

James M. Brown Limited

Abbreviated Accounts

31 December 2003

Registered Number: 382434



Registered No. 382434

DIRECTORS

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

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 2003.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £385,000 (2002: £543,000).

The directors recommend the payment of a final dividend of £100,000 (2002: £135,000) making a total of ordinary dividends of £500,000 for the year (2002: £135,000). This results in a loss of £115,000 (2002: profit £408,000) to be deducted from accumulated profits.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

Turnover has been maintained 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:

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

M G Hughes 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

24 March 2004

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 2003 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 18, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 31 December 2003 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

24 March 2004

ABBREVIATED PROFIT AND LOSS ACCOUNT
 for the year ended 31 December 2003

	<i>Notes</i>	<i>2003</i> <i>£'000</i>	<i>2002</i> <i>£'000</i>
GROSS PROFIT		2,955	3,352
Operating costs		2,390	2,476
OPERATING PROFIT	4	565	876
Exceptional cost	5	(142)	(281)
		423	595
Interest receivable		130	135
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		553	730
Tax on profit on ordinary activities	6	168	187
PROFIT FOR THE FINANCIAL YEAR		385	543
Dividends	7	500	135
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	15	(115)	408

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 £385,000 for the year ended 31 December 2003. (2002: £543,000).

BALANCE SHEET
 at 31 December 2003

	Notes	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	8	1,542	1,675
Investments	9	-	19
		<u>1,542</u>	<u>1,694</u>
CURRENT ASSETS			
Stocks	10	856	626
Debtors	11	4,027	1,992
Cash and short term deposits		1,798	4,461
		<u>6,681</u>	<u>7,079</u>
CREDITORS: amounts falling due within one year	12	1,291	1,753
NET CURRENT ASSETS		<u>5,390</u>	<u>5,326</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,932</u>	<u>7,020</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	13	27	-
		<u>6,905</u>	<u>7,020</u>
CAPITAL AND RESERVES			
Called up share capital	14	450	450
General reserve	15	850	850
Profit and loss account	15	5,605	5,720
EQUITY SHAREHOLDERS' FUNDS	15	<u>6,905</u>	<u>7,020</u>

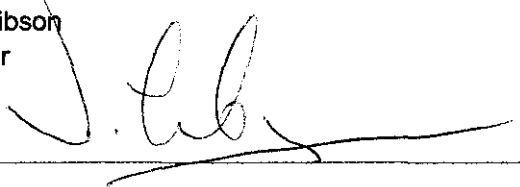
The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The financial statements were approved by the board on 24 March 2004 and signed on its behalf.

K A Alexander
Director



N W Gibson
Director



NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 2003

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 2003

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.

2. STAFF COSTS

	2003 £'000	2002 £'000
Wages and salaries	1,601	1,484
Social security costs	163	139
Pension costs	130	132
	<u>1,894</u>	<u>1,755</u>

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

	2003 No.	2002 No.
Management and administration	14	14
Sales	2	2
Production	56	56
	<u>72</u>	<u>72</u>

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2003

3. DIRECTORS' EMOLUMENTS

	2003 £'000	2002 £'000
Emoluments	168	155
Contributions to money purchase pension scheme	12	10
	<u>180</u>	<u>165</u>
	2003 No.	2002 No.
Members of defined benefit pension schemes	2	2
Members of defined contribution pension schemes	2	2
	<u>4</u>	<u>4</u>

The members of the defined contribution pension scheme are also members of the defined benefit scheme but for deferred benefits only.

4. OPERATING PROFIT

	2003 £'000	2002 £'000
This is stated after charging/(crediting):		
Rent receivable from group undertakings	(193)	(189)
Sales commissions received	(10)	(17)
Research and development	-	12
Auditors' remuneration	9	9
Net gains on foreign currency transactions	(37)	(1)
Profit on disposal of fixed assets	(7)	(5)
	<u>(238)</u>	<u>(201)</u>

5. EXCEPTIONAL COST

	2003 £'000	2002 £'000
Provision for impairment loss on freehold property	80	-
Additional contribution for the shortfall in the company's defined benefit pension scheme	62	-
Provision for the shortfall in the company's defined benefit pension scheme	-	281
	<u>142</u>	<u>281</u>

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 2003

6. TAXATION OF PROFIT ON ORDINARY ACTIVITIES

	2003 £'000	2002 £'000
Based on the profit for the year:		
Current year:		
Corporation tax at 30% (2002: 30%)	-	124
Amount payable to fellow subsidiary undertakings in respect of tax saved by group relief	141	193
Deferred taxation	27	(112)
	<u>168</u>	<u>205</u>
Amounts under/(over) provided in previous years:		
Corporation tax	-	(18)
	<u>168</u>	<u>187</u>

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:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	<u>553</u>	<u>730</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2002:30%)	166	219
Exceptional items not deductible for tax purposes	-	78
Other expenses not deductible for tax purposes	2	1
Depreciation for period in excess of capital allowances	50	19
Origination and reversal of timing differences	(77)	-
Group relief claimed	(141)	(193)
	<u>-</u>	<u>124</u>

Factors affecting future tax charge:

There are no factors that affect future tax charges.

7. DIVIDENDS

	2003 £'000	2002 £'000
Interim dividend paid	400	-
Final dividend proposed	100	135
	<u>500</u>	<u>135</u>

NOTES TO THE ABBREVIATED ACCOUNTS at 31 December 2003

8. 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 2002	1,920	59	3,664	5,643
Additions	57	34	120	211
Disposals	-	(30)	-	(30)
At 31 December 2003	1,977	63	3,784	5,824
Depreciation:				
At 31 December 2002	800	45	3,123	3,968
Disposals	-	(30)	-	(30)
Charged for the year	76	15	173	264
Provision for impairment	80	-	-	80
At 31 December 2003	956	30	3,296	4,282
Net book value:				
At 31 December 2003	1,021	33	488	1,542
At 31 December 2002	1,120	14	541	1,675

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2003

9. INVESTMENTS

	<i>£'000</i>
Cost:	
at 31 December 2003 and 2002	19
	<u>19</u>
Provision for diminution in value:	
Provision made in the year	19
	<u>19</u>
at 31 December 2003	19
	<u>19</u>
Net book value:	
at 31 December 2003	-
	<u>-</u>
at 31 December 2002	19
	<u>19</u>

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 and transfer manufacturers

Since the balance sheet date, Emery Colours Limited has been placed into liquidation.

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 2003

10. STOCKS

	2003 £'000	2002 £'000
Raw materials and consumables	267	135
Work in progress	26	7
Finished goods and goods for resale	563	484
	<u>856</u>	<u>626</u>

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

11. DEBTORS

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Trade debtors	1,214	1,298
Amounts owed by parent undertaking	2,019	-
Amounts owed by subsidiary undertaking	640	165
Amounts owed by fellow subsidiary undertakings	4	4
Corporation tax	58	-
Other debtors	17	104
Prepayments and accrued income	75	121
	<u>4,027</u>	<u>1,692</u>
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertaking	-	300
	<u>4,027</u>	<u>1,992</u>

12. CREDITORS: Amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	672	518
Amounts owed to parent undertaking	-	50
Amounts owed to subsidiary undertaking	3	180
Amounts owed to fellow subsidiary undertakings	246	193
Corporation tax	-	56
Other taxes and social security costs	104	107
Other creditors	26	112
Accruals	140	402
Proposed final dividend	100	135
	<u>1,291</u>	<u>1,753</u>

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 December 2003

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts is as follows:

	2002 £'000	2002 £'000
Amounts provided:		
Accelerated capital allowances	34	-
Short term timing differences	(7)	-
	<u>27</u>	<u>-</u>

14. SHARE CAPITAL

	Authorised 2003 £'000	2002 £'000
Ordinary shares of £1 each	<u>500</u>	<u>500</u>

	2003 No.	2002 No.	Allotted, called up and fully paid 2003 £'000	2002 £'000
Ordinary shares of £1 each	<u>450,000</u>	<u>450,000</u>	<u>450</u>	<u>450</u>

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £'000	General reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2002	450	850	5,312	6,612
Profit for the year	-	-	543	543
Dividend	-	-	(135)	(135)
At 1 January 2003	<u>450</u>	<u>850</u>	<u>5,720</u>	<u>7,020</u>
Profit for the year	-	-	385	385
Dividend	-	-	(500)	(500)
At 31 December 2003	<u>450</u>	<u>850</u>	<u>5,605</u>	<u>6,905</u>

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 December 2003

16. 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 2001 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 £130,000 (2002: £132,000). There were outstanding contributions of £24,000 (2002: NIL) payable to the fund at the balance sheet date. Exceptional costs (note 6) include an additional contribution of £62,000 in respect of a shortfall in the company's defined benefit scheme.

17. CONTINGENT LIABILITIES

The bank holds a terminal indemnity to H M Customs & Excise for £20,000.

18. 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.