

# **James M. Brown Limited**

## **Report, Accounts and Information for Directors**

31 December 2013

*Registered Number: 382434*



Registered No. 382434

**DIRECTORS**

M G Hughes  
W P Alexander (Chairman)  
H D Winbow

**SECRETARY**

N Simcock

**AUDITORS**

Grant Thornton UK LLP  
Grant Thornton House  
22 Melton Street  
London  
NW1 2EP

**BANKERS**

Bank of Scotland  
33 Old Broad Street  
London EC2N 1HZ

**REGISTERED OFFICE**

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

## STRATEGIC REPORT

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### PRINCIPAL OBJECTIVES AND STRATEGIES

The company is engaged in the manufacture and sale of pigments and inorganic chemicals in both the UK and overseas markets. The directors are pleased with the result for 2013 in the context of continued global economic uncertainty.

The company has 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.

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.

### TRENDS LIKELY TO AFFECT THE FUTURE DEVELOPMENT OF THE BUSINESS

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.

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.

### KEY PERFORMANCE INDICATORS

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

	2013	2012
Operating profit	£0.9m	£0.8m
Profit before taxation	£1.4m	£1.1m
Liquidity (Current assets / current liabilities)	6.3	4.9

*All source data is taken from the audited financial statements.*

### ANALYSIS OF THE PERFORMANCE DURING THE YEAR

Turnover in 2013 was slightly down compared to the previous year. The company has reported a profit after tax for the year of £1.1m (2012: £0.9m) which has been transferred to accumulated profits.

By order of the board



N Simcock  
Secretary

Date: 31<sup>st</sup> March 2014

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## DIRECTORS REPORT

### 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 7, 8 and 9 to the accounts.

### DIVIDENDS

Dividends of £314,000 (2012: £599,000) were paid during the year.

### DIRECTORS

The current directors of the company are shown on page 1. There have been no changes during the year.

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**DIRECTORS REPORT**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic 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: 31<sup>st</sup> March 2014

**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 2013 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 2013 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.

Charles Hutton-Potts  
Senior Statutory Auditor

*Grant Thornton UK LLP*

For and on behalf of:  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants

Grant Thornton House  
22 Melton Street  
London  
NW1 2EP

Date: 3 April 2014

# **PROFIT AND LOSS ACCOUNT** for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>TURNOVER</b>	2	13,651	14,085
Change in stocks of finished goods and work in progress		(62)	(664)
Other operating income		124	338
		<u>13,713</u>	<u>13,759</u>
Raw materials and consumables		7,933	8,314
Other external charges		1,210	1,098
Staff costs	3	2,603	2,544
Depreciation and amortisation of owned fixed assets		262	257
Other operating charges		759	734
		<u>12,767</u>	<u>12,947</u>
<b>OPERATING PROFIT ON ORDINARY ACTIVITIES</b>	5	946	812
Interest receivable		28	31
Income from investments		392	211
		<u>1,366</u>	<u>1,054</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,366	1,054
Tax on profit on ordinary activities	6	276	189
		<u>1,090</u>	<u>865</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,090</u>	<u>865</u>

## **CONTINUING OPERATIONS**

All amounts relate to continuing operations.

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

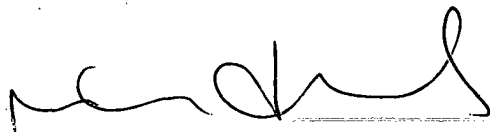
The company has no recognised gains or losses other than the results for the year as set out above.

**BALANCE SHEET**  
 at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>FIXED ASSETS</b>			
Intangible assets	7	-	-
Tangible assets	8	3,286	3,353
Investments	9	3,671	3,671
		<u>6,957</u>	<u>7,024</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,082	1,902
Debtors	11	2,488	2,991
Cash and short term deposits		4,935	4,074
		<u>9,505</u>	<u>8,967</u>
<b>CREDITORS: amounts falling due within one year</b>	12	1,514	1,819
<b>NET CURRENT ASSETS</b>		<u>7,991</u>	<u>7,148</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>14,948</u>	<u>14,172</u>
<b>NET ASSETS</b>		<u><u>14,948</u></u>	<u><u>14,172</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	4,950	4,950
General reserve	14	850	850
Profit and loss account	14	9,148	8,372
<b>EQUITY SHAREHOLDERS' FUNDS</b>	14	<u><u>14,948</u></u>	<u><u>14,172</u></u>

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

M G Hughes  
Director



H D Winbow  
Director





## NOTES TO THE ACCOUNTS at 31 December 2013

### 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, 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 buildings	-	over 20 years
Plant and machinery	-	over 3 to 10 years
Motor vehicles	-	over 4 years

#### ***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 2013

### 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.

#### ***Research and Development***

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

## NOTES TO THE ACCOUNTS

at 31 December 2013

### 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.

	2013 £'000	2012 £'000
United Kingdom	7,355	7,736
Export	6,296	6,349
	<u>13,651</u>	<u>14,085</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

	2013 £'000	2012 £'000
Wages and salaries	2,145	2,092
Social security costs	218	214
Pension costs for the defined contribution scheme	175	173
Additional contribution for the shortfall in the company's defined benefit pension scheme	65	65
	<u>2,603</u>	<u>2,544</u>

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

	2013 No.	2012 No.
Management and administration	18	17
Sales	3	4
Production	48	47
	<u>69</u>	<u>68</u>

# NOTES TO THE ACCOUNTS

at 31 December 2013

## 4. DIRECTORS' EMOLUMENTS

	2013 £'000	2012 £'000
Emoluments (including benefits-in-kind)	282	267
Contributions to money purchase pension scheme	17	15
Compensation for loss of office	-	67
	<u>          </u>	<u>          </u>
	2013 No.	2012 No.
Members of defined benefit pension schemes	1	1
Members of defined contribution pension schemes	2	2
	<u>          </u>	<u>          </u>

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

The aggregate emoluments of the highest paid director was £204,000 (2012: £197,000) and company pension contributions of £12,000 (2012: £12,000) were made to a money purchase scheme on their behalf.

## 5. OPERATING PROFIT

	2013 £'000	2012 £'000
This is stated after charging/(crediting):		
Net losses on foreign currency transactions	60	77
Hire of plant and machinery	7	3
Auditors' remuneration	12	13
Depreciation of tangible fixed assets	262	257
(Profit) on disposal of tangible fixed assets	(3)	(15)
	<u>          </u>	<u>          </u>

# NOTES TO THE ACCOUNTS

at 31 December 2013

## 6. TAXATION OF PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
Current tax:		
Corporation tax on profits of the period	270	249
Adjustments in respect of previous periods	(81)	(60)
Overseas tax suffered	116	-
	<u>305</u>	<u>189</u>
Deferred tax asset	(29)	-
Tax on profit on ordinary activities	<u>276</u>	<u>189</u>

### Factors affecting the tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (23.25%). The difference is explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	<u>1,366</u>	<u>1,054</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 23.25% (2012:24.5%)	318	258
Other expenses not deductible for tax purposes	35	(1)
Non-taxable dividends	(38)	-
Other permanent differences		(48)
Depreciation for period in excess of capital allowances	6	39
Adjustments in respect of previous periods	(16)	-
Sundry rounding differences	-	1
	<u>305</u>	<u>249</u>
Deferred tax asset		
	2013 £'000	2012 £'000
Accelerated capital allowances	(3)	-
Other timing differences	(26)	-
	<u>(29)</u>	<u>-</u>

# NOTES TO THE ACCOUNTS

at 31 December 2013

## 7. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £'000
Cost:	
At 31 December 2012	984
At 31 December 2013	<u>984</u>
Amortisation:	
At 31 December 2012	984
At 31 December 2013	<u>984</u>
Net book value:	
At 31 December 2012	-
At 31 December 2013	<u>-</u>

## 8. 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 2012	4,661	34	4,061	8,756
Additions	-	-	195	195
Disposals	-	-	(2)	(2)
At 31 December 2013	<u>4,661</u>	<u>34</u>	<u>4,254</u>	<u>8,949</u>
Depreciation:				
At 31 December 2012	1,645	22	3,736	5,403
Disposals	-	-	(2)	(2)
Charged for the year	141	8	113	262
At 31 December 2013	<u>1,786</u>	<u>30</u>	<u>3,847</u>	<u>5,663</u>
Net book value:				
At 31 December 2013	<u>2,875</u>	<u>4</u>	<u>407</u>	<u>3,286</u>
At 31 December 2012	<u>3,016</u>	<u>12</u>	<u>325</u>	<u>3,353</u>

### *Freehold land and buildings*

The gross book value of freehold land and buildings includes £3,349,000 (2012: £3,349,000) of depreciable assets.

# NOTES TO THE ACCOUNTS

at 31 December 2013

## 9. 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 2013
Multicel Pigmentos Industrial e Commercials Ltda	Brazil	Quotas	100%	Manufacturing	31 Dec 2013

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.

## 10. STOCKS

	<i>2013 £'000</i>	<i>2012 £'000</i>
Raw materials and consumables	558	317
Work in progress	227	271
Finished goods and goods for resale	1,297	1,314
	<u>2,082</u>	<u>1,902</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 2013

## 11. DEBTORS

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Trade debtors	2,101	1,972
Amounts owed by subsidiary undertaking	194	800
Amounts owed by fellow subsidiary undertakings	91	29
Other debtors	7	7
Prepayments and accrued income	95	183
	<u>2,488</u>	<u>2,991</u>

## 12. CREDITORS: Amounts falling due within one year

	2012 £'000	2012 £'000
Trade creditors	1,084	1,296
Amounts owed to parent undertaking	-	-
Amounts owed to fellow subsidiary undertakings	11	34
Other taxes and social security costs	199	170
Corporation tax	53	147
Accruals	167	172
	<u>1,514</u>	<u>1,819</u>



# NOTES TO THE ACCOUNTS

at 31 December 2013

## 13. SHARE CAPITAL

	<i>Authorised</i>	
	<i>2013</i>	<i>2012</i>
	<i>£'000</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>2013</i>	<i>2012</i>	<i>Allotted, called up and fully paid</i>	
	<i>No.</i>	<i>No.</i>	<i>2013</i>	<i>2012</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.

## 14. 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 2012		4,950	850	8,106	13,906
Profit for the year		-	-	865	865
Dividend	15	-	-	(599)	(599)
At 1 January 2013		4,950	850	8,372	14,172
Profit for the year		-	-	1,090	1,090
Dividend	15	-	-	(314)	(314)
At 31 December 2013		<u>4,950</u>	<u>850</u>	<u>9,148</u>	<u>14,948</u>

# NOTES TO THE ACCOUNTS

at 31 December 2013

## 15. DIVIDENDS

	2012 £'000	2012 £'000
Dividend paid	314	599
	<u>314</u>	<u>599</u>

## 16. 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 £175,000 (2012: £174,000). Additional company contributions (note 3) in respect of the shortfall in the defined benefit section of the Group scheme amounted to £65,000 (2012: £65,000). There were no outstanding contributions (2012: £nil) payable to the fund at the balance sheet date.

## 17. CONTINGENT LIABILITIES

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

## 18. 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.