

James M. Brown Limited

Abbreviated Accounts

31 December 2005

Registered Number: 382434



Registered No. 382434

DIRECTORS

N W Gibson (Chairman)
M G Hughes
K A Alexander
W P Alexander

SECRETARY

D C Welch

AUDITORS

Bentley Jennison
5 Ridge House
Ridge House Drive
Festival Park
Stoke on Trent
Staffordshire
ST1 5SJ

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

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 2005.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £187,000 (2004: £418,000).

No further dividend will be proposed for the year (2004: £100,000) making a total of ordinary dividends of £810,000 for the year (2004: £100,000). This results in a loss of £623,000 (2004: profit £318,000) to be transferred to accumulated profits.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

Turnover has increased and the result for the year is considered satisfactory.

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 9 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year were:

N W Gibson (Chairman)
M G Hughes
K A Alexander
W P Alexander

On 1 January 2005 K A Alexander resigned as Chairman, N W Gibson was appointed Chairman and M G Hughes was appointed Managing Director. W P Alexander retires by rotation and being eligible offers himself for re-election.

K A Alexander, W P Alexander and N W Gibson 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.

AUDITORS

The auditors, Bentley Jennison, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

By order of the board


D C Welch
Secretary

21 March 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
JAMES M. BROWN LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the company's abbreviated accounts for the year ended 31 December 2005 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 20, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 31 December 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company 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, for our audit work, for this report, or for the opinions we have formed.

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 those provisions and to report our opinion to you.

Basis of opinion

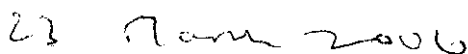
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts are properly prepared in accordance with that provision.



Bentley Jennison
Registered Auditors
Stoke-on-Trent



PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2005

	<i>Notes</i>	<i>2005 £'000</i>	<i>2004 £'000</i>
GROSS PROFIT		3,007	2,817
Operating costs		2,741	2,615
OPERATING PROFIT	5	266	202
Profit on disposal of fixed assets	6	20	215
Exceptional items	6	(129)	(57)
		(109)	158
Interest receivable		147	153
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		304	513
Tax on profit on ordinary activities	7	117	95
PROFIT FOR THE FINANCIAL YEAR		187	418
Dividends	8	810	100
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	(623)	318

CONTINUING OPERATIONS

All amounts relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses for the year other than the profit attributable to the shareholders of this company of £187,000 for the year ended 31 December 2005. (2004: £418,000).

BALANCE SHEET
 at 31 December 2005

	Notes	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	9	881	1,052
		<u>881</u>	<u>1,052</u>
CURRENT ASSETS			
Stocks	11	2,471	1,835
Debtors	12	3,208	4,172
Cash and short term deposits		1,295	1,738
		<u>6,974</u>	<u>7,745</u>
CREDITORS: amounts falling due within one year	13	1,255	1,563
NET CURRENT ASSETS		<u>5,719</u>	<u>6,182</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,600</u>	<u>7,234</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	-	11
		<u>6,600</u>	<u>7,223</u>
CAPITAL AND RESERVES			
Called up share capital	15	450	450
General reserve	16	850	850
Profit and loss account	16	5,300	5,923
EQUITY SHAREHOLDERS' FUNDS	16	<u>6,600</u>	<u>7,223</u>

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

The financial statements were approved by the board on 21 March 2006 and signed on its behalf.

N W Gibson
Director



M G Hughes
Director



NOTES TO THE ABBREVIATED ACCOUNTS
at 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The company has taken advantage of the exemption not to prepare a cash flow statement under FRS1 (Cash Flow Statements) as it is a wholly owned subsidiary.

Stocks

Stocks are stated at the lower of cost and net realisable value. 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.

Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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

Investments

Investments are disclosed in the accounts at historical cost, less any provision considered for a permanent diminution of value. The carrying value of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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.

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 December 2005

1. ACCOUNTING POLICIES (continued)

Pension costs

From 31 January 2002, the company has participated in a defined contribution section of the occupational pension scheme operated by the ultimate parent company and the pension charge in respect of this section represents the amount payable by the company to the fund in respect of the year.

Pension benefits, which are currently defined benefit in nature, 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.

Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Related Party Transactions

The company has taken advantage of the exemption not to disclose related party transactions with other members of the group under FRS8 (Related Party Disclosures), as it is a wholly owned subsidiary.

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2005

2. TURNOVER

Turnover disclosure is not required.

3. STAFF COSTS

	2005 £'000	2004 £'000
Wages and salaries	1,699	1,726
Social security costs	184	183
Pension costs	146	154
	<u>2,029</u>	<u>2,063</u>

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

	2005 No.	2004 No.
Management and administration	18	17
Sales	5	3
Production	47	55
	<u>70</u>	<u>75</u>

4. DIRECTORS' EMOLUMENTS

	2005 £'000	2004 £'000
Emoluments	182	191
Contributions to money purchase pension scheme	9	13
	<u>191</u>	<u>204</u>
	2005 No.	2004 No.
Members of defined benefit pension schemes	1	2
Members of defined contribution pension schemes	1	2
	<u>2</u>	<u>4</u>

The member of the defined contribution pension scheme is also a member of the defined benefit scheme but for deferred benefits only.

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2005

5. OPERATING PROFIT

	2005 £'000	2004 £'000
This is stated after charging/(crediting):		
Rent receivable from group undertakings	-	(34)
Sales commissions received	(50)	(13)
Net loss/(gains) on foreign currency transactions	45	(21)
(Profit)/loss on disposal of fixed assets	(11)	1
Auditors' remuneration	11	10
	<u> </u>	<u> </u>

6. EXCEPTIONAL ITEMS

	2005 £'000	2004 £'000
Profit on disposal of property	20	-
Profit on disposal of fixed assets following closure of subsidiary	-	215
	<u> </u>	<u> </u>
Exceptional items:		
Income from closure of subsidiary	70	187
Costs incurred on closure of subsidiary	(51)	(155)
Exceptional redundancy costs	(109)	-
Additional contribution for the shortfall in the company's defined benefit pension scheme	(39)	(89)
	<u> </u>	<u> </u>
	(129)	(57)
	<u> </u>	<u> </u>

7. TAXATION OF PROFIT ON ORDINARY ACTIVITIES

	2005 £'000	2004 £'000
Based on the profit for the year:		
Current year:		
Corporation tax at 30% (2004: 30%)	-	-
Amount payable to fellow subsidiary undertakings in respect of tax saved by group relief	129	111
Deferred taxation	(11)	(16)
	<u> </u>	<u> </u>
	118	95
Amounts under/(over) provided in previous years:		
Corporation tax	(1)	-
	<u> </u>	<u> </u>
	117	95
	<u> </u>	<u> </u>

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2005

7. TAXATION OF PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The difference is explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	304	513
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2004:30%)	91	154
Other expenses not deductible for tax purposes	7	1
Depreciation for period in excess of capital allowances	31	(37)
Origination and reversal of timing differences	-	(7)
Group relief	(129)	(111)
	-	-

Factors affecting future tax charge:

There are no factors that affect future tax charges.

8. DIVIDENDS

	2005 £'000	2004 £'000
Interim dividend paid	810	-
Final dividend proposed	-	100
	810	100

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2005

9. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £'000</i>	<i>Motor vehicles £'000</i>	<i>Plant and Machinery £'000</i>	<i>Total £'000</i>
Cost:				
At 31 December 2004	1,577	68	3,344	4,989
Additions	-	64	9	73
Disposals	(5)	(26)	-	(31)
At 31 December 2005	1,572	106	3,353	5,031
Depreciation:				
At 31 December 2004	854	40	3,043	3,937
Disposals	(5)	(20)	-	(25)
Charged for the year	60	26	152	238
At 31 December 2005	909	46	3,195	4,150
Net book value:				
At 31 December 2005	663	60	158	881
At 31 December 2004	723	28	301	1,052

10. INVESTMENTS

Ratauds Limited	England & Wales	Ordinary shares	100%	Dormant
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The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 2005

11. STOCKS

	2005 £'000	2004 £'000
Raw materials and consumables	396	322
Work in progress	256	105
Finished goods and goods for resale	1,819	1,408
	<u>2,471</u>	<u>1,835</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

12. DEBTORS

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Trade debtors	1,900	1,809
Amounts owed by parent undertaking	1,234	2,037
Amounts owed by fellow subsidiary undertakings	8	6
Corporation tax	-	42
Other taxes	2	31
Other debtors	1	92
Prepayments and accrued income	63	155
	<u>3,208</u>	<u>4,172</u>

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 2005

13. CREDITORS: Amounts falling due within one year

	2005 £'000	2004 £'000
Trade creditors	836	855
Amounts owed to parent undertaking	16	15
Amounts owed to fellow subsidiary undertakings	18	311
Other taxes and social security costs	73	56
Group relief	129	111
Accruals	183	115
Proposed final dividend	-	100
	<u>1,255</u>	<u>1,563</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts is as follows:

	2005 £'000	2004 £'000
At 1 January 2005	11	27
Charge for the year	(11)	(16)
At 31 December 2005	<u>-</u>	<u>11</u>
Amounts provided:		
Accelerated capital allowances	-	11
	<u>-</u>	<u>11</u>

15. SHARE CAPITAL

	Authorised 2005 £'000	2004 £'000
Ordinary shares of £1 each	<u>500</u>	<u>500</u>

	2005 No.	2004 No.	Allotted, called up and fully paid 2005 £'000	2004 £'000
Ordinary shares of £1 each	<u>450,000</u>	<u>450,000</u>	<u>450</u>	<u>450</u>

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2005

16. 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 2004	450	850	5,605	6,905
Profit for the year	-	-	418	418
Dividend	-	-	(100)	(100)
At 1 January 2005	450	850	5,923	7,223
Profit for the year	-	-	187	187
Dividend	-	-	(810)	(810)
At 31 December 2005	450	850	5,300	6,600

17. PENSION COMMITMENTS

The company participates in the Tennants Consolidated Limited Pension Fund, a defined benefit scheme operated by the ultimate parent company. It is not possible to identify the company's share of the underlying assets and liabilities on a consistent and reasonable basis and therefore the company accounts for contributions as if they were being paid into a defined contribution scheme. An actuarial valuation of the scheme took place as at 30 September 2004 and further details are shown in the Tennants Consolidated Limited accounts.

On 31 January 2002 the defined benefit scheme was placed on a paid up basis and all members were invited to join a defined contribution scheme from that date.

The pension cost charge (note 3) represents contributions payable by the company to the fund and amounted to £146,000 (2004: £154,000). There were outstanding contributions of £18,000 payable to the fund at the balance sheet date (2004: nil). Exceptional costs (note 6) include an additional contribution of £39,000 in respect of a shortfall in the company's defined benefit scheme.

18. CONTINGENT LIABILITIES

The bank holds a terminal indemnity to H M Customs & Excise for £50,000.

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 December 2005

19. OTHER FINANCIAL COMMITMENTS

Operating leases:

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	2005 £'000	2004 £'000
Motor vehicles		
Operating leases which expire:		
Under 1 year	-	3
2 to 5 years	-	-
	<u> </u>	<u> </u>

20. 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 can be obtained from Companies House.