

KPMG

English Braids Limited

Director's report and abbreviated accounts

For the year ended 31 December 1996

Registered number 932500



English Braids Limited

Director's report and abbreviated accounts

<i>Contents</i>	<i>Page</i>
Director's report	1-2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes	7-14



English Braids Limited

Director's report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Principal activities

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

Results for the year

The company has continued to strengthen its asset base and is well placed for the future. The profit for the year is shown in the profit and loss account on page 4. The director recommends that no dividend be declared (1995: £Nil) and that the retained profit for the year of £410,095 (1995: £510,407) be transferred to reserves.

Director

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

Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

English Braids Limited

Director's report (continued)

Auditors

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

By order of the board



MM Earp
Secretary

Spring Lane
Malvern
Worcestershire

18 August 1997



2 Cornwall Street
Birmingham
B3 2DL

Report of the auditors to English Braids Limited Pursuant to Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of English Braids Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

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

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that provision.

18 August 1997

*Chartered Accountants
Registered Auditors*

English Braids Limited

Profit and loss account for the year ended 31 December 1996

	<i>Note</i>	1996 £	1995 £
Gross profit		1,382,916	1,580,566
Distribution costs		(369,857)	(400,777)
Administrative expenses		(582,146)	(593,653)
Operating profit		430,913	586,136
Other interest receivable and similar income		133,089	92,809
Interest payable and similar charges	4	(110)	-
Profit on sale of fixed assets		22,449	58,947
Profit on ordinary activities before taxation	5	586,341	737,892
Tax on profit on ordinary activities	6	(176,246)	(227,485)
Profit on ordinary activities after taxation		410,095	510,407
Retained profit brought forward		4,779,693	4,269,286
Retained profit carried forward		5,189,788	4,779,693

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

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

In both the current and preceding years, there was no difference between the profit reported in the profit and loss account and the profit on an unmodified historical cost basis.

English Braids Limited

Balance sheet

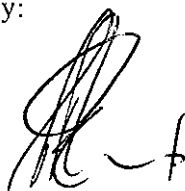
at 31 December 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	7	2,100,730		2,258,409	
Current assets					
Stocks	8	932,913		795,480	
Debtors	9	751,938		960,225	
Cash at bank and in hand		2,562,196		1,904,346	
		<u>4,247,047</u>		<u>3,660,051</u>	
Creditors: Amounts falling due within one year	10	<u>(821,529)</u>		<u>(783,175)</u>	
Net current assets		<u>3,425,518</u>		<u>2,876,876</u>	
Total assets less current liabilities		<u>5,526,248</u>		<u>5,135,285</u>	
Provisions for liabilities and charges	11	<u>(216,460)</u>		<u>(235,592)</u>	
Net assets		<u><u>5,309,788</u></u>		<u><u>4,899,693</u></u>	
Capital and reserves					
Called up share capital	13	120,000		120,000	
Profit and loss account		<u>5,189,788</u>		<u>4,779,693</u>	
Equity shareholders' funds	12	<u><u>5,309,788</u></u>		<u><u>4,899,693</u></u>	

The accounts are prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to medium-sized companies.

These financial statements were approved by the board of directors on 18 August 1997 and were signed on its behalf by:

PR Earp
Director



English Braids Limited

Cash flow statement

for the year ended 31 December 1996

	Note	1996		1995	
		£	£	£	£
Net cash inflow from operating activities	17	1,020,175		844,756	
Returns on investments and servicing of finance					
Interest received		133,089		92,809	
Interest paid		(110)		-	
		<hr/>		<hr/>	
Net cash inflow from returns on investments and servicing of finance		132,979		92,809	
Taxation					
Corporation tax paid		(235,519)		(129,785)	
		<hr/>		<hr/>	
Tax paid		(235,519)		(129,785)	
Investing activities					
Payments to acquire tangible fixed assets		(341,933)		(404,136)	
Receipts from sale of tangible fixed assets		75,948		91,766	
		<hr/>		<hr/>	
Net cash outflow from investing activities		(265,985)		(312,370)	
Net cash inflow before financing		651,650		495,410	
Financing					
Inception of hire purchase agreement	20	6,200		-	
		<hr/>		<hr/>	
Increase in cash and cash equivalents	18	<u>657,850</u>		<u>495,410</u>	

English Braids Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

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

Stocks

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Depreciation

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

Long leasehold buildings	-	2% straight line
Plant and machinery	-	15% straight line
Motor vehicles	-	25% reducing balance

Foreign currencies

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

Pension costs

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

English Braids Limited

Notes (continued)

2 Staff numbers and costs

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

Number of employees	
1996	1995
77	93

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,130,014	1,228,912
Social security costs	69,682	81,170
Other pension costs	94,560	80,000
	<u>1,294,256</u>	<u>1,390,082</u>

3 Director's emoluments

	1996 £	1995 £
Director's emoluments	318,682	320,899
Director's pensions	80,000	70,000
	<u>398,682</u>	<u>390,899</u>

English Braids Limited

Notes (continued)

4 Interest payable

	1996	1995
	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	110	-

5 Profit on ordinary activities before taxation

	1996	1995
	£	£
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible assets	446,112	471,654
Profit on sale of tangible fixed assets	(22,449)	(58,947)
Auditors' remuneration	10,000	10,000
Exchange (gains)/losses	(3,401)	1,671

6 Taxation

	1996	1995
	£	£
UK corporation tax at 33% (1995: 33%) on the profit for the year on ordinary activities	195,439	235,580
Adjustment in respect of earlier year	(61)	-
Deferred taxation	(19,132)	(8,095)
	<u>176,246</u>	<u>227,485</u>

English Braids Limited

Notes (continued)

7 Fixed assets

	Long leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At beginning of year	928,688	3,806,841	158,035	4,893,564
Additions	-	253,165	88,768	341,933
Disposals	-	-	(101,479)	(101,479)
	<u>928,688</u>	<u>4,060,006</u>	<u>145,324</u>	<u>5,134,018</u>
Accumulated depreciation				
At beginning of year	151,980	2,434,188	48,987	2,635,155
Charge for the year	18,576	396,573	30,963	446,112
Disposals	-	-	(47,979)	(47,979)
	<u>170,556</u>	<u>2,830,761</u>	<u>31,971</u>	<u>3,033,288</u>
Net book value				
At 31 December 1996	<u>758,132</u>	<u>1,229,245</u>	<u>113,353</u>	<u>2,100,730</u>
At 1 January 1996	<u>776,708</u>	<u>1,372,653</u>	<u>109,048</u>	<u>2,258,409</u>

The net book value of motor vehicles includes an amount of £11,554 (1995: £Nil) in respect of assets held under finance leases and hire purchase contracts.

The depreciation charge for the year in respect of these assets was £246 (1995: £Nil).

8 Stocks

	1996 £	1995 £
Raw materials and work in progress	473,833	396,883
Finished goods	<u>459,080</u>	<u>398,597</u>
	<u>932,913</u>	<u>795,480</u>

English Braids Limited

Notes (continued)

9 Debtors

	1996 £	1995 £
Trade debtors	703,695	834,701
Other debtors	5,394	88,100
Prepayments and accrued income	42,849	37,424
	<u>751,938</u>	<u>960,225</u>

10 Creditors: Amounts falling due within one year

	1996 £	1995 £
Trade creditors	249,935	345,612
Obligations under finance leases and hire purchase contracts	6,200	-
Other creditors including taxation and social security	527,386	382,116
Accruals and deferred income	38,008	55,447
	<u>821,529</u>	<u>783,175</u>
Other creditors including taxation and social security comprises:		
Corporation tax	195,439	235,580
Other taxes	110,066	132,783
Social security	10,714	13,638
	<u>316,219</u>	<u>382,001</u>
Other creditors	211,167	115
	<u>527,386</u>	<u>382,116</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

English Braids Limited

Notes (continued)

11 Provisions for liabilities and charges

Deferred taxation

	1996 £	1995 £
At 31 December 1995	235,592	243,687
Transfer to profit and loss account	(19,132)	(8,095)
	<hr/>	<hr/>
At 31 December 1996	<u>216,460</u>	<u>235,592</u>

The amounts provided for deferred taxation at 33% (1995: 33%) are set out below:

	1996 £	1995 £
Accelerated capital allowances	<u>216,460</u>	<u>235,592</u>

12 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Opening shareholders' funds	4,899,693	4,389,286
Profit for the financial year	<u>410,095</u>	<u>510,407</u>
	<hr/>	<hr/>
Closing shareholders' funds	<u>5,309,788</u>	<u>4,899,693</u>

13 Called up share capital

	1996 £	1995 £
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>120,000</u>	<u>120,000</u>

14 Subsidiary company

The company owns 100% of the issued ordinary share capital of Weblash Limited and Braids Limited. These companies, registered in England and Wales, have not traded since incorporation. Consolidated financial statements have not been prepared on the grounds of immateriality.

English Braids Limited

Notes (continued)

15 Pension costs

The pension cost charge represents contributions payable by the company to the funds and amounted to £94,560 (1995: £80,000). At the end of the financial year there were outstanding contributions of £6,000 (1995: £Nil).

16 Commitments

Capital commitments at the end of the financial year for which no provision has been made:

	1996 £	1995 £
Contracted	-	141,520

17 Reconciliation of operating profit to net cash inflow from operating activities

	1996 £	1995 £
Operating profit	430,913	586,136
Depreciation charge	446,112	471,654
Increase in stocks	(137,433)	(166,645)
Decrease/(increase) in debtors	208,287	(130,452)
Increase in creditors	72,296	84,063
Net cash inflow from operating activities	1,020,175	844,756

18 Analysis of changes in cash and cash equivalents

	1996 £	1995 £
Balance at 1 January 1996	1,904,346	1,408,936
Net cash inflow	657,850	495,410
Balance at 31 December 1996	2,562,196	1,904,346

English Braids Limited

Notes (continued)

19 Analysis of the balances of cash shown in the balance sheet

	At bank £	Overdraft £	Net £
Balance at 1 January 1995	1,424,479	(15,543)	1,408,936
Movement in year	479,867	15,543	495,410
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1995	1,904,346	-	1,904,346
Movement in year	657,850	-	657,850
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1996	<u>2,562,196</u>	<u>-</u>	<u>2,562,196</u>

20 Analysis of changes in financing during the year

	Hire purchase obligations £
Balance at 1 January 1996	-
Cash inflow from financing	6,200
	<hr/>
Balance at 31 December 1996	<u>6,200</u>

21 Related party transactions

During the year, expenses amounting to £33,579 (1995: £25,730) were reimbursed to Mr PR Earp in relation to the business use of his plane and helicopter.