

# **James M. Brown Limited**

## **Abbreviated Accounts**

31 December 1999

*Registered Number: 382434*



James M. Brown Limited

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Registered No. 382434

**DIRECTORS**

K A Alexander (Chairman)  
W P Alexander  
N W Gibson

**SECRETARY**

D C Welch

**AUDITORS**

Ernst & Young  
One Colmore Row  
Birmingham B3 2DB

**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 1999.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £928,000 (1998: £1,243,000).

The directors recommend the payment of a final dividend of £230,000 (1998: £310,000) making the total of ordinary dividends of £5,230,000 for the year. This results in a loss of £4,302,000 (1998: profit of £933,000) to be charged to accumulated profits.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

Certain products made by the company are the subject of environmental legislation and every effort is being made to ensure that the company carries on its business profitably in the future.

### 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 6 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

W P Alexander retires by rotation and being eligible offers himself for re-election.

K A Alexander and W P Alexander 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.

## DIRECTORS' REPORT

### YEAR 2000

Prior to 31 December 1999, steps were taken to review computer and date dependent systems critical to the company's ongoing operations and preparation of financial information to establish the impact, if any, which the Year 2000 might have on the accuracy of their calculations, processing and reporting. Although in the future it is not possible to guarantee that no Year 2000 problems remain, the company believes that its internal systems are Year 2000 compliant.

The company continues to address the business risk from third parties with whom it deals on business or financial matters, including key customers and suppliers. Contingency plans have been developed to minimise the risk of disruption. No significant disruption has occurred to date.

Although the millennium date change has passed and no significant problems have been encountered, the directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant.

### AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the board



D C Welch  
Secretary

28 March 2000

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## 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.

## **SPECIAL REPORT OF THE AUDITORS**

to the members of James M Brown Limited under section 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 6 to 14 together with the annual accounts of the company for the year ended 31 December 1999 prepared under section 226 of the Companies Act 1985.

### **Respective responsibilities of directors and auditors**

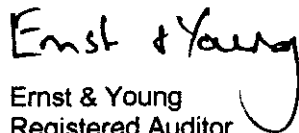
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion, as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) 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 audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been 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 full accounts.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and 246(6) of the Companies Act 1985 and the abbreviated accounts on pages 6 to 14 are properly prepared in accordance with those provisions.

  
Ernst & Young

Registered Auditor  
Birmingham

28 March 2000

**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
 for the year ended 31 December 1999

	<i>Notes</i>	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
<b>GROSS PROFIT</b>		3,393	3,392
Operating costs		2,508	2,163
<b>OPERATING PROFIT</b>	2	885	1,229
Interest receivable		359	546
Dividends received		45	40
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,289	1,815
Tax on profit on ordinary activities	5	361	572
<b>PROFIT FOR THE FINANCIAL YEAR</b>		928	1,243
Dividends		5,230	310
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	13	(4,302)	933


There are no recognised gains or losses other than the retained (loss)/profit for the year.

**BALANCE SHEET**  
 at 31 December 1999

	Notes	1999 £'000	1998 £'000
<b>FIXED ASSETS</b>			
Tangible assets	6	1,551	1,692
Investments	7	19	19
		<u>1,570</u>	<u>1,711</u>
<b>CURRENT ASSETS</b>			
Stocks	8	739	1,011
Debtors	9	1,792	2,129
Short-term loans and deposits		-	6,500
Cash at bank and in hand		3,632	1,440
		<u>6,163</u>	<u>11,080</u>
<b>CREDITORS: amounts falling due within one year</b>	10	1,225	1,957
<b>NET CURRENT ASSETS</b>		<u>4,938</u>	<u>9,123</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,508</u>	<u>10,834</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	11	47	71
		<u>6,461</u>	<u>10,763</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	450	450
General reserve	13	850	850
Profit and loss account	13	5,161	9,463
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	<u>6,461</u>	<u>10,763</u>

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

  
 K A Alexander  
 Director

  
 N W Gibson  
 Director

28 March 2000



## NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 1999

### 1. ACCOUNTING POLICIES

#### **Accounting convention**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards with the following exception. Stocks of metal and the metal content of work-in-progress and finished goods have been valued at the lower of cost and net realisable value at 31 December 1999. The metal market replacement price on that date has been taken as the measure of net realisable value, except where subsequent or anticipated falls in price have reduced the net realisable value. The directors believe that the valuation which has been placed on the stocks is preferable because metal market prices are subject to erratic fluctuations and the realisable value of finished stocks is affected by the current replacement price of the metal content.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value, subject to the above note. 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.

## NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 1999

### **Foreign currencies**

Transactions in foreign currencies are recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

### **Pension costs**

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 regarded as prudent to credit the profit and loss accounts with a negative pension cost where the annual amortisation of a surplus is greater than the regular cost.

### **Deferred taxation**

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

## **2. OPERATING PROFIT**

	1999 £'000	1998 £'000
This is stated after charging/(crediting):		
Auditors' remuneration	10	10
Rent receivable from group undertakings	(52)	(57)
Research and development	56	63
Profit on disposal of fixed assets	-	15
	<u>          </u>	<u>          </u>

## **3. DIRECTORS' EMOLUMENTS**

	1999 £'000	1998 £'000
Emoluments	<u>92</u>	<u>90</u>
	1999 No.	1998 No.
Members of defined benefit pension schemes	<u>1</u>	<u>1</u>

# NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 1999

## 4. STAFF COSTS

	1999 £'000	1998 £'000
Wages and salaries	1,800	1,586
Social security costs	144	141
Pension costs	96	78
	<u>2,040</u>	<u>1,805</u>

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

	1999 No.	1998 No.
Management and administration	17	17
Sales	3	3
Production	70	71
	<u>90</u>	<u>91</u>

## 5. TAXATION OF PROFIT ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
Based on the profit for the year:		
Current year:		
Corporation tax at 30.25% (1998: 31%)	390	505
Deferred taxation	(24)	67
	<u>366</u>	<u>572</u>
Amounts over provided in previous years:		
Corporation tax	(5)	-
	<u>361</u>	<u>572</u>

# NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 1999

## 6. 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 1998	1,336	132	3,286	4,754
Additions	18	-	73	91
Disposals	-	(16)	-	(16)
At 31 December 1999	1,354	116	3,359	4,829
Depreciation:				
At 31 December 1998	534	77	2,451	3,062
Disposals	-	(16)	-	(16)
Charged for the year	51	29	152	232
At 31 December 1999	585	90	2,603	3,278
Net book value:				
At 31 December 1999	769	26	756	1,551
At 31 December 1998	802	55	835	1,692

## 7. INVESTMENTS

Cost:	£'000
At 31 December 1999 and 1998	19

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 manufacturers

James M Brown Limited is a wholly owned subsidiary of an EC parent, and as permitted by Section 228 of the Companies Act 1985, is exempt from the obligation to prepare and deliver group accounts.

# NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 1999

## 8. STOCKS

	1999 £'000	1998 £'000
Raw materials and consumables	185	441
Work in progress	4	4
Finished goods and goods for resale	550	566
	<u>739</u>	<u>1,011</u>

## 9. DEBTORS

	1999 £'000	1998 £'000
Trade debtors	1,495	1,701
Amounts owed by parent undertaking	12	12
Amounts owed by subsidiary undertaking	178	45
Amounts owed by fellow subsidiary undertakings	3	178
Other debtors	50	50
Prepayments and accrued income	54	143
	<u>1,792</u>	<u>2,129</u>

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

	1999 £'000	1998 £'000
Trade creditors	428	802
Amounts owed to subsidiary undertaking	1	13
Amounts owed to fellow subsidiary undertakings	13	4
Current corporation tax	260	508
Other taxes and social security costs	135	128
Other creditors	3	12
Accruals	155	180
Proposed final dividend	230	310
	<u>1,225</u>	<u>1,957</u>

## 11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts is as follows:

	1999 £'000	1998 £'000
<i>Provided:</i>		
Accelerated capital allowances	52	71
Other timing differences	(5)	-
	<u>47</u>	<u>71</u>

# NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 1999

## 12. SHARE CAPITAL

	<i>Authorised</i> 1999 £'000	1998 £'000
Ordinary shares of £1 each	500	500

	1999 No.	1998 No.	<i>Allotted, called up and fully paid</i> 1999 £'000	1998 £'000
Ordinary shares of £1 each	450,000	450,000	450	450

## 13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £'000	<i>General reserve</i> £'000	<i>Profit and loss account</i> £'000	<i>Total</i> £'000
At 1 January 1998	450	850	8,530	9,830
Profit for the year	-	-	1,243	1,243
Dividend	-	-	(310)	(310)
At 1 January 1999	450	850	9,463	10,763
Profit for the year	-	-	928	928
Dividend	-	-	(5,230)	(5,230)
At 31 December 1999	450	850	5,161	6,461

## 14. CAPITAL COMMITMENTS

	1999 £'000	1998 £'000
Authorised and contracted	162	19

## 15. PENSION COSTS

The company participates in the Tennants Consolidated Limited Pension Fund which operates a defined benefit scheme. The surplus disclosed by the actuarial valuation of the fund at 30 September 1998 is being dealt with over the expected remaining service lives of employees by a reduced level of company contributions. Contributions paid therefore represent the pension cost as calculated in accordance with SSAP 24. Further details of the scheme are shown in the accounts of Tennants Consolidated Limited.

**NOTES TO THE ABBREVIATED ACCOUNTS**  
for the year ended 31 December 1999

**16. CONTINGENT LIABILITIES**

The bank holds a terminal indemnity to H M Customs & Excise for £10,000.

**17. 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 are not readily available to the public but can be obtained from Companies House.