

English Braids Limited

**Directors' report and abbreviated
accounts**

Registered number 932500

For the year ended 31 December 2000



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Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2000.

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 (1999: £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 (1999: 119,999).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG 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 25th October 2001

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.



2 Cornwall Street
Birmingham
B3 2DL

Report of the auditors 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 2000.

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(3) 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(3) of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that provision.

A handwritten signature in dark ink, appearing to be 'KPMG' or a similar stylized mark.

KPMG
Chartered Accountants
Registered Auditor

Profit and loss account

for the year ended 31 December 2000

	Note	2000 £	1999 £
Gross profit		1,488,353	1,534,459
Distribution costs		(332,768)	(601,331)
Administrative expenses		(840,234)	(469,347)
Operating profit		315,351	463,781
Other interest receivable and similar income	4	233,162	155,707
Interest payable and similar charges	5	(28)	(9)
(Loss)/profit on sale of fixed assets		(849)	10,116
Profit on ordinary activities before taxation	6	547,636	629,595
Tax on profit on ordinary activities	7	(166,429)	(182,651)
Profit on ordinary activities after taxation being profit for the financial year		381,207	446,944
Retained profit brought forward		6,887,539	6,440,595
Retained profit carried forward		7,268,746	6,887,539

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

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

Balance sheet
at 31 December 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	8	2,138,379	2,513,373
Investments	9	2	2
		<hr/>	<hr/>
		2,138,381	2,513,375
Current assets			
Stocks	10	985,351	851,766
Debtors	11	802,572	1,287,887
Cash at bank and in hand		103,692	135,065
Amounts placed on short term deposit		4,350,000	3,250,000
		<hr/>	<hr/>
		6,241,615	5,524,718
Creditors: Amounts falling due within one year	12	(808,250)	(789,554)
		<hr/>	<hr/>
Net current assets		5,433,365	4,735,164
		<hr/>	<hr/>
Total assets less current liabilities		7,571,746	7,248,539
Provisions for liabilities and charges	13	(183,000)	(241,000)
		<hr/>	<hr/>
Net assets		7,388,746	7,007,539
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	120,000	120,000
Profit and loss account		7,268,746	6,887,539
		<hr/>	<hr/>
Equity shareholders' funds	14	7,388,746	7,007,539
		<hr/>	<hr/>

The abbreviated 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 25th October 2001 and were signed on its behalf by:



PR Earp
Director

Cash flow statement

for the year ended 31 December 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	18(a)	1,188,813	1,140,874
Returns on investments and servicing of finance	18(b)	233,134	156,058
Taxation	18(b)	(197,429)	(268,183)
Capital expenditure and financial investment	18(b)	(155,891)	(370,474)
Management of liquid resources			
Amounts placed on short term deposit		(1,100,000)	(650,000)
Net cash (outflow)/inflow before financing		(31,373)	8,275
Financing			
Capital element of hire purchase agreement	18(c)	-	(275)
(Decrease)/increase in cash	19	(31,373)	8,000

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:

Basis of preparation

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

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.

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

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

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	
2000	1999
76	75

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,068,448	1,055,643
Social security costs	78,138	91,704
Other pension costs	83,314	88,159
	<u>1,229,900</u>	<u>1,235,506</u>

3 Director's emoluments

	2000 £	1999 £
Director's emoluments	176,676	177,876
Company contributions to money purchase pension schemes	80,000	80,000
	<u>256,676</u>	<u>257,876</u>

4 Interest receivable

	2000 £	1999 £
On cash at bank	<u>233,162</u>	<u>155,707</u>

5 Interest payable

	2000 £	1999 £
On bank loans and overdrafts	<u>28</u>	<u>9</u>

Notes (continued)

6 Profit on ordinary activities before taxation

	2000 £	1999 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation of tangible assets:		
Owned	530,035	506,947
Auditors' remuneration	8,450	8,450
Exchange gains	(1,645)	(3,159)
	<u>530,035</u>	<u>506,947</u>

7 Taxation

	2000 £	1999 £
UK corporation tax at 30% (1999: 30%) on the profit for the year on ordinary activities	225,000	198,000
Adjustment in respect of earlier year	(571)	651
Deferred taxation (recovery)	(58,000)	(16,000)
	<u>166,429</u>	<u>182,651</u>

8 Fixed assets

	Long leasehold land and buildings	Assets under construction	Plant, machinery and computer equipment	Motor vehicles	Aircraft	Total
	£	£	£	£	£	£
<i>Cost</i>						
At beginning of year	930,588	188,445	4,888,156	202,808	567,434	6,777,431
Additions	29,579	-	120,605	10,606	-	160,790
Transfer between categories	188,445	(188,445)	-	-	-	-
Disposals	-	-	-	(11,499)	-	(11,499)
	<u>1,148,612</u>	<u>-</u>	<u>5,008,761</u>	<u>201,915</u>	<u>567,434</u>	<u>6,926,722</u>
<i>Accumulated depreciation</i>						
At beginning of year	226,392	-	3,814,030	63,830	159,806	4,264,058
Charge for the year	22,980	-	401,347	48,553	57,155	530,035
Disposals	-	-	-	(5,750)	-	(5,750)
	<u>249,372</u>	<u>-</u>	<u>4,215,377</u>	<u>106,633</u>	<u>216,961</u>	<u>4,788,343</u>
<i>Net book value</i>						
At 31 December 2000	<u>899,240</u>	<u>-</u>	<u>793,384</u>	<u>95,282</u>	<u>350,473</u>	<u>2,138,379</u>
At 31 December 1999	<u>704,196</u>	<u>188,445</u>	<u>1,074,126</u>	<u>138,978</u>	<u>407,628</u>	<u>2,513,373</u>

Notes (continued)

9 Investment in subsidiary undertakings

Shares
£

Cost and net book value

At beginning and end of year

2

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.

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.

10 Stocks

	2000 £	1999 £
Raw materials and work in progress	436,699	298,378
Finished goods	548,652	553,388
	<u>985,351</u>	<u>851,766</u>

11 Debtors

	2000 £	1999 £
Trade debtors	667,509	984,215
Amounts owed by group undertakings	129,141	273,826
Other debtors	-	7,583
Prepayments and accrued income	5,922	22,263
	<u>802,572</u>	<u>1,287,887</u>

Notes (continued)

12 Creditors: Amounts falling due within one year

	2000 £	1999 £
Trade creditors	230,854	312,215
Other creditors including taxation and social security	320,939	304,965
Accruals and deferred income	256,457	172,374
	<u>808,250</u>	<u>789,554</u>
Other creditors including taxation and social security comprises:		
Corporation tax	225,000	198,000
Other taxes and social security	95,939	106,965
	<u>320,939</u>	<u>304,965</u>

13 Provisions for liabilities and charges

Deferred taxation

	2000 £	1999 £
At 31 December 1999	241,000	257,000
Transfer to profit and loss account	(58,000)	(16,000)
At 31 December 2000	<u>183,000</u>	<u>241,000</u>

The amounts provided for deferred taxation at 30% (1999: 30%) are set out below:

	£	£
Short term timing differences	(24,750)	(12,897)
Accelerated capital allowances	207,750	253,897

14 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Opening shareholders' funds	7,007,539	6,560,595
Profit for the financial year	381,207	446,944
Closing shareholders' funds	<u>7,388,746</u>	<u>7,007,539</u>

Notes (continued)

15 Called up share capital

	2000 £	1999 £
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	120,000	120,000

16 Pension costs

The pension cost charge represents contributions payable by the company to the funds and amounted to £83,314 (1999: £89,159). At the end of the financial year there were outstanding contributions of £82,500 (1999: £44,623).

17 Commitments

The company had capital commitments at the end of the financial year of £40,604 (1999: £36,807).

The company is committed to a guarantee for £40,000 in favour of HM Customs and Excise (1999: £40,000).

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

	2000 £	1999 £
Expiring after five years	21,000	21,000

18 (a) Reconciliation of operating profit to net cash inflow from operating activities

	2000 £	1999 £
Operating profit	315,351	463,781
Depreciation charge	530,035	506,947
(Increase)/decrease in stocks	(133,585)	242,648
Decrease/(increase) in debtors	485,315	(43,429)
Decrease in creditors	(8,303)	(29,073)
Net cash inflow from operating activities	1,188,813	1,140,874

Notes (continued)

18 (b) Analysis of cash flows

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	233,162	156,067
Interest paid	(28)	(9)
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	233,134	156,058
	<hr/>	<hr/>
Taxation		
Corporation tax paid	(197,429)	(268,183)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(160,790)	(554,066)
Receipts from sale of tangible fixed assets	4,899	1,510
Receipts from subsidiary undertaking	-	182,082
	<hr/>	<hr/>
Net cash outflow for capital expenditure	(155,891)	(370,474)
	<hr/>	<hr/>

18 (c) Analysis of net funds

	At 31 December 2000 £	Cash flow £	At 31 December 1999 £
Cash at bank and in hand	103,692	(31,373)	135,065
Deposit account	4,350,000	1,100,000	3,250,000
	<hr/>	<hr/>	<hr/>
	4,453,692	1,068,627	3,385,065
	<hr/>	<hr/>	<hr/>

19 Reconciliation of net cash flow to movement in net funds

	2000 £	1999 £
(Decrease)/increase in cash in the period	(31,373)	8,000
Cash used to increase liquid resources	1,100,000	650,000
Cash outflow from hire purchase repayments	-	275
	<hr/>	<hr/>
Movement in net funds during the year	1,068,627	658,275
Net funds at the beginning of the year	3,385,065	2,726,790
	<hr/>	<hr/>
Net funds at the end of the year	4,453,692	3,385,065
	<hr/>	<hr/>

Notes (continued)

20 Related party transactions

Goods and services amounting to £44,806 (1999: £91,593) were supplied to Marina Ropes Limited in the normal course of business.

Purchases from Marina Ropes Limited, due in the normal course of business, amounted to £219,789 (1999: £203,024). The net current debt due from Marina Ropes Limited at 31 December 2000 was £129,141 (1999: £273,826). English Braids Limited paid VAT liabilities of £89,571 (1999: £95,008) 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 (1999: £27,000).

During the year, £103,891 of stock was transferred to Marina Ropes Limited at cost (1999: £5,597).

During the year, expenses amounting to £2,544 (1999: £4,848) were reimbursed to Mr PR Earp in relation to the business use of his aircraft.