

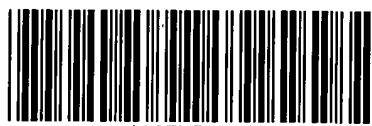
**Company Registration No. 1438525**

**Brown Brothers Distribution Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2016**

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COMPANIES HOUSE

# **Brown Brothers Distribution Limited**

## **Annual Report and Financial Statements 2016**

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# **Brown Brothers Distribution Limited**

## **Annual Report and Financial Statements 2016**

### **Officers and Professional Advisers**

#### **Directors**

D Heal  
R Stewart  
J Summers

#### **Secretary**

Pinsent Masons Secretarial Limited  
1 Park Row  
Leeds  
West Yorkshire  
LS1 5AB

#### **Registered office**

PO Box 162  
Needham Road  
Stowmarket  
Suffolk  
IP14 2ZR

#### **Bankers**

HSBC Bank  
PO Box 68  
130 New Street  
Birmingham  
B2 4JU

Royal Bank of Scotland  
250 Bishopsgate  
London  
EC2M 4AA

BNP Paribas  
Fortis Bank S.A.-N.V.  
10 Harewood Avenue  
London  
NW1 6AA

#### **Solicitors**

Pinsent Masons LLP  
3 Colmore Circus  
Birmingham  
B4 6BH

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

# Brown Brothers Distribution Limited

## Strategic Report

The directors present their strategic report on the company for the year ended 31 December 2016.

### Principal activity

The principal activity of the company is bodyshop parts distribution including the sale and distribution of paints, refinish products, tools and consumables.

### Business review and future prospects

The business continued to see a steady sustainable improvement in sales as a result of its focus on its core products and the unique proposition that it is able to offer its customers. Continued focus on improving the quality of sales by attracting and retaining the right customers in terms of product mix and financial strength impacted favorably on the company's 2016 result. The directors are pleased to report that the net result of these actions returned an increase to operating profit for 2016 as well as meeting its strategic goals of investing in the branch network, and improving the skills and engagement of the company workforce.

The directors do not recommend the payment of a dividend (2015: £nil).

### Key Performance Indicators

The performance for the year together with comparative data is set out in the table below:

	2016	2015	Definition, method of calculation and analysis
Gross Profit (%)	29.4%	31.5%	The ratio of gross profit to sales expressed as a percentage. The gross profit percentage has remained strong but is slightly lower due to differing sales margin mix.
Return on Sales (%)	13.3%	13.8%	Operating profit expressed as a percentage of sales. The small decrease in sales margin has arisen from an increase in cost of sales.

As a wholly owned subsidiary of PPG Industries (UK) Limited which manages its operations on a business divisional basis the company's directors believe that further key performance indicators are not necessary or appropriate for an understanding of the performance or development of the business. Such information is included within the annual report of PPG Industries Inc which does not form part of these financial statements.

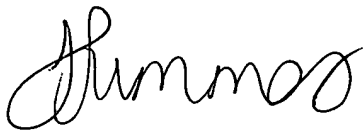
# **Brown Brothers Distribution Limited**

## **Strategic Report (continued)**

### **Future developments**

Moving forward, the business wants to continue the steady, sustainable improvement we have seen this year. The directors believe this will be achieved by continuing the focus on core products and the unique proposition that the business can offer its customers. Continued focus on improving the quality of sales by attracting and retaining the right customers in terms of financial strength will ensure the business is not dependent on any one customer to help mitigate credit exposures. We are also committed to maintaining a low cost base in the branch network, but ensuring that we have the appropriate cost base to deliver an exemplary service to our customers.

Competitive pressure continues to be a risk to the company which could result in losing sales to its key competitors. The company manages this risk by providing high quality products coupled with an extensive range of value adding support services which help build and maintain strong customer relationships.



J Summers

Director

26 September 2017

# **Brown Brothers Distribution Limited**

## **Directors' Report**

The directors present their report and the audited financial statements for the year ended 31 December 2016.

### **Directors**

The directors of the company, who served for the whole of the year ended 31 December 2016 and up to the date of this report were as follows:

J Summers  
G Davies (resigned 27/01/2017)  
D Heal (appointed 01/02/2017)  
S Clarkson (resigned 01/03/2017)  
R Stewart (appointed 01/03/2017)

### **RESULTS AND DIVIDENDS**

The profit for the financial year was £5,499,096 (2015: £5,334,982).

### **Financial risk management objectives**

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

#### ***Credit risk***

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

The company's credit risk is primarily attributable to its trade and other debtors. The amounts presented in the balance sheet are net of provision for bad and doubtful debts. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company also maintains credit insurance cover on its trade debtors balances.

Approximately 25% of the company's receivables exposure is with one customer and is fully covered by credit insurance, the remainder of its exposure is spread over a large number of counterparties and customers.

#### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of finances from borrowings from its bankers and parent company.

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report.

The Company meets its day to day working capital requirements through participation in the group's centralised treasury and therefore shares banking arrangements with its parent and fellow subsidiaries. This arrangement is to continue for the foreseeable future.

After making enquiries, the directors have reviewed the financial condition of the Company including consideration of future forecasts and uncertainties arising from the current difficult economic environment and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors continue to adopt the going concern basis in preparing the report and financial statements.

# **Brown Brothers Distribution Limited**

## **Directors' Report**

### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

### **Employees**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors concerning the performance of the company. This is achieved through regular meetings and newsletters. In addition, employee representatives are consulted on issues affecting their interests.

The company operates non-discriminatory employment policies and does not discriminate on any grounds including age, race, religion, sex or disability. Applications for employment are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that the appropriate training is provided where necessary. It is the policy of the company that the career development of disabled persons should, as far as possible, be identical to that of other employees.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"*, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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.

The directors 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.

# **Brown Brothers Distribution Limited**

## **Directors' Report**

### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:


- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Independent Auditors**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board by:



J Summers

Director

26 September 2017

# **Brown Brothers Distribution Limited**

## **Independent auditors' report to the members of Brown Brothers Distribution Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Brown Brothers Distribution Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the statement of income and retained earnings for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter 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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

# **Brown Brothers Distribution Limited**

## **Independent auditors' report to the members of Brown Brothers Distribution Limited (continued)**

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **Responsibilities for the financial statements and the audit**

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of the Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What an audit of financial statements involves**

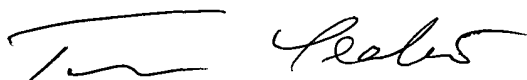
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Tom Yeates, F.C.A. (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
26 September 2017

# Brown Brothers Distribution Limited

## Statement of Income and Retained Earnings For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Turnover</b>	3	41,271,954	38,696,895
Cost of sales		(29,121,206)	(26,512,681)
<b>Gross profit</b>		<u>12,150,748</u>	<u>12,184,214</u>
Distribution costs		(6,517,265)	(6,454,614)
Administrative expenses		(438,240)	(478,565)
Restructuring costs of continuing operations		-	4,375
Other operating income		<u>288,254</u>	<u>92,247</u>
<b>Operating profit</b>	5	<u>5,483,497</u>	<u>5,347,657</u>
Finance income/(expense)	6	<u>23,863</u>	<u>(4,441)</u>
<b>Profit on ordinary activities before taxation</b>		<u>5,507,360</u>	<u>5,343,216</u>
Tax on profit on ordinary activities	7	<u>(8,264)</u>	<u>(8,234)</u>
<b>Profit for the financial year</b>		<u>5,499,096</u>	<u>5,334,982</u>
Retained Earnings/(deficit) at 1 January		5,035,793	(299,189)
Retained Earnings at 31 December		10,534,889	5,035,793

All results for both years were derived from continuing operations.

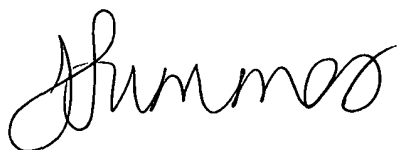
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalent.

# Brown Brothers Distribution Limited

## Statement of Financial Position As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	8	25,356	33,885
Tangible assets	9	547,482	562,834
		<u>572,838</u>	<u>596,719</u>
<b>Current assets</b>			
Stocks	10	2,294,226	2,237,308
Debtors	11	20,519,529	18,155,402
Cash at bank and in hand		1,066,426	6,346,383
		<u>23,880,181</u>	<u>26,739,093</u>
<b>Creditors: amounts falling due within one year</b>	12	(11,058,130)	(11,621,622)
<b>Net current assets</b>		<u>12,822,051</u>	<u>15,117,471</u>
<b>Total assets less current liabilities</b>		<u>13,394,889</u>	<u>15,714,190</u>
<b>Creditors: amounts falling due after more than one year</b>	13	-	(7,818,397)
<b>Net assets</b>		<u><u>13,394,889</u></u>	<u><u>7,895,793</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	2,600,000	2,600,000
Other reserves	15	260,000	260,000
Profit and loss account		10,534,889	5,035,793
<b>Total Shareholders' funds</b>	16	<u><u>13,394,889</u></u>	<u><u>7,895,793</u></u>

The financial statements on pages 9 to 18 were approved by the Board of Directors on 26 September 2017 and signed on its behalf by:



J Summers

Director

Company Registration No. 1438525

# **Brown Brothers Distribution Limited**

## **Notes to the Financial Statements** **Year ended 31 December 2016**

### **1. Accounting policies**

Brown Brothers Distribution Limited ('the company') is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business are disclosed on page 1. The company's principal activity is bodyshop parts distribution, including the sale and distribution of paints, refinishing products, tools and consumables.

The individual financial statements of Brown Brothers Distribution Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies had been consistently applied to all the years presented, unless otherwise stated.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Basis of preparation**

The financial statements are prepared on a going concern basis for the reason disclosed in the directors' report on page 4.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

#### **Exemptions**

The Company's shareholders have been notified of the following exemptions and no objections have been received.

The company is a wholly owned subsidiary undertaking of PPG Industries Inc which produces a consolidated cash flow statement that is publicly available. In accordance with Financial Reporting Standard 102 (FRS102), the company has taken advantage of the exemption in FRS102 from preparing a cash flow statement.

In accordance with FRS102 (Section 33) 'Related party disclosure' the company has taken advantage of the exemption not to disclose its transactions with group companies as its results are consolidated into the financial statements of its ultimate parent company which are publicly available.

The company has exemption from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

#### **Intangible assets**

Other intangible assets relates to non-compete covenants and customer relationships which are included at cost and depreciated in equal annual instalments over a period of 5 years which is their estimated useful economic life. Provision is made for any diminution in value.

IT software is measured initially at purchase cost and amortised on a straight line basis over its estimated useful life of 5 years.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Short-term lease – over 12 years

Plant and machinery- over 12 years

Fixtures and fittings, computer equipments – over 3 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

# **Brown Brothers Distribution Limited**

## **Notes to the Financial Statements Year ended 31 December 2016**

### **1. Accounting policies (continued)**

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Revenue is recognised when goods are delivered or as services are performed.

#### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Pension costs**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

#### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

### **2. Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### **(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

#### **(ii) Inventory provisioning**

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 10 for the net carrying amount of the inventory and associated provision.

# Brown Brothers Distribution Limited

## Notes to the Financial Statements Year ended 31 December 2016

### 2. Critical accounting judgements and estimation uncertainty (continued)

#### (iii) Impairment of debtors

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 current credit rating of the debtor, the ageing profile of the debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

### 3. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts, VAT and other sales related taxes. The turnover and pre-tax loss, all of which arises in the United Kingdom, is attributable to one activity, the distribution of automotive refinish products.

Majority of turnover, with the exception of two customers in Republic of Ireland, relates to sales of goods in the UK.

### 4. Information regarding directors and employees

There were no directors' emoluments charged during the year (2015: £nil) and no directors were members of money purchase pension schemes. Directors' remuneration is borne by another company. It is not practicable to determine the directors' remuneration in respect of services to this company

	2016 No	2015 No
<b>Average monthly number of persons employed</b>		
Operations	156	150
Sales and marketing	33	37
Administration	8	9
	<u>197</u>	<u>196</u>
	£	£
<b>Staff costs during the year</b>		
Wages and salaries	3,950,731	3,788,391
Social security costs	340,691	327,355
Other pension costs	85,219	79,470
	<u>4,376,641</u>	<u>4,195,216</u>

### 5. Operating profit

	2016 £	2015 £
Operating profit is stated after charging/(crediting):		
Amortisation of other intangible assets	8,529	8,289
Depreciation of tangible assets - owned	231,545	249,811
Operating lease rentals -	831,094	745,559
Fees payable to the company's auditors for the audit of the Company's annual financial statements	20,000	20,000
Restructuring credit	-	(4,375)

The restructuring credit is to release unutilised provision which is no longer required and related to the closure of a number of branches in prior years.

# Brown Brothers Distribution Limited

## Notes to the Financial Statements Year ended 31 December 2016

### 6. Finance income/ (expense)

	2016 £	2015 £
Bank interest receivable/(payable)	23,863	(4,441)

### 7. Tax on profit on ordinary activities

#### (a) Analysis of charge in the year

	2016 £	2015 £
UK corporation tax	-	-
<i>Deferred tax:</i>		
Deferred taxation: changes in tax rates	4,965	9,372
Origination and reversal of timing differences	3,299	(1,138)
Tax charge on profit on ordinary activities	8,264	8,234

#### (b) Factors affecting current tax charge

The actual tax charge for the current and the previous year differs from the standard rate of corporation tax in the UK 2016: 20% (2015: 20.25%) for the reasons set out in the following reconciliation:

	2016 £	2015 £
Profit on ordinary activities before taxation	5,507,360	5,343,216
Current tax charge on profit at standard rate of 20% (2015: 20.25%)	1,101,472	1,082,001
<i>Effects of:</i>		
Permanent differences	22,890	17,310
Deferred tax rate change	4,965	9,372
Prior year adjustments deferred tax	1,243	5,135
Group relief received for nil consideration	(1,122,306)	(1,105,584)
Tax charge for the year	(8,264)	(8,234)

There are no unrecognised deferred tax assets or unprovided deferred tax liabilities.

The Corporate tax rate was reduced to 20% with effect from 1 April 2015, and further rate reductions to 19% from 1 April 2017 and then 17% from 1 April 2020 were enacted by the balance sheet date. The current tax rate for the year ended 31 December 2016 is therefore 20% (2015: 20.25%) and deferred tax has been recognised at 17% (2015: 18%).

# Brown Brothers Distribution Limited

## Notes to the Financial Statements Year ended 31 December 2016

### 8. Intangible assets

	Computer Software £	Other intangible assets £	Total £
<b>Cost:</b>			
At 1 January	42,645	300,319	342,964
At 31 December 2016	42,645	300,319	342,964
<b>Accumulated amortisation:</b>			
At 1 January 2016	8,760	300,319	309,079
Charge for the year	8,529	-	8,529
At 31 December 2016	17,289	300,319	317,608
<b>Net book value:</b>			
At 31 December 2016	<u>25,356</u>	<u>-</u>	<u>25,356</u>
At 31 December 2015	<u>33,885</u>	<u>-</u>	<u>33,885</u>

### 9. Tangible assets

	Short-term leasehold improve- ments £	Plant and machinery £	Fixtures, fittings, and computer equipment £	Total £
<b>Cost:</b>				
At 1 January 2016	973,820	139	1,359,506	2,333,465
Additions	215,725	-	468	216,193
At 31 December 2016	<u>1,189,545</u>	<u>139</u>	<u>1,359,974</u>	<u>2,549,658</u>
<b>Accumulated depreciation:</b>				
At 1 January 2016	520,540	139	1,249,952	1,770,631
Charge for the year	177,850	-	53,695	231,545
At 31 December 2016	<u>698,390</u>	<u>139</u>	<u>1,303,647</u>	<u>2,002,176</u>
<b>Net book value:</b>				
At 31 December 2016	<u>491,155</u>	<u>-</u>	<u>56,327</u>	<u>547,482</u>
At 31 December 2015	<u>453,280</u>	<u>-</u>	<u>109,554</u>	<u>562,834</u>

### 10. Stocks

	2016 £	2015 £
Finished goods	<u>2,294,226</u>	<u>2,237,308</u>

The directors consider that the replacement cost of stock is not materially different from its carrying value. Inventories are stated after provision for impairment of £26,555 (2015: £60,000)

# Brown Brothers Distribution Limited

## Notes to the Financial Statements Year ended 31 December 2016

### 11. Debtors

	2016 £	2015 £
Trade debtors	10,731,645	9,565,426
Amounts owed by group undertakings	6,726,341	7,890,738
Other debtors	2,595,817	576,638
Deferred tax asset	82,354	90,618
Prepayments and accrued income	383,372	31,982
	<u>20,519,529</u>	<u>18,155,402</u>

Trade debtors are stated after provisions for impairment of £27,560 (2015: £20,000)

The amounts owed by group undertakings are repayable on usual trade terms, apart from that noted below which has no fixed repayment date, although a 12 months notice is required on repayment.

Included within amounts owed by group undertakings is £2,600,000 (2015: £2,600,000) relating to unpaid issued share capital.

#### Deferred taxation

	2016 £	2015 £
Difference between accumulated depreciation and amortisation and capital allowances	82,354	90,618

### 12. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	2,117,134	1,659,677
Amounts owed to group undertakings	7,922,840	8,631,085
Taxation and social security	712,766	644,557
Other creditors	75,495	203,777
Accruals and deferred income	229,895	482,526
	<u>11,058,130</u>	<u>11,621,622</u>

The amounts owed to group undertakings are repayable on usual trade terms.

### 13. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to parent company	-	7,818,397

Amounts due to the parent company were repaid to PPG Industries (UK) Limited on 20 October 2016.

# Brown Brothers Distribution Limited

## Notes to the Financial Statements Year ended 31 December 2016

### 14. Called up share capital

	2016 £	2015 £
<b>Called up, allotted and un-paid:</b>		
2,600,000 (2015: 2,600,000) ordinary shares of £1 each	2,600,000	2,600,000

### 15. Other reserves

	2016 £	2015 £
Other reserves	260,000	260,000

Other reserves relate to a capital contribution of £260,000 made by a group company in 1987. The amount is non-repayable.

### 16. Reconciliation of movements in shareholders' funds

	2016 £	2015 £
Profit for the financial year	5,499,096	5,334,982
Opening shareholders' funds	7,895,793	2,560,811
Closing shareholders' funds	13,394,889	7,895,793

### 17. Financial commitments

The company had no capital commitments at either year end.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2016 £		2015 £	
	Land and buildings £	Other £	Land and Buildings £	Other £
Payments due:				
Within one year	394,724	259,146	351,898	388,849
Between two and five years	1,499,894	142,875	1,207,260	278,447
More than five years	1,061,790	-	581,558	-
	2,956,408	402,021	2,140,716	667,296

# **Brown Brothers Distribution Limited**

## **Notes to the Financial Statements** **Year ended 31 December 2016**

### **18. Ultimate parent company**

The Company's ultimate parent company and controlling party is PPG Industries Inc, a company incorporated in the USA. This is the largest and smallest company within which the Company's results are consolidated. Copies of its financial statements can be obtained from 2400 One PPG Place, Pittsburgh, Pennsylvania 15222-5401, USA.

The Company's immediate parent company is PPG Industries (UK) Limited, a company registered in England & Wales.