


James M Brown Limited

Abbreviated Accounts

31 December 1998

Registered Number: 382434

 ERNST & YOUNG



James M Brown Limited

Registered Number: 382434

DIRECTORS

K A Alexander (Chairman)
W P Alexander
N W Gibson

AUDITORS

Ernst & Young
One Colmore Row
Birmingham B3 2DB

BANKERS

Bank of Scotland
West End Branch
14/16 Cockspur Street
London SW1 5BL

REGISTERED OFFICE

Napier Street
Fenton
Stoke-on-Trent
Staffordshire ST4 4NX

James M Brown Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £1,243,000 (1997: £1,176,000).

The directors recommend the payment of a dividend of £310,000 (1997: £295,000), which leaves a profit of £933,000 (1997: £881,000) to be retained.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is the manufacture and sale of inorganic chemicals.

Certain products made by the company are the subject of environmental legislation and every effort is being made to ensure that the company carries on its business profitably in the future.

MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors the market value of freehold land and buildings exceeds its book value but, in the absence of a professional valuation, they are unable to quantify the amount.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 6 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year were:

K A Alexander (Chairman)
N W Gibson
W P Alexander

K A Alexander retires by rotation and being eligible offers himself for re-election.

K A Alexander and W P Alexander are directors of the ultimate parent undertaking and their interests in the shares of the ultimate parent undertaking are shown in that company's accounts.

No other director had an interest in the shares of the company or any group undertakings at any time during the year.

James M Brown Limited
DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YEAR 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the board



D C Welch
Secretary

31 March 1999

Auditors' report to James M Brown Limited under section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 5 to 12, together with the annual accounts of the company for the year ended 31 December 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

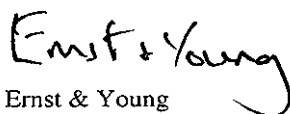
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those annual accounts. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(A) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 12 are properly prepared in accordance with that provision.



Ernst & Young
Registered Auditor
Birmingham

31 March 1999

James M Brown Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	<i>Notes</i>	<i>1998 £'000</i>	<i>1997 £'000</i>
GROSS PROFIT		3,392	3,509
Operating costs		2,163	2,303
OPERATING PROFIT	2	1,229	1,206
Interest receivable		546	437
Dividends received		40	45
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,815	1,688
Tax on profit on ordinary activities	5	572	512
PROFIT FOR THE FINANCIAL YEAR		1,243	1,176
Final dividend proposed		310	295
RETAINED PROFIT FOR THE FINANCIAL YEAR	13	933	881

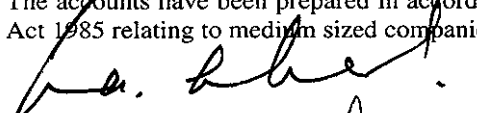
There are no recognised gains or losses other than the retained profit for the year.


James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 1998

	Notes	1998 £'000	1997 £'000
FIXED ASSETS			
Tangible assets	6	1,692	1,540
Investments	7	19	19
		<u>1,711</u>	<u>1,559</u>
CURRENT ASSETS			
Stocks	8	1,011	1,051
Debtors	9	2,129	2,048
Short-term loans and deposits		6,500	5,500
Cash at bank and in hand		1,440	1,855
		<u>11,080</u>	<u>10,454</u>
CREDITORS: amounts falling due within one year	10	1,957	2,179
NET CURRENT ASSETS		<u>9,123</u>	<u>8,275</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,834</u>	<u>9,834</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	11	71	4
		<u>10,763</u>	<u>9,830</u>
CAPITAL AND RESERVES			
Called up share capital	12	450	450
General reserve	13	850	850
Profit and loss account	13	9,463	8,530
TOTAL SHAREHOLDERS' FUNDS	13	<u>10,763</u>	<u>9,830</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.


K A Alexander
Director


N W Gibson
Director

31 March 1999

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards with the following exception. Stocks of metal and the metal content of work-in-progress and finished goods have been valued at the lower of cost and net realisable value at 31 December 1997. The metal market replacement price on that date has been taken as the measure of net realisable value, except where subsequent or anticipated falls in price have reduced the net realisable value. The directors believe that the valuation which has been placed on the stocks is preferable because metal market prices are subject to erratic fluctuations and the realisable value of finished stocks is affected by the current replacement price of the metal content.

Stocks

Stocks are stated at the lower of cost and net realisable value, subject to the above note. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and goods for resale	-	purchase cost on a first in, first out basis
Work in progress and finished goods	-	Cost of direct materials and labour plus attributable overhead based on normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold building	-	over 20 years
Plant and equipment	-	over 3 to 10 years
Motor vehicles	-	over 4 years

Research and development expenditure

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

Foreign currencies

Transactions in foreign currencies are recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension costs

Pension benefits are funded over the employees' periods of service. The cost is calculated by an independent qualified actuary and deficiencies or surpluses arising from triennial valuations of the group's scheme are amortised over the remaining service lives of employees. It is not regarded as prudent to credit the profit and loss accounts with a negative pension cost where the annual amortisation of a surplus is greater than the regular cost.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 1998

2. OPERATING PROFIT

	1998 £'000	1997 £'000
This is stated after (charging)/crediting		
Auditors' remuneration	10	10
Rent receivable from group undertakings	(57)	(52)
Research and development	63	74
Profit on disposal of fixed assets	15	-
	<u> </u>	<u> </u>

3. DIRECTORS' EMOLUMENTS

	1998 £'000	1997 £'000
Emoluments	90	88
	<u> </u>	<u> </u>
	1998 No.	1997 No.
Members of defined benefit pension schemes	1	1
	<u> </u>	<u> </u>

4. STAFF COSTS

	1998 £'000	1997 £'000
Wages and salaries	1,586	1,611
Social Security costs	141	135
Pension costs	78	73
	<u>1,805</u>	<u>1,819</u>

The average number of persons employed by the company during the year, including directors, was as follows:

	1998 £'000	1997 £'000
Management and administration	17	17
Sales	3	3
Production	71	70
	<u>91</u>	<u>90</u>

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 1998

5. TAXATION OF PROFIT ON ORDINARY ACTIVITIES

	1998 £'000	1997 £'000
Based on the profit for the year:		
Current year:		
Corporation tax at 31% (1997: 31½%)	505	511
Deferred taxation	67	4
	<u>572</u>	<u>515</u>
Amounts over provided in previous years:		
Corporation tax	-	(3)
	<u>572</u>	<u>512</u>

6. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £'000</i>	<i>Assets in the course of construction £'000</i>	<i>Motor vehicles £'000</i>	<i>Plant and Machinery £'000</i>	<i>Total £'000</i>
Cost:					
At 31 December 1997	970	108	138	3,201	4,417
Additions	258	-	45	101	404
Disposals	-	-	(51)	(16)	(67)
Transfer to land and buildings	108	(108)	-	-	-
At 31 December 1998	<u>1,336</u>	<u>-</u>	<u>132</u>	<u>3,286</u>	<u>4,754</u>
Depreciation:					
At 31 December 1997	484	-	92	2,301	2,877
Disposals	-	-	(48)	(16)	(64)
Charged for the year	50	-	33	166	249
At 31 December 1998	<u>534</u>	<u>-</u>	<u>77</u>	<u>2,451</u>	<u>3,062</u>
Net book value:					
At 31 December 1998	<u>802</u>	<u>-</u>	<u>55</u>	<u>835</u>	<u>1,692</u>
At 31 December 1997	<u>486</u>	<u>108</u>	<u>46</u>	<u>900</u>	<u>1,540</u>

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 1998

7. INVESTMENTS

	£'000
Cost:	
At 31 December 1998 and 1997	19

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital is as follows:

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Emery Colours Limited	England & Wales	Ordinary shares	100%	Ceramic colour manufacturers

James M Brown Limited is a wholly owned subsidiary of an EC parent, and as permitted by Section 228 of the Companies Act 1985, is exempt from the obligation to prepare and deliver group accounts.

8. STOCKS

	1998 £'000	1997 £'000
Raw materials and consumables	441	330
Work in progress	4	1
Finished goods and goods for resale	566	720
	<u>1,011</u>	<u>1,051</u>

9. DEBTORS

	1998 £'000	1997 £'000
Trade debtors	1,701	1,521
Amounts owed by parent undertaking	12	5
Amounts owed by subsidiary undertaking	45	47
Amounts owed by fellow subsidiary undertakings	178	314
Other debtors	50	52
Refund of taxation due	-	31
Prepayments and accrued income	143	78
	<u>2,129</u>	<u>2,048</u>

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 1998

10. CREDITORS: Amounts falling due within one year

	1998 £'000	1997 £'000
Trade creditors	802	885
Amounts owed to subsidiary undertaking	13	22
Amounts owed to fellow subsidiary undertakings	4	18
Current corporation tax	508	511
Other taxes and social security costs	128	98
Other creditors	12	11
Accruals	180	339
Proposed final dividend	310	295
	<u>1,957</u>	<u>2,179</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts is as follows:

	1998 £'000	1997 £'000
<i>Provided:</i>		
Accelerated capital allowances	71	48
Other timing differences	-	(44)
	<u>71</u>	<u>4</u>

12. SHARE CAPITAL

	Authorised 1998 £'000	1997 £'000
Ordinary shares of £1 each	<u>500</u>	<u>500</u>

	Allotted, called up and fully paid			
	1998 No.	1997 No.	1998 £'000	1997 £'000
Ordinary shares of £1 each	<u>450,000</u>	<u>450,000</u>	<u>450</u>	<u>450</u>

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 1998

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £'000</i>	<i>General reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 1997	450	850	7,649	8,949
Profit for the year	-	-	1,176	1,176
Dividend	-	-	(295)	(295)
At 1 January 1998	450	850	8,530	9,830
Profit for the year	-	-	1,243	1,243
Dividend	-	-	(310)	(310)
At 31 December 1998	450	850	9,463	10,763

14. CAPITAL COMMITMENTS

	<i>1998 £'000</i>	<i>1997 £'000</i>
Authorised and contracted	19	252

15. PENSION COSTS

The company participates in the Tennants Consolidated Limited Pension Fund which operates a defined benefit scheme. The surplus disclosed by the actuarial valuation of the fund at 1 October 1996 is being dealt with over the expected remaining service lives of employees by a reduced level of company contributions. Contributions paid therefore represent the pension cost as calculated in accordance with SSAP 24. Further details of the scheme are shown in the accounts of Tennants Consolidated Limited.

16. CONTINGENT LIABILITIES

The bank holds a terminal indemnity to H M Customs & Excise for £10,000.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is Tennants Consolidated Limited, a company registered in England and Wales. It has included the company in its group accounts copies of which are not readily available to the public but can be obtained from Companies House.