English Braids Limited

Annual report and consolidated financial statements

Registered number 00932500

For the year ended 31 December 2019

Contents

Company information

Directors	P Earp HR Earp
Secretary	M Earp
Registered office	Spring Lane Malvern Link Malvern Worcestershire WR14 1AL
Registered number	00932500 (England and Wales)
Auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

Strategic report

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

Principal activities and review of business

The principal activities of the group and company during the year continued to be the manufacture of ropes, cords and braids in a variety of sizes and constructions sold into UK and export markets.

2019 saw the group continue to achieve growth with its customer base in key markets and strengthen its asset base.

The directors are pleased with the profit achieved on ordinary activities for the year and the state of affairs at the balance sheet date.

In order to monitor the Group's performance, management uses the following key performance Indicators to ensure targets are achieved:

	2019	2018
1. Group turnover growth year on year	2.7%	-2.4%
2. Return on capital employed ("ROCE") – Note 1	9.7%	9.7%
3. EBITDA – Note 2	£3.3m	£3.2m

Note 1 - Return on capital employed ("ROCE") = Profit before tax / total assets less current liabilities
Note 2 - EBITDA = Profit before tax + depreciation – interest received

By closely monitoring these indicators, management is able to react to any adverse conditions which may occur and take corrective action.

The directors recognise that 2020 and 2021 could be challenging years, given the competitive nature of the markets in which the group operates. The group, however, with a strong asset base, continues to be well placed for the future whilst at the same time seeking investment vehicles to further grow the group profitability and cash reserves in the future.

Principal risks and uncertainties

The group's global presence in a number of competitive market segments has enabled it to perform strongly during and post the recession. Whilst any global downturn might provide significant challenges to the group the directors consider the group well placed, with its significant cash reserves, to continue to prosper and continue its growth strategy.

Existing customers relationships have been maintained and new customers won. The risk from exchange fluctuation is not considered material as the business' cost base is being carefully controlled to maintain profitability.

There are no other material exposures of the group relating to price risk, credit risk, liquidity risk and cash flow risk which are material for the assessment of the assets, liabilities, financial position and profit of the group.

As a result of the Covid-19 pandemic the Company furloughed some staff in its manufacturing plants in late March 2020 to help protect the safety and wellbeing of employees. However, the Company continued to trade in April and May at notably lower sales, operating in line with the latest government guidelines. Through June and July and to the date of this report, the Company is operating close to pre-pandemic levels and is performing well. In achieving this level of financial performance for the current environment and to ensure longevity, the Company has made use of the government's Coronavirus Job Retention Scheme, reduced headcount, curtailed discretionary expenditure and is tightly controlling working capital.

The Company and Group is funded by working capital and a strong cash reserve of £20m, with no external debt. The Company is a guarantor to the working capital facilities of its subsidiary group undertakings Marlow Ropes Limited, Ibex Marine Ropes Limited and Ace Supplies Limited.

In light of the outbreak of the pandemic the Directors have prepared more detailed profit and cash forecasts for the period to 31 December 2021 and have considered the potential effects of the pandemic on the company's performance, liquidity and therefore ability to meet its financial obligations. The Directors have considered a severe but plausible downside scenario, which is that trade for the remainder of 2020 continues at levels experienced in April and May, before gradually reverting to prior year levels. Based on this assessment the company retained significant positive cash balances at all times and the Directors considered that it was appropriate to adopt the going concern basis having reviewed any uncertainties that may affect the Company's ability to continue as a going concern for at least the next 15 months from the date these Financial Statements were approved.

By order of the board

P Earp
Director

16 November 2020

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Dividends

No dividends will be distributed for the year ended 31 December 2019 *(2018: £Nil)*.

Directors

The directors shown below have held office during the whole of the year from 1 January 2019 to the date of this report.

P Earp
H R Earp

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

By order of the board

P Earp
Director

Spring Lane
Malvern Link
Malvern
Worcestershire
WR14 1AL

16 November 2020

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

kpmg

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of English Braids Limited

Opinion

We have audited the financial statements of English Braids Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated profit and loss account and other comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity and Consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of English Braids Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Ward

Stephen Ward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

16 November 2020

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover			
Group and share of joint ventures		16,493,865	15,925,491
Less: Share of joint ventures' turnover		(1,475,913)	(1,307,486)
Group turnover	2	15,017,952	14,618,005
Cost of sales		(7,867,350)	(7,787,123)
Gross profit		7,150,602	6,830,882
Distribution costs		(863,773)	(863,960)
Administrative expenses		(3,909,813)	(3,778,759)
Operating profit	3	2,377,016	2,188,163
Share of operating profit in joint venture	12	389,730	321,384
Profit on sale of fixed assets		25,895	11,192
Other interest receivable and similar income:	6	188,751	171,605
Other interest payable and similar charges	7	(58,371)	-
Profit before taxation		2,923,021	2,692,344
Taxation	8	(509,159)	(484,861)
Profit for the year		2,413,862	2,207,483
Total comprehensive income for the year		2,413,862	2,207,483

The notes on pages 14 to 28 form an integral part of these financial statements.

Consolidated Balance Sheet
at 31 December 2019

	Note	2019 £	£	2018 £	£
Intangible assets					
Goodwill	*10*		**107,783**		179,639
Fixed assets					
Tangible assets	*11*		**8,417,037**		5,791,152
Investments in Joint Venture:					
Share of gross assets	*12*		**3,922,747**		3,537,754
Share of gross liabilities	*12*		**(193,143)**		(197,880)
Investment property	*13*		**588,044**		588,044
			12,842,468		9,898,709
Current assets					
Stocks	*14*	**3,669,815**		3,473,885	
Debtors	*15*	**2,044,644**		1,709,601	
Cash at bank and in hand		**20,702,017**		21,357,801	
		26,416,476		26,541,287	
Creditors: amounts falling due within one year	*17*	**(9,152,353)**		(8,723,404)	
Net current assets			**17,264,123**		17,817,883
Total assets less current liabilities			**30,106,591**		27,716,592
Provisions for liabilities	*18*		**(23,749)**		(47,612)
Net assets			**30,082,842**		27,668,980
Capital and reserves					
Called up share capital	*19*		**120,000**		120,000
Profit and loss account			**29,962,842**		27,548,980
Shareholders' funds			**30,082,842**		27,668,980

The notes on pages 14 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 16 November 2020 and were signed on its behalf by:

P Earp
Director

Company registered number: 00932500

Company Balance Sheet
at 31 December 2019

	Note	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	*11*		**8,048,987**		5,359,058
Investments	*12*		**904,203**		904,203
Investment property	*13*		**588,044**		588,044
			9,541,234		6,851,305
Current assets					
Stocks	*14*	**1,361,632**		1,475,537	
Debtors	*15*	**841,497**		686,897	
Cash at bank and in hand		**20,263,826**		20,713,616	
		22,466,955		22,876,050	
Creditors: amounts falling due within one year	*17*	**(14,790,792)**		(13,224,181)	
Net current assets			**7,676,163**		9,651,869
Total assets less current liabilities			**17,217,397**		16,503,174
Provisions for liabilities	*18*		**(7,918)**		(26,314)
Net assets			**17,209,479**		16,476,860
Capital and reserves					
Called up share capital	*19*		**120,000**		120,000
Profit and loss account			**17,089,479**		16,356,860
Shareholders' funds			**17,209,479**		16,476,860

The notes on pages 14 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 16 November 2020 and were signed on its behalf by:

P Earp
Director

Company registered number: 00932500

Consolidated Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2018	120,000	25,341,497	25,461,497
Total comprehensive income for the period			
Profit for the year	-	2,207,483	2,207,483
Balance at 31 December 2018	120,000	27,548,980	27,668,980
Balance at 1 January 2019	120,000	27,548,980	27,668,980
Total comprehensive income for the period			
Profit for the year	-	2,413,862	2,413,862
Balance at 31 December 2019	**120,000**	**29,962,842**	**30,082,842**

The notes on pages 14 to 28 form an integral part of these financial statements.

Company Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2018	120,000	15,684,709	15,804,709
Total comprehensive income for the period			
Profit for the year	-	672,151	672,151
Balance at 31 December 2018	120,000	16,356,860	16,476,860
Balance at 1 January 2019	120,000	16,356,860	16,476,860
Total comprehensive income for the period			
Profit for the year	-	732,619	732,619
Balance at 31 December 2019	**120,000**	**17,089,479**	**17,209,479**

The notes on pages 14 to 28 form an integral part of these financial statements.

Consolidated Cash Flow Statement

for year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		**2,413,862**	2,207,483
Adjustments for:			
Amortisation of goodwill		**71,856**	71,856
Depreciation, amortisation and impairment		**543,916**	649,292
Profit on disposal of fixed assets		**(25,893)**	(11,192)
Finance income		**(189,033)**	(108,299)
Share of profit of joint venture		**(389,730)**	(321,384)
(Increase)/ decrease in stocks		**(195,932)**	36,384
Decrease/(increase) in trade and other debtors		**(335,043)**	672,895
Increase/(decrease) in trade and other creditors		**456,316**	(29,753)
Taxation		**599,044**	559,868
Cash generated from operations		**2,949,363**	3,727,150
Tax paid		**(650,273)**	(674,160)
Net cash from operating activities		**2,299,090**	3,052,990
Cash flows from investing activities			
Purchase of tangible fixed assets		**(3,197,534)**	(1,483,708)
Proceeds from sale of tangible fixed assets		**53,626**	13,834
Interest received		**189,033**	108,299
Net cash from investing activities		**(2,954,875)**	(1,361,575)
Net increase in cash and cash equivalents		**(655,785)**	1,691,415
Cash and cash equivalents at 1 January		**21,357,802**	19,666,387
Cash and cash equivalents at 31 December	*16*	**20,702,017**	21,357,802

The notes on pages 14 to 28 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

English Braids Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 00932500 and the registered address is Spring Lane, Malvern Link, Worcestershire, WR14 1AL.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As a result of the Covid-19 pandemic the Company furloughed some staff in its manufacturing plants in late March 2020 to help protect the safety and wellbeing of employees. However, the Company continued to trade in April and May at notably lower sales, operating in line with the latest government guidelines. Through June and July and to the date of this report, the Company is operating close to pre-pandemic levels and is performing well. In achieving this level of financial performance for the current environment and to ensure longevity, the Company has made use of the government's Coronavirus Job Retention Scheme, reduced headcount, curtailed discretionary expenditure and is tightly controlling working capital.

In light of the outbreak of the pandemic the Directors have prepared more detailed profit and cash forecasts for the period to 31 December 2021 and have considered the potential effects of the pandemic on the company's performance, liquidity and therefore ability to meet its financial obligations. The Directors have considered a severe but plausible downside scenario, which is that trade for the remainder of 2020 continues at levels experienced in April and May, before gradually reverting to prior year levels. The Company and Group is funded by working capital and a strong cash reserve of £20m, with no external debt. The Company is a guarantor to the working capital facilities of its subsidiary group undertakings Marlow Ropes Limited, Ibex Marine Ropes Limited and Ace Supplies Limited.

Consequently, the directors are confident that the Company and Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 14 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Notes *(continued)*

1 Accounting policies *(continued)*

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less results of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The profit for the financial year included in the financial statements of the company is £732,619 *(2018: £672,151)*.

In the parent financial statements, investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold property – 2% on cost
- Long leasehold – 2% on cost
- Aircraft – 10% on cost
- Plant and Machinery – 15% on cost
- Fixtures and fittings – 15% on cost
- Motor Vehicles – 25% on cost
- Computer equipment – 25% on cost

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the group expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies *(continued)*

1.5 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

1.6 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 5 years

- The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.
- Goodwill is tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.7 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.11 Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

1.12 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Taxation (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

The turnover and profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is as follows:

	2019	2018
	£	£
United Kingdom	**8,338,139**	8,005,046
Rest of the World	**6,679,813**	6,612,959
	15,017,952	14,618,005

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019	2018
	£	£
Other operating leases	**440,056**	408,766
Depreciation of owned assets	**543,916**	649,292
Amortisation of goodwill	**71,856**	71,856

Auditor's remuneration:

Audit of these financial statements	**15,873**	16,072
Audit of financial statements of subsidiaries of the company	**21,006**	20,112
Audit of joint venture company	**15,873**	15,478
Taxation compliance services	**15,096**	14,250
Other services	**948**	948

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2019	2018
Administration	**47**	49
Production	**97**	95
	144	144

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	**4,055,975**	4,043,587
Social security costs	**3,43,969**	352,778
Other pension costs	**118,736**	94,469
	4,518,680	4,490,834

5 Directors' remuneration

	2019 £	2018 £
Directors' remuneration	**563,935**	645,987
Company contributions to money purchase pension plans	**3,882**	7,610

The number of directors to whom retirement benefits were accruing was as follows:

	Number of directors	
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

Information regarding the highest paid director is as follows:

	£	£
Remuneration	**488,759**	488,688
Pension contributions to money purchase schemes	**3,882**	-

6 Other interest receivable and similar income

	2019 £	2018 £
Foreign exchange gain	**-**	63,486
Deposit account interest	**188,751**	108,119
	188,751	171,605

Notes *(continued)*

7 Other interest payable and similar expenses

	2019 £	2018 £
Foreign exchange loss	**(58,370)**	-

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2019 £	£	2018 £	£
Current tax				
Current tax on income for the period	**533,725**		526,354	
Adjustments in respect of prior periods	**(703)**		1,349	
Total current tax		**533,022**		527,703
Deferred tax (see note 18)				
Origination and reversal of timing differences	**(24,492)**		(42,782)	
Adjustments in respect of prior years	**629**		(60)	
Total deferred tax		**(23,863)**		(42,842)
Total tax		**509,159**		484,861

Reconciliation of effective tax rate

	2019 £	2018 £
Profit for the year	**2,413,862**	2,207,483
Total tax expense	**509,159**	484,861
Share of joint venture results	**(389,730)**	(321,384)
Profit excluding taxation	**2,533,291**	2,370,960
Tax using the UK corporation tax rate of 19% *(2018: 19%)*	**481,325**	450,482
Depreciation on ineligible assets	**21,555**	20,715
Expenses not taxable	**3,472**	7,343
Difference between corporation and deferred tax rates	**2,881**	5,032
Adjustment in respect of previous periods	**(74)**	1,289
Total tax expense included in profit or loss	**509,159**	484,861

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 December 2020 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge and deferred tax balance.

Notes *(continued)*

9 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss and Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £732,619 *(2018: £672,151)*.

10 Goodwill

Group

	Goodwill £000
Cost	
Balance at beginning and end of year	359,278
Amortisation and impairment	
Balance at beginning of year	179,639
Amortisation for the year	71,856
Balance at end of year	251,495
Net book value	
At 31 December 2019	**107,783**
At 31 December 2018	179,639

Notes *(continued)*

11 Tangible fixed assets

Group

	Freehold property £	Long leasehold property £	Aircraft £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost								
At beginning of year	3,039,185	2,628,142	407,595	6,582,593	317,092	436,185	526,727	13,937,519
Additions	-	2,934,666	-	86,878	67,326	88,468	20,196	3,197,534
Disposals	-	-	-	(1,800)	-	(77,000)	-	(78,800)
At end of year	3,039,185	5,502,808	407,595	6,667,671	384,418	447,653	546,923	17,056,253
Depreciation and impairment								
At beginning of year	638,091	692,770	101,349	5,794,272	237,007	209,756	473,122	8,146,367
Depreciation charge for the year	60,884	52,563	40,299	231,186	27,926	103,142	27,916	543,916
Disposals	-	-	-	(12,567)	-	(38,500)	-	(51,067)
At end of year	698,975	745,333	141,648	6,012,891	264,933	274,398	501,038	8,639,216
Net book value								
At 31 December 2019	**2,340,210**	**4,817,475**	**265,947**	**654,780**	**119,485**	**173,255**	**45,885**	**8,417,037**
At 31 December 2018	2,401,094	1,935,372	306,246	788,321	80,085	226,429	53,605	5,791,152

Included within long leasehold property are assets in the course of construction of £2,934,666 that are not depreciated.

Notes *(continued)*

11 Tangible fixed assets *(continued)*

Company

	Freehold property £	Long leasehold property £	Aircraft £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost								
At beginning of year	3,039,183	2,628,142	407,595	5,113,558	190,052	452,137	327,963	12,158,630
Additions	-	2,934,666	-	37,282	64,223	88,468	15,257	3,139,896
Disposals	-	-	-	-	-	(77,000)	-	(77,000)
At end of year	3,039,183	5,562,808	407,595	5,150,840	254,275	463,605	343,220	15,221,526
Depreciation and impairment								
At beginning of year	638,089	692,769	101,350	4,664,712	173,878	225,708	303,066	6,799,572
Depreciation charge for the year	60,884	52,563	40,299	129,828	12,774	103,142	11,977	411,467
Disposals	-	-	-	-	-	(38,500)	-	
Reclassification								
At end of year	698,973	745,332	141,649	4,794,540	186,652	290,350	315,043	7,172,539
Net book value								
At 31 December 2019	**2,340,210**	**4,817,476**	**265,946**	**356,300**	**67,623**	**173,255**	**28,177**	**8,048,987**
At 31 December 2018	2,401,094	1,935,373	306,245	448,846	16,174	226,429	24,897	5,359,058

Included within long leasehold property are assets in the course of construction of £2,934,666 that are not depreciated.

Notes *(continued)*

12 Fixed asset investments

Group

	Interest in joint venture £
Cost	
At beginning of year	3,339,874
Share of profit	389,730
At end of year	3,729,604
Net book value	
At 31 December 2019	**3,729,604**
At 31 December 2018	3,339,874

Interest in joint venture – Ibex Marina Ropes Limited

The group's share of Ibex Marina Ropes Limited is as follows:

	2019 £	2018 £
Turnover	**1,475,913**	1,307,486
Profit before taxation	**479,616**	396,391
Taxation	**(89,885)**	(75,007)
Share of assets		
Fixed assets	**117,975**	63,602
Current assets	**3,804,772**	3,474,152
	3,922,747	3,537,754
Share of liabilities		
Liabilities due within one year	**(193,143)**	(197,880)
Liabilities due after one year or more	-	-
	(193,143)	(197,880)
Share of net assets	**3,729,604**	3,339,874

Notes *(continued)*

12 Fixed asset investments *(continued)*

Company

	Shares in group undertaking £	Investment in joint venture £	Total £
Cost			
At beginning and end of year	904,202	1	904,203
Net book value			
At 31 December 2019	**904,202**	**1**	**904,203**
At 31 December 2018	904,202	1	904,203

Joint venture

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity it is treated as a jointly controlled entity. The Group's share of the profits less losses of its joint venture is included in the consolidated profit and loss account and its interest in its net assets is recorded on the balance sheet using the equity method.

In the parent financial statements, Investments in subsidiaries and its jointly controlled entities are carried at cost less impairment.

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

	Registered office address	Principal activity	Class and percentage of shares held Group
Subsidiary undertakings			
Marlow Ropes Limited	Spring Lane, Malvern Link, Worcestershire WR14 1AL	Manufacture of ropes and braids	Ordinary 100%
Ibex Ropes Limited	Spring Lane, Malvern, Worcestershire WR14 1AZ	Dormant	Ordinary 100%
JH Blakey Limited	Spring Lane, Malvern Link, Worcestershire WR14 1AL	Dormant	Ordinary 100%
Marlow Ropes Inc	155 Federal Street, Suite 700, Boston, MA 02110, USA	Sale of braided cord and rope	Ordinary 100%
Ibex Marina Ropes Limited	Spring Lane, Malvern Link, Worcestershire WR14 1AL	Manufacture of ropes and braids	Ordinary 50%
Weblash Limited	Spring Lane, Malvern, Worcestershire WR14 1AZ	Dormant	Ordinary 50%
ACE Supplies (UK) Limited	Unit C1 B, Stafford Park 4, Telford, Shropshire TF3 3BA	Manufacture and supply of plastic products and assemblies	Ordinary 100%

Notes *(continued)*

13 Investment property

Group and Company

	£
Fair value	
At beginning and end of year	588,044

The investment property has been valued by the directors.

14 Stocks

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Raw materials	**1,241,103**	1,057,833	**444,332**	551,198
Work in progress	**624,912**	430,088	**296,251**	240,516
Finished goods	**1,803,800**	1,985,964	**621,049**	683,823
	3,669,815	3,473,885	**1,361,632**	1,475,537

15 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Trade debtors	**1,790,762**	1,448,413	**708,161**	542,348
Amounts owed by joint venture	**49,327**	48,291	**-**	-
Prepayments and accrued income	**204,555**	212,897	**133,336**	144,549
	2,044,644	1,709,601	**841,497**	686,897

16 Cash and cash equivalents/ bank overdrafts

	2019	2018
	£	£
Cash at bank and in hand	**20,702,017**	21,357,801
Cash and cash equivalents per cash flow statements	**20,702,017**	21,357,801

Notes *(continued)*

17 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	**410,671**	471,557	**82,069**	120,068
Amounts owed to group undertakings	**-**	-	**6,753,534**	5,568,370
Amounts owed to joint venture	**6,649,229**	6,075,918	**6,649,229**	6,075,918
Taxation	**287,599**	314,966	**109,189**	129,381
Social security and other taxes	**222,037**	291,256	**41,433**	145,490
Other creditors	**427,432**	578,555	**428,001**	579,124
Accruals and deferred income	**1,155,385**	991,152	**727,337**	605,830
	9,152,353	8,723,404	**14,790,792**	13,224,181

18 Provisions for liabilities

Deferred taxation

	Group £	Company £
At beginning of year	47,612	26,314
(Credit)/charge to profit and loss account	(23,863)	(18,396)
At end of year	**23,749**	**7,918**

	Group 2019 £	2018 £	Company 2019 £	2018 £
Accelerated capital allowances	**23,749**	47,612	**7,918**	26,314

19 Capital and reserves

Share capital

	2019 £	2018 £
Allotted, issued and fully paid		
120,000 ordinary shares of £1 each	**120,000**	120,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes *(continued)*

20 Pension commitments

The pension cost charge represents contributions payable by the Group to the defined contributions scheme and amounted to £118,736 *(2018: £94,469)*. At the end of the financial year there were outstanding contributions of £24,965 *(2018: £6,161)*.

21 Contingent liabilities

The Company is party to a Group registration for VAT. At the year end, the maximum liability under this arrangement was £233,196 *(2018: £227,704)*.

22 Related party disclosures

English Braids Limited supplied goods and services amounting to £391,020 *(2018: £289,212)* to Ibex Marina Ropes Limited and purchases amounted to £190,686 *(2018: £276,726)*. Ibex Marina Ropes Limited is jointly owned by English Braids Limited and P Earp, the ultimate controlling party. All transactions were made in the normal course of business. The balance owed to Ibex Marina Ropes Limited as at 31 December 2019 was £6,687,864 *(2018: £6,075,921)*.

English Braids Limited charged Ibex Marina Ropes Limited £27,000 *(2018: £27,000)* for the use of plant and machinery and £60,000 *(2018: £60,000)* for management provided by English Braids Limited.

EBL Pension Fund charged Ibex Marina Ropes Limited £57,750 *(2018: £57,750)* for rental of the business property, settled through the current account with English Braids Limited. P Earp is a beneficiary of the EBL Pension Fund.

English Braids Limited paid VAT liabilities of £315,745 *(2018: £238,957)* on behalf of Ibex Marina Ropes Limited, which was settled through the current account.

English Braids Limited paid £nil *(2018: £2,264)* for business travel in an aircraft owned by P Earp, a director of English Braids Limited.

The balance owed to P Earp by English Braids Limited at 31 December 2019 was £388,652 *(2018: £579,124)*

23 Ultimate controlling party

The ultimate controlling party is P Earp, who is a director and owns 100% of the share capital of the company.

24 Accounting estimates and judgements

Estimates and assumptions are reviewed on an ongoing basis. The key accounting estimates and judgements are considered to be as follows:

Stocks

Stocks are valued at the lower of cost and net realisable value. Provisions are held in respect of obsolete, damaged or stock considered to be non-saleable.

Debtors

Provisions are calculated for all debts considered to be non-collectable.