023, the company's actuarial valuation for accounting purposes showed a surplus of £10.4m. However, the net defined benefit asset position has been restricted to zero because the group is not able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Contributions of £9.8m were made in the year ended 31st December 2023 (2022: £1.8m).

Following the fund's triennial actuarial valuation at 30th September 2022 and the contribution of £8m in January 2023, a schedule of company contributions was not required.

The defined benefit pension scheme funding arrangement (note 22(c)) remained in place at the year end but was terminated on 8 February 2024.

(a) Change in benefit obligation

| | 2023 | 2022 |
|---|----------------|----------------|
| | £000 | £000 |
| Benefit obligation at beginning of the year | 105,108 | 168,118 |
| Interest cost | 4,892 | 3,047 |
| Actuarial losses / (gains) | 4,020 | (59,170) |
| Benefits paid | <u>(6,452)</u> | <u>(6,887)</u> |
| Benefit obligation at end of the year | <u>107,568</u> | <u>105,108</u> |

(b) Change in plan assets

| | 2023 | 2022 |
|--|----------------|----------------|
| | £000 | £000 |
| Fair value of plan assets at beginning of the year | 104,863 | 165,552 |
| Interest income on fund assets | 5,274 | 3,016 |
| Return on fund assets excluding interest income | 4,502 | (58,617) |
| Employer contributions | 9,800 | 1,800 |
| Benefits and expenses paid from plan | <u>(6,453)</u> | <u>(6,888)</u> |
| Fair value of plan assets at end of the year | <u>117,986</u> | <u>104,863</u> |

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

24. PENSION ARRANGEMENTS (continued)

| | 2023 | 2022 |
|--|-----------------|-----------------|
| | £000 | £000 |
| (c) Amounts recognised in the statement of financial position | | |
| Fair value of Fund assets at end of the year | 117,986 | 104,863 |
| Present value of defined benefit obligations at end of the year | (107,568) | (105,108) |
| Funded status at end of year | 10,418 | (245) |
| Amount not recognised as asset due to limit in FRS 102 | (10,418) | - |
| Net liability, before taxation (note 24(f)) | <u>-</u> | <u>(245)</u> |
| (d) Components of pension cost | | |
| Amounts recognised in the income statement: | | |
| Net interest income/ (expense) | 381 | (32) |
| Total income/ (expense) recognised in the income statement | <u>381</u> | <u>(32)</u> |
| Amounts recognised in other comprehensive income: | | |
| Return on fund assets excluding interest income | 4,502 | (58,617) |
| Experience gains and (losses) on defined benefit obligations, net | (3,195) | (2,741) |
| Actuarial (losses) and gains arising from change in assumptions, net | (825) | 61,911 |
| Adjustment excluding interest in accordance with the limit in FRS 102 | (10,418) | - |
| Total (losses)/ gains recognised in Other Comprehensive Income | <u>(9,936)</u> | <u>553</u> |
| Cumulative amount of actuarial losses recognised in Other Comprehensive Income | <u>(70,410)</u> | <u>(60,474)</u> |
| (e) Principal actuarial assumptions at 31st December: | | |
| Weighted-average assumptions to determine benefit obligations: | | |
| Discount rate (p.a.) | 4.55% | 4.80% |
| RPI inflation (p.a.) | 3.15% | 3.20% |
| CPI inflation (p.a.) | 2.55% | 2.45% |
| Rate of pension increases | | |
| - RPI minimum 0%, maximum 5% | 3.05% | 3.10% |
| Life expectancy at 65 for male aged 65 | 22.5 years | 22.9 years |
| Life expectancy at 65 for female aged 65 | 24.4 years | 24.9 years |
| Life expectancy at 65 for male aged 45 | 23.5 years | 24.1 years |
| Life expectancy at 65 for female aged 45 | 25.6 years | 26.0 years |
| (f) Reconciliation of the statement of financial position | | |
| Gross liability on the statement of financial position at beginning of the year | (245) | (2,566) |
| Employer contributions | 9,800 | 1,800 |
| Income/ (expense) recognised in the income statement | 381 | (32) |
| Remeasurement (losses)/ gains recognised in other comprehensive income | <u>(9,936)</u> | <u>553</u> |
| Gross liability on the statement of financial position at end of the year (note 24(c)) | <u>-</u> | <u>(245)</u> |
| Related deferred tax asset (note 19) | <u>-</u> | <u>61</u> |
| Net liability | <u>-</u> | <u>(184)</u> |

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

24. PENSION ARRANGEMENTS (continued)

| (g) Breakdown of value of assets at 31st December | 2023 £000 | 2022 £000 |
|---|----------------|----------------|
| Equities | 11,660 | 16,217 |
| Levered gilt funds | 15,895 | - |
| Unlevered gilt funds | 24,142 | - |
| Absolute and real return funds | - | 11,512 |
| Liability driven investment funds | - | 8,383 |
| Buy and maintain credit | 30,982 | 32,354 |
| Secured income assets fund | 29,428 | 27,444 |
| Cash and net current assets | 5,879 | 8,953 |
| | <u>117,986</u> | <u>104,863</u> |

25. BUSINESS COMBINATIONS

On 30th March 2023, the group acquired 100% of the share capital of Brockley Holdings Limited and its subsidiary Brockley Group Limited, both incorporated in Ireland. The acquisition was accounted for using the purchase method. The excess of purchase consideration over the value of assets acquired is classified as goodwill arising on acquisition and will be amortised over its useful economic life of 10 years, commencing in the year ended 31 December 2023. The purchase consideration, net of cash acquired with the business, was €3.6m.

On 26th August 2023, the group disposed of its investment in Visafo AS, a company incorporated in Norway.

26. ANALYSIS OF CHANGES IN NET DEBT

| | At 1st January 2023 | Cash flows | Acquired | Foreign exchange adjustment | Non-cash changes | At 31st December 2023 |
|---------------------------------------|---------------------------|---------------|------------|-----------------------------------|---------------------|-----------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cash at bank and in hand | 136,165 | 42,581 | 416 | (518) | - | 178,644 |
| Bank overdrafts | (2,619) | 2,615 | - | - | - | (4) |
| Cash, cash equivalents and overdrafts | 133,546 | 45,196 | 416 | (518) | - | 178,640 |
| Bank loans | (708) | 147 | - | - | - | (561) |
| Finance leases | (1,944) | 1,580 | - | - | (43) | (407) |
| Total | <u>130,894</u> | <u>46,923</u> | <u>416</u> | <u>(518)</u> | <u>(43)</u> | <u>177,672</u> |

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Notes to the Financial Statements (*continued*)

27. CASH FLOWS FROM OPERATING ACTIVITIES

| | 2023 | 2022 |
|---|----------------------|----------------------|
| | £000 | £000 |
| Profit for the financial year | 31,557 | 65,592 |
| Adjustments for: | | |
| Depreciation, amortisation and impairment of fixed assets | 9,763 | 9,652 |
| Profit on sale of property | - | (13,980) |
| Loss on disposal of a business | 2,665 | - |
| (Profit)/ loss on sale of other fixed assets (net) | (178) | (220) |
| Net interest receivable | (2,099) | (327) |
| Dividend and interest income from investments | (1,605) | (1,895) |
| Taxation expense | 14,625 | 16,819 |
| Foreign exchange | (671) | 2,901 |
| Change in fair value of investments | (1,052) | (958) |
| Other capital movements | (385) | (631) |
| Other finance expense | (381) | 32 |
| Decrease/ (increase) in stocks | 20,652 | (22,353) |
| Decrease/ (increase) in trade and other debtors | 17,936 | (10,217) |
| (Decrease)/ increase in trade and other creditors | <u>(13,912)</u> | <u>11,914</u> |
| Cash from operations | 76,915 | 56,329 |
| Contributions paid to pension fund | (9,800) | (1,800) |
| Tax paid | <u>(9,520)</u> | <u>(13,719)</u> |
| Net cash generated from operating activities | <u><u>57,595</u></u> | <u><u>40,810</u></u> |

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 £2,686,000 (2022: £2,457,000).

During the year the group made sales of £nil (2022: £70,000) and purchases of £3,543,000 (2022: £5,637,000) to non-wholly owned companies. As at 31 December 2023, trade and other debtors of £52,000 (2022: £71,000) were due from non-wholly owned companies and trade and other creditors of £597,000 (2022: £1,074,000) were due to non-wholly owned companies. A dividend of £619,000 (2022: £290,000) was received from non-wholly owned companies.

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Subsidiaries

As at 31 December 2023 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 Drumagerner Road, Kilrea, Co Londonderry, BT51 5TE
- Key Organics Limited
Highfield Road Industrial Estate, Camelford, Cornwall, PL32 9RA
- * Northern Road Markings Limited
89 Drumagerner 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

TENANTS 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
- * Riggott National Line Marking Limited
Unit X Lodge Lane, Tuxford, Newark, Nottinghamshire, NG22 0NL
- * Riggott Holdings Limited
Unit X Lodge Lane, Tuxford, Newark, Nottinghamshire, NG22 0NL
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
- * Tenant 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

TENANTS CONSOLIDATED LIMITED & SUBSIDIARIES

Subsidiaries (*continued*)

Overseas companies

Brazil

- * Multicel Pigmentos Indústria e Comércio Ltda
Estrada Part. Sadae Takagi, 3300, Bairro Cooperativa, São Bernardo do Campo, São 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 Eagny, France

Germany

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

Ireland

- * Brockley Group Limited
Unit J, Aerodrome Business Park, Rathcoole, Dublin D24 FP89, Ireland
- * Brockley Holdings Limited
Unit J, Aerodrome Business Park, Rathcoole, Dublin D24 FP89, 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.
Viale Tunisia 43. 20124-Milan, Italy

Netherlands

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

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

TENANTS 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 |
| 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 | 106 |
| 2023** | 617,343 | 31,557 | 32,229 | 320 | 803 |

2014* restated under FRS 102

2023** dividends per Ordinary share excludes the final dividend for the year ended 31 December 2023, which will be considered and voted on at the AGM which is scheduled to be held on 17 July 2024.

Adjusted net profit attributable to equity shareholders excludes one-off gain from sale of property (2022); loss on disposal of a business (2023); 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, 400p in 2020 and 750p in 2023.