

Tennant UK Cleaning Solutions Limited

Annual report and financial statements

Registered number SC042491

31 December 2013



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Strategic report

The directors present their strategic report for the year ended 31 December 2013.

Principal activities

The company sells indoor and outdoor cleaning machines as well as providing relevant support and also backing this up with both parts sales and repair services to customers.

At the period end the company had shareholders' funds of £5,962,225 (2012: £6,042,947) including reserves of £5,828,831 (2012: £5,909,553), along with net current assets of £2,028,661 (2012: £1,824,622).

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 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.

By order of the board



N W Hayes
Director

Castle Laurie Works
Bankside Industrial Estate
Falkirk
FK2 7XE

30 June 2014

Directors' report

Results and dividends

The profit for the period, after taxation, amounted to £1,434,368 (2012: £1,277,931).

Dividends in the period amount to £1,500,000 (2012: £1,500,000)

Directors

The directors who held office during the year and up to the date of signing these financial statements were as follows:

Yves A A H C Derycke
Nicholas W Hayes
Patrick J O'Neill
Heidi M Wilson
Stuart W Winship
Thomas Paulson

Donations

During the year the company made charitable contributions of £100 (2012: £Nil).

Post balance sheet events

There have been no significant post balance sheet events.

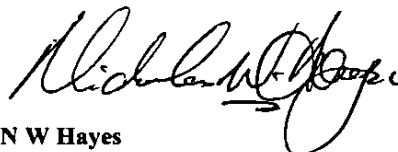
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that 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

30 June 2014

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

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

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



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 2013 set out on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

Martin Ross (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ
30 June 2014

Profit and Loss Account
for the year ended 31 December 2013

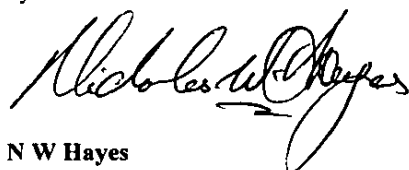
	<i>Note</i>	2013 £	2012 £
Turnover		21,483,427	22,872,615
Cost of sales		(15,222,693)	(15,898,109)
		<hr/>	<hr/>
Gross profit		6,260,734	6,974,506
Administrative expenses		(4,686,595)	(5,518,786)
Other operating income		24,000	24,000
		<hr/>	<hr/>
Operating profit	2	1,598,139	1,479,720
Interest receivable and similar income	5	14,536	11,791
Interest payable and similar charges	6	(110,587)	(93,245)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,502,088	1,398,266
Tax on profit on ordinary activities	7	(67,720)	(120,335)
		<hr/>	<hr/>
Profit for the financial year		1,434,368	1,277,931
		<hr/>	<hr/>

All of the activities of the company are classed as continuing.

Balance Sheet
at 31 December 2013

	<i>Note</i>	2013	2013	2012	2012
		£	£	£	£
Fixed assets					
Intangible assets	8		3,686,064		3,916,443
Tangible assets	9		418,660		526,838
Investments	10		2,409,740		2,409,740
			<hr/>		<hr/>
			6,514,464		6,853,021
Current assets					
Stocks	11	325,266		314,007	
Debtors	12	4,260,965		3,971,668	
Cash at bank and in hand		364,574		427,553	
		<hr/>		<hr/>	
		4,950,805		4,713,228	
Creditors: amounts falling due within one year	13	(2,922,144)		(2,888,606)	
		<hr/>		<hr/>	
Net current assets			2,028,661		1,824,622
			<hr/>		<hr/>
Total assets less current liabilities			8,543,125		8,677,643
Creditors: amounts falling due after more than one year	14		(2,287,300)		(2,287,300)
			<hr/>		<hr/>
Net assets excluding pension liabilities			6,255,825		6,390,343
Pension liabilities	22		(293,600)		(347,396)
			<hr/>		<hr/>
Net assets			5,962,225		6,042,947
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		32,221		32,221
Share premium account	18		100,381		100,381
Capital redemption reserve	19		792		792
Profit and loss account	20		5,828,831		5,909,553
			<hr/>		<hr/>
Shareholders' funds	21		5,962,225		6,042,947
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 30 June 2014 and were signed on its behalf by:



N W Hayes
Director

Company registered number: SC042491

Statement of total recognised gains and losses
for the year ended 31 December 2013

	2013 £	2012 £
Profit for the financial year as reported	1,434,368	1,277,931
Actuarial loss recognised in the pension scheme	(12,000)	(295,000)
Deferred tax arising on losses in the pension scheme	(3,090)	70,090
	<hr/>	<hr/>
Total recognised gains relating to the financial year	1,419,278	1,053,021
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

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

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement as 90% or more of the voting rights are controlled within a group whose consolidated financial statements are publicly available.

Consolidation

The financial statements present information about the undertaking as an individual undertaking and not about its group. Under Section 400 of the Companies Act 2006 the company is exempt from the obligation to prepare group financial statements.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales of sweeping machines plus spares and repairs revenue in the period. 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.

Research and development

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

Patents

Patents are recorded at cost, less a provision for amortisation in value.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Patents - 5% straight line

Fixed assets

All fixed assets are initially recorded at cost.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant and machinery - 20% straight line
Fittings and equipment - 15-33% straight line
Motor vehicles - 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost comprises the purchase price of finished goods.

Notes (continued)

1 Accounting policies (continued)

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised. Goodwill is amortised to nil by equal annual instalments over its estimated useful life.

On subsequent disposal or termination of a business, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

The company also operates a defined benefit pension scheme in respect of employees who transferred to the company from Tennant UK Limited at the start of 2012. Pension scheme assets in relation to the scheme are measured using market values whilst pension scheme liabilities are measured using the attained age method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the identifying timing differences can be deducted.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Warranty

A provision for warranty is recognised when the underlying products are sold. The provision is based upon historical warranty data.

Notes (continued)

2 Operating profit

	2013 £	2012 £
<i>Operating profit is stated after charging/(crediting):</i>		
Amortisation of goodwill	230,379	230,379
Depreciation of owned fixed assets	99,034	121,360
Loss/(gain) on disposal of fixed assets	4,682	(14,238)
Operating lease costs – land and buildings	301,628	192,278
Net loss/(gain) on foreign currency transaction (non group)	22,136	(113,870)
Research and development expenditure	356,360	445,243

Auditors' remuneration:

	2013 £	2012 £
Audit of these financial statements	30,500	30,500
Amounts receivable by auditors and their associates in respect of:		
Other services relating to taxation	10,000	10,000
All other services	-	33,000

3 Remuneration of directors

	2013 £	2012 £
Directors' emoluments	176,600	184,774
Company contributions to money purchase pension schemes	6,441	4,811

	Number of directors	
	2013	2012
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2

Notes (continued)

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	
	2013	2012
Production staff	126	151
Administrative staff	54	59
	<u>180</u>	<u>210</u>

The aggregate payroll costs of these persons were as follows:

	2013 £	2012 £
Wages and salaries	6,467,615	6,716,963
Social security costs	682,344	713,966
Other pension costs (note 22)	206,068	187,756
	<u>7,356,027</u>	<u>7,618,685</u>

5 Interest receivable and similar income

	2013 £	2012 £
Interest income	<u>14,536</u>	<u>11,791</u>

6 Interest payable and similar charges

	2013 £	2012 £
Intercompany loans	76,496	76,706
On bank borrowings	27,091	1,539
Net interest expense on pension scheme (note 22)	7,000	15,000
	<u>110,587</u>	<u>93,245</u>

Notes (continued)

7 Taxation

Analysis of charge in year

	2013 £	2012 £
<i>UK corporation tax</i>		
Current corporation tax on income for the year	44,271	54,639
Adjustments in respect of prior year	(28,916)	(29,137)
	<hr/> 15,355	<hr/> 25,502
<i>Deferred tax</i>		
Origination and reversal of timing differences in the year	10,161	32,132
Adjustment in respect of prior periods	(798)	21,741
Deferred tax on pension scheme liability	22,358	22,500
Effect of change in rate	20,644	18,460
	<hr/> 52,365	<hr/> 94,833
Tax on profit on ordinary activities	<hr/> 67,720	<hr/> 120,335

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2012: lower) than the standard rate of corporation tax in the UK (23.25%, 2012: 24.5%). The differences are explained below.

	2013 £	2012 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,502,088	1,398,266
	<hr/> 349,235	<hr/> 342,575
Current tax at 23.25% (2012: 24.5%)		
<i>Effects of:</i>		
Expenses not deductible for tax purposes	60,314	71,020
Other timing differences	(22,358)	(35,033)
Depreciation in excess of capital allowances	(10,161)	(19,599)
Group relief received for nil consideration	(332,759)	(304,324)
Adjustments in respect of prior year	(28,916)	(29,137)
	<hr/> 15,355	<hr/> 25,502
Total current corporation tax charge	<hr/> 15,355	<hr/> 25,502

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further rate reduction, although this will further reduce the company's future current corporation tax charge and reduce the company's deferred tax balances accordingly.

Notes (continued)

8 Intangible assets

	Goodwill £	Patents £	Total £
Cost			
At beginning and end of year	4,607,580	21,393	4,628,973
Amortisation			
At beginning of year	691,137	21,393	712,530
Charged in year	230,379	-	230,379
At end of year	921,516	21,393	942,909
Net book value			
At 31 December 2013	3,686,064	-	3,686,064
At 31 December 2012	3,916,443	-	3,916,443

Goodwill is amortised over 20 years.

9 Tangible fixed assets

	Plant and machinery £	Fittings and equipment £	Motor vehicles £	Total £
Cost				
At beginning of year	1,504,763	664,672	805,321	2,974,756
Additions	2,888	-	-	2,888
Disposals	(463,204)	(593,971)	(428,509)	(1,485,684)
At end of year	1,044,447	70,701	376,812	1,491,960
Depreciation				
At beginning of year	1,078,091	586,140	783,687	2,447,918
Charge for year	79,256	14,758	5,020	99,034
On disposals	(463,204)	(581,939)	(428,509)	(1,473,652)
At end of year	694,143	18,959	360,198	1,073,300
Net book value				
At 31 December 2013	350,304	51,742	16,614	418,660
At 31 December 2012	426,672	78,532	21,634	526,838

Notes (continued)

10 Investments

Shares in group companies £

Cost

At beginning and end of year 2,409,740

Net book value

At 31 December 2013 2,409,740

The companies in which the Company's interest at the period end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
Applied Sweepers Group Leasing Ltd	Scotland	Sale and hire of sweeping machines	Ordinary 100%
Applied Kemaschinen GmbH	Germany	Sale and hire of sweeping machines	Ordinary 100%
Applied Sweepers International Ltd	Scotland	Dormant company	Ordinary 100%
Tennant UK Limited	England	Holding company	Ordinary 100%

11 Stocks

	2013 £	2012 £
Finished goods and goods for resale	<u>325,266</u>	<u>314,007</u>

12 Debtors

	2013 £	2012 £
Trade debtors	3,708,879	3,107,273
Amounts owed by group undertakings	221,661	392,734
Prepayments and accrued income	192,039	177,080
Corporation tax	69,585	193,248
Deferred tax asset (see note 15)	68,801	101,333
	<u>4,260,965</u>	<u>3,971,668</u>

13 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	182,386	109,826
Amounts owed to group undertakings	1,282,496	1,125,128
Other taxes and social security	776,707	727,306
Accruals and deferred income	680,555	926,346
	<u>2,922,144</u>	<u>2,888,606</u>

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to group undertaking	2,287,300	2,287,300

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

15 Deferred taxation

The amounts provided (2012: provided) at the end of the year are as follows:

	2013 £	2012 £
Balance at beginning of year	101,333	183,898
Charged in year	(32,532)	(82,565)
Balance at end of year	68,801	101,333

Analysed as:

	2013 £	2012 £
Difference between taxation allowances and depreciation on fixed assets	55,801	86,383
Other timing differences	13,000	14,950
	68,801	101,333

Notes (continued)

16 Commitments under operating leases

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2013	2012
	£	£
Operating leases which expire:		
Within one year	5,625	1,340
Within two to five years	163,288	161,320
In five years or more	114,500	16,000
	<hr/>	<hr/>
	283,413	178,660
	<hr/>	<hr/>

17 Called up share capital

	2013	2012
	£	£
<i>Allotted, called up and fully paid</i>		
32,221 ordinary shares of £1 each	32,221	32,221
	<hr/>	<hr/>

18 Share premium account

	2013	2012
	£	£
Balance at beginning and end of year	100,381	100,381
	<hr/>	<hr/>

19 Capital redemption reserve

	2013	2012
	£	£
Balance at beginning and end of year	792	792
	<hr/>	<hr/>

20 Profit and loss account

	2013	2012
	£	£
Balance brought forward	5,909,553	6,356,532
Profit for the financial year	1,434,368	1,277,931
Dividends	(1,500,000)	(1,500,000)
Actuarial loss on pension scheme	(12,000)	(295,000)
Deferred taxation on actuarial loss	(3,090)	70,090
	<hr/>	<hr/>
Balance carried forward	5,828,831	5,909,553
	<hr/>	<hr/>

Notes (continued)

21 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	1,434,368	1,277,931
Dividends	(1,500,000)	(1,500,000)
Actuarial loss on pension scheme	(12,000)	(295,000)
Deferred taxation on actuarial loss	(3,090)	70,090
	<hr/>	<hr/>
Net reduction in shareholders' funds	(80,722)	(446,979)
Opening shareholders' funds	6,042,947	6,489,926
	<hr/>	<hr/>
Closing shareholders' funds	5,962,225	6,042,947
	<hr/>	<hr/>

22 Pension scheme

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £115,068 (2012: £100,756). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The Company also operates a defined benefit pension scheme covering eligible employees. The scheme is fully funded; its funds are administered by trustees who are independent of the company.

FRS 17 disclosures

The actuarial valuation of the Scheme as at 6 April 2011 was updated to 31 December 2013 by a qualified actuary, using a set of assumptions consistent with those required under FRS 17.

Since the pension scheme obligations only transferred to the Company on 1 January 2011 the comparative figures set out in the remainder of this note prior to 2012, which are presented on a proforma basis only, and which have been extracted from the audited financial statements of Tennant UK Limited for the year ended 31 December 2010, are presented for illustrative purposes only.

The assets in the scheme and the expected return of the main asset classes were as follows:

	31 December 2013		31 December 2012	
	Rate of Return	Value £000	Rate of Return	Value £000
With profits policy	5.6%	5,876	4.7%	5,445
Annuities	4.4%	1,268	4.5%	1,256
		<hr/>		<hr/>
Total value of scheme assets		7,144		6,701
Present value of scheme liabilities		(7,511)		(7,152)
		<hr/>		<hr/>
Deficit in scheme		(367)		(451)
Related deferred tax asset		73		104
		<hr/>		<hr/>
Net pension liability		(294)		(347)
		<hr/>		<hr/>

Notes (continued)

22 Pension scheme (continued)

Movements in present value of defined benefit obligation

	2013 £000	2012 £000
At 1 January	7,152	6,519
Current service cost	91	87
Interest cost	319	315
Actuarial losses	184	510
Contributions by members	15	15
Benefits paid	(250)	(294)
	<hr/>	<hr/>
At 31 December	7,511	7,152
	<hr/>	<hr/>

Movements in fair value of plan assets

	2013 £000	2012 £000
At 1 January	6,701	6,271
Expected return on plan assets	312	300
Actuarial gains	172	215
Contributions by employer	194	194
Contributions by members	15	15
Benefits paid	(250)	(294)
	<hr/>	<hr/>
At 31 December	7,144	6,701
	<hr/>	<hr/>

Expenses recognised in the profit and loss account

	2013 £000	2012 £000
Current service cost	91	87
Interest on defined benefit pension plan obligations	319	315
Expected return on defined benefit pension plan assets	(312)	(300)
	<hr/>	<hr/>
	98	102
	<hr/>	<hr/>

Notes (continued)

22 Pension scheme (continued)

The expense is recognised in the following line items in the profit and loss account:

	2013 £000	2012 £000
Cost of sales	91	87
Interest payable and similar charges	7	15
	<u>98</u>	<u>102</u>
Analysis of amount recognised in STRGL	2013 £000	2012 £000
Actual less expected return on scheme assets	172	215
Experience gains	62	5
Change in assumptions	(246)	(515)
Actuarial loss	<u>(12)</u>	<u>(295)</u>

Cumulative actuarial losses reported in the statement of total recognised gains and losses are losses of £195,000 (2012: £183,000). The fair value of the plan assets and the return on those assets were as follows:

	2013 Fair value £000	2012 Fair value £000
Equities	2,465	2,238
Bonds	2,636	2,426
Property	479	496
Cash	1,564	1,541
	<u>7,144</u>	<u>6,701</u>
Actual return on plan assets	<u>484</u>	<u>515</u>

The assets are invested in a with-profits contract. To develop the expected long-term rate of return on assets assumptions, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the fund is invested and the expectations for future returns of each asset class. This resulted in an investment return assumption of 1.0% above government bonds.

Notes (continued)

22 Pension scheme (continued)

The major assumptions used by the actuary were:

	2013	2012
Rate of increase in pensionable salaries	4.5%	4.5%
Rate of increase of pensions in payment	3.4%	3.0%
Expected return on assets	5.6%	4.7%
Discount rate	4.4%	4.5%
Inflation assumption	3.5%	3.0%

In valuing the liabilities of the pension fund at 31 December 2013, 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 2013 would have increased by £150,000 before deferred tax.

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), 24.1 years (female).
- Future retiree upon reaching 65: 24.3 years (male), 25.9 years (female).

History of plan

The history of plan for current and prior periods is as follows:

Balance sheet	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of scheme liabilities	(7,511)	(7,152)	(6,519)	(6,173)	(5,368)
Fair value of scheme assets	7,144	6,701	6,271	5,659	4,846
Deficit	(367)	(451)	(248)	(514)	(522)
History of experience gains and losses	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Difference between the actual and expected return on scheme assets	172	215	298	153	133
% of scheme assets	2%	3%	5%	3%	3%
Experience gains and losses on scheme liabilities	(62)	(5)	(96)	112	127
% of scheme liabilities	1%	0%	(1%)	2%	2%
Total amount recognised in STRGL	(12)	(295)	188	(341)	(306)
% of scheme liabilities	0%	4%	3%	6%	6%

Notes *(continued)*

23 Related party disclosures

Exemption has been taken from disclosing transactions with other group undertakings under paragraph 17 of Financial Reporting Standard 8.

24 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Applied Sweepers Holdings Limited which, in turn, is a subsidiary undertaking of Tennant Scotland Limited. The ultimate parent company is Tennant Company which is incorporated in the United States.