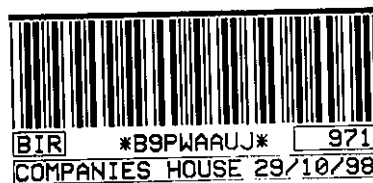


English Braids Limited

Abbreviated accounts

For the year ended 31 December 1997

Registered number 932500



Abbreviated accounts

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Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 1997.

Principal activities

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

Business review

The company has continued to strengthen its asset base and is well placed for the future. This is evidenced by the investment in the trade and certain assets of an operation in Heywood, Rochdale. The profit for the year is shown in the profit and loss account on page 4.

Dividends

The director recommends that no dividend be declared (1996: £Nil).

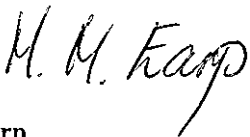
Director

Mr PR Earp is the sole director and served throughout the year. His interest in the share capital of the company was 119,999 ordinary shares of £1 each (1996: 119,999).

Auditors

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

By order of the board



MM Earp
Secretary

Spring Lane
Malvern
Worcestershire
WR14 1AL

9 October 1998

Director's responsibilities

Company law requires the directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



2 Cornwall Street
Birmingham
B3 2DL

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

We have examined the abbreviated accounts set out on pages 4 to 13, together with the financial statements of English Braids Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1997.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 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 Sections 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with these 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 246A(3) of the Companies Act 1985 and the abbreviated accounts have been properly prepared in accordance with those provisions.

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

KPMG
Chartered Accountants
Registered Auditors

9 October 1998

Profit and loss account
for the year ended 31 December 1997

	<i>Note</i>	1997 £	1996 £
Gross profit		1,950,884	1,382,916
Distribution costs		(372,401)	(369,857)
Administrative expenses		(800,121)	(582,146)
Operating profit		778,362	430,913
Other interest receivable and similar income		159,409	133,089
Interest payable and similar charges	4	(319)	(110)
Profit on sale of fixed assets		8,430	22,449
Profit on ordinary activities before taxation	5	945,882	586,341
Tax on profit on ordinary activities	6	(288,658)	(176,246)
Profit on ordinary activities after taxation		657,224	410,095
Retained profit brought forward		5,189,788	4,779,693
Retained profit carried forward		5,847,012	5,189,788

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

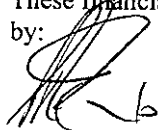
In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

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.

Balance sheet
at 31 December 1997

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	7	2,647,182	2,100,730
Investments	8	510,783	-
		<u>3,157,965</u>	<u>2,100,730</u>
Current assets			
Stocks	9	737,420	932,913
Debtors	10	1,121,295	751,938
Cash at bank and in hand		278,739	62,196
Amounts placed on short term deposit		2,200,000	2,500,000
		<u>4,337,454</u>	<u>4,247,047</u>
Creditors: Amounts falling due within one year	11	<u>(1,270,407)</u>	<u>(821,529)</u>
Net current assets		<u>3,067,047</u>	<u>3,425,518</u>
Total assets less current liabilities		<u>6,225,012</u>	<u>5,526,248</u>
Provisions for liabilities and charges	12	<u>(258,000)</u>	<u>(216,460)</u>
Net assets		<u>5,967,012</u>	<u>5,309,788</u>
Capital and reserves			
Called up share capital	14	120,000	120,000
Profit and loss account		5,847,012	5,189,788
Equity shareholders' funds	13	<u>5,967,012</u>	<u>5,309,788</u>

These financial statements were approved by the board of directors on 9 October 1998 and were signed on its behalf by:



PR Earp
Director

Cash flow statement

for the year ended 31 December 1997

	<i>Note</i>	1997 £	1996 £
Net cash inflow from operating activities	<i>17(a)</i>	1,426,848	1,020,175
Returns on investments and servicing of finance	<i>17(b)</i>	143,664	132,979
Taxation	<i>17(b)</i>	(197,557)	(235,519)
Capital expenditure	<i>17(b)</i>	(1,453,787)	(265,985)
Management of liquid resources			
Amounts placed on short term deposit		(2,200,000)	(2,500,000)
Net cash (outflow)/inflow before financing		(2,280,832)	(1,848,350)
Financing			
Capital element of hire purchase agreement	<i>17(c)</i>	(2,625)	-
Inception of hire purchase agreement	<i>17(c)</i>	-	6,200
(Decrease)/increase in cash	<i>18</i>	(2,283,457)	(1,842,150)

Notes

(forming part of the abbreviated accounts)

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% straight line
Aircraft	-	10% straight line

Foreign currencies

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

Pension costs

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

Management of liquid resources

It is the company's policy to place any surplus funds on short term deposit. Any such amounts are shown as "amounts placed on short term deposit" on the balance sheet.

Notes (continued)

Staff numbers and costs

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

Number of employees	
1997	1996
76	77

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,183,077	1,130,014
Social security costs	81,746	69,682
Other pension costs	145,199	94,560
	<u>1,410,022</u>	<u>1,294,256</u>

Director's emoluments

	1997 £	1996 £
Director's emoluments	323,021	318,682
Director's pensions	128,000	80,000
	<u>451,021</u>	<u>398,682</u>

Interest payable

	1997 £	1996 £
On bank loans and overdrafts	319	110

Profit on ordinary activities before taxation

1997 £	1996 £
-----------	-----------

Profit on ordinary activities before taxation is stated

after charging/(crediting)

Depreciation of tangible assets:		
Owned	466,047	445,866
Leased	2,950	246
Profit on sale of tangible fixed assets	(8,430)	(22,449)
Auditors' remuneration	8,000	10,000
Exchange losses/(gains)	1,009	(3,401)

Notes (continued)

Taxation

	1997 £	1996 £
UK corporation tax at 31.5% (1996: 33%) on the profit for the year on ordinary activities	245,000	195,439
Adjustment in respect of earlier year	2,118	(61)
Deferred taxation charge/(recovery)	41,540	(19,132)
	<u>288,658</u>	<u>176,246</u>

Fixed assets

	Long leasehold land and buildings £	Plant, machinery and computer equipment £	Motor vehicles £	Aircraft £	Total £
Cost					
At beginning of year	928,688	4,060,006	145,324	-	5,134,018
Additions	-	412,215	48,304	567,434	1,027,953
Disposals	-	-	(24,006)	-	(24,006)
	<u>928,688</u>	<u>4,472,221</u>	<u>169,622</u>	<u>567,434</u>	<u>6,137,965</u>
Accumulated depreciation					
At beginning of year	170,556	2,830,761	31,971	-	3,033,288
Charge for the year	18,612	365,256	38,439	46,690	468,997
Disposals	-	-	(11,502)	-	(11,502)
	<u>189,168</u>	<u>3,196,017</u>	<u>58,908</u>	<u>46,690</u>	<u>3,490,783</u>
Net book value					
At 31 December 1997	<u>739,520</u>	<u>1,276,204</u>	<u>110,714</u>	<u>520,744</u>	<u>2,647,182</u>
At 31 December 1996	<u>758,132</u>	<u>1,229,245</u>	<u>113,353</u>	<u>-</u>	<u>2,100,730</u>

The net book value of motor vehicles includes an amount of £8,604 (1996: £11,554) in respect of assets held under finance leases and hire purchase contracts.

The depreciation charge for the year in respect of these assets was £2,950 (1996: £246).

Notes (continued)

Investment in subsidiary undertakings

	Shares £	Loans £	Total £
<i>Cost and net book value</i>			
At beginning of year	-	-	-
Additions	2	510,781	510,783
	<hr/>	<hr/>	<hr/>
At end of year	2	510,781	510,783
	<hr/>	<hr/>	<hr/>

During the year, the company made loans to a 100% owned subsidiary undertaking, Braids Limited, registered in England and Wales, to enable that company to acquire the trade and certain assets from the receivers of British Twine and Ropes Limited. Braids Limited subsequently changed its name to Marina Rope Limited. The company also owns 100% of the issued ordinary share capital of Weblash Limited. This company, registered in England and Wales, has not traded since incorporation.

The company has taken advantage of the exemption available to it not to prepare group financial statements on the basis that the group is medium sized as defined by the Companies Act 1985. These financial statements therefore present information about the undertaking as an individual undertaking and not about its group.

Stocks

	1997 £	1996 £
Raw materials and work in progress	325,387	473,833
Finished goods	412,033	459,080
	<hr/>	<hr/>
	737,420	932,913
	<hr/>	<hr/>

Debtors

	1997 £	1996 £
Trade debtors	1,060,800	703,695
Amounts owed by group undertakings	14,654	-
Other debtors	15,426	5,394
Prepayments and accrued income	30,415	42,849
	<hr/>	<hr/>
	1,121,295	751,938
	<hr/>	<hr/>

Notes (continued)

Creditors: Amounts falling due within one year

	1997 £	1996 £
Trade creditors	494,345	249,935
Obligations under finance leases and hire purchase contracts	3,575	6,200
Other creditors including taxation and social security	710,812	527,386
Group relief payable	27,133	-
Accruals and deferred income	34,542	38,008
	<hr/> 1,270,407 <hr/>	<hr/> 821,529 <hr/>
Other creditors including taxation and social security comprises:		
Corporation tax	217,867	195,439
Other taxes and social security	180,325	120,780
	<hr/> 398,192 <hr/>	<hr/> 316,219 <hr/>
Other creditors	312,620	211,167
	<hr/> 710,812 <hr/>	<hr/> 527,386 <hr/>

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

Provisions for liabilities and charges

Deferred taxation

	1997 £	1996 £
At 31 December 1996	216,460	235,592
Transfer to profit and loss account	41,540	(19,132)
	<hr/> 258,000 <hr/>	<hr/> 216,460 <hr/>
At 31 December 1997	258,000	216,460

The amounts provided for deferred taxation at 31% (1996: 33%) are set out below:

	£	£
Short term timing differences	1,374	-
Accelerated capital allowances	256,626	216,460
	<hr/> 258,000 <hr/>	<hr/> 216,460 <hr/>

Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Opening shareholders' funds	5,309,788	4,899,693
Profit for the financial year	657,224	410,095
	<hr/> 5,967,012 <hr/>	<hr/> 5,309,788 <hr/>
Closing shareholders' funds	5,967,012	5,309,788

Notes (continued)

Called up share capital

	1997	1996
	£	£
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	120,000	120,000

Pension costs

The pension cost charge represents contributions payable by the company to the funds and amounted to £145,199 (1996: £94,560). At the end of the financial year there were outstanding contributions of £4,431 (1996: £6,000).

Commitments

The company had capital commitments at the end of the financial year of £Nil (1996: £Nil).

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

	1997	1996
	£	£
Operating profit	778,362	430,913
Depreciation charge	468,997	446,112
Decrease/(increase) in stocks	195,493	(137,433)
(Increase)/decrease in debtors	(359,325)	208,287
Increase in creditors	343,321	72,296
Net cash inflow from operating activities	1,426,848	1,020,175

(b) Analysis of cash flows

	1997	1996
	£	£
Returns on investments and servicing of finance		
Interest received	143,983	133,089
Interest paid	(319)	(110)
Net cash inflow from returns on investments and servicing of finance	143,664	132,979
Taxation		
Corporation tax paid	(197,557)	(235,519)
Capital expenditure		
Payments to acquire tangible fixed assets	(963,938)	(341,933)
Receipts from sale of tangible fixed assets	20,934	75,948
Investment in subsidiary	(510,783)	-
Net cash outflow for capital expenditure	(1,453,787)	(265,985)

Notes (continued)

(c) Analysis of net funds

	At 31 December 1997 £	Cash flow £	At 31 December 1996 £
Cash at bank and in hand	278,739	216,543	62,196
Finance lease and hire purchase obligations	(3,575)	2,625	(6,200)
Deposit account	2,200,000	(300,000)	2,500,000
	<u>2,475,164</u>	<u>(80,832)</u>	<u>2,555,996</u>

Reconciliation of net cash flow to movement in net funds

	1997 £	1996 £
(Decrease)/increase in cash in the period	(2,283,457)	(1,842,150)
Cash used to increase liquid resources	2,200,000	2,500,000
Cash outflow from hire purchase repayments	2,625	-
Cash inflow from new hire purchase agreements	-	(6,200)
	<u>(80,832)</u>	<u>651,650</u>
Movement in net funds during the year	(80,832)	651,650
Net funds at the beginning of the year	2,555,996	1,904,346
	<u>2,475,164</u>	<u>2,555,996</u>

Related party transactions

A loan of £510,781 was made to Marina Ropes Limited, a subsidiary undertaking of the company, to finance the purchase of the trade and certain assets from the receivers of British Twine and Ropes Limited and to finance the working capital requirements of the company.

Goods and services amounting to £90,694 were supplied to Marina Ropes Limited in the normal course of business.

The company paid liabilities of £28,530 and received proceeds from the sale of fixed assets of £13,672 on behalf of Marina Ropes Limited. Both transactions were transferred through the current account.

Purchases from Marina Ropes Limited, due in the normal course of business, amounted to £90,902. The net current debt due from Marina Ropes Limited at 31 December 1997 was £14,654.

During the year, expenses amounting to £7,958 (1996: £33,579) were reimbursed to Mr PR Earp in relation to the business use of his plane and helicopter.