

**English Braids Limited**

**Annual report and consolidated  
financial statements**

**Registered number 00932500**

**For the year ended 31 December 2016**

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## Contents

Company information	1
Strategic Report	2
Directors' report	3
Statement of directors' responsibilities in respect of the annual report and the financial statements	4
Independent auditor's report to the members of English Braids Limited	5
Consolidated Profit and Loss Account and Other Comprehensive Income	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Company Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Notes	13

## 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 2016.

### Principal activities and review of business

The principal activities of the group 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.

2016 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 2017 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

14 August 2017

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

### Dividends

No dividends will be distributed for the year ended 31 December 2016 (2015: £Nil).

### Directors

The directors shown below have held office during the whole of the year from 1 January 2016 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

14 August 2017

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including *FRS 102 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 company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 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 the financial statements comply with the Companies Act 2006. They 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 of fraud and other irregularities.



## **KPMG LLP**

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

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

We have audited the financial statements of English Braids Limited for the year ended 31 December 2016 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

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 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:


- we have not identified material misstatements in those reports; 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**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



**Graham Neale (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

*14 August* 2017



**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
<b>Turnover</b>			
Group and share of joint ventures		13,949,024	13,428,321
Less: Share of joint ventures' turnover		(1,303,224)	(1,549,316)
<b>Group turnover</b>	3	<b>12,645,800</b>	<b>11,879,005</b>
Cost of sales		(6,567,156)	(6,382,159)
<b>Gross profit</b>		<b>6,078,644</b>	<b>5,496,846</b>
Distribution costs		(673,103)	(610,376)
Administrative expenses		(3,337,757)	(3,122,108)
<b>Operating profit</b>	4	<b>2,067,784</b>	<b>1,764,462</b>
Share of operating profit in joint venture		356,574	493,828
Profit on sale of fixed assets		156,432	71,759
Other interest receivable and similar income:			
Group	7	210,693	81,194
Joint ventures		29	37
<b>Profit on ordinary activities before taxation</b>		<b>2,791,512</b>	<b>2,411,180</b>
Taxation	8	(419,578)	(414,632)
<b>Profit for the year</b>		<b>2,371,934</b>	<b>1,996,548</b>
<b>Total comprehensive income for the year</b>		<b>2,371,934</b>	<b>1,996,548</b>

The notes on pages 13 to 27 form an integral part of these financial statements.

**Consolidated Balance Sheet**  
*at 31 December 2016*

	Note	2016 £	2015 £
<b>Intangible assets</b>			
Goodwill	10	323,350	-
<b>Fixed assets</b>			
Tangible assets	11	4,943,806	4,655,955
Investments in Joint Ventures:			
Share of gross assets	12	2,836,810	2,515,599
Share of gross liabilities	12	(184,822)	(220,185)
Investment property	13	588,044	517,349
		<u>8,507,188</u>	<u>7,468,718</u>
<b>Current assets</b>			
Stocks	14	3,333,701	2,998,922
Debtors	15	2,177,029	1,620,855
Cash at bank and in hand		16,615,374	15,121,446
		<u>22,126,104</u>	<u>19,741,223</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(7,741,591)</u>	<u>(6,600,540)</u>
<b>Net current assets</b>		<u>14,384,513</u>	<u>13,140,683</u>
<b>Total assets less current liabilities</b>		<u>22,891,701</u>	<u>20,609,401</u>
<b>Provisions for liabilities</b>	18	<u>(95,600)</u>	<u>(185,234)</u>
<b>Net assets</b>		<u>22,796,101</u>	<u>20,424,167</u>
<b>Capital and reserves</b>			
Called up share capital	19	120,000	120,000
Profit and loss account		22,676,101	20,304,167
<b>Shareholders' funds</b>		<u>22,796,101</u>	<u>20,424,167</u>

The notes on pages 13 to 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 14 August 2017 and were signed on its behalf by:



**P Earp**  
Director

Company registered number: 00932500

**Company Balance Sheet**  
*at 31 December 2016*

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	11	4,409,173	4,099,420
Investments	12	904,203	2
Investment property	13	588,044	517,349
		<u>5,901,420</u>	<u>4,616,771</u>
<b>Current assets</b>			
Stocks	14	953,005	896,393
Debtors	15	770,110	602,212
Cash at bank and in hand		15,521,649	14,674,793
		<u>17,244,764</u>	<u>16,173,398</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(8,124,317)</u>	<u>(6,652,027)</u>
<b>Net current assets</b>		<u>9,120,447</u>	<u>9,521,371</u>
<b>Total assets less current liabilities</b>		<u>15,021,867</u>	<u>14,138,142</u>
<b>Provisions for liabilities</b>	18	<u>(52,775)</u>	<u>(127,164)</u>
<b>Net assets</b>		<u>14,969,092</u>	<u>14,010,978</u>
<b>Capital and reserves</b>			
Called up share capital	19	120,000	120,000
Profit and loss account		14,849,092	13,890,978
<b>Shareholders' funds</b>		<u>14,969,092</u>	<u>14,010,978</u>

The notes on pages 13 to 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 14 August 2017 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 2015	120,000	18,307,619	18,427,619
<b>Total comprehensive income for the period</b>			
Profit or loss	-	1,996,548	1,996,548
Balance at 31 December 2015	120,000	20,304,167	20,424,167
Balance at 1 January 2016	120,000	20,304,167	20,424,167
<b>Total comprehensive income for the period</b>			
Profit or loss	-	2,371,934	2,371,934
<b>Balance at 31 December 2016</b>	<b>120,000</b>	<b>22,676,101</b>	<b>22,796,101</b>

The notes on pages 13 to 27 form an integral part of these financial statements.

## Company Statement of Changes in Equity

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 January 2015	120,000	13,135,222	13,255,222
<b>Total comprehensive income for the period</b>			
Profit or loss	-	755,756	755,756
Balance at 31 December 2015	120,000	13,890,978	14,010,978
Balance at 1 January 2016	120,000	13,890,978	14,010,978
<b>Total comprehensive income for the period</b>			
Profit or loss	-	958,114	958,114
<b>Balance at 31 December 2016</b>	<b>120,000</b>	<b>14,969,092</b>	<b>14,969,092</b>

The notes on pages 13 to 27 form an integral part of these financial statements.

**Consolidated Cash Flow Statement**  
*for year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
<b>Cash flows from operating activities</b>			
Profit for the year		<b>2,371,934</b>	1,996,548
<i>Adjustments for:</i>			
Amortisation of goodwill		<b>35,928</b>	-
Depreciation, amortisation and impairment		<b>529,292</b>	478,961
Profit on disposal of fixed assets		<b>(156,432)</b>	(60,599)
Finance income		<b>(47,084)</b>	(55,090)
Share of profit of joint venture		<b>(356,572)</b>	(493,828)
Increase in stocks		<b>(241,936)</b>	(305,785)
Increase in trade and other debtors		<b>(475,018)</b>	(23,947)
Increase in trade and other creditors		<b>712,637</b>	1,023,511
Taxation (including joint venture)		<b>508,864</b>	541,150
		<hr/>	<hr/>
Cash generated from operations		<b>2,881,613</b>	3,100,921
Tax paid		<b>(294,810)</b>	(507,532)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>2,586,803</b>	2,593,389
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(879,883)</b>	(763,782)
Proceeds from sale of tangible fixed assets		<b>170,464</b>	202,300
Interest received		<b>47,084</b>	55,090
Acquisition of subsidiary	2	<b>(904,201)</b>	-
Cash acquired with subsidiary	2	<b>473,661</b>	-
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(1,092,875)</b>	(506,392)
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>1,493,928</b>	2,086,997
Cash and cash equivalents at 1 January		<b>15,121,446</b>	13,034,449
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	16	<b>16,615,374</b>	15,121,446
		<hr/>	<hr/>

The notes on pages 13 to 27 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 2016. 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)

#### 1.13 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Acquisitions

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 year.

#### Effect of acquisition

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

	Book and fair value realised acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>	
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)
	<hr/>
Net identifiable assets and liabilities	544,923
	<hr/>
<b>Total cost of business combination:</b>	
Consideration paid:	
Initial cash price paid	904,201
	<hr/>
Initial cash consideration relating to business combination	894,923
Costs directly attributable to the business combination	9,378
	<hr/>
Total consideration	904,201
	<hr/>
Goodwill on acquisition	359,278
	<hr/>

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:

	2016 £	2015 £
United Kingdom	7,260,528	6,121,536
Rest of the World	5,385,272	5,757,469
	<u>12,645,800</u>	<u>11,879,005</u>

### 4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016 £	2015 £
Other operating leases	405,883	389,283
Depreciation of owned assets	529,292	478,961
Amortisation of goodwill	35,928	-
	<u></u>	<u></u>

Auditor's remuneration:

Audit of these financial statements	14,280	14,000
Audit of financial statements of subsidiaries of the company	17,780	14,000
Audit of joint venture company	14,280	14,000
Taxation compliance services	9,250	7,500
Other services	900	-
	<u></u>	<u></u>

### 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	
	2016	2015
Administration	49	47
Production	83	80
	<u>132</u>	<u>127</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	3,563,381	3,418,379
Social security costs	315,950	291,832
Other pension costs	75,284	64,239
	<u>3,954,615</u>	<u>3,774,450</u>

## Notes (continued)

### 6 Directors' remuneration

	2016 £	2015 £
Directors' remuneration	642,962	641,623
Company contributions to money purchase pension plans	7,343	5,420
	<u>650,305</u>	<u>647,043</u>

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
	<u>1</u>	<u>1</u>

Information regarding the highest paid director is as follows:

	£	£
Emoluments etc	488,200	487,234
	<u>488,200</u>	<u>487,234</u>

### 7 Other interest receivable and similar income

	2016 £	2015 £
Foreign exchange gain	163,638	26,141
Deposit account interest	47,055	55,053
	<u>210,693</u>	<u>81,194</u>

### 8 Taxation

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

	2016 £	£	2015 £	£
<i>Current tax</i>				
Current tax on income for the period	514,122		361,916	
Adjustments in respect of prior periods	(910)		(15,105)	
	<u>513,212</u>		<u>346,811</u>	
Total current tax		513,212		346,811
<i>Deferred tax (see note 17)</i>				
Origination and reversal of timing differences	5,383		79,563	
Change in tax rate	(5,306)		-	
Adjustments in respect of prior years	(93,711)		(11,742)	
	<u>(93,634)</u>		<u>67,821</u>	
Total deferred tax		(93,634)		67,821
Total tax		<u>419,578</u>		<u>414,632</u>

## Notes (continued)

### 8 Taxation (continued)

#### Reconciliation of effective tax rate

	2016 £	2015 £
Profit for the year	2,371,934	1,996,548
Total tax expense	419,578	414,632
Share of joint venture results	(356,574)	(493,828)
	<u>2,434,938</u>	<u>1,917,352</u>
Profit excluding taxation	2,434,938	1,917,352
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	486,969	388,263
Depreciation on ineligible assets	31,439	14,969
Expenses not deductible for tax purposes	2,046	48,764
Adjustment to rate of deferred tax	(6,255)	(10,517)
Adjustment in respect of previous periods	(94,621)	(26,847)
	<u>419,578</u>	<u>414,632</u>
Total tax expense included in profit or loss	419,578	414,632

### 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 £958,114 (2015: £755,756).

### 10 Goodwill

#### Group

	Goodwill £000
<b>Cost</b>	
Balance at beginning of year	-
Acquisitions through business combinations	359,278
	<u>359,278</u>
Balance at end of year	359,278
<b>Amortisation and impairment</b>	
Balance at beginning of year	-
Amortisation for the year	35,928
	<u>35,928</u>
Balance at end of year	35,928
<b>Net book value</b>	
At 31 December 2015	-
	<u>-</u>
At 31 December 2016	323,350
	<u>323,350</u>

Notes (continued)

11 Tangible fixed assets

Group

	Freehold property £	Long leasehold property £	Aircraft £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>								
At beginning of year	3,007,739	1,148,613	185,688	6,224,621	240,572	406,933	427,430	11,641,596
Additions	-	152,928	400,115	144,967	13,685	55,092	64,388	831,175
Disposals	-	-	(181,086)	(162,311)	-	(58,889)	-	(402,286)
At end of year	3,007,739	1,301,541	404,717	6,207,277	254,257	403,136	491,818	12,070,485
<b>Depreciation and impairment</b>								
At beginning of year	401,140	654,152	185,688	4,966,088	203,246	179,748	395,579	6,985,641
Depreciation charge for the year	61,685	22,973	16,582	307,030	11,045	84,948	25,029	529,292
Disposals	-	-	(181,086)	(162,311)	-	(44,857)	-	(388,254)
Reclassification/transfer	60,157	(60,157)	-	-	-	-	-	-
At end of year	522,982	616,968	21,184	5,110,807	214,291	219,839	420,608	7,126,679
<b>Net book value</b>								
At 31 December 2016	2,484,757	684,573	383,533	1,096,470	39,966	183,297	71,210	4,943,806
At 31 December 2015	2,606,599	494,461	-	1,258,533	37,326	227,185	31,851	4,655,955

Notes (continued)

11 Tangible fixed assets (continued)

Company Group	Freehold property £	Long leasehold property £	Aircraft £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>								
At beginning of year	3,007,737	1,148,613	185,688	4,990,533	172,791	406,934	290,731	10,203,027
Additions	-	152,928	400,115	74,335	948	54,868	16,857	700,051
Disposals	-	-	(181,086)	(149,429)	-	(58,889)	-	(389,404)
At end of year	3,007,737	1,301,541	404,717	4,915,439	173,739	402,913	307,588	10,513,674
<b>Depreciation and impairment</b>								
At beginning of year	401,140	654,152	185,688	4,242,130	169,576	179,748	271,173	6,103,607
Depreciation charge for the year	61,685	22,973	16,582	178,144	892	84,726	11,264	376,266
Disposals	-	-	(181,086)	(149,429)	-	(44,857)	-	(375,372)
Reclassification/transfer	60,157	(60,157)	-	-	-	-	-	-
At end of year	522,982	616,968	21,184	4,270,845	170,468	219,617	282,437	6,104,501
<b>Net book value</b>								
At 31 December 2016	2,484,755	684,573	383,533	644,594	3,271	183,296	25,161	4,409,173
At 31 December 2015	2,606,597	494,461	-	748,403	3,215	227,185	19,558	4,099,420



## Notes (continued)

### 12 Fixed asset investments

#### Group

	Interest in joint venture £
<b>Cost</b>	
At beginning of year	2,295,414
Share of profit/(loss)	356,574
	<hr/>
At end of year	2,651,988
	<hr/>
<b>Net book value</b>	
At 31 December 2016	2,651,988
	<hr/>
At 31 December 2015	2,295,414
	<hr/>

#### Interest in joint venture – Ibex Marina Ropes Limited

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

	2016 £	2015 £
<b>Turnover</b>	1,303,224	1,549,316
	<hr/>	<hr/>
<b>Profit before taxation</b>	445,860	620,346
Taxation	(89,286)	(126,518)
	<hr/>	<hr/>
<b>Share of assets</b>		
Fixed assets	20,538	19,818
Current assets	2,816,272	2,495,781
	<hr/>	<hr/>
<b>Share of liabilities</b>		
Liabilities due within one year	(184,822)	(220,185)
Liabilities due after one year or more		
	<hr/>	<hr/>
Share of net assets	2,651,988	2,295,414
	<hr/>	<hr/>

#### Company

	Shares in group undertaking £
<b>Cost</b>	
At beginning of year	2
Additions	904,201
	<hr/>
At end of year	904,203
	<hr/>
<b>Net book value</b>	
At 31 December 2016	904,203
At 31 December 2015	2
	<hr/>

## Notes (continued)

### 12 Fixed asset investments (continued)

#### Company (continued)

##### 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
<b>Subsidiary undertakings</b>			
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%

### 13 Investment property

#### Group and Company

##### Fair value

	£
At beginning of year	517,349
Additions	70,695
	<hr/>
At end of year	588,044
	<hr/>

The investment property has been valued by the directors.

## Notes (continued)

### 14 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials	1,158,745	1,033,006	452,808	481,532
Work in progress	559,372	432,607	75,980	55,412
Finished goods	1,615,584	1,533,309	424,217	359,449
	<u>3,333,701</u>	<u>2,998,922</u>	<u>953,005</u>	<u>896,393</u>

### 15 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade debtors	1,925,456	1,377,622	674,038	455,678
Amounts owed by joint venture	43,890	34,700	-	-
Prepayments and accrued income	207,683	208,533	96,072	146,534
	<u>2,177,029</u>	<u>1,620,855</u>	<u>770,110</u>	<u>602,212</u>

### 16 Cash and cash equivalents/ bank overdrafts

	2016 £	2015 £
Cash at bank and in hand	16,615,374	15,121,446
Cash and cash equivalents per cash flow statements	<u>16,615,374</u>	<u>15,121,446</u>

### 17 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	418,972	509,363	86,528	163,786
Amounts owed to group undertakings	-	-	1,489,277	857,183
Amounts owed to joint venture	4,795,144	4,186,262	4,794,316	4,186,262
Taxation	451,110	143,422	103,313	14,540
Social security and other taxes	271,754	245,598	114,045	116,107
Other creditors	944,528	724,185	945,098	724,755
Accruals and deferred income	860,083	791,710	591,740	589,394
	<u>7,741,591</u>	<u>6,600,540</u>	<u>8,124,317</u>	<u>6,652,027</u>

## Notes (continued)

### 18 Provisions for liabilities

#### Deferred taxation

	Group £		Company £	
At beginning of year	185,234		127,164	
Amounts arising from acquisition	4,000		-	
Charge/credit to profit and loss account	(93,634)		(74,389)	
	<hr/>		<hr/>	
At end of year	95,600		52,775	
	<hr/>		<hr/>	

	Group 2016 £	2015 £	Company 2016 £	2015 £
Accelerated capital allowances	91,600	185,650	52,775	127,164
Other timing differences	-	(416)	-	-
Timing difference arising on business combinations	4,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	95,600	185,234	52,775	127,164
	<hr/>	<hr/>	<hr/>	<hr/>

### 19 Capital and reserves

#### Share capital

	2016 £	2015 £
<i>Allotted, issued and fully paid</i>		
120,000 ordinary shares of £1 each	120,000	120,000
	<hr/>	<hr/>

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.

### 20 Pension commitments

The pension cost charge represents contributions payable by the Group to the scheme and amounted to £75,284 (2015: £64,239). At the end of the financial year there were outstanding contributions of £6,976 (2015: £2,472).

### 21 Contingent liabilities

The Company is party to a Group registration for VAT. At the year end, the maximum liability under this arrangement was £260,437 (2015: £217,271).

## Notes (continued)

### 22 Related party disclosures

English Braids Limited supplied goods and services amounting to £358,847 (2015: £257,554) to Ibex Marina Ropes Limited and purchases amounted to £173,150 (2015: £91,987). 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 2016 was £4,813,933 (2015: £4,186,262).

English Braids Limited charged Ibex Marina Ropes Limited £27,000 (2015: £27,000) for the use of plant and machinery and £60,000 (2015: £60,000) for management provided by English Braids Limited.

EBL Pension Fund charged Ibex Marina Ropes Limited £57,750 (2015: £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 £302,888 (2015: £345,338) on behalf of Ibex Marina Ropes Limited, which was settled through the current account.

Marlow Ropes Limited, a fellow subsidiary of English Braids Limited, supplied goods and services amounting to £23,368 (2015: £53,035) to Ibex Marina Ropes Limited and purchases amounted to £113,796 (2015: £310,114). All transactions were made in the normal course of business. The balance owed by Ibex Marina Ropes Limited as at 31 December 2016 was £47,966 (2015: £34,700).

English Braids Limited paid £7,395 (2015: £5,000) 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 2016 was £945,098 (2015: £724,755)

### 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.