

**English Braids Limited**

**Director's report and abbreviated  
accounts**

Registered number 932500

For the year ended 31 December 2007

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## Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2007

### Principal activities

The business of the company is the manufacture of braided cord and ladderstring, the wholesaling of venetian blind and marine 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 5

### Principal risks and uncertainties

The business faces a period of stabilisation following the acquisition of the Marlow Ropes business at the end of 2005. This will guide the company down a path of increasing inter-company co-operation and realising the opportunities presented by the increased scale of the operation.

The risk is ensuring that the advantages of the acquisition are fully realised in the forthcoming periods and that they are used to maximum advantage.

### Key financial KPI's

In addition to the traditional focus on sales and profitability, the company is increasing the attention paid to cash flow through improved debtor and stock controls and procedures. This will ensure that cash is generated within all areas of the business going forward.

### Dividends

The director recommends that no dividend be declared (2006 £Nil)

### Director

Mr PR Earp is the sole director and served throughout the year

### Disclosure of information to auditors

The director who held office at the date of approval of this directors' report confirms that, so far as he 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 ought to have taken as a director, to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

Pursuant to Section 487 of Company Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



PR Earp  
Director

Spring Lane  
Malvern Link  
Worcestershire  
WR14 1AL

11 September 2008

## **Statement of director's responsibilities in respect of the director's report and the financial statements**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enables him to ensure that its financial statements comply with the Companies Act 1985. He has 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 under section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 4 to 16, together with the financial statements of English Braids Limited for the year ended 31 December 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in such a 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, for our work, for this report, or for the opinions we have formed.

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

The directors are 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 Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that section and to report our opinion to you.

### ***Basis of opinion***

We conducted our work in accordance with Bulletin 2006/3 *The special auditor's report on abbreviated accounts in the United Kingdom* issued by the Auditing Practices Board. In accordance with that bulletin we have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been properly prepared.

### ***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 have been properly prepared in accordance with that section.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Registered Auditor

23 September  
2008

**Profit and loss account**  
*for the year ended 31 December 2007*

	<i>Note</i>	<b>2007</b> £	<b>2006</b> £
<b>Gross profit</b>		<b>1,431,666</b>	1,690,697
Distribution costs		(91,320)	(125,474)
Administrative expenses		(1,037,970)	(1,051,922)
<b>Operating profit</b>		<b>302,376</b>	513,301
Other interest receivable and similar income	4	169,651	204,918
Profit on sale of fixed assets		1,310	1,333
Interest payable and similar charges	5	(2,894)	(1,140)
<b>Profit on ordinary activities before taxation</b>	6	<b>470,443</b>	718,412
Tax on profit on ordinary activities	7	21,103	(224,510)
<b>Profit on ordinary activities after taxation being profit for the financial year</b>		<b>491,546</b>	493,902

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 2007*

	<i>Note</i>	2007	2006
		£	£
<b>Fixed assets</b>			
Tangible assets	8	3,730,218	3,332,429
Investments	9	263,419	263,419
		<u>3,993,637</u>	<u>3,595,848</u>
<b>Current assets</b>			
Stocks	10	1,010,873	1,139,940
Debtors	11	3,149,081	3,385,046
Cash at bank and in hand		132,917	98,143
Amounts placed on short term deposit		3,500,000	3,400,000
		<u>7,792,871</u>	<u>8,023,129</u>
<b>Creditors</b> Amounts falling due within one year	12	<u>(1,746,523)</u>	<u>(1,917,538)</u>
<b>Net current assets</b>		<u>6,046,348</u>	<u>6,105,591</u>
<b>Total assets less current liabilities</b>		<u>10,039,985</u>	<u>9,701,439</u>
Provisions for liabilities and charges	13	-	(153,000)
<b>Net assets</b>		<u>10,039,985</u>	<u>9,548,439</u>
<b>Capital and reserves</b>			
Called up share capital	16	120,000	120,000
Profit and loss account	15	9,919,985	9,428,439
<b>Shareholders' funds</b>	14	<u>10,039,985</u>	<u>9,548,439</u>

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

These financial statements were approved and signed by the director on 11 September 2008



**PR Earp**  
Director

**Cash flow statement**  
*for the year ended 31 December 2007*

	<i>Note</i>	<b>2007</b> £	<b>2006</b> £
Net cash inflow/(outflow) from operating activities	22(a)	773,847	(390,531)
Returns on investments and servicing of finance	22(b)	166,757	203,778
Taxation	22(b)	(225,555)	(94,111)
Capital expenditure and financial investment	22(b)	(580,275)	(1,820,497)
Net cash inflow/(outflow) before financing, being the increase/(decrease) in cash		<u>134,774</u>	<u>(2 101 361)</u>

**Reconciliation of net cash flow to movement in net funds**

	<b>2007</b> £	<b>2006</b> £
Increase/(decrease) in cash in the year	<u>134,774</u>	<u>(2,101,361)</u>
Movement in net funds during the year	134,774	(2 101,361)
Net funds at the beginning of the year	<u>3,498,143</u>	<u>5 599 504</u>
Net funds at the end of the year	22(c) <u>3,632,917</u>	<u>3,498 143</u>



## 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

The company is exempt, by virtue of s248 of the Companies Act 1985, from the requirement to prepare group financial statements. These financial statements therefore present information about the undertaking as an individual undertaking and not about its group.

#### *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:

Freehold buildings	-	2% straight line
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

No depreciation is provided on land.

#### *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 represent the contributions payable to the schemes in respect of the accounting period.

#### *Cash and liquid resources*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year, as 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### Leases

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

Income from operating leases is credited to the profit and loss account on a straight line basis over the life of the lease

### 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	
	2007	2006
Administration	17	13
Production	38	43
	<hr/>	<hr/>
	55	56
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	1,147,006	1,057,105
Social security costs	142,898	124,877
Other pension costs	5,621	7,200
	<hr/>	<hr/>
	1,295,525	1,189,182
	<hr/>	<hr/>

**Notes** *(continued)*

**3 Remuneration of director**

	2007 £	2006 £
Director's emoluments	370,109	286,725

**4 Other interest receivable and similar income**

	2007 £	2006 £
On cash at bank and amounts placed on short term deposit	169,651	204,918

**5 Interest payable and similar charges**

	2007 £	2006 £
Other interest payable	2,894	1,140

**6 Profit on ordinary activities before taxation**

	2007 £	2006 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Depreciation of tangible assets		
Owned	183,796	186,138
Auditors' remuneration		
Audit of these financial statements	26,766	14 400
Operating lease rentals	26,375	26,375
Operating lease income	(22,500)	(22 500)

## Notes (continued)

### 7 Tax on profit on ordinary activities

#### (i) Analysis of (credit)/charge for the year

	2007	2006
	£	£
<i>Current tax</i>		
Current tax on income for the year	145,000	226,000
Adjustment in respect of earlier year	24,897	(46,490)
	<hr/>	<hr/>
Total current tax	169,897	179,510
<i>Deferred tax</i>		
Origination of timing differences	(9,005)	1,000
Effect of law changes	(156,995)	-
Adjustment in respect of prior years	(25,000)	44,000
	<hr/>	<hr/>
Total deferred tax (see note 13)	(191,000)	45,000
	<hr/>	<hr/>
Tax (credit)/change on profit on ordinary activities	(21,103)	224,510
	<hr/>	<hr/>

#### (ii) Factors affecting the tax charge for the year

The current tax charge for the year is higher (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007	2006
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	470,443	718,412
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the rate of corporation tax in UK of 30% (2006 30%)	141,133	215,524
<i>Effects of</i>		
Expenses not deductible for tax purposes	2,402	6,750
Depreciation for the year less than capital allowances	(12,439)	1,345
Depreciation on ineligible	14,419	3,984
Adjustment to tax charge in respect of previous periods	24,897	(46,490)
Other timing differences	-	(1,603)
Marginal rate relief	(515)	-
	<hr/>	<hr/>
	169,897	179,510
	<hr/>	<hr/>

#### (iii) Factors that may affect the current and total tax charges in future periods

The corporation tax rate applicable to the company changed from 30% to 28% from 1 April 2008

## Notes (continued)

### 8 Fixed assets

	Freehold land and buildings	Long leasehold land and buildings	Plant, machinery and computer equipment	Motor vehicles	Aircraft	Total
	£	£	£	£	£	£
<b>Cost</b>						
At beginning of year	2,164,707	1,148,613	5,199,287	289,052	579,358	9,381,017
Additions	503,345	-	19,181	75,249	-	597,775
Disposals	-	-	-	(42,690)	-	(42,690)
At end of year	2,668,052	1,148,613	5,218,468	321,611	579,358	9,936,102
<b>Depreciation</b>						
At beginning of year	-	387,244	5,130,732	113,423	417,189	6,048,588
Charge for the year	25,092	22,972	34,818	68,466	32,448	183,796
Disposals	-	-	-	(26,500)	-	(26,500)
At end of year	25,092	410,216	5,165,550	155,389	449,637	6,205,884
<b>Net book value</b>						
At 31 December 2007	2,642,960	738,397	52,918	166,222	129,721	3,730,218
At 31 December 2006	2,164,707	761,369	68,555	175,629	162,169	3,332,429

Included in plant and machinery are assets which are leased to Marina Ropes Limited at cost of £960,945 (2006 £960,945), and accumulated depreciation of £960,945 (2006 £960,945)

Included within freehold land and buildings is a property (Britannia Mill) which is leased to Marlow Ropes Limited at cost of £517,348 (2006 £517,348) and accumulated depreciation of £Nil (2006 £Nil)

Included within freehold land and buildings is a property (Hailsham Factory) which is leased to Marlow Ropes Limited at cost of £2,150,704 (2006 £1,647,359) and accumulated depreciation of £25,092 (2006 £Nil)

### 9 Investment in subsidiary undertakings

	Shares £
<b>Cost and net book value</b>	
At beginning and end of year	263,419

The company owns 50% 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.

## Notes (continued)

### 9 Investment in subsidiary undertakings (continued)

In 2003, the company acquired 100% of the issued share capital of John H Blakey Limited, a company registered in England and Wales. The company ceased to trade during 2003.

In December 2005, the company acquired 100% of the issued share capital of Marlow UK Limited, a company registered in England and Wales. The company has subsequently changed its name to Marlow Ropes Limited.

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.

	Retained profit for the financial year		Aggregate share capital and reserves	
	2007	2006	2007	2006
	£	£	£	£
Marina Ropes Limited	15,757	4,113	936,707	920,950
Marlow Ropes Limited	33,993	424,827	458,821	424,828
John H Blakey Limited	-	-	358,742	358,742
Weblash Limited	-	-	2	2

### 10 Stocks

	2007	2006
	£	£
Raw materials	187,695	333,716
Work in progress	53,788	64,846
Finished goods	769,390	741,378
	<u>1,010,873</u>	<u>1,139,940</u>

### 11 Debtors

	2007	2006
	£	£
Trade debtors	359,638	408,992
Amounts owed by group undertakings	2,682,450	2,785,546
Prepayments and accrued income	63,070	103,025
Deferred taxation (note 13)	38,000	-
Other debtors	5,923	87,483
	<u>3,149,081</u>	<u>3,385,046</u>

## Notes (continued)

### 12 Creditors Amounts falling due within one year

	2007 £	2006 £
Trade creditors	137,768	551,374
Amounts owed to group undertakings	729,741	672,694
Other creditors including taxation and social security	407,443	345,580
Accruals and deferred income	471,571	347,890
	<u>1,746,523</u>	<u>1,917,538</u>
Other creditors including taxation and social security comprises		
Corporation tax	168,305	225,408
Other taxes and social security	28,138	27,172
Director's loan	211,000	93,000
	<u>407,443</u>	<u>345,580</u>

### 13 Provisions for liabilities and charges

#### Deferred taxation

	2007 £	2006 £
At beginning of year	153,000	108,000
(Credit)/charge to profit and loss account	(191,000)	45,000
At end of year	<u>(38,000)</u>	<u>153,000</u>

The elements of deferred taxation are as follows

	£	£
Accelerated capital allowances	(38,000)	153,000
	<u>(38,000)</u>	<u>153,000</u>

The 2007 balance of £38,000 is included within debtors

### 14 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	9,548,439	9,054,537
Profit for the financial year	491,546	493,902
Closing shareholders' funds	<u>10,039,985</u>	<u>9,548,439</u>

## Notes (continued)

### 15 Reserves

	Profit and loss account £
At beginning of year	9 428,439
Profit for the year	491 546
	<hr/>
At end of year	9,919,985
	<hr/>

### 16 Called up share capital

	2007 £	2006 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	120,000	120,000
	<hr/>	<hr/>

### 17 Pension costs

The pension cost charge represents contributions payable by the company to the funds and amounted to £5,620 (2006 £7,200) At the end of the financial year there were outstanding contributions of £Nil (2006 £Nil)

### 18 Commitments

The company had capital commitments at the end of the financial year of £Nil (2006 £Nil)

The company is committed to a guarantee for £40,000 in favour of HM Customs and Excise (2006 £40,000)

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

	2007 £	2006 £
Expiring after more than five years	26,375	26 375
	<hr/>	<hr/>

### 19 Contingent liabilities

The company is party to a group registration for VAT At the year end, the maximum liability under this arrangement was £97,431 (2006 £35,464)



## Notes (continued)

### 20 Related party transactions

Goods and services amounting to £239,511 (2006 £77,528) were supplied to Marina Ropes Limited and purchases from Marina Ropes Limited amounted to £69,881 (2006 £71,683). All transactions were made in the normal course of business.

The company rented out plant and machinery to Marina Ropes Limited and received income of £22,500 during the year (2006 £22,500).

English Braids Limited paid VAT liabilities of £148,469 (2006 £121,686) on behalf of Marina Ropes Limited, which was settled through the current account.

The company received £Nil for management charges from Marina Ropes Limited in the year (2006 £6,000).

The net current debt due to Marina Ropes Limited at 31 December 2007 was £361,870 (2006 £276,090).

Goods and services amounting to £1,187,301 (2006 £196,184) were supplied to Marlow Ropes Limited and purchases from Marlow Ropes Limited amounted to £398,616 (2006 £47,368). All transactions were made in the normal course of business.

English Braids Limited paid VAT liabilities of £285,871 (2006 £284,382) on behalf of Marlow Ropes Limited, which was settled through the current account.

The company received £102,000 (2006 £120,000) for management charges from Marlow Ropes Limited. The company leased property to Marlow Ropes Limited and received income of £60,000 during the year (2006 £Nil).

In 2006, English Braids Limited issued an intercompany loan to Marlow Ropes Limited. The amount outstanding at 31 December 2007 was £1,512,934 (2006 £1,516,749). No interest accrued on the loan for the year ended 31 December 2007 (2006 £Nil).

The debit balance of the current account with Marlow Ropes Limited as at 31 December 2007 was £1,160,389 (2006 £47,368 credit).

The net current debt due to John H Blakey Limited was £358,742 (2006 £358,742).

During the year, expenses amounting to £11,916 (2006 £19,011) were reimbursed to Mr PR Earp in relation to the business use of his aircraft.

### 21 Ultimate controlling party

The ultimate controlling party is Mr PR Earp, who is the sole director and who owns 100% of the share capital of the company.

**Notes (continued)**

**22 (a) Reconciliation of operation profit to net cash inflow from operating activities**

	2007 £	2006 £
Operating profit	302,376	513,301
Depreciation charge	183,796	186,138
Decrease/(increase) in stocks	129,067	(31,214)
Decrease/(increase) in debtors	235,965	(1 434 838)
(Decrease)/increase in creditors	(77,357)	376,082
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	773,847	(390,531)
	<hr/>	<hr/>

**(b) Analysis of cash flows**

	2007 £	2006 £
<b>Returns on investments and servicing of finance</b>		
Interest received	169,651	204,918
Interest payable	(2,894)	(1,140)
	<hr/>	<hr/>
	166,757	203,778
	<hr/>	<hr/>
<b>Taxation</b>		
Corporation tax paid	225,555	94,111
	<hr/>	<hr/>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	597,775	1 860,996
Receipts from sale of tangible fixed assets	(17,500)	(40,499)
	<hr/>	<hr/>
	580,275	1,820 497
	<hr/>	<hr/>

**(c) Analysis of net funds**

	At beginning of year £	Cash flow £	At end of year £
Cash at bank and in hand	98,143	34 774	132,917
Deposit account	3 400 000	100 000	3,500,000
	<hr/>	<hr/>	<hr/>
	3 498 143	134 774	3,632,917
	<hr/>	<hr/>	<hr/>