

English Braids Limited

Directors' report and abbreviated
accounts

Registered number 932500

For the year ended 31 December 2002



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Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The business of the company is the manufacture of braided cord and ladderstring, the wholesaling of venetian blind components and webbing and the manufacture of restraint systems.

Business review

The company has continued to strengthen its asset base and is well placed for the future. The profit for the year is shown in the profit and loss account on page 4.

Dividends

The director recommends that no dividend be declared (2001: £Nil).

Director

Mr PR Earp is the sole director and served throughout the year. His interest in the share capital of the company was 119,999 ordinary shares of £1 each (2001: 119,999).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



MM Earp
Secretary

Spring Lane
Malvern Link
Worcestershire
WR14 1AL

Date 16 July 2003

Statement of director's responsibilities

Company law requires the director to prepare financial statements 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 for that period. In preparing those financial statements, the director is 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 being disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He has a general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

Independent auditor's report to English Braids Limited
Pursuant to Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of English Braids Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 2002.

Respective responsibilities of directors and auditors

The director is responsible for preparing the abbreviated accounts in accordance with Section 246A 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 Section 246A of the Act to the Register of Companies and whether the accounts to be delivered are properly prepared in accordance with this provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that section.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

Date: *16 July 2003*

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
Gross profit		1,562,886	1,631,119
Distribution costs		(157,269)	(195,812)
Administrative expenses		(1,068,650)	(1,162,019)
Operating profit		329,967	273,288
Other interest receivable and similar income	4	196,094	223,915
(Loss)/profit on sale of fixed assets		(6,423)	9,447
Profit on ordinary activities before taxation	5	526,638	506,650
Tax on profit on ordinary activities	6	(147,912)	(132,742)
Profit on ordinary activities after taxation being profit for the financial year		378,726	373,908
Retained profit brought forward		7,642,654	7,268,746
Retained profit carried forward		8,021,380	7,642,654

All results arose from continuing operations.

There were no recognised gains or losses in either the current or preceding years other than those disclosed in the profit and loss account.

Balance sheet
at 31 December 2002

	Note	£	2002 £	£	2001 £
Fixed assets					
Tangible assets	7		1,617,050		1,887,286
Investments	8		263,418		254,602
			<u>1,880,468</u>		<u>2,141,888</u>
Current assets					
Stocks	9	900,873		862,669	
Debtors	10	707,542		789,641	
Cash at bank and in hand		54,785		2,477	
Amounts placed on short term deposit		5,500,000		4,900,000	
			<u>7,163,200</u>	<u>6,554,787</u>	
Creditors: Amounts falling due within one year	11	(734,633)		(752,021)	
Net current assets			<u>6,428,567</u>		<u>5,802,766</u>
Total assets less current liabilities			<u>8,309,035</u>		<u>7,944,654</u>
Provisions for liabilities and charges	12		(167,655)		(182,000)
Net assets			<u>8,141,380</u>		<u>7,762,654</u>
Capital and reserves					
Called up share capital	14		120,000		120,000
Profit and loss account			8,021,380		7,642,654
Equity shareholders' funds	13		<u>8,141,380</u>		<u>7,762,654</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.

These accounts were approved by the director on 16 July 2003 and were signed on its behalf by:



PR Earp
Director

Cash flow statement
for the year ended 31 December 2002

Reconciliation of operation profit to net cash inflow from operating activities

	2002 £	2001 £
Operating profit	336,967	273,288
Depreciation charge	331,779	383,919
(Increase)/decrease in stocks	(38,204)	122,682
Decrease in debtors	82,099	12,931
Increase in creditors	77,491	33,771
Net cash inflow from operating activities	790,132	826,591

	Note	2002 £	2001 £
Net cash inflow from operating activities		790,132	826,591
Returns on investments and servicing of finance	17(a)	196,094	223,915
Taxation	17(a)	(257,136)	(223,742)
Capital expenditure and financial investment	17(a)	(76,782)	(377,979)
Management of liquid resources			
Amounts placed on short term deposit		(600,000)	(550,000)
Net cash inflow/(outflow) before financing, being the increase/(decrease) in cash		52,308	(101,215)

Reconciliation of net cash flow to movement in net funds

	2002 £	2001 £
Increase/(decrease) in cash in the period	52,308	(101,215)
Cash used to increase liquid resources	600,000	550,000
Movement in net funds during the year	652,308	448,785
Net funds at the beginning of the year	4,902,477	4,453,692
Net funds at the end of the year	5,554,785	4,902,477

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted FRS 19 "Deferred tax" in these financial statements. The adoption of the standard had no material effect on the results for either the current or prior year.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under historical cost accounting rules.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not yet reversed at the balance sheet date, except as otherwise required by FRS 19.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold buildings	-	2% straight line
Plant and machinery	-	15% straight line
Computer equipment	-	25% straight line
Motor vehicles	-	25% straight line
Aircraft	-	10% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of overheads.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

The company operates certain defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The amounts charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Management of liquid resources

It is the company's policy to place any surplus funds on short term deposit. Any such amounts are shown as "amounts placed on short term deposit" on the balance sheet.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Notes (continued)

2 Staff numbers and costs

The average number of persons employed by the company (including the director) during the year was as follows:

Number of employees	
2002	2001
57	69

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,011,802	1,152,861
Social security costs	113,854	204,569
Other pension costs	96,548	83,872
	1,222,204	1,441,302

3 Director's emoluments

	2002	2001
	£	£
Director's emoluments	265,736	267,752
Company contributions to money purchase pension schemes	80,000	82,123
	345,736	349,875

4 Interest receivable

	2002	2001
	£	£
On cash at bank	196,094	223,915

Notes (continued)

5 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Depreciation of tangible assets:		
Owned	331,779	383,919
Auditors' remuneration:		
Audit	7,500	5,000
Other	4,000	4,000
Exchange gains	17,685	(13,141)
Operating lease rentals	21,000	21,000

6 Tax on profit on ordinary activities

(i) Analysis of charge for the year

	2002 £	2001 £
Current tax		
UK corporation tax at 30% (2001: 30%)	158,000	135,000
Adjustment in respect of earlier year	4,257	(1,258)
Total current tax	162,257	133,742
Total deferred tax (see note 12)	(14,345)	(1,000)
Tax on profit on ordinary activities	147,912	132,742

(ii) Factors affecting the tax charge for the year

The current tax charge for the year is higher (2001: lower) than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained below:

	2002 £	2001 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	526,638	506,650
Profit on ordinary activities multiplied by the rate of corporation tax in UK of 30% (2001: 30%)	157,991	151,995
Effects of:		
Expenses not deductible for tax purposes	1,178	8,364
Depreciation for the year in excess of capital allowances	19,260	16,707
Capital loss/(gain) not deductible	1,927	(2,834)
Decrease in general provisions	(11,217)	(12,750)
Adjustment to tax charge in respect of previous periods	4,257	(1,258)
Roundings	136	2,961
Group relief	(11,275)	(28,086)
Marginal relief	-	(1,375)
	162,257	133,742

Notes (continued)

7 Fixed assets

	Long leasehold land and buildings	Plant, machinery and computer equipment	Motor vehicles	Aircraft	Total
	£	£	£	£	£
Cost					
At beginning of year	1,148,612	5,057,700	202,511	567,434	6,976,257
Additions	-	87,016	13,281	-	100,297
Disposals	-	-	(64,135)	-	(64,135)
At end of year	1,148,612	5,144,716	151,657	567,434	7,012,419
Accumulated depreciation					
At beginning of year	272,352	4,476,633	66,275	273,711	5,088,971
Charge for the year	22,980	211,931	40,108	56,760	331,779
Disposals	-	-	(25,381)	-	(25,381)
At end of year	295,332	4,688,564	81,002	330,471	5,395,369
Net book value					
At 31 December 2002	835,280	456,152	70,655	236,963	1,617,050
At 31 December 2001	876,260	581,067	136,236	293,723	1,887,286

8 Investment in subsidiary undertakings

	Shares £
Cost and net book value	
At beginning of year	254,602
Additions during the year	8,816
At end of year	263,418

The company owns 100% of the issued ordinary share capital of Marina Ropes Limited, a company registered in England and Wales. The business of the company is the manufacture of braided cord and rope. In 2001, the company acquired 100% of the issued share capital of John H Blakey Limited, a company registered in England and Wales. The business of the company was the manufacture of braided cord and rope.

The company also owns 100% of the issued ordinary share capital of Weblash Limited. This company, registered in England and Wales, has not traded since incorporation.

The company has taken advantage of the exemption available to it not to prepare group financial statements on the basis that the group is medium sized as defined by the Companies Act 1985. These financial statements therefore present information about the undertaking as an individual undertaking and not about its group.

Notes (continued)

9 Stocks

	2002 £	2001 £
Raw materials and work in progress	332,878	313,795
Finished goods	567,995	548,874
	<u>900,873</u>	<u>862,669</u>

10 Debtors

	2002 £	2001 £
Trade debtors	522,839	469,808
Amounts owed by group undertakings	126,334	256,003
Prepayments and accrued income	58,369	63,830
	<u>707,542</u>	<u>789,641</u>

11 Creditors: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	107,640	145,094
Amounts owed to group undertakings	122,189	-
Other creditors including taxation and social security	233,478	251,431
Accruals and deferred income	271,326	355,496
	<u>734,633</u>	<u>752,021</u>
Other creditors including taxation and social security comprises:		
Corporation tax	40,121	135,000
Other taxes and social security	100,357	71,431
Other creditors	93,000	45,000
	<u>233,478</u>	<u>251,431</u>

Notes (continued)

12 Provisions for liabilities and charges

Deferred taxation

	2002 £	2001 £
At beginning of year	182,000	183,000
Transfer to profit and loss account	(14,345)	(1,000)
	<hr/>	<hr/>
At end of year	167,655	182,000
	<hr/>	<hr/>

The amounts provided for deferred taxation at 30% (2001: 30%) are set out below:

	£	£
Short term timing differences	(783)	(12,000)
Accelerated capital allowances	168,438	194,000
	<hr/>	<hr/>
	167,655	182,000
	<hr/>	<hr/>

13 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Opening shareholders' funds	7,762,654	7,388,746
Profit for the financial year	378,726	373,908
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Closing shareholders' funds	8,141,380	7,762,654
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14 Called up share capital

	2002 £	2001 £
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	120,000	120,000
	<hr/>	<hr/>

15 Pension costs

The pension cost charge represents contributions payable by the company to the funds and amounted to £96,548 (2001: £83,872). At the end of the financial year there were outstanding contributions of £Nil (2001: £40,000).

Notes (continued)

16 Commitments

The company had capital commitments at the end of the financial year of £Nil (2001: £Nil).

The company is committed to a guarantee for £40,000 in favour of HM Customs and Excise (2001: £40,000).

The company has an annual commitment, under an operating lease for land which expires as follows:

	2002 £	2001 £
Expiring after five years	21,000	21,000

17 (a) Analysis of cash flows

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	196,094	223,915
Taxation		
Corporation tax paid	(257,136)	(223,742)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(100,297)	(194,114)
Receipts from sale of tangible fixed assets	32,331	70,735
Acquisitions – see note 9	(8,816)	(254,600)
Net cash outflow for capital expenditure	(76,782)	(377,979)

(b) Analysis of net funds

	At beginning of year £	Cash flow £	At end of year £
Cash at bank and in hand	2,477	52,308	54,785
Deposit account	4,900,000	600,000	5,500,000
	4,902,477	652,308	5,554,785

18 Contingent liabilities

The company is party to a group registration for VAT. At the year end, the maximum liability under this arrangement was £81,630 (2001: £81,061).

Notes *(continued)*

19 Related party transactions

Goods and services amounting to £89,258 (2001: £65,757) were supplied to Marina Ropes Limited and £13,408 (2001: £26,753) to John H Blakey Limited in the normal course of business. Purchases from Marina Ropes Limited, due in the normal course of business, amounted to £162,332 (2001: £218,554).

The net current debt due to Marina Ropes Limited at 31 December 2002 was £116,242 (2001: debtor £106,694). The net current debt due from John H Blakey Limited was £120,387 (2001: £149,309).

English Braids Limited paid VAT liabilities of £109,736 (2001: £90,799) on behalf of Marina Ropes Limited, which was settled through the current account.

The company rented out plant and machinery to Marina Ropes Limited and received income of £27,000 during the year (2001: £27,000).

During the year, £27,773 of stock was transferred to Marina Ropes Limited at cost (2001: £99,001).

During the year, expenses amounting to £4,306 (2001: £4,676) were reimbursed to Mr PR Earp in relation to the business use of his aircraft.

During the year Mr PR Earp purchased a car from the company at a market valuation of £29,000.