Tennant UK Cleaning Solutions Limited

Annual report and financial statements

Registered number SC042491

31 December 2015

Contents

Strategic report

The directors present their strategic report for the year ended 31 December 2015.

Principal activities

The principal activity of the company is the selling of indoor and outdoor cleaning machines as well as providing relevant support, backing this up with both part sales and repair services to customers.

Business review

At the period end the company had shareholders' funds of £5,567,461 *(2014: £4,917,045)* including net current assets of £1,377,151 *(2014: £1,629,478).*

The supply and maintenance of cleaning machines will, in common with many other businesses, be subject to external economic factors and so the company will continue to be managed on a prudent basis, to ensure long term stability. Part of the company's business is to provide consignment manufacturing and support under an intercompany agreement which guarantees the company a positive return on such activities.

Based on all these factors the directors believe that the general performance of the company will continue at satisfactory level for the foreseeable future and that it is appropriate for the directors to continue to prepare the financial statements on a going concern basis.

Post balance sheet event

On 15 January 2016 the company disposed of the Green Machines trade, assets and liabilities.

By order of the board

N W Hayes
Director

Castle Laurie Works
Bankside Industrial Estate
Falkirk
FK2 7XE

28 September 2016

Directors' report

The directors present their report for the year ended 31 December 2015.

Directors

The directors of the company during the year and up to the date of this report were:

Jonathan R Corns (appointed 15th June 2016)

Yves A A H C Derycke (resigned 15th June 2016)

Nicholas W Hayes

Thomas Paulson

Kristin A Stokes

Thomas A Stueve (appointed 15th June 2016)

Heidi M Wilson

Stuart W Winship (resigned 15th June 2016)

Dividends

The company paid a dividend of £1,500,000 in the year *(2014: £2,000,000)*.

Financial instruments

The company's policy is to minimise the use of complex financial instruments.

Political and charitable organisations

The company made no political or charitable donations during the year *(2014: nil)*.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they each are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

N W Hayes
Director

Castle Laurie Works
Bankside Industrial Estate
Falkirk
FK2 7XE

28 September 2016

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Independent auditor's report to the members of Tennant UK Cleaning Solutions Limited

We have audited the financial statements of Tennant UK Cleaning Solutions Limited for the year ended 31 December 2015 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

C L Herbertson

Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
30 September 2016

Profit and Loss Account and Other Comprehensive Income

for year ended 31 December 2015

	Note	**2015** **£**	2014 £
Turnover	*1,2*	**21,195,978**	24,016,385
Cost of sales		**(14,094,774)**	(17,386,505)
Gross profit		**7,101,204**	6,629,880
Administrative expenses		**(5,624,986)**	(5,306,193)
Other operating income		**-**	6,000
Operating profit	*3*	**1,476,218**	1,329,687
Interest receivable and similar income	*6*	**914**	4,255
Interest payable and similar charges	*7*	**(96,567)**	(91,898)
Profit on ordinary activities before taxation		**1,380,565**	1,242,044
Tax on profit on ordinary activities	*8*	**(90,329)**	(20,024)
Profit for the financial year		**1,290,236**	1,222,020
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit asset/liability	*17*	**1,049,000**	(334,000)
Deferred tax on defined benefit asset/liability re-measurement		**(188,820)**	66,800
Other comprehensive income for the year, net of tax		**860,180**	(267,200)
Total comprehensive income for the year		**2,150,416**	954,820

Balance Sheet
at 31 December 2015

	Note	2015	2014
		£	£
Fixed assets			
Intangible assets	*9*	**3,225,306**	3,455,685
Tangible assets	*10*	**405,011**	349,442
Investments	*11*	**2,409,740**	2,409,740
Defined benefit pension scheme asset	*17*	**460,000**	-
		6,500,057	6,214,867
Current assets			
Stocks	*12*	**329,070**	253,803
Debtors	*13*	**3,763,274**	4,304,788
Cash at bank and in hand		**1,425,503**	1,757,051
		5,517,847	6,315,642
Creditors: amounts falling due within one year	*14*	**(4,140,696)**	(4,686,164)
Net current assets		**1,377,151**	1,629,478
Total assets less current liabilities		**7,877,208**	7,844,345
Creditors: amounts falling due after more than one year	*15*	**(2,287,300)**	(2,287,300)
Provisions for liabilities			
Deferred taxation	*16*	**(22,447)**	-
Defined benefit pension scheme liability	*17*	**-**	(640,000)
Net assets		**5,567,461**	4,917,045
Capital and reserves			
Called up share capital	*18*	**32,221**	32,221
Share premium	*18*	**100,381**	100,381
Capital redemption reserve	*18*	**792**	792
Profit and loss account		**5,434,067**	4,783,651
Equity shareholder's funds		**5,567,461**	4,917,045

These financial statements were approved by the board of directors on 28 September 2016 and were signed on its behalf by:

Director

Company registered number: SC042491

Statement of Changes in Equity

	Called up Share capital	Share Premium	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
Balance at 1 January 2014	32,221	100,381	792	5,828,831	5,962,225
Total comprehensive income for the period					
Profit	-	-	-	1,222,020	1,222,020
Actuarial loss on pension scheme	-	-	-	(334,000)	(334,000)
Deferred taxation on actuarial loss	-	-	-	66,800	66,800
Total comprehensive income for the period	-	-	-	954,820	954,820
Dividends	-	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2014	**32,221**	**100,381**	**792**	**4,783,651**	**4,917,045**

	Called up Share capital	Share Premium	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
Balance at 1 January 2015	32,221	100,381	792	4,783,651	4,917,045
Total comprehensive income for the period					
Profit or loss				1,290,236	1,290,236
Actuarial gain on pension scheme	-	-	-	1,049,000	1,049,000
Deferred taxation on actuarial gain	-	-	-	(188,820)	(188,820)
Total comprehensive income for the period				2,150,416	2,150,416
Dividends	-	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2015	**32,221**	**100,381**	**792**	**5,434,067**	**5,567,461**

Notes
(forming part of the financial statements)

1 Accounting policies

Tennant UK Cleaning Solutions Limited (the "Company") is a company incorporated and domiciled in the UK.

This is a first period of the incorporation and as a result, these financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company's ultimate parent undertaking, Tennant Company includes the Company in its consolidated financial statements. The consolidated financial statements of Tennant Company are prepared in accordance with US Generally Accepted Accounting Practice, are available to the public and may be obtained from http://investors.tennantco.com/overview/default.aspx. In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company has taken advantage of the exemption contained in S401 of the Companies Act 2006 not to prepare consolidated accounts on the grounds that it is included in the consolidated accounts of Tennant Company.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

In preparation of the financial statements on a going concern basis, the Directors have reviewed the cash flow forecasts and working capital requirements of the Company for the 12 month period from date of board approval of these financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- plant and machinery 20%
- motor vehicles 25%
- fixtures and fittings 15% - 33%

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets, including patents that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- patents 5% straight line

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.7 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

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

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.11 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover also includes tolling fee income earned from Tennant BV in respect of consignment manufacturing and support under intercompany agreement.

Sales revenue relating to sweeping machines is recognised at the point of delivery.

Sales revenue relating to maintenance contracts is deferred and recognised on a straight line basis over the period of the contract.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and similar income

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Turnover

The analysis of turnover by geographical area is as follows:	**2015** **£**	2014 £
Europe	**21,195,978**	24,016,385

All turnover is generated in the United Kingdom.

Notes *(continued)*

3 Expenses and auditor's remuneration

Included in operating profit are the following:

	2015 £	2014 £
Amortisation of intangible assets	**230,379**	230,379
Depreciation of tangible fixed assets	**40,569**	72,586
Gain on sale of tangible fixed assets	**(3,770)**	-
Operating lease rentals:		
Plant and machinery	**254,066**	283,413
Net foreign currency exchange gain	**26,000**	19,902

Auditor's remuneration:

	2015 £	2014 £
Audit of these financial statements	**34,000**	34,000

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2015	2014
Production	**132**	134
Administrative	**62**	63
	194	197

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	**7,020,445**	7,030,999
Social security costs	**602,014**	744,972
Other pension costs	**235,000**	227,995
	7,857,459	8,003,966

Notes *(continued)*

5 Directors' remuneration

	2015 £	2014 £
Directors' remuneration	**207,754**	180,516
Company contributions to money purchase pension schemes	**7,239**	6,861

	Number of directors 2015	2014
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	2

6 Interest receivable and similar income

	2015 £	2014 £
Interest income	**914**	4,255

7 Interest payable and similar charges

	2015 £	2014 £
On loans due to group undertakings	**76,496**	76,496
Net interest on net defined benefit plan liability	**20,000**	14,000
On bank overdraft	**71**	1,402
	96,567	91,898

Notes *(continued)*

8 Taxation

Recognised in the profit and loss account and statement of other comprehensive income

	2015 £	2014 £
UK corporation tax		
Current tax on income for the period	**82,234**	2,809
Adjustment in respect of prior years	**(5,373)**	(7,861)
Total current tax	**76,861**	(5,052)
Deferred tax (see note 16)		
Origination and reversal of timing differences	**5,365**	25,076
Reduction in tax rate	**8,103**	-
Deferred tax on pension scheme liability – OCI	**188,820**	(66,800)
Total deferred tax	**202,288**	(41,724)
Total taxation	**279,149**	(46,776)

	2015 Current tax £	2015 Deferred tax £	2015 Total tax £	2014 Current tax £	2014 Deferred tax £	2014 Total tax £
Recognised in profit and loss account	**76,861**	**13,468**	**90,329**	(5,052)	25,076	20,024
Recognised in other comprehensive income	**-**	**188,820**	**188,820**	-	(66,800)	(66,800)
Total tax	**76,861**	**202,288**	**279,149**	(5,052)	(41,724)	(46,776)

Reconciliation of effective tax rate

	2015 £	2014 £
Profit for the year	**1,290,236**	1,222,020
Total tax expense	**90,329**	20,024
Profit excluding taxation	**1,380,565**	1,242,044
Tax using the UK corporation tax rate of 20.25% *(2014: 21.5%)*	**279,702**	267,039
Group relief	**(243,014)**	(297,296)
Non-deductible expenses	**50,911**	56,658
Adjustments in respect of prior years	**(5,373)**	(7,861)
Other items	**8,103**	1,484
Total tax expense	**90,329**	20,024

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. In the 2016 Budget, the Chancellor announced that UK corporation tax rates will fall to 17% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at the balance sheet date has been calculated based on the rate substantively enacted at 31 December 2015 (18%).

Notes *(continued)*

9 Intangible assets

	Goodwill	Patents	Total
	£	£	£
Cost			
Balance at 1 January 2015 and at 31 December 2015	4,607,580	21,393	4,628,973
Amortisation			
Balance at 1 January 2015	1,151,895	21,393	1,173,288
Amortisation for the year	230,379	-	230,379
Balance at 31 December 2015	1,382,274	21,393	1,403,667
Net book value			
At 1 January 2015	3,455,685	-	3,455,685
At 31 December 2015	**3,225,306**	-	**3,225,306**

10 Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Motor Vehicles	Total
	£	£	£	£
Cost				
Balance at 1 January 2015	1,047,815	70,701	376,812	1,495,328
Additions	96,138	-	-	96,138
Disposals	-	-	(61,808)	(61,808)
Balance at 31 December 2015	1,143,953	70,701	315,004	1,529,658
Depreciation				
Balance at 1 January 2015	755,052	26,028	364,806	1,145,886
Depreciation charge for the year	29,468	7,070	4,031	40,569
Disposals	-	-	(61,808)	(61,808)
Balance at 31 December 2015	784,520	33,098	307,029	1,124,647
Net book value				
At 1 January 2015	292,763	44,673	12,006	349,442
At 31 December 2015	**359,433**	**37,603**	**7,975**	**405,011**

Notes *(continued)*

11 Fixed asset investments

	Shares in group undertakings £
Cost	
At beginning and end of year	2,409,740
Provisions	
At beginning and end of year	-
Net book value	
At 1 January 2015	2,409,740
At 31 December 2015	**2,409,740**

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

	Country of incorporation	Registered number	Principal activity	Class and percentage of shares held	
Subsidiary undertakings					
Applied Sweepers Group Leasing Ltd	United Kingdom	SC130414	Hire of cleaning machines	**Ordinary**	100%
Applied Kehrmaschinen GmbH	Germany	HRB742774	Dormant company	**Ordinary**	100%
Applied Sweepers International Ltd	United Kingdom	SC119160	Dormant company	**Ordinary**	100%
Tennant UK Ltd	United Kingdom	01615917	Holding company	**Ordinary**	100%

12 Stocks

	2015 £	2014 £
Finished goods and goods for resale	**329,070**	253,803

Changes in finished goods and work in progress recognised as cost of sales in the year amounted to £75,267 *(2014: £71,463)*. The write-down of stocks to net realisable value amounted to £Nil *(2014: £Nil)*.

Notes *(continued)*

13 Debtors

	2015 £	2014 £
Trade debtors	**3,358,699**	3,803,023
Amounts owed by group undertakings	**126,651**	40,391
Prepayments and other debtors	**277,924**	226,493
Corporation tax	**-**	51,496
Deferred tax assets (see note 16)	**-**	183,385
	3,763,274	4,304,788

14 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	**262,700**	185,883
Amounts owed to group undertakings	**2,272,434**	2,786,121
Taxation and social security	**931,111**	972,005
Accruals and other creditors	**638,609**	742,155
Corporation tax	**35,842**	-
	4,140,696	4,686,164

15 Creditors: amounts falling after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	**2,287,300**	2,287,300

The amounts due to group undertakings represents one loan which is due for repayment in 2020. This loan attracts interest based on the LIBOR rate.

16 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
Accelerated capital allowances	**39,046**	42,358	**-**	-	**39,046**	42,358
Defined benefit pension scheme	**-**	128,000	**(82,800)**	-	**(82,800)**	128,000
Other timing differences	**21,307**	13,027	**-**	-	**21,307**	13,027
Deferred tax assets	**60,353**	183,385	**(82,800)**	-	**(22,447)**	183,385
Net of deferred tax assets	**(60,353)**	-	**60,353**	-	**-**	-
Net deferred tax (liabilities)/assets	**-**	183,385	**(22,447)**	-	**(22,447)**	183,385

Notes *(continued)*

17 Employee benefits

The Company operates a defined benefit pension scheme. The scheme was established under a Trust Deed which determines the appointment of trustees who are required to act in the best interests of the beneficiaries. Pension benefits are calculated based on salary level, length of service and age at date of retirement.

The scheme is invested in a broad spread of asset classes to mitigate the risk of any one investment type with the long term objective of achieving capital growth. Investment advice is obtained on a regular basis to ensure that the asset allocation and profile is suitable for the achievement of capital growth and the settlement of current and future liabilities.

A full actuarial valuation was carried out at 5 April 2014 by a qualified independent actuary. Contributions to the schemes are made by the company based on the advice of the actuary with the objective of eliminating the overall deficit during the remaining working lives of the members of the schemes.

The information disclosed below is in respect of the whole of the plan for which the Company is the sponsoring employer.

	2015	2014
	£000	£000
Defined benefit asset	**8,424**	7,756
Total defined benefit liability	**(7,964)**	(8,396)
Surplus/(deficit) in scheme	**460**	(640)

Movements in net defined benefit liability/asset

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability (asset)**	
	2015	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000
Balance at 1 January	8,396	7,511	7,756	7,144	640	367
Included in profit or loss						
Current service cost	100	94	-	-	100	94
Interest cost	291	325	-	-	291	325
Included in OCI	8,787	7,930	7,756	7,144	1,031	786
Remeasurements loss/(gain):						
Actuarial loss (gain) arising from						
- Changes in demographic assumptions	(101)	-	-	-	(101)	-
- Change in financial assumptions	(279)	919	-	-	(279)	919
- Experience adjustment	(221)	(135)	448	450	(669)	(585)
Return on plan assets excluding interest income	-	-	271	311	(271)	(311)
Other						
Contributions by employer	13	13	209	209	(196)	(196)
Administrative expenses	25	27	-	-	25	27
Benefits paid	(260)	(358)	(260)	(358)	-	-
Balance at 31 December	7,964	8,396	8,424	7,756	(460)	640

Notes *(continued)*

17 Employee benefits *(continued)*

Expense recognised in the profit and loss account

	2015 £000	2014 £000
Current service cost	**100**	94
Expenses	**25**	27
Net interest on net defined benefit liability	**20**	14
Total expense recognised in profit or loss	**145**	135

Plan assets	2015 £000	2014 £000
Cash and cash equivalents	**1,626**	1,629
Equity instrument	**3,041**	2,684
Debt instruments e.g. Government bonds	**3,210**	2,885
Real estate	**547**	558
Total	**8,424**	7,756
Actual return on plan assets	**719**	761

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2015	2014
Discount rate at 31 December	**3.7%**	3.5%
Future salary increases	**3.5%**	3.5%
Future pension increases	**2.2%**	2.2%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.1 years (male), 23.8 years (female).
- Future retiree upon reaching 65: 24.3 years (male), 25.7 years (female).

Notes *(continued)*

17 Employee benefits *(continued)*

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percent.

	2015 £
Increase discount rate	**(1,178)**
Increase RPI inflation	**526**
Increase Salary Increase assumption	**134**

In valuing the liabilities of the pension fund at 31 December 2015, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2015 would have increased by £438,000 before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 5April 2014 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

The Company expects to pay £196,000 in contributions to its defined benefit plan in 2016.

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £135,000 *(2014: £133,995)*

18 Capital and reserves

	2015 £	2014 £
Allotted, called up and fully paid		
32,221 Ordinary shares of £1 each	**32,221**	32,221

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital contribution reserve

The capital contribution reserve represents funding received from the parent entity.

Share premium

Share premium represents amounts received during the sale of share capital over and above the par value of shares.

Notes *(continued)*

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015	2014
	£	£
Less than one year	**-**	17,566
Between one and five years	**130,000**	373,125
In five years or more	**1,851,833**	96,000
	1,981,833	486,691

During the year £254,066 was recognised as an expense in the profit and loss account in respect of operating leases *(2014: £283,413).*

20 Related parties

The company transacts with other, wholly owned subsidiaries within Tennant Company and only transacts with directors through remuneration (see note 5). In accordance with FRS 102.8, the company has taken the exemption available to not disclose transactions with wholly owned subsidiaries within the Tennant Company group.

21 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Applied Sweepers Holdings Limited and the ultimate parent is Tennant Scotland Limited incorporated in Scotland. The ultimate controlling party is Tennant Company. The consolidated financial statements of Tennant Company, which is incorporated in the United States, are available to the public and may be obtained from http://investors.tennantco.com/overview/default.aspx.

22 Post balance sheet event

On 15 January 2016 the company disposed of the Green Machines trade, assets and liabilities.

23 Accounting estimates and judgements

The preparation of financial statements in accordance with FRS 102 requires estimates and assumptions by the directors. These estimates and assumptions might affect the reported amount of assets and liabilities, contingent liabilities and contingent assets at the reporting date as well as income and expenses during the reporting period. The actual outcomes and results may differ from these estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impacts from revision to accounting estimates are recognised in the period in which the estimates are revised and for any future periods affected.

Information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Intangible assets (note 9)

The company has recognised intangible assets relating to goodwill and patents. A detailed impairment test is performed annually for intangible assets to determine if there is any indication that an asset may be impaired. The actual recoverable amount of intangible assets may differ significantly from the estimated value.

Notes *(continued)*

24 Explanation of transition to FRS 102

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 102 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

		1 January 2014			**31 December 2014**		
		UK GAAP	Effect of transition to FRS 102	FRS 102	**UK GAAP**	**Effect of transition to FRS 102**	**FRS 102**
	Note	£	£	£	**£**	**£**	**£**
Fixed assets							
Intangible assets		3,686,064	-	3,686,064	**3,455,685**	-	**3,455,685**
Tangible fixed assets		418,660	-	418,660	**349,442**	-	**349,442**
Investments		2,409,740	-	2,409,740	**2,409,740**	-	**2,409,740**
		6,514,464	-	6,514,464	**6,214,867**	-	**6,214,867**
Current assets							
Stocks		325,266	-	325,266	**253,803**	-	**253,803**
Trade debtors		3,708,879	-	3,708,879	**3,803,023**	-	**3,803,023**
Amounts owed by group undertakings		221,661	-	221,661	**40,391**	-	**40,391**
Prepayments and accrued income		192,039	-	192,039	**226,493**	-	**226,493**
Corporation tax		69,585	-	69,585	**51,496**	-	**51,496**
Deferred tax asset	*a*	68,801	73,400	142,201	**55,385**	**128,000**	**183,385**
Cash at bank and in hand		364,574	-	364,574	**1,757,051**	-	**1,757,051**
		4,950,805	73,400	5,024,205	**6,187,642**	**128,000**	**6,315,642**
Creditors: amounts due within one year							
Trade creditors		(182,386)	-	(182,386)	**185,883**	-	**185,883**
Amounts owed to group undertakings		(1,282,496)	-	(1,282,496)	**2,786,121**	-	**2,786,121**
Taxation and social security		(776,707)	-	(776,707)	**972,005**	-	**972,005**
Accruals and other creditors		(680,555)	-	(680,555)	**742,155**	-	**742,155**
Net current assets		2,028,661	73,400	2,102,061	**1,501,478**	**128,000**	**1,629,478**
Total assets less current liabilities		8,543,125	73,400	8,616,525	**7,716,345**	**128,000**	**7,844,345**
Creditors: amounts falling due after more than one year							
Amounts owed to group undertakings		(2,287,300)	-	(2,287,300)	**(2,287,300)**	-	**(2,287,300)**
Provisions for liabilities							
Pension liability		(293,600)	(73,400)	(367,000)	**(512,000)**	**(128,000)**	**(640,000)**
Net assets		5,962,225	-	5,962,225	**4,917,045**	-	**4,917,045**

Notes *(continued)*

24 Explanation of transition to FRS 102 *(continued)*

	1 January 2014 UK GAAP	1 January 2014 Effect of transition to FRS 102	1 January 2014 FRS 102	**31 December 2014 UK GAAP**	**31 December 2014 Effect of transition to FRS 102**	**31 December 2014 FRS 102**
Capital and reserves						
Called up share capital	32,221	-	32,221	**32,221**	**-**	**32,221**
Share premium account	100,381	-	100,381	**100,381**	**-**	**100,381**
Capital redemption reserve	792	-	792	**792**	**-**	**792**
Profit and loss account	5,828,831	-	5,828,831	**4,783,651**	**-**	**4,783,651**
Shareholder's equity	5,962,225	-	5,962,225	**4,917,045**	**-**	**4,917,045**

Reconciliation of profit for comparative

	Note	**UK GAAP £**	**2014 Effect of transition to FRS 102 £**	**FRS 102 £**
Turnover		**24,016,385**	**-**	**24,016,385**
Cost of sales		**(17,386,505)**	**-**	**(17,386,505)**
Gross profit		**6,629,880**	**-**	**6,629,880**
Administrative expenses	*b*	**(5,279,193)**	**(27,000)**	**(5,306,193)**
Other operating income		**6,000**	**-**	**6,000**
Operating profit		**1,356,687**	**(27,000)**	**1,329,687**
Interest receivable and similar income	*c*	**60,255**	**(56,000)**	**4,255**
Interest payable and similar charges	*c*	**(77,898)**	**(14,000)**	**(91,898)**
Profit on ordinary activities before taxation		**1,339,044**	**(97,000)**	**1,242,044**
Tax on profit on ordinary activities	*d*	**(39,424)**	**19,400**	**(20,024)**
Profit for the year		**1,299,620**	**(77,600)**	**1,222,020**

Explanation of changes arising from adoption of FRS 102

a) Reclassification of deferred taxation on defined benefit pension to deferred tax.

b) Incorporation of administration costs relating to defined benefit pension scheme

c) Calculation of interest on defined benefit pension scheme based on gross valuation.

d) Deferred taxation on amendments to defined benefit pension scheme in point b) and c) above.