

James M. Brown Limited

Abbreviated Accounts

31 December 2006

Registered Number 382434

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COMPANIES HOUSE

James M Brown Limited

Registered No 382434

DIRECTORS

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

SECRETARY

N Simcock

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 2006

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £868,000 (2005 £187,000) and has been transferred to accumulated profits. Dividends of £117,000 (2005 £810,000) were paid during the year.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is written in the context of the risks and uncertainties we face.

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

We consider that our key financial performance indicators are those that consider the financial performance of the company, being profit margins.

The gross profit has increased by 18% from £3,007,000 last year to £3,536,000 this year. Profit before tax has increased from £304,000 to £875,000, whilst profit after tax has risen from £187,000 to £868,000.

The business environment in which we operate continues to be challenging. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen events outside of our control. However we will continue to show flexibility and respond to market conditions as they arise.

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 notes 8 and 9 to the accounts.

DIRECTORS' REPORT

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

K A 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



N Simcock
Secretary

14 March 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on a 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 enable them to ensure the financial statements comply with the Companies Act 1985. 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.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

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

We have examined the abbreviated accounts of James M Brown Limited, set out on pages 6 to 17 together with the financial statements of the company for the year ended 31 December 2006 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 abbreviated accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin 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.

Opinion

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



5 Ridge House
Ridge House Drive
Festival Park
Stoke-on-Trent ST1 5SJ

Bentley Jennison
Chartered Accountants & Registered Auditors

Date 27 March 2007

PROFIT AND LOSS ACCOUNT
 for the year ended 31 December 2006

	<i>Notes</i>	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
GROSS PROFIT		3,536	3,007
Operating costs		2,752	2,741
OPERATING PROFIT	5	784	266
Profit on disposal of fixed assets	6	-	20
Exceptional items	6	-	(129)
		-	(109)
Interest receivable		91	147
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		875	304
Tax on profit on ordinary activities	7	7	117
PROFIT FOR THE FINANCIAL YEAR		868	187
		=====	=====

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 £868,000 for the year ended 31 December 2006 (2005 £187,000)

BALANCE SHEET
 at 31 December 2006

	Notes	2006 £'000	2005 £'000
FIXED ASSETS			
Intangible assets	8	765	-
Tangible assets	9	847	881
		<u>1,612</u>	<u>881</u>
CURRENT ASSETS			
Stocks	11	2,492	2,471
Debtors	12	4,386	3,208
Cash and short term deposits		735	1,295
		<u>7,613</u>	<u>6,974</u>
CREDITORS amounts falling due within one year	13	1,874	1,255
NET CURRENT ASSETS		<u>5,739</u>	<u>5,719</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,351</u>	<u>6,600</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	-	-
		<u>7,351</u>	<u>6,600</u>
CAPITAL AND RESERVES			
Called up share capital	15	450	450
General reserve	16	850	850
Profit and loss account	16	6,051	5,300
EQUITY SHAREHOLDERS' FUNDS	16	<u>7,351</u>	<u>6,600</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 14 March 2007 and signed on its behalf

N W Gibson
Director



M G Hughes
Director



NOTES TO THE ABBREVIATED ACCOUNTS
at 31 December 2006

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 values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of 3 years. Goodwill is reviewed for impairment at the end of the first financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying values 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 machinery	-	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 values 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

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 December 2006

1. ACCOUNTING POLICIES (continued)

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 benefits

The company participates in the Tennants Consolidated Limited Pension Fund, operated by the ultimate parent company. Formerly a defined benefit scheme, on 31 January 2002 the defined benefit section was placed on a paid up basis and all members were invited to join a defined contribution section from that date.

Defined benefit section

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 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.

Defined contribution section

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

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 2006

2. TURNOVER

Turnover disclosure is not required

3. STAFF COSTS

	2006 £'000	2005 £'000
Wages and salaries	1,593	1,699
Social security costs	175	184
Pension costs for the defined contribution scheme	131	146
Additional contribution for the shortfall in the company's defined benefit pension scheme	65	-
	<u>1,964</u>	<u>2,029</u>

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

	2006 No	2005 No
Management and administration	17	18
Sales	4	5
Production	44	47
	<u>65</u>	<u>70</u>

4. DIRECTORS' EMOLUMENTS

	2006 £'000	2005 £'000
Emoluments	165	182
Contributions to money purchase pension scheme	6	9
	<u>171</u>	<u>191</u>
	2006 No	2005 No
Members of defined benefit pension schemes	1	1
Members of defined contribution pension schemes	1	1
	<u>2</u>	<u>2</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 2006

5 OPERATING PROFIT

	2006 £'000	2005 £'000
This is stated after charging/(crediting)		
Sales commissions received	-	(50)
Net loss/(gains) on foreign currency transactions	16	45
(Profit)/loss on disposal of fixed assets	4	(11)
Auditors' remuneration	11	11
Depreciation of tangible fixed assets	120	238
Amortisation of intangible fixed assets	219	-
	<u> </u>	<u> </u>

6. EXCEPTIONAL ITEMS

	2006 £'000	2005 £'000
Profit on disposal of property	-	20
	<u> </u>	<u> </u>
Exceptional items		
Income from closure of subsidiary	-	70
Costs incurred on closure of subsidiary	-	(51)
Exceptional redundancy costs	-	(109)
Additional contribution for the shortfall in the company's defined benefit pension scheme	-	(39)
	<u> </u>	<u> </u>
	-	(129)
	<u> </u>	<u> </u>

7. TAXATION OF PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
Based on the profit for the year		
Current year		
Corporation tax at 30% (2005 30%)	265	-
Amount payable to fellow subsidiary undertakings in respect of tax saved by group relief	-	129
Deferred taxation	-	(11)
	<u> </u>	<u> </u>
	265	118
Amounts under/(over) provided in previous years		
Corporation tax	(258)	(1)
	<u> </u>	<u> </u>
	7	117
	<u> </u>	<u> </u>

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2006

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

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	875	304
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2004 30%)	262	91
Other expenses not deductible for tax purposes	4	7
Depreciation for period in excess of capital allowances	(1)	31
Origination and reversal of timing differences	-	-
Group relief	-	(129)
	265	-

Factors affecting future tax charge.

There are no factors that affect future tax charges

8 INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At 31 December 2005	-
Additions	984
At 31 December 2006	984
Amortisation	
At 31 December 2005	-
Charged for the year	219
At 31 December 2006	219
Net book value	
At 31 December 2006	765
At 31 December 2005	-

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2006

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 2005	1,572	106	3,353	5,031
Additions	-	-	100	100
Disposals	-	(21)	-	(21)
At 31 December 2006	1,572	85	3,453	5,110
Depreciation				
At 31 December 2005	909	46	3,195	4,150
Disposals	-	(7)	-	(7)
Charged for the year	48	21	51	120
At 31 December 2006	957	60	3,246	4,263
Net book value				
At 31 December 2006	615	25	207	847
At 31 December 2005	663	60	158	881

10 INVESTMENTS

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Ratauds Limited	England & Wales	Ordinary shares	100%	Dormant

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 2006

11. STOCKS

	2006 £'000	2005 £'000
Raw materials and consumables	255	396
Work in progress	144	256
Finished goods and goods for resale	2,093	1,819
	<u>2,492</u>	<u>2,471</u>

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

12. DEBTORS

	2006 £'000	2005 £'000
Amounts falling due within one year		
Trade debtors	2,902	1,900
Amounts owed by parent undertaking	1,218	1,234
Amounts owed by fellow subsidiary undertakings	79	8
Other taxes	-	2
Other debtors	6	1
Prepayments and accrued income	181	63
	<u>4,386</u>	<u>3,208</u>

13 CREDITORS: Amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	1,354	836
Amounts owed to parent undertaking	30	16
Amounts owed to fellow subsidiary undertakings	19	18
Other taxes and social security costs	178	73
Corporation tax	96	-
Group relief	-	129
Accruals	197	183
	<u>1,874</u>	<u>1,255</u>

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2006

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts is as follows

	2006 £'000	2005 £'000
At 1 January 2006	-	11
Charge for the year	-	(11)
At 31 December 2006	-	-
Amounts provided	-	-
Accelerated capital allowances	-	-

15 SHARE CAPITAL

	Authorised 2006 £'000		2005 £'000	
Ordinary shares of £1 each	500		500	

	2006 No		2005 No	
	2006 £'000		2005 £'000	
Ordinary shares of £1 each	450,000	450,000	450	450

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2006

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Notes</i>	<i>Share capital £'000</i>	<i>General reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 2005		450	850	5,923	7,223
Profit for the year		-	-	187	187
Dividend	17	-	-	(810)	(810)
At 1 January 2006		450	850	5,300	6,600
Profit for the year		-	-	868	868
Dividend	17	-	-	(117)	(117)
At 31 December 2006		450	850	6,051	7,351

17 DIVIDENDS

	<i>2006 £'000</i>	<i>2005 £'000</i>
Final dividend for 2005 paid	47	-
Interim dividend paid	70	810
	117	810

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 December 2006

18 PENSION COSTS

The company participates in the Tennants Consolidated Limited Pension Fund, a combined defined benefit and defined contribution scheme, operated by the ultimate parent company. An actuarial valuation of the scheme took place as at 30 September 2004 and further details are shown in the financial statements of Tennants Consolidated Limited.

The cost of the company's contributions to the defined contribution section of the Group scheme (note 3) amounted to £131,000 (2005 £146,000). Additional company contributions (note 3) in respect of the shortfall in the defined benefit section of the Group scheme amounted to £65,000 (2005 £39,000). There were outstanding contributions of £11,000 (2005 £18,000) payable to the fund at the balance sheet date.

19. CONTINGENT LIABILITIES

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

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.