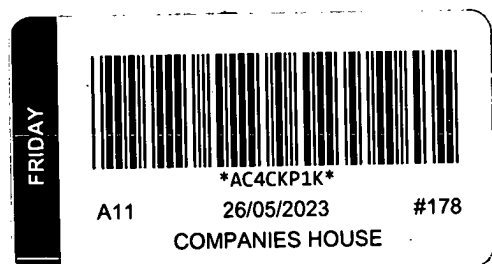


# **James M. Brown Limited**

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

31 December 2022

*Registered Number: 00382434*



James M. Brown Limited

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Registered No. 00382434

**DIRECTORS**

M G Hughes (Chairman)  
J N Perrie  
W P Alexander  
I N Shackley  
S Lalkham

**SECRETARY**

N Simcock

**AUDITORS**

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

**BANKERS**

Bank of Scotland  
33 Old Broad Street  
London EC2N 1HZ

**REGISTERED OFFICE**

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

James M. Brown Limited

## STRATEGIC REPORT

### STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2022.

### PRINCIPAL RISKS AND UNCERTAINTIES

The company is engaged in the manufacture and sale of pigments and inorganic chemicals in both the UK and overseas markets.

The company has considerable financial resources together with long-standing relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

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 statement of financial position 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. 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:

	2022	2021
Operating profit	£2.9m	£3.1m
Profit before taxation	£3.9m	£3.5m
Liquidity (Current assets / current liabilities)	9.9	6.6

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

### ANALYSIS OF THE PERFORMANCE DURING THE YEAR

The company has reported a profit after tax for the year of £3.2m (2021: £2.9m) which has been transferred to accumulated profits.



By order of the board  
N Simcock  
**Secretary**

Date: 4/5/2023

James M. Brown Limited

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## DIRECTORS REPORT

### DIRECTORS REPORT

The directors present their report and the audited financial statements of the Company for the period ended 31 December 2022.

### FUTURE DEVELOPMENTS

For likely future developments, please refer to the Strategic Report on page 2 above.

### GOING CONCERN

A summary of the principal uncertainties are presented in the Strategic Report on page 2. There are no material uncertainties related to events or conditions that cast significant doubt about the ability of the Company to continue as a going concern. The directors have reviewed the Company's future cash forecasts and revenue projections, which have been prepared on the basis of past experience, market information and trading conditions and believe that it is appropriate to prepare the financial statements of the Company on a going concern basis.

### QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of its Directors and Officers which were in place during the year and remain in force at the date of this 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.

### DIVIDENDS

Dividends of £2,301,000 (2021: £2,000,000) were paid during the year.

### DIRECTORS

The current directors of the company are Mr M G Hughes, Mr J N Perrie, Mr W P Alexander, Mr I Shackley and Mr S Lalkham.

Mr I Shackley and Mr S Lalkham were appointed on 1st April 2022.

James M. Brown Limited

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## 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 laws), including Financial reporting Standard 102 'The financial reporting standard applicable in the UK and the Republic of Ireland'. 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors confirm that:

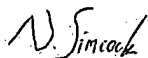
- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board



N Simcock  
**Secretary**

Date: 4/5/2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAMES M. BROWN LIMITED  
(REGISTERED NO. 00382434)**

**Opinion**

We have audited the financial statements of James M. Brown Limited (the 'company') for the year ended 31 December 2022, which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the crisis in Ukraine and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates through our general commercial and sector experience and discussions with management and the those charged with governance. We determined that the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and the Companies Act 2006. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements such as REACH and other chemical regulations.
- We enquired of management and the those charged with governance whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the company's financial statements to material statement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - a) Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - b) Challenging assumptions and judgements made by management in its significant accounting estimates;
  - c) Identifying and testing journal entries; and
  - d) Assessing the extent of compliance with the relevant laws and regulations.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - a) Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
  - b) Knowledge of the industry in which the client operates; and
  - c) Understanding of the legal and regulatory requirements specific to the company including the provisions of applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provision.
- Team communications in respect of potential non-compliance with laws and regulations and fraud including the potential for fraud in revenue recognition.



**Use of our report**

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 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Handwritten signature of Sergio Cardoso in black ink, with the letters 'UK LLP' written in small capital letters to the right of the signature.

**Sergio Cardoso**  
Senior Statutory Auditor  
for and on behalf of: Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**London**

Date: 4/5/2023

## James M Brown Limited

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

		2022 £'000	2021 £'000
<b>TURNOVER</b>	2	18,316	16,498
Change in stocks of finished goods and work in progress		1,147	303
		<u>19,463</u>	<u>16,801</u>
Raw materials and consumables		11,172	8,598
Other external charges		1,837	1,621
Staff costs	3	2,866	2,679
Depreciation and amortisation of owned fixed assets	7	195	158
Other operating charges		471	606
		<u>16,541</u>	<u>13,662</u>
<b>OPERATING PROFIT ON ORDINARY ACTIVITIES</b>	5	2,922	3,139
Interest receivable		14	0
Income from investments	5	943	407
		<u>3,879</u>	<u>3,546</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
Tax on profit on ordinary activities	6	690	677
		<u>3,189</u>	<u>2,869</u>
<b>PROFIT / TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u><u>3,189</u></u>	<u><u>2,869</u></u>

## James M. Brown Limited

**STATEMENT OF FINANCIAL POSITION**  
 at 31 December 2022

		2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	1,028	878
Investments	8	12,236	12,236
		<u>13,264</u>	<u>13,114</u>
<b>CURRENT ASSETS</b>			
Stocks	9	4,805	3,336
Debtors	10	2,904	3,338
Cash at bank and in hand		5,188	5,818
		<u>12,897</u>	<u>12,492</u>
<b>CREDITORS: amounts falling due within one year</b>	11	1,552	1,885
<b>NET CURRENT ASSETS</b>		<u>11,345</u>	<u>10,607</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>24,609</u>	<u>23,721</u>
<b>NET ASSETS</b>		<u><u>24,609</u></u>	<u><u>23,721</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	4,950	4,950
General reserve	13	850	850
Profit and loss account	13	18,809	17,921
<b>SHAREHOLDERS' FUNDS</b>		<u><u>24,609</u></u>	<u><u>23,721</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 4/5/2023

..... and signed on its behalf by:



J N Perrie  
Director

The notes on pages 12 to 22 form part of these financial statements.

## James M Brown Limited

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	<i>Share capital £'000</i>	<i>General reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 2021	4,950	850	17,052	22,852
Profit and total comprehensive income for the year	-	-	2,869	2,869
Dividends paid (Note 14)	-	-	(2,000)	(2,000)
At 31 December 2021	4,950	850	17,921	23,721
Profit and total comprehensive income for the year	-	-	3,189	3,189
Dividends paid (Note 14)	-	-	(2,301)	(2,301)
At 31 December 2022	4,950	850	18,809	24,609

James M. Brown Limited

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## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2022

### 1. ACCOUNTING POLICIES

#### **Statement of compliance**

James M. Brown Limited is a limited liability company incorporated in England. The registered office is Napier Street, Fenton, Stoke-on-Trent, ST4 4NX.

#### **Basis of preparation**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. 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.

The company has adopted the following disclosure exemptions:

- the requirement to present a statement of cashflows and related notes;
- financial instrument disclosures including:
  - o categories of financial instruments;
  - o items of income, expense, gains or losses relating to financial instruments; and
  - o exposure to and management of financial risks;
  - o the requirement to disclose related party transactions that have taken place with other members of the group, under FRS102 section 33.

The financial statements are presented in Sterling (£). The accounting policies remain unchanged from the prior year.

#### **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. Net realisable value is the market price for materials.

#### **Fixed assets**

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

#### **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

James M. Brown Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2022

### 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 statement of financial position date. All differences are taken to profit or loss.

#### ***Related Party Transactions***

The company has taken advantage of the exemption not to disclose related party transactions with other members of the group under FRS102 section 33 - Related Party Disclosures, as it is a wholly owned subsidiary.

#### ***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.

#### ***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.

James M. Brown Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2022

### 1. ACCOUNTING POLICIES (continued)

#### ***Deferred taxation***

Provision is made in full on an undiscounted basis for all taxation deferred in respect of timing differences that have originated but not reversed by the statement of financial position date, except for gains on disposal of fixed assets that 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.

#### ***Investments***

Investments are carried at cost.

#### ***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 receivable are recognised as income when received. Related tax credits are reflected in the tax charge for the year. Dividends payable are shown as a deduction from accumulated profits.

#### ***Judgements in applying accounting policies and key sources of estimation uncertainty***

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### ***Key sources of estimation uncertainty***

Preparation of the financial statements requires the management to make significant judgements and estimates.

##### a) Provisions of doubtful accounts

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience.

James M. Brown Limited

## NOTES TO THE FINANCIAL STATEMENTS

### at 31 December 2022

#### 2. TURNOVER

	2022 £'000	2021 £'000
United Kingdom	11,547	9,372
Export	6,769	7,126
	<u>18,316</u>	<u>16,498</u>

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

#### 3. STAFF COSTS

	2022 £'000	2021 £'000
Wages and salaries	2,287	2,146
Social security costs	250	216
Pension costs for the defined contribution scheme (Note 15)	264	252
Additional contribution for the shortfall in the ultimate parent company's defined benefit pension scheme (Note 15)	65	65
	<u>2,866</u>	<u>2,679</u>

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

	2022 No.	2021 No.
Management and administration	16	16
Sales	3	3
Production	43	43
	<u>62</u>	<u>62</u>



James M. Brown Limited

## NOTES TO THE FINANCIAL STATEMENTS

### at 31 December 2022

#### 4. DIRECTORS' EMOLUMENTS

	2022 £'000	2021 £'000
Emoluments (including benefits-in-kind)	305	151
Contributions to money purchase pension scheme	17	9
	<u>          </u>	<u>          </u>
	2022 No.	2021 No.
Members of defined contribution pension schemes	3	1
	<u>          </u>	<u>          </u>

#### 5. OPERATING PROFIT

	2022 £'000	2021 £'000
This is stated after charging:		
Net gain on foreign currency transactions	(264)	(7)
Hire of plant and machinery	28	20
Auditors' remuneration	32	17
Fees for non-audit services	1	3
Depreciation of tangible fixed assets	195	158
	<u>          </u>	<u>          </u>

Income from investments relates to Interest on Equity received from the Brazilian subsidiary Multicel Pigmentos.

James M. Brown Limited

## NOTES TO THE FINANCIAL STATEMENTS

### at 31 December 2022

#### 6. TAXATION OF PROFIT ON ORDINARY ACTIVITIES

	2022 £'000	2021 £'000
Current tax:		
Tax payable	538	-
Group relief payable	-	590
Overseas tax suffered	147	61
	<u>685</u>	<u>651</u>
Deferred tax asset	5	26
Tax on profit on ordinary activities	<u>690</u>	<u>677</u>

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

The tax assessed for the period is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021:19%). The difference is explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	<u>3,879</u>	<u>3,546</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2021:19%)	737	674
Expenses not deductible for tax purposes	7	1
Income not allowable for tax purposes	-	(1)
Depreciation for period less than capital allowances	(54)	(4)
Adjustments in respect of previous periods	-	7
	<u>690</u>	<u>677</u>

#### Deferred tax asset

	2022 £'000	2021 £'000
Accelerated capital allowances	62	56
Other timing differences	(31)	(31)
	<u>31</u>	<u>25</u>

In the Budget 2020, the government announced that the corporation tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, it was announced that from 1 April 2023 the rate would increase to 25% (rather than remaining at 19% as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from 1 April 2023 will go ahead.

James M. Brown Limited

## NOTES TO THE FINANCIAL STATEMENTS

### at 31 December 2022

#### 7. 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 2021	1,777	57	5,372	7,206
Additions	-	62	283	345
At 31 December 2022	1,777	119	5,655	7,551
Depreciation:				
At 31 December 2021	1,562	57	4,709	6,328
Charged for the year	13	16	166	195
At 31 December 2022	1,575	73	4,875	6,523
Net book value:				
At 31 December 2022	202	46	780	1,028
At 31 December 2021	215	-	663	878

#### *Freehold land and buildings*

The gross book value of freehold land and buildings includes £1,663,000 (2021: £1,663,000) of depreciable assets.

James M. Brown Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2022

### 8. INVESTMENTS

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>%</i>	<i>Principal activity</i>	<i>Year end</i>
Multicel Pigmentos Industria e Commercials Ltda	Brazil	Quotas	100%	Manufacturing	31 Dec 2022

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.

	£'000
At 31 December 2021 & 31 December 2022	12,236

Multicel had an aggregate amount of capital and reserves of 96,940,000 Brazilian Reais at 31 December 2022. The profit after taxation for the year ended 31 December 2022 was 111,459,000 Brazilian Reais.

### 9. STOCKS

	2022 £'000	2021 £'000
Raw materials and consumables	1,448	1,126
Work in progress	163	127
Finished goods and goods for resale	3,194	2,083
	<u>4,805</u>	<u>3,336</u>

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

## James M. Brown Limited

# NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2022

**10. DEBTORS**

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	2,800	3,237
Allowance for bad & doubtful debts	(126)	(126)
Amounts owed by fellow subsidiary undertakings	86	28
Other debtors	2	4
Prepayments and accrued income	142	195
	<u>2,904</u>	<u>3,338</u>

Payment terms for amounts due from/owed to group companies are agreed on an individual basis. These are reflective of market rates applicable at the date of each agreement.

**11. CREDITORS: Amounts falling due within one year**

	2022 £'000	2021 £'000
Trade creditors	746	1,175
Amount owed to parent undertaking	9	89
Amounts owed to subsidiary undertaking	-	24
Amounts owed to fellow subsidiary undertakings	26	-
Corporation tax	270	29
Deferred tax liability	31	25
Other taxes and social security costs	171	333
Accruals	299	210
	<u>1,552</u>	<u>1,885</u>

Payment terms for amounts due from/owed to group companies are agreed on an individual basis. These are reflective of market rates applicable at the date of each agreement.

James M. Brown Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2022

### 12. SHARE CAPITAL

	<i>Authorised</i>	
	2022	2021
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>Allotted, called up and fully paid</i>			
	2022	2021	2022	2021
	No.	No.	£'000	£'000
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.

### 13. RESERVES

The general reserve records the historic cost of provisions made from unappropriated profits for the specific purpose of providing for employees in the event that the Company closed.

The profit and loss account includes all current and prior period retained profits and losses.

### 14. DIVIDENDS

	2022	2021
	£'000	£'000
Dividend paid	2,301	2,000
	<u>2,301</u>	<u>2,000</u>

James M. Brown Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2022

### 15. 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 2016 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 £264,000 (2021: £252,000). Additional company contributions (note 3) in respect of the shortfall in the defined benefit section of the Group scheme amounted to £65,000 (2021: £65,000). There were no outstanding contributions (2021: £nil) payable to the fund at the statement of financial position date.

### 16. CONTINGENT LIABILITIES

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

### 17. 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 35 Queen Anne Street, London, W1G 9HZ.

The largest and smallest group of undertakings for which group accounts are produced is that headed by Tennants Consolidated Limited.

### 18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS102 section 33 Related Party Disclosures from disclosing transactions with other members of the group.