

James M. Brown Limited

Report, Accounts and Information for Directors

31 December 2011

Registered Number 382434



James M Brown Limited

Registered No 382434

DIRECTORS

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

SECRETARY

N Simcock

AUDITORS

RSM Tenon Audit Limited
5 Ridge House
Ridge House Drive
Festival Park
Stoke on Trent
Staffordshire
ST1 5SJ

BANKERS

Bank of Scotland
33 Old Broad Street
London EC2N 1HZ

REGISTERED OFFICE

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

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The company has reported a profit after tax for the year of £2,034,000 (2010 £1,785,000) which has been transferred to accumulated profits

To assist in the monitoring of the company's performance, the following key performance indicators are used

	2011	2010
Operating profit	£2.1m	£2.4m
Profit before taxation	£2.6m	£2.3m
Liquidity (Current assets / current liabilities)	4.9	5.1

All source data is taken from the audited financial statements

The company maintains insurance to cover directors' liability as permitted by Section 232(2) of the Companies Act 2006

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

Environmental legislation continues to pose the principal risk to the future of the business. 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.

FINANCIAL INSTRUMENTS

The directors are pleased to note the high liquidity ratio.

The main risks from the company's financial instruments can be analysed as follows:

Foreign currency risk

The company has an exposure to foreign currencies due to selling and purchasing some of its products in Euros and US Dollars. Wherever possible, the company uses foreign currency generated from sales to fund purchases made in that currency.

DIRECTORS' REPORT

Credit and cash flow risk

The company's principal financial assets are bank balances and cash, trade and other debtors and investments

The company's credit risk is primarily attributable to its trade debtors. The company has no significant concentration of credit risk, with exposure spread over a number of customers. The amounts presented in this balance sheet for trade debtors are net of allowances for doubtful debts.

Price risk

The company is exposed to commodity price risk.

ENVIRONMENT AND LEGISLATION

The directors are pleased to report that the company's operations are conducted such that the company complies with all legal requirements and especially those relating to the environment and health and safety.

EMPLOYEES

Employees are kept informed of matters concerning them by means of meetings, notices and direct communication.

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, 9 and 10 to the accounts.

DIVIDENDS

Dividends of £1,380,000 (2010: £444,000) were paid during the year.

DIRECTORS

The current directors of the company are shown on page 1.

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

By order of the board



N Simcock
Secretary

Date 12 March 2012

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAMES M. BROWN LIMITED
(REGISTERED NO. 382434)**

We have audited the financial statements of James M Brown Limited for the year ended 31 December 2011 on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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.

RSM Tenon Audit Limited

Jonathan Dudley
Senior Statutory Auditor

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

For and on behalf of
RSM Tenon Audit Limited
Statutory Auditor

Date *19 March 2012*

PROFIT AND LOSS ACCOUNT
 for the year ended 31 December 2011

	<i>Notes</i>	<i>2011 £'000</i>	<i>2010 £'000</i>
TURNOVER	2	15,788	15,333
Change in stocks of finished goods and work in progress		275	635
Other operating income		355	285
		<u>16,418</u>	<u>16,253</u>
Raw materials and consumables		9,724	9,561
Other external charges		1,160	1,153
Staff costs	3	2,468	2,393
Depreciation and amortisation of owned fixed assets		259	224
Other operating charges		670	559
Exceptional items	5	-	291
		<u>14,281</u>	<u>14,181</u>
OPERATING PROFIT			
Ordinary activities		2,137	2,363
Exceptional items	5	-	(291)
	6	<u>2,137</u>	<u>2,072</u>
Interest receivable		34	36
Income from investments		476	237
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,647</u>	<u>2,345</u>
Tax on profit on ordinary activities	7	613	560
PROFIT FOR THE FINANCIAL YEAR		<u>2,034</u> =====	<u>1,785</u> =====

CONTINUING OPERATIONS

All amounts relate to continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the results for the year as set out above

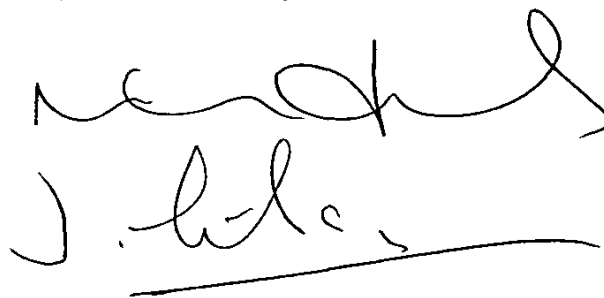
BALANCE SHEET
at 31 December 2011

	Notes	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	3,547	2,168
Investments	10	3,671	3,059
		<u>7,218</u>	<u>5,227</u>
CURRENT ASSETS			
Stocks	11	2,856	2,354
Debtors	12	2,150	3,153
Cash and short term deposits		3,388	4,482
		<u>8,394</u>	<u>9,989</u>
CREDITORS amounts falling due within one year	13	1,706	1,952
NET CURRENT ASSETS		<u>6,688</u>	<u>8,037</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,906</u>	<u>13,264</u>
PROVISION FOR LIABILITIES AND CHARGES	14	-	12
NET ASSETS		<u><u>13,906</u></u>	<u><u>13,252</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	4,950	4,950
General reserve	16	850	850
Profit and loss account	16	8,106	7,452
EQUITY SHAREHOLDERS' FUNDS	16	<u><u>13,906</u></u>	<u><u>13,252</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on
12 March 2012 and signed on its behalf by

M G Hughes
Director

N W Gibson
Director



NOTES TO THE ACCOUNTS
at 31 December 2011

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts present information about the company as an individual undertaking and not about its group. The company is not required to prepare and deliver group accounts as it is a wholly owned subsidiary of an EU parent company.

Cash flow statement

The company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary of Tennants Consolidated Limited, a company which publishes a consolidated cash flow statement.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing the stocks to their present location and condition and, in the case of work-in-progress and finished goods, an appropriate addition for production overheads.

Fixed Assets

Fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment.

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. 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, in order to write off such cost, less estimated residual value, over the assets' useful economic lives. Leasehold assets are written off over the period of the lease. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying values may not be recoverable.

Fixed asset investments

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.

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.

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 ACCOUNTS
at 31 December 2011

1. ACCOUNTING POLICIES (continued)

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.

Investment income

Interest on bank deposits is taken into account on an accruals basis. Income from other investments is accounted for when received.

Dividends

Dividends are recognised as income when received. Related tax credits are reflected in the tax charge for the year.

Provisions

Provisions are recognised as a liability in the financial statements when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

NOTES TO THE ACCOUNTS
at 31 December 2011

2. TURNOVER

Turnover represents the invoiced value of goods sold, stated net of value added tax, after deducting all credit notes, allowances and principally relates to one activity, the manufacture and sale of pigments and inorganic chemicals

	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
United Kingdom	9,157	9,026
Export	6,631	6,307
	<u>15,788</u>	<u>15,333</u>

The Directors have elected not to disclose turnover analysed by geographical market and class of business on the basis that the information would be seriously prejudicial to the interests of the company

3. STAFF COSTS

	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Wages and salaries	2,034	1,976
Social security costs	210	203
Pension costs for the defined contribution scheme	159	149
Additional contribution for the shortfall in the company's defined benefit pension scheme	65	65
	<u>2,468</u>	<u>2,393</u>

Exceptional pension costs are disclosed separately in note 5

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

	<i>2011</i> <i>No</i>	<i>2010</i> <i>No</i>
Management and administration	18	19
Sales	4	3
Production	47	46
	<u>69</u>	<u>68</u>

NOTES TO THE ACCOUNTS

at 31 December 2011

4. DIRECTORS' EMOLUMENTS

	2011 £'000	2010 £'000
Emoluments (including benefits-in-kind)	239	244
Contributions to money purchase pension scheme	11	11
	<u>250</u>	<u>255</u>
	2011 No	2010 No
Members of defined benefit pension schemes	1	2
Members of defined contribution pension schemes	1	2
	<u>2</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

The aggregate emoluments of the highest paid director was £188,000 (2010 £171,000) and company pension contributions of £11,000 (2010 £9,000) were made to a money purchase scheme on their behalf

5. EXCEPTIONAL ITEMS

	2011 £'000	2010 £'000
Exceptional pension costs	-	291
	<u>-</u>	<u>291</u>

6. OPERATING PROFIT

	2011 £'000	2010 £'000
This is stated after charging/(crediting)		
Net losses/(gains) on foreign currency transactions	97	(47)
Hire of plant and machinery	5	6
Auditors' remuneration	12	12
Depreciation of tangible fixed assets	259	224
(Profit)/loss on disposal of tangible fixed assets	(1)	14
	<u>362</u>	<u>219</u>

NOTES TO THE ACCOUNTS

at 31 December 2011

7. TAXATION OF PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
Current tax		
Corporation tax at 26.5% (2010: 28%)	624	625
Deferred tax	(12)	(6)
	<u>612</u>	<u>619</u>
Corporation tax under / (over) provided in previous years	1	(59)
	<u>613</u>	<u>560</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 (26.5%). The difference is explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	<u>2,647</u>	<u>2,345</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 26.5% (2010: 28%)	701	657
Other expenses not deductible for tax purposes	6	(1)
Other permanent differences	(126)	(66)
Depreciation for period in excess of capital allowances	43	35
	<u>624</u>	<u>625</u>

Factors affecting future tax charge.

There are no factors that affect future tax charges

NOTES TO THE ACCOUNTS

at 31 December 2011

8. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £'000
Cost	
At 31 December 2010	984
At 31 December 2011	984
Amortisation	
At 31 December 2010	984
At 31 December 2011	984
Net book value	
At 31 December 2010	-
At 31 December 2011	-

9 TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i> £'000	<i>Motor vehicles</i> £'000	<i>Plant and Machinery</i> £'000	<i>Total</i> £'000
Cost				
At 31 December 2010	3,074	100	3,963	7,137
Additions	1,587	16	35	1,638
Disposals	-	(32)	-	(32)
At 31 December 2011	4,661	84	3,998	8,743
Depreciation				
At 31 December 2010	1,361	75	3,533	4,969
Disposals	-	(32)	-	(32)
Charged for the year	142	20	97	259
At 31 December 2011	1,503	63	3,630	5,196
Net book value				
At 31 December 2011	3,158	21	368	3,547
At 31 December 2010	1,713	25	430	2,168

Freehold land and buildings

The gross book value of freehold land and buildings includes £3,349,000 (2010 £2,642,000) of depreciable assets

NOTES TO THE ACCOUNTS

at 31 December 2011

10. INVESTMENTS

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>%</i>	<i>Principal activity</i>	<i>Year end</i>
Ratauds Limited	England & Wales	Ordinary shares	100%	Dormant	31 Dec 2011
Multicel Pigmentos Industria e Commercials Ltda	Brazil	Quotas	100%	Manufacturing	31 Dec 2011

James M Brown Limited is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

An additional investment of £612,000 was made into Multicel Pigmentos Industria e Commercials Ltda during December 2011, being in respect of a capitalised debt.

11 STOCKS

	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Raw materials and consumables	607	380
Work in progress	351	241
Finished goods and goods for resale	1,898	1,733
	<u>2,856</u>	<u>2,354</u>

Stocks are stated at the lower of the purchase/production cost or their replacement cost.

Consignment stock

The company has consignment stock contracts with suppliers. Goods received and corresponding liabilities are not recognised on the balance sheet until goods have been used by the company, at which point the purchase price is determined based on published London Metal Exchange prices.

NOTES TO THE ACCOUNTS

at 31 December 2011

12 DEBTORS

	2011 £'000	2010 £'000
Amounts falling due within one year		
Trade debtors	2,016	2,622
Amounts owed by subsidiary undertaking	-	392
Amounts owed by fellow subsidiary undertakings	31	22
Other debtors	7	7
Prepayments and accrued income	96	110
	<u>2,150</u>	<u>3,153</u>

13 CREDITORS. Amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	1,047	1,261
Amounts owed to parent undertaking	65	-
Amounts owed to fellow subsidiary undertakings	37	14
Other taxes and social security costs	156	193
Corporation tax	261	141
Accruals	140	343
	<u>1,706</u>	<u>1,952</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax provision £'000	Total provision £'000
At 1 January 2011	12	12
Reversal of timing differences	(12)	(12)
At 31 December 2011	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS

at 31 December 2011

15. SHARE CAPITAL

	<i>2011</i>		<i>Authorised</i>	
	<i>£'000</i>		<i>2010</i>	
			<i>£'000</i>	
Ordinary shares of £1 each	500		500	
"B" ordinary shares of £1 each	4,500		4,500	
	<u>5,000</u>		<u>5,000</u>	

	<i>2011</i>	<i>2010</i>	<i>Allotted, called up</i>	
	<i>No</i>	<i>No</i>	<i>and fully paid</i>	
			<i>2011</i>	<i>2010</i>
			<i>£'000</i>	<i>£'000</i>
Ordinary shares of £1 each	450,000	450,000	450	450
"B" ordinary shares of £1 each	4,500,000	4,500,000	4,500	4,500
	<u>4,950,000</u>	<u>4,950,000</u>	<u>4,950</u>	<u>4,950</u>

The "B" ordinary shares are non-voting but have the right to a dividend as decided by the directors. On a return of assets on a winding up, the ordinary shares would rank before the "B" ordinary shares.

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Notes</i>	<i>Share capital</i>	<i>General reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2010		4,950	850	6,111	11,911
Profit for the year		-	-	1,785	1,785
Dividend	17	-	-	(444)	(444)
At 1 January 2011		4,950	850	7,452	13,252
Profit for the year		-	-	2,034	2,034
Dividend	17	-	-	(1,380)	(1,380)
At 31 December 2011		<u>4,950</u>	<u>850</u>	<u>8,106</u>	<u>13,906</u>

NOTES TO THE ACCOUNTS
at 31 December 2011

17. DIVIDENDS

	2011 £'000	2010 £'000
Dividend paid	1,380	444
	<u>1,380</u>	<u>444</u>

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 2010 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 £159,000 (2010 £149,000). Additional company contributions (notes 3 and 5) in respect of the shortfall in the defined benefit section of the Group scheme amounted to £65,000 (2010 £356,000). There were no outstanding contributions (2010 £nil) payable to the fund at the balance sheet date.

19. CONTINGENT LIABILITIES

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

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent and controlling company is Tennants Consolidated Limited, a company incorporated in the United Kingdom. The address of the registered office of the parent company is 12 Upper Belgrave Street, London, SW1X 8BA.