

Tennant UK Cleaning Solutions Limited

Annual report and financial statements

Registered number SC042491

31 December 2014

TUESDAY



S4B4Z648

SCT

07/07/2015

#88

COMPANIES HOUSE

Contents

Strategic report	1
Directors' report	2
Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements	3
Independent auditor's report to the members of Tennant UK Cleaning Solutions Limited	4
Profit and Loss Account	5
Balance Sheet	6
Statement of total recognised gains and losses	7
Notes	8

Strategic report

The directors present their strategic report for the year ended 31 December 2014.

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 £4,917,045 (2013: £5,962,225) including reserves of £4,783,651 (2013: £5,828,831), along with net current assets of £1,501,478 (2013: £2,028,661).

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

29 June 2015

Directors' report

Results and dividends

The profit for the period, after taxation, amounted to £1,299,620 (2013: £1,434,368).

Dividends in the period amount to £2,000,000 (2013: £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 (resigned 15th September 2014)

Heidi M Wilson

Stuart W Winship

Thomas Paulson

Kristin A. Stokes (appointed 15th September 2014)

Donations

During the year the company made charitable contributions of £Nil (2013: £100).

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

29 June 2015

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 2014 set out on pages 5 to 20. 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 2014 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.

Philip Charles (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

191 West George Street

Glasgow

G2 2LJ

29 June 2015

Profit and Loss Account
for the year ended 31 December 2014

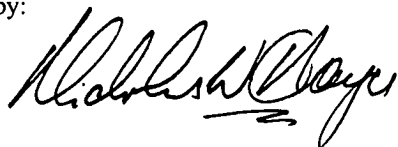
	<i>Note</i>	2014 £	2013 £
Turnover		24,016,385	21,483,427
Cost of sales		(17,386,505)	(15,222,693)
Gross profit		6,629,880	6,260,734
Administrative expenses		(5,279,193)	(4,686,595)
Other operating income		6,000	24,000
Operating profit	2	1,356,687	1,598,139
Interest receivable and similar income	5	60,255	14,536
Interest payable and similar charges	6	(77,898)	(110,587)
Profit on ordinary activities before taxation		1,339,044	1,502,088
Tax on profit on ordinary activities	7	(39,424)	(67,720)
Profit for the financial year		1,299,620	1,434,368

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

Balance Sheet
at 31 December 2014

	<i>Note</i>	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Intangible assets	8		3,455,685		3,686,064
Tangible assets	9		349,442		418,660
Investments	10		2,409,740		2,409,740
			<hr/>		<hr/>
			6,214,867		6,514,464
Current assets					
Stocks	11	253,803		325,266	
Debtors	12	4,176,788		4,260,965	
Cash at bank and in hand		1,757,051		364,574	
		<hr/>		<hr/>	
		6,187,642		4,950,805	
Creditors: amounts falling due within one year	13	(4,686,164)		(2,922,144)	
		<hr/>		<hr/>	
Net current assets			1,501,478		2,028,661
			<hr/>		<hr/>
Total assets less current liabilities			7,716,345		8,543,125
Creditors: amounts falling due after more than one year	14		(2,287,300)		(2,287,300)
			<hr/>		<hr/>
Net assets excluding pension liabilities			5,429,045		6,255,825
Pension liabilities	22		(512,000)		(293,600)
			<hr/>		<hr/>
Net assets			4,917,045		5,962,225
			<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		4,783,651		5,828,831
			<hr/>		<hr/>
Shareholders' funds	21		4,917,045		5,962,225
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 29 June 2015 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 2014

	2014 £	2013 £
Profit for the financial year as reported	1,299,620	1,434,368
Actuarial loss recognised in the pension scheme	(431,000)	(12,000)
Deferred tax arising on losses in the pension scheme	86,200	(3,090)
	<hr/>	<hr/>
Total recognised gains relating to the financial year	954,820	1,419,278
	<hr/> <hr/>	<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 2011. 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

	2014 £	2013 £
<i>Operating profit is stated after charging/(crediting):</i>		
Amortisation of goodwill	230,379	230,379
Depreciation of owned fixed assets	72,586	99,034
Loss on disposal of fixed assets	-	4,682
Operating lease costs – land and buildings	283,413	301,628
Net loss/(gain) on foreign currency transaction (non group)	19,902	(22,136)
Research and development expenditure	372,435	356,360
	<u> </u>	<u> </u>

Auditors' remuneration:

	2014 £	2013 £
Audit of these financial statements	34,000	30,500
Amounts receivable by auditors and their associates in respect of:		
Other services relating to taxation	10,250	10,000
All other services	2,800	2,750
	<u> </u>	<u> </u>

3 Remuneration of directors

	2014 £	2013 £
Directors' emoluments	180,516	176,600
Company contributions to money purchase pension schemes	6,861	6,441
	<u> </u>	<u> </u>

	Number of directors	
	2014	2013
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
	<u> </u>	<u> </u>

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	
	2014	2013
Production staff	134	126
Administrative staff	63	54
	<u>197</u>	<u>180</u>

The aggregate payroll costs of these persons were as follows:

	2014 £	2013 £
Wages and salaries	7,030,999	6,467,615
Social security costs	744,972	682,344
Other pension costs (note 22)	227,995	206,068
	<u>8,003,966</u>	<u>7,356,027</u>

5 Interest receivable and similar income

	2014 £	2013 £
Interest income	4,255	14,536
Net interest income on pension scheme (note 22)	56,000	-
	<u>60,255</u>	<u>14,536</u>

6 Interest payable and similar charges

	2014 £	2013 £
Intercompany loans	76,496	76,496
On bank borrowings	1,402	27,091
Net interest expense on pension scheme (note 22)	-	7,000
	<u>77,898</u>	<u>110,587</u>

Notes (continued)

7 Taxation

Analysis of charge in year

	2014 £	2013 £
<i>UK corporation tax</i>		
Current corporation tax on income for the year	2,809	44,271
Adjustments in respect of prior year	(7,861)	(28,916)
	<u>(5,052)</u>	<u>15,355</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences in the year	10,506	10,161
Adjustment in respect of prior periods	-	(798)
Deferred tax on pension scheme liability	33,970	22,358
Effect of change in rate	-	20,644
	<u>44,476</u>	<u>52,365</u>
Tax on profit on ordinary activities	39,424	67,720

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK (21.5%, 2013: 23.25%). The differences are explained below.

	2014 £	2013 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,339,044	1,502,088
	<u>287,894</u>	<u>349,235</u>
Current tax at 21.5% (2013: 23.25%)		
	287,894	349,235
<i>Effects of:</i>		
Expenses not deductible for tax purposes	56,658	60,314
Other timing differences	(33,941)	(22,358)
Depreciation in excess of capital allowances	(10,506)	(10,161)
Group relief received for nil consideration	(297,296)	(332,759)
Adjustments in respect of prior year	(7,861)	(28,916)
	<u>(5,052)</u>	<u>15,355</u>
Total current corporation tax charge	(5,052)	15,355

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	921,516	21,393	942,909
Charged in year	230,379	-	230,379
At end of year	1,151,895	21,393	1,173,288
Net book value			
At 31 December 2014	3,455,685	-	3,455,685
At 31 December 2013	3,686,064	-	3,686,064

Goodwill is amortised over 20 years.

9 Tangible fixed assets

	Plant and machinery £	Fittings and equipment £	Motor vehicles £	Total £
Cost				
At beginning of year	1,044,447	70,701	376,812	1,491,960
Additions	3,368	-	-	3,368
At end of year	1,047,815	70,701	376,812	1,495,328
Depreciation				
At beginning of year	694,143	18,959	360,198	1,073,300
Charge for year	60,909	7,069	4,608	72,586
At end of year	755,052	26,028	364,806	1,145,886
Net book value				
At 31 December 2014	292,763	44,673	12,006	349,442
At 31 December 2013	350,304	51,742	16,614	418,660

Notes (continued)

10 Investments

Shares in group companies

£

Cost

At beginning and end of year

2,409,740

Net book value

At 31 December 2014

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 Kermaschinen GmbH	Germany	Dormant company	Ordinary 100%
Applied Sweepers International Ltd	Scotland	Dormant company	Ordinary 100%
Tennant UK Limited	England	Holding company	Ordinary 100%

11 Stocks

2014
£

2013
£

Finished goods and goods for resale

253,803

325,266

12 Debtors

2014
£

2013
£

Trade debtors

3,803,023

3,708,879

Amounts owed by group undertakings

40,391

221,661

Prepayments and accrued income

226,493

192,039

Corporation tax

51,496

69,585

Deferred tax asset (see note 15)

55,385

68,801

4,176,788

4,260,965

13 Creditors: amounts falling due within one year

2014
£

2013
£

Trade creditors

185,883

182,386

Amounts owed to group undertakings

2,786,121

1,282,496

Other taxes and social security

972,005

776,707

Accruals and deferred income

742,155

680,555

4,686,164

2,922,144

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2014 £	2013 £
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 (2013: provided) at the end of the year are as follows:

	2014 £	2013 £
Balance at beginning of year	68,801	101,333
Charged in year	(13,416)	(32,532)
Balance at end of year	55,385	68,801

Analysed as:

	2014 £	2013 £
Difference between taxation allowances and depreciation on fixed assets	42,358	55,801
Other timing differences	13,027	13,000
	55,385	68,801

16 Commitments under operating leases

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2014 £	2013 £
Operating leases which expire:		
Within one year	17,566	5,625
Within two to five years	120,000	163,288
In five years or more	116,500	114,500
	254,066	283,413

Notes (continued)

17 Called up share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
32,221 ordinary shares of £1 each	32,221	32,221

18 Share premium account

	2014 £	2013 £
Balance at beginning and end of year	100,381	100,381

19 Capital redemption reserve

	2014 £	2013 £
Balance at beginning and end of year	792	792

20 Profit and loss account

	2014 £	2013 £
Balance brought forward	5,828,831	5,909,553
Profit for the financial year	1,299,620	1,434,368
Dividends	(2,000,000)	(1,500,000)
Actuarial loss on pension scheme	(431,000)	(12,000)
Deferred taxation on actuarial loss	86,200	(3,090)
Balance carried forward	4,783,651	5,828,831

21 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	1,299,620	1,434,368
Dividends	(2,000,000)	(1,500,000)
Actuarial loss on pension scheme	(431,000)	(12,000)
Deferred taxation on actuarial loss	86,200	(3,090)
Net reduction in shareholders' funds	(1,045,180)	(80,722)
Opening shareholders' funds	5,962,225	6,042,947
Closing shareholders' funds	4,917,045	5,962,225

Notes (continued)

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 £133,995 (2013: £115,068). 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 2014 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 2011, 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 2014		31 December 2013	
	Rate of Return	Value £000	Rate of Return	Value £000
With profits policy	4.4%	6,409	5.6%	5,876
Annuities	3.5%	1,347	4.4%	1,268
		<hr/>		<hr/>
Total value of scheme assets		7,756		7,144
Present value of scheme liabilities		(8,396)		(7,511)
		<hr/>		<hr/>
Deficit in scheme		(640)		(367)
Related deferred tax asset		128		73
		<hr/>		<hr/>
Net pension liability		(512)		(294)
		<hr/>		<hr/>

Movements in present value of defined benefit obligation

	2014 £000	2013 £000
At 1 January	7,511	7,152
Current service cost	94	91
Interest cost	325	319
Actuarial losses	811	184
Contributions by members	13	15
Benefits paid	(358)	(250)
	<hr/>	<hr/>
At 31 December	8,396	7,511
	<hr/>	<hr/>

Notes (continued)

22 Pension scheme (continued)

Movements in fair value of plan assets

	2014 £000	2013 £000
At 1 January	7,144	6,701
Expected return on plan assets	381	312
Actuarial gains	380	172
Contributions by employer	196	194
Contributions by members	13	15
Benefits paid	(358)	(250)
	<hr/>	<hr/>
At 31 December	7,756	7,144
	<hr/>	<hr/>

Expenses recognised in the profit and loss account

	2014 £000	2013 £000
Current service cost	94	91
Interest on defined benefit pension plan obligations	325	319
Expected return on defined benefit pension plan assets	(381)	(312)
	<hr/>	<hr/>
	38	98
	<hr/>	<hr/>

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

	2014 £000	2013 £000
Cost of sales	94	91
Interest payable and similar charges	(56)	7
	<hr/>	<hr/>
	38	98
	<hr/>	<hr/>

Analysis of amount recognised in STRGL

	2014 £000	2013 £000
Actual less expected return on scheme assets	380	172
Experience gains	109	62
Change in assumptions	(920)	(246)
	<hr/>	<hr/>
Actuarial loss	(431)	(12)
	<hr/>	<hr/>

Notes (continued)

22 Pension scheme (continued)

Cumulative actuarial losses reported in the statement of total recognised gains and losses are losses of £626,000 (2013: £195,000). The fair value of the plan assets and the return on those assets were as follows:

	2014 Fair value £000	2013 Fair value £000
Equities	2,684	2,465
Bonds	2,885	2,636
Property	558	479
Cash	1,629	1,564
	<u>7,756</u>	<u>7,144</u>
Actual return on plan assets	<u>761</u>	<u>484</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.

The major assumptions used by the actuary were:

	2014	2013
Rate of increase in pensionable salaries	3.5%	4.5%
Rate of increase of pensions in payment	3.1%	3.4%
Expected return on assets	4.4%	5.6%
Discount rate	3.5%	4.4%
Inflation assumption	3.2%	3.5%

In valuing the liabilities of the pension fund at 31 December 2014, mortality assumptions have been made as indicated below.

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: 22.2 years (male), 24.1 years (female).
- Future retiree upon reaching 65: 24.4 years (male) 25.9 years (female).

Notes (continued)

22 Pension scheme (continued)

History of plan

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

Balance sheet	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of scheme liabilities	(8,396)	(7,511)	(7,152)	(6,519)	(6,173)
Fair value of scheme assets	7,756	7,144	6,701	6,271	5,659
Deficit	(640)	(367)	(451)	(248)	(514)
History of experience gains and losses	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Difference between the actual and expected return on scheme assets	380	172	215	298	153
% of scheme assets	5%	2%	3%	5%	3%
Experience gains and losses on scheme liabilities	(109)	(62)	(5)	(96)	112
% of scheme liabilities	1%	1%	0%	(1%)	2%
Total amount recognised in STRGL	(431)	(12)	(295)	188	(341)
% of scheme liabilities	5%	0%	4%	3%	6%

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.