

Registered No.: 93416

Coats Statutory Company No: 133

I.P. CLARKE & COMPANY LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED

31 DECEMBER 2003

COUNTRY OF REGISTRATION:

ENGLAND

REGISTERED OFFICE:

1 THE SQUARE
STOCKLEY PARK
UXBRIDGE
MIDDLESEX
UB11 1TD

DIRECTORS:

G J C ALDRIDGE
R BEVAN
M J SMITHYMAN

SECRETARY:

G J C ALDRIDGE

AUDITORS:

DELOITTE & TOUCHE LLP
MANCHESTER



A51 0374
COMPANIES HOUSE 19/11/04
A12 0433
COMPANIES HOUSE 27/10/04

I.P. CLARKE & COMPANY LIMITED**DIRECTORS' REPORT**

The directors present their report and accounts for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The company holds investments in subsidiary companies.

**REVIEW OF THE BUSINESS
AND FUTURE PROSPECTS**

The directors are of the opinion that the state of the company's affairs is satisfactory and the directors do not expect any material change in the foreseeable future.

RESULTS

The company did not trade during the year. The directors have declared a final dividend of £75,000,000 (2002: £Nil).

DIRECTORS

The following persons served as directors of the company during the year:

C W Healy	(resigned 30 July 2004)
J D Lea	(appointed 17 March 2004)
S W Davies	(resigned 31 March 2003)
G C Meredith	(appointed 31 March 2003; resigned 17 March 2004)
G J C Aldridge	(resigned 17 March 2004, reappointed 5 July 2004)
R Bevan	(appointed 5 July 2004)
M J Smithyman	(appointed 5 July 2004)

In accordance with the Articles of Association, all the directors themselves retire and being eligible will offer themselves for re-election.

DIRECTORS' INTERESTS

The directors at 31 December 2003 had no beneficial interest in the shares of this company or any other group company.

AUDITORS

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, Deloitte & Touche LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

I.P. CLARKE & COMPANY LIMITED

DIRECTORS' REPORT (Continued)

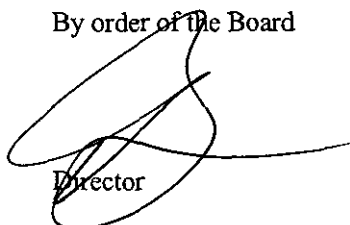
**DIRECTORS'
RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company 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;
- state whether applicable accounting standards have been followed;
- 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 are also responsible for the system of internal controls, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board


Director

22/10/ 2004

I.P. CLARKE & COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF I.P. CLARKE & COMPANY LIMITED

We have audited the financial statements of I.P. Clarke & Company Limited for the year ended 31 December 2003 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

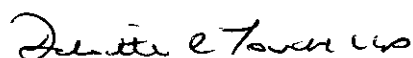
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

26 October 2004

I.P. CLARKE & COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Result for the financial year		-	-
Equity dividends payable		<u>(75,000)</u>	<u>-</u>
Loss for the year withdrawn from reserves		<u><u>(75,000)</u></u>	<u><u>-</u></u>

There are no recognised gains or losses. There are no movements in shareholders' funds other than the equity dividend payable for the year. Accordingly no statement of recognised gains and losses or reconciliation of movement in shareholders' funds has been presented.

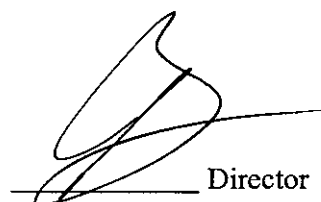
I.P. CLARKE & COMPANY LIMITED**BALANCE SHEET**

At 31 December 2003

	Notes	2003 £'000	2002 £'000
FIXED ASSETS			
Investments	4	<u>7,826</u>	<u>7,826</u>
CURRENT ASSETS			
DEBTORS - falling due after more than one year	5	201,607	201,607
CREDITORS – falling due after more than one year	6	<u>(75,000)</u>	<u>-</u>
NET ASSETS		<u><u>134,433</u></u>	<u><u>209,433</u></u>
CAPITAL AND RESERVES			
EQUITY SHARE CAPITAL	7	100	100
SHARE PREMIUM ACCOUNT		11,336	11,336
OTHER CAPITAL RESERVES		4,890	4,890
PROFIT AND LOSS ACCOUNT	8	<u>118,107</u>	<u>193,107</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>134,433</u></u>	<u><u>209,433</u></u>

Approved by the Board of Directors on

and signed on their behalf.



Director

The notes on pages 7 to 11 form part of these accounts

I.P. CLARKE & COMPANY LIMITED**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2003****1. STATEMENT OF ACCOUNTING POLICIES**

Basis of Accounting	The financial accounts are prepared on the basis of historical cost and in accordance with applicable United Kingdom accounting standards.
Investments	Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been an impairment in value, in which case an appropriate provision is made.
Taxation	<p>Coats Holdings Ltd (formerly Coats Ltd) has assumed the responsibility for discharging any liability for United Kingdom corporation tax, current or deferred, for accounting periods during which the Company remains a member of the Coats Group. The Directors have received assurances that:</p> <ul style="list-style-type: none">(i) there is no intention to revoke the undertaking to discharge the taxation liabilities of the Company for those periods, and(ii) full provision for deferred taxation has been made by Coats Holdings Ltd in respect of the Company.
Cash Flow Statement	The company is a wholly owned subsidiary undertaking of Coats Holdings Ltd. The company has therefore taken the advantage of the exemption under FRS1 of not producing its own cash flow statement as a consolidated cash flow statement has been included in the consolidated financial statements of Coats Ltd (now Coats Holdings Ltd).

I.P. CLARKE & COMPANY LIMITED**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2003****2. DIRECTORS AND
EMPLOYEES**

The directors are either directors or executives of an intermediate parent company, Coats Holdings Ltd (formerly Coats Ltd), or its subsidiaries and receive no remuneration for their services to this company (2002: Nil). There were no employees (2002: Nil).

**3. TAX ON PROFITS ON
ORDINARY
ACTIVITIES**

No charge to United Kingdom taxation has been provided in the results for the period. Any United Kingdom corporation tax liability which may arise and is not eliminated by offset of double taxation relief or Group relief, advance corporation tax, for neither of which payment will be made, will be discharged by Coats Holdings Ltd (formerly Coats Ltd).

4. INVESTMENTS

Shares in
Subsidiaries
£'000

The historical cost and net book value of these investments is:

At 1 January 2003 and 31 December 2003

7,826

I.P. CLARKE & COMPANY LIMITED**NOTES TO THE ACCOUNTS (Continued)**
YEAR ENDED 31 DECEMBER 2001**4. INVESTMENTS (Continued)**

The principal subsidiary undertaking is:

	Country of Incorporation or Registration	Class of Share	Combined Interest of Parent and Subsidiaries %
Coats Canada Inc	Canada	Common stock	100

The principal subsidiary in the year was a holding company.

In the opinion of the directors the aggregate value of the assets of the company's subsidiaries is not less than the aggregate of the amounts at which those assets are included in the balance sheet.

As the company is a wholly-owned subsidiary of another company incorporated in Great Britain, consolidated accounts are not presented.

Consequently, these accounts include the information about the Company only.

		2003 £'000	2002 £'000
5. DEBTORS			
Due after one year	Amounts owed by intermediate parent undertaking	<u>201,607</u>	<u>201,607</u>
6. CREDITORS			
Due after one year	Amounts owed to immediate parent undertaking	<u>75,000</u>	<u>-</u>

I.P. CLARKE & COMPANY LIMITED**NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2003****7. CALLED UP SHARE CAPITAL****EQUITY SHARE CAPITAL**

	AUTHORISED		CALLED UP, ALLOTTED AND FULLY PAID	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
100 Ordinary shares of £1 each	100	100	100	100

NON-EQUITY SHARE CAPITAL

50,000 Redeemable preference shares of £1 each	50,000	50,000	-	-
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8. PROFIT AND LOSS ACCOUNT

At 1 January 2003	193,107
Retained loss for the year	(75,000)
At 31 December 2003	118,107

**9. ULTIMATE PARENT
COMPANY**

As at 7 April 2003, Coats Holdings plc (formerly Avenue Acquisition plc) acquired Coats plc, and Coats Group Limited, a company incorporated in the British Virgin Islands, became the ultimate parent company.

Coats plc changed its name to Coats Ltd on 4 November 2003 and then to Coats Holdings Ltd on 1 July 2004.

As at 31 December 2003, the largest group for which consolidated accounts are prepared is Coats Holdings plc, a company incorporated in England and Wales. Copies of these statements will be available from the company's registered office at First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP.

Coats Holdings plc changed its name to Coats plc on 30 June 2004.

The smallest group for which consolidated accounts are prepared is Coats Holdings Ltd (formerly Coats Ltd), a company incorporated in England and Wales. Copies of its accounts are available from the company's registered office, 1 The Square, Stockley Park, Uxbridge, Middlesex UB1 1TD.

I.P. CLARKE & COMPANY LIMITED

**NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2003**

**9. ULTIMATE PARENT
COMPANY (continued)**

As of 1 April 2004 Guinness Peat Group plc, a company incorporated in England and Wales, is considered by the directors to be the controlling party and the ultimate parent company. Copies of its accounts are available from the company's registered office at First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP.

**10. RELATED PARTY
TRANSACTIONS**

The company is a subsidiary undertaking of Coats Holdings Ltd (formerly Coats Ltd), 90% or more of its voting rights are controlled within the group, and the group's consolidated financial statements are publicly available. In accordance with FRS 8, therefore, disclosure is not required of transactions with entities that are part of the group or investees of the group qualifying as related parties.