English Braids Limited

Annual report and consolidated financial statements

Registered number 00932500

For the year ended 31 December 2017

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 2017.

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.

2017 saw the group continue to achieve growth with its customer base in key markets and strengthen its asset base; it also increased its cash at bank.

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

In addition to the traditional focus on sales, profitability and cash the group uses KPI's as measures of its performance, particularly in the area of working capital management.

The directors recognise that 2018 could be a challenging year, 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.

By order of the board

P Earp
Director

6th June 2018

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Dividends

No dividends will be distributed for the year ended 31 December 2017 *(2016: £Nil)*.

Directors

The directors shown below have held office during the whole of the year from 1 January 2017 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
6th June 2018

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 2017 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 2017 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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 4, 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.

G Neale

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

6th June 2018

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2017

	Note	2017	2016
		£	£
Turnover			
Group and share of joint ventures		**16,357,306**	13,949,024
Less: Share of joint ventures' turnover		**(1,380,967)**	(1,303,224)
Group turnover	3	**14,976,339**	12,645,800
Cost of sales		**(7,702,176)**	(6,567,156)
Gross profit		**7,274,163**	6,078,644
Distribution costs		**(786,798)**	(673,103)
Administrative expenses		**(3,559,389)**	(3,337,757)
Operating profit	4	**2,927,976**	2,067,784
Share of operating profit in joint venture		**366,502**	356,603
Profit on sale of fixed assets		**38,241**	156,432
Other interest receivable and similar income:	7	**32,662**	210,693
Interest payable and similar expenses	8	**(127,958)**	-
Profit before taxation		**3,237,423**	2,791,512
Taxation	9	**(572,027)**	(419,578)
Profit for the year		**2,665,396**	2,371,934
Total comprehensive income for the year		**2,665,396**	2,371,934

The notes on pages 13 to 28 form an integral part of these financial statements.

Consolidated Balance Sheet
at 31 December 2017

	Note	**2017** £	£	2016 £	£
Intangible assets					
Goodwill	*11*		**251,495**		323,350
Fixed assets					
Tangible assets	*12*		**4,959,379**		4,943,806
Investments in Joint Ventures:					
Share of gross assets	*13*		**3,182,253**		2,836,810
Share of gross liabilities	*13*		**(163,763)**		(184,822)
Investment property	*14*		**588,044**		588,044
			8,817,408		8,507,188
Current assets					
Stocks	*15*	**3,510,268**		3,333,701	
Debtors	*16*	**2,382,496**		2,177,029	
Cash at bank and in hand		**19,666,387**		16,615,374	
		25,559,151		22,126,104	
Creditors: amounts falling due within one year	*18*	**(8,824,608)**		(7,741,591)	
Net current assets			**16,734,543**		14,384,513
Total assets less current liabilities			**25,551,951**		22,891,701
Provisions for liabilities	*19*		**(90,454)**		(95,600)
Net assets			**25,461,497**		22,796,101
Capital and reserves					
Called up share capital	*20*		**120,000**		120,000
Profit and loss account			**25,341,497**		22,676,101
Shareholders' funds			**25,461,497**		22,796,101

The notes on pages 13 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 6th June 2018 and were signed on its behalf by:

P Earp
Director

Company registered number: 00932500

Company Balance Sheet
at 31 December 2017

	Note	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	12		**4,396,209**		4,409,173
Investments	13		**904,203**		904,203
Investment property	14		**588,044**		588,044
			5,888,456		5,901,420
Current assets					
Stocks	15	**1,164,890**		953,005	
Debtors	16	**1,046,249**		770,110	
Cash at bank and in hand		**18,337,558**		15,521,649	
		20,548,697		17,244,764	
Creditors: amounts falling due within one year	18	**(10,572,415)**		(8,124,317)	
Net current assets			**9,976,282**		9,120,447
Total assets less current liabilities			**15,864,738**		15,021,867
Provisions for liabilities	19		**(60,029)**		(52,775)
Net assets			**15,804,709**		14,969,092
Capital and reserves					
Called up share capital	20		**120,000**		120,000
Profit and loss account			**15,684,709**		14,849,092
Shareholders' funds			**15,804,709**		14,969,092

The notes on pages 13 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 6th June 2018 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 2016	120,000	20,304,167	20,424,167
Total comprehensive income for the period			
Profit or loss	-	2,371,934	2,371,934
Balance at 31 December 2016	120,000	22,676,101	22,796,101
Balance at 1 January 2017	120,000	22,676,101	22,796,101
Total comprehensive income for the period			
Profit or loss	-	2,665,396	2,665,396
Balance at 31 December 2017	**120,000**	**25,341,497**	**25,461,497**

The notes on pages 13 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 2016	120,000	13,890,978	14,010,978
Total comprehensive income for the period			
Profit or loss	-	958,114	958,114
Balance at 31 December 2016	120,000	14,849,092	14,969,092
Balance at 1 January 2017	120,000	14,849,092	14,969,092
Total comprehensive income for the period			
Profit or loss	-	835,617	835,617
Balance at 31 December 2017	**120,000**	**15,684,709**	**15,804,709**

The notes on pages 13 to 28 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 December 2017

	Note	2017	2016
		£	£
Cash flows from operating activities			
Profit for the year		**2,665,396**	2,371,934
Adjustments for:			
Amortisation of goodwill		**71,855**	35,928
Depreciation, amortisation and impairment		**577,532**	529,292
Profit on disposal of fixed assets		**(38,241)**	(156,432)
Finance income		**(32,675)**	(47,084)
Share of profit of joint venture		**(366,502)**	(356,572)
Increase in stocks		**(176,567)**	(241,936)
Increase in trade and other debtors		**(205,467)**	(475,018)
Increase in trade and other creditors		**1,147,713**	712,637
Taxation		**662,492**	508,864
Cash generated from operations		**4,305,536**	2,881,613
Tax paid		**(732,331)**	(294,810)
Net cash from operating activities		**3,573,205**	2,586,803
Cash flows from investing activities			
Purchase of tangible fixed assets		**(680,326)**	(879,883)
Proceeds from sale of tangible fixed assets		**125,459**	170,464
Interest received		**32,675**	47,084
Acquisition of subsidiary	*2*	**-**	(904,201)
Cash acquired with subsidiary		**-**	473,661
Net cash from investing activities		**(522,192)**	(1,092,875)
Net increase in cash and cash equivalents		**3,051,013**	1,493,928
Cash and cash equivalents at 1 January		**16,615,374**	15,121,446
Cash and cash equivalents at 31 December	*17*	**19,666,387**	16,615,374

The notes on pages 13 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 Company and the Group business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 2.
The directors believe that the Company and the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook.
The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting continues to be used in the preparation of the annual financial statements.

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 2017. 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.

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.

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 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.

1.4 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.

1.5 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)*

1.6 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 at the acquisition date 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.

1.7 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.

1.8 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.

1.9 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)*

1.10 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.

1.11 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.

1.12 Turnover

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

1.13 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.

1.14 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 Acquisition

On 10 June 2016, the Group acquired 100% of Ace Supplies UK Limited for £904,201. The company manufactures and supplies plastic products and assemblies. The business contributed revenue of £489,933 and net profit of £89,522 to the revenue and net profit for the period from 10 June to 31 December 2016.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Book and fair value realised acquisition £000
Acquiree's net assets at the acquisition date:	
Tangible fixed assets	**21,988**
Stocks	**92,843**
Trade and other debtors	**81,156**
Cash	**473,661**
Trade and other creditors	**(120,725)**
Deferred tax liabilities	**(4,000)**
Net identifiable assets and liabilities	**544,923**
Total cost of business combination:	
Consideration paid:	
Initial cash price paid	**904,201**
Initial cash consideration relating to business combination	**894,923**
Costs directly attributable to the business combination	**9,378**
Total consideration	**904,201**
Goodwill on acquisition	**359,278**

No fair value adjustments were identified in connection with this acquisition. The expected useful life of goodwill stemming from this acquisition is 5 years.

Notes *(continued)*

3 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:

	2017 £	2016 £
United Kingdom	**8,587,862**	7,260,528
Rest of the World	**6,388,477**	5,385,272
	14,976,339	12,645,800

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017 £	2016 £
Other operating leases	**420,610**	405,883
Depreciation of owned assets	**577,532**	529,292
Amortisation of goodwill	**71,855**	35,928

Auditor's remuneration:

Audit of these financial statements	**14,997**	14,280
Audit of financial statements of subsidiaries of the company	**18,313**	17,780
Audit of joint venture company	**14,420**	14,280
Taxation compliance services	**19,600**	19,250
Other services	**920**	900

5 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 2017	2016
Administration	**49**	49
Production	**92**	83
	141	132

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	**3,855,752**	3,563,381
Social security costs	**335,917**	315,950
Other pension costs	**73,764**	75,284
	4,265,433	3,954,615

Notes *(continued)*

6 Directors' remuneration

	2017 £	2016 £
Directors' remuneration	**644,070**	642,962
Company contributions to money purchase pension plans	**7,460**	7,343

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	**488,200**	488,200
Pension contributions to money purchase schemes	**-**	-

7 Other interest receivable and similar income

	2017 £	2016 £
Foreign exchange gain	**-**	163,638
Deposit account interest	**32,662**	47,055
	32,662	210,693

8 Other interest payable and similar expenses

	2017 £	2016 £
Foreign exchange loss	**127,958**	-

Notes *(continued)*

9 Taxation

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

	2017 £	£	2016 £	£
Current tax				
Current tax on income for the period	575,800		514,122	
Adjustments in respect of prior periods	1,373		(910)	
Total current tax		577,173		513,212
Deferred tax (see note 18)				
Origination and reversal of timing differences	(5,146)		5,383	
Change in tax rate	-		(5,306)	
Adjustments in respect of prior years	-		(93,711)	
Total deferred tax		(5,146)		(93,634)
Total tax		572,027		419,578

Reconciliation of effective tax rate

	2017 £	2016 £
Profit for the year	2,665,396	2,371,934
Total tax expense	572,027	419,578
Share of joint venture results	(366,489)	(356,574)
Profit excluding taxation	2,870,934	2,434,938
Tax using the UK corporation tax rate of 19.25% *(2016: 20%)*	552,656	486,969
Depreciation on ineligible assets	19,774	31,439
(Income)/expenses not taxable	(1,138)	2,046
Difference between corporation and deferred tax rates	(638)	(6,255)
Adjustment in respect of previous periods	1,373	(94,621)
Total tax expense included in profit or loss	572,027	419,578

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

10 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 £835,617 *(2016: £958,114)*.

Notes *(continued)*

11 Goodwill

Group

	Goodwill £000
Cost	
Balance at beginning and end of year	359,278
Amortisation and impairment	
Balance at beginning of year	35,928
Amortisation for the year	71,855
Balance at end of year	107,783
Net book value	
At 31 December 2017	**251,495**
At 31 December 2016	323,350

Notes *(continued)*

12 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	3,007,739	1,301,541	404,717	6,207,277	254,257	403,136	491,818	12,070,485
Additions	31,446	-	-	372,996	13,265	247,408	15,211	680,326
Disposals	-	-	-	-	-	(257,211)	-	(257,211)
At end of year	3,039,185	1,301,541	404,717	6,580,273	267,522	393,333	507,029	12,493,600
Depreciation and impairment								
At beginning of year	522,982	616,968	21,184	5,110,807	214,291	219,839	420,608	7,126,679
Depreciation charge for the year	58,913	22,972	40,011	326,864	11,133	91,397	26,242	577,532
Disposals	-	-	-	-	-	(169,990)	-	(169,990)
At end of year	581,895	639,940	61,195	5,437,671	225,424	141,246	446,850	7,534,221
Net book value								
At 31 December 2017	**2,457,290**	**661,601**	**343,522**	**1,142,602**	**42,098**	**252,087**	**60,179**	**4,959,379**
At 31 December 2016	2,484,757	684,573	383,533	1,096,470	39,966	183,297	71,210	4,943,806

Notes *(continued)*

12 Tangible fixed assets *(continued)*

Company
Group

	Freehold property £	Long leasehold property £	Aircraft £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost								
At beginning of year	3,007,737	1,301,541	404,717	4,915,439	173,739	402,913	307,588	10,513,674
Additions	31,446	-	-	198,119	3,071	247,408	10,917	490,961
Disposals	-	-	-	-	-	(241,036)	-	(241,036)
At end of year	3,039,183	1,301,541	404,717	5,113,558	176,810	409,285	318,505	10,763,599
Depreciation and impairment								
At beginning of year	522,982	616,968	21,184	4,270,845	170,468	219,617	282,437	6,104,501
Depreciation charge for the year	58,911	22,972	40,011	192,154	1,199	91,396	10,062	416,705
Disposals	-	-	-	-	-	(153,816)		(153,816)
At end of year	581,893	639,940	61,195	4,462,999	171,667	157,197	292,499	6,367,390
Net book value								
At 31 December 2017	**2,457,290**	**661,601**	**343,522**	**650,559**	**5,143**	**252,088**	**26,006**	**4,396,209**
At 31 December 2016	2,484,755	684,573	383,533	644,594	3,271	183,296	25,151	4,409,173

Notes *(continued)*

13 Fixed asset investments

Group

	Interest in joint venture £
Cost	
At beginning of year	2,651,988
Share of profit	366,502
At end of year	3,018,490
Net book value	
At 31 December 2017	**3,018,490**
At 31 December 2016	2,651,988

Interest in joint venture – Ibex Marina Ropes Limited

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

	2017 **£**	2016 £
Turnover	**1,380,967**	1,303,224
Profit before taxation	**457,354**	445,860
Taxation	**(90,465)**	(89,286)
Share of assets		
Fixed assets	**43,546**	20,538
Current assets	**3,138,707**	2,816,272
Share of liabilities		
Liabilities due within one year	**(163,763)**	(184,822)
Liabilities due after one year or more	**-**	-
Share of net assets	**3,018,490**	2,651,988

Notes *(continued)*

13 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 2017	**904,202**	**1**	**904,203**
At 31 December 2016	904,202	1	904,203

Joint ventures

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)*

14 Investment property

Group and Company

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

The investment property has been valued by the directors.

15 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials	**1,161,597**	1,158,745	**560,299**	452,808
Work in progress	**530,621**	559,372	**192,775**	75,980
Finished goods	**1,818,050**	1,615,584	**411,816**	424,217
	3,510,268	3,333,701	**1,164,890**	953,005

16 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade debtors	2,149,547	1,925,456	**939,299**	674,038
Amounts owed by joint venture	46,893	43,890	**-**	-
Prepayments and accrued income	186,056	207,683	**106,950**	96,072
	2,382,496	2,177,029	**1,046,249**	770,110

17 Cash and cash equivalents/ bank overdrafts

	2017 £	2016 £
Cash at bank and in hand	**19,666,387**	16,615,374
Cash and cash equivalents per cash flow statements	**19,666,387**	16,615,374

Notes *(continued)*

18 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	**466,376**	418,972	**184,122**	86,528
Amounts owed to group undertakings	**-**	-	**2,902,472**	1,489,277
Amounts owed to joint venture	**5,418,118**	4,795,144	**5,418,118**	4,794,316
Taxation	**386,417**	451,110	**110,342**	103,313
Social security and other taxes	**322,526**	271,754	**106,178**	114,045
Other creditors	**1,107,511**	944,528	**1,108,081**	945,098
Accruals and deferred income	**1,123,660**	860,083	**743,102**	591,740
	8,824,608	7,741,591	**10,572,415**	8,124,317

19 Provisions for liabilities

Deferred taxation

	Group £	Company £
At beginning of year	95,600	52,775
(Credit)/charge to profit and loss account	(5,146)	7,254
At end of year	**90,454**	**60,029**

	Group 2017 £	2016 £	Company 2017 £	2016 £
Accelerated capital allowances	**90,454**	91,600	**60,029**	52,775
Timing difference arising on business combinations	**-**	4,000	**-**	-
	90,454	95,600	**60,029**	52,775

20 Capital and reserves

Share capital

	2017 £	2016 £
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)*

21 Pension commitments

The pension cost charge represents contributions payable by the Group to the defined contributions scheme and amounted to £73,764 *(2016: £75,284)*. At the end of the financial year there were outstanding contributions of £7,368 *(2016: £6,976)*.

22 Contingent liabilities

The Company is party to a Group registration for VAT. At the year end, the maximum liability under this arrangement was £312,754 *(2016: £260,437)*.

23 Related party disclosures

English Braids Limited supplied goods and services amounting to £359,764 *(2016: £358,847)* to Ibex Marina Ropes Limited and purchases amounted to £134,400 *(2016: £173,150)*. 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 2017 was £5,427,059 *(2016: £4,813,933)*.

English Braids Limited charged Ibex Marina Ropes Limited £27,000 *(2016: £27,000)* for the use of plant and machinery and £60,000 *(2016: £60,000)* for management provided by English Braids Limited.

EBL Pension Fund charged Ibex Marina Ropes Limited £57,750 *(2016: £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 £303,199 *(2016: £302,888)* on behalf of Ibex Marina Ropes Limited, which was settled through the current account.

English Braids Limited paid £8,163 *(2016: £7,395)* 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 2017 was £1,108,081 *(2016: £945,098)*

24 Ultimate controlling party

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

25 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.