

Registered No.: 93416

CV Statutory Company No: 133.108

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

**REPORT AND ACCOUNTS FOR THE YEAR ENDED**

**31 DECEMBER 1997**

COUNTRY OF REGISTRATION:

ENGLAND

REGISTERED OFFICE:

LEES STREET  
SWINTON  
MANCHESTER  
M27 6DA

DIRECTORS:

S DOW  
K A WHITTAKER

SECRETARY:

D W YOUNGER

AUDITORS:

DELOITTE & TOUCHE  
201 DEANSGATE  
MANCHESTER  
M60 2AT



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

The directors present their report and accounts for the year ended 31 December 1997.

**PRINCIPAL ACTIVITIES** The holding of investments.

**REVIEW OF THE BUSINESS** 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 profit for the year after taxation was £21,647,000 (1996 : £25,753,000). Dividends totalling £21,212,000 (1996 : £25,724,000) were paid during the year. The directors do not recommend the payment of a final dividend.

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

B Booth (Resigned 1 May 1998)  
 S Dow  
 K A Whittaker  
 R K Stephenson (Appointed 27 May 1997  
 Resigned 30 September 1998)

In accordance with the Articles of Association, K A Whittaker retires and being eligible will offer herself for re-election.

**DIRECTORS' INTERESTS** The directors have no beneficial interest in the shares of the company.

Details of the directors' interests in the Ordinary Shares of Coats Viyella Plc are shown below:

	<u>31 December 1997</u>	<u>31 December 1996</u>
B Booth	831	709
S Dow	12,600	12,600

The following share options in Coats Viyella Plc have been granted to directors and not exercised:

	<u>Options Granted</u>	<u>Price per Share</u>	<u>Period of Option</u>	<u>Number of Shares</u>
1994 Executive Share Option Scheme	1994 to 1997	109.00p to 214.50p	1998 to 2007	538,384
1984 Executive Share Option Scheme	1988 to 1994	103.57p to 256.08p	1998 to 2004	91,241
Coats Viyella Sharesave Scheme	1990 to 1997	89.27p to 190.86p	1998 to 2002	37,137

R K Stephenson was a director of Coats Viyella Plc during the year and his interests in the share capital of Coats Viyella Plc are therefore shown in the Directors' Report of that company.

Other than the foregoing the directors have no beneficial interest in the shares of Coats Viyella Plc.

I.P. CLARKE & COMPANY LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

DIRECTORS'  
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 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. They are also responsible 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

*KA Whitake*

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

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

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with 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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche  
Chartered Accountants and Registered Auditors

201 Deansgate  
Manchester  
M60 2AT

*24 October 1998*

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

For the Year ended 31 December 1997

	<u>Notes</u>	1997 £'000	1996 £'000
Interest receivable		435	29
Income from shares in group undertakings		22,269	26,939
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,704	26,968
Tax on profit on ordinary activities	3	(1,057)	(1,215)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		21,647	25,753
Dividends on equity shares	4	(20,085)	(23,096)
Dividends on non-equity shares	4	<u>(1,127)</u>	<u>(2,628)</u>
PROFIT FOR THE YEAR TRANSFERRED TO RESERVES	11	<hr/> <hr/> 435	<hr/> <hr/> 29

The above results all derive from continuing operations.

The notes on pages 8 to 13 form part of these accounts.

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

At 31 December 1997

	<u>Notes</u>	1997 £'000	1996 £'000
FIXED ASSETS			
Investments	5	<u>107,303</u>	<u>123,113</u>
CURRENT ASSETS			
DEBTORS - falling due within one year	6	37	1,699
DEBTORS - falling due after more than one year	6	1,244	1,428
CASH AT BANK AND IN HAND		<u>5,493</u>	<u>5,218</u>
		6,774	8,345
CREDITORS - amounts falling due within one year	7	<u>(2)</u>	<u>(1,129)</u>
NET CURRENT ASSETS		<u>6,772</u>	<u>7,216</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		114,075	130,329
CREDITORS - amounts falling due after more than one year	8	<u>(77,427)</u>	<u>(52,707)</u>
NET ASSETS		<u>36,648</u>	<u>77,622</u>
CAPITAL AND RESERVES			
EQUITY SHARE CAPITAL	9	100	100
NON-EQUITY SHARE CAPITAL	9	-	50,000
SHARE PREMIUM ACCOUNT		11,336	11,336
OTHER CAPITAL RESERVES		4,890	4,890
REVALUATION RESERVE	10	19,259	10,349
PROFIT AND LOSS ACCOUNT	11	<u>1,063</u>	<u>947</u>
		36,648	77,622
EQUITY SHAREHOLDERS' FUNDS		<u>36,648</u>	<u>27,622</u>
NON-EQUITY SHAREHOLDERS' FUNDS		<u>-</u>	<u>50,000</u>
		36,648	77,622

Approved by the Board of Directors on 28/10/98 and signed on their behalf.

KAWHITTAKO Director

The notes on pages 8 to 13 form part of these accounts

I P CLARKE & COMPANY LIMITED

1997	1996
£'000	£'000

**STATEMENT OF RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 1997**

Profit for the financial year	21,647	25,753
Unrealised surplus/(deficit) on revaluation of investments	5,566	(27,881)
Currency translation differences	<u>3,025</u>	<u>(7,732)</u>
Total recognised gains and losses relating to the year	<u>30,238</u>	<u>(9,860)</u>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**  
**Year ended 31 December 1997**

Profit for the financial year	21,647	25,753
Dividends - equity	(20,085)	(23,096)
- non-equity	<u>(1,127)</u>	<u>(2,628)</u>
	435	29
Unrealised surplus/(deficit) on revaluation of investments	5,566	(27,881)
Currency translation differences	3,025	(7,732)
Issue of shares	-	50,000
Redemption of shares	<u>(50,000)</u>	<u>-</u>
Net movement in shareholders' funds	(40,974)	(35,584)
Opening shareholders' funds	<u>77,622</u>	<u>113,206</u>
Closing shareholders' funds	<u>36,648</u>	<u>77,622</u>

**I.P. CLARKE & COMPANY LIMITED****NOTES TO THE ACCOUNTS****1. STATEMENT OF ACCOUNTING POLICIES**

Basis of Accounting	The financial accounts are prepared on the basis of historical cost as amended by the revaluation of investments and in accordance with applicable accounting standards.
Foreign Currencies	Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Profits and losses on exchange arising in the normal course of trading and realised exchange differences arising on the conversion of foreign currency borrowings are dealt with in the profit and loss account. Unrealised exchange differences arising on the translation of overseas net assets and matched long term foreign currency borrowings are taken direct to reserves.
Investments	<p>The company borrows in foreign currencies as a hedge against fluctuations in the underlying value of its investments in overseas subsidiaries.</p> <p>Investments are stated at the value of the underlying currency net assets translated at closing exchange rates.</p>
Taxation	<p>Coats Viyella Plc 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 Viyella Group. The Directors have received assurances that:</p> <ul style="list-style-type: none"> <li>(i) there is no intention to revoke the undertaking to discharge the taxation liabilities of the Company for those periods, and</li> <li>(ii) full provision for deferred taxation has been made by Coats Viyella Plc in respect of the Company.</li> </ul>
Cash Flow Statement	The company is a wholly owned subsidiary undertaking of Coats Viyella Plc. 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 Viyella Plc.



I.P. CLARKE & COMPANY LIMITED

## NOTES TO THE ACCOUNTS

2. DIRECTORS' AND  
EMPLOYEES

The directors are either directors or executives of the ultimate parent company, Coats Viyella Plc, or its subsidiaries and receive no remuneration for their services to this company (1996 : NIL).

3. TAX ON PROFITS ON  
ORDINARY ACTIVITIES

	1997 £'000	1996 £'000
Overseas taxation	1,057	1,215

No charge to United Kingdom taxation has been provided in the results for the period. No overseas tax has been provided on overseas income other than withholding tax as shown above suffered on the remittance of dividends. Any United Kingdom corporation tax liability which may arise and is not eliminated by offset of double taxation relief and/or advance corporation tax for neither of which payment will be made, will be discharged by Coats Viyella Plc.

## 4. DIVIDENDS

## Ordinary dividend:

Interim paid £200.85 per  
share (1996 : £230.96)

Non-equity Dividend

	1997 £'000	1996 £'000
Interim paid £200.85 per share (1996 : £230.96)	20,085	23,096
Non-equity Dividend	1,127	2,628
	<u>21,212</u>	<u>25,724</u>

**I.P. CLARKE & COMPANY LIMITED****NOTES TO THE ACCOUNTS (Continued)****5. INVESTMENTS**

	Shares in Subsidiaries £'000	Other Fixed Asset Investments £'000	Total £'000
COST			
At 31 December 1996	73,113	50,000	123,113
Additions	25,280	-	25,280
Exchange	3,344	-	3,344
Disposal	-	(50,000)	(50,000)
Revaluation	<u>5,566</u>	<u>-</u>	<u>5,566</u>
At 31 December 1997	<u>107,303</u>	<u>-</u>	<u>107,303</u>

Principal subsidiary undertakings are:

	Country of Incorporation or Registration	Class of Share	Combined Interest of Parent and Subsidiaries %
Tootal Finance Inc	USA	Common Stock Class 'B' (non-voting)	100.00 100.00
Coats Canada Inc	Canada	Common stock	100.00
Jaeger Canada Inc	Canada	Common stock	100.00
Dynacast Canda Inc	Canada	Common stock	100.00

A complete list of subsidiary undertakings and companies in which I.P. Clarke & Co Ltd holds more than 10% of the equity share capital will be filed with the next annual return.

In the opinion of the directors the aggregate value of the assets of these 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.

The addition comprises a further investment in Tootal Finance Inc, a wholly-owned subsidiary undertaking.

I.P. CLARKE & COMPANY LIMITED

## NOTES TO THE ACCOUNTS (Continued)

		1997 £'000	1996 £'000
6. DEBTORS	Prepayments and accrued income	37	1,143
(Amounts falling due within one year)	Tax recoverable	-	556
		37	1,699
DEBTORS	Group undertakings:		
(Amounts falling due after more than one year)	Parent company and fellow subsidiaries	1,244	1,428
7. CREDITORS	Other creditors	2	1,129
(Amounts falling due within one year)			
8. CREDITORS	Amounts owed to group undertakings:		
(Amounts falling due after more than one year)	Parent company and fellow subsidiaries	77,427	52,707

The amounts owed to group undertakings have no specified dates of repayment and are only repayable on receipt of twelve month's notice and do not bear interest.

**I.P. CLARKE & COMPANY LIMITED****NOTES TO THE ACCOUNTS (Continued)****9. CALLED UP SHARE CAPITAL****EQUITY SHARE CAPITAL**

	AUTHORISED		ALLOTTED AND FULLY PAID	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<b>NON-EQUITY SHARE CAPITAL</b>				
Redeemable preference shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>

On 3 July 1997, the company redeemed the preference share issue at par.

**10. REVALUATION RESERVE**

	£'000
At 31 December 1996	10,349
Exchange	3,344
Surplus on revaluation of investments	<u>5,566</u>
	<u>19,259</u>

**11. PROFIT AND LOSS  
ACCOUNT**

At 31 December 1996	947
Retained profit for the year	435
Exchange	<u>(319)</u>
At 31 December 1997	<u>1,063</u>

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

**NOTES TO THE ACCOUNTS (Continued)**

12. ULTIMATE PARENT  
COMPANY

The company's ultimate parent company is Coats Viyella Plc, a company incorporated in England and Wales. Copies of the Group financial statements are available from the parent company's registered office at 28 Savile Row, London.

13. RELATED PARTY  
TRANSACTIONS

The company is a wholly-owned subsidiary undertaking of Coats Viyella Plc and has taken advantage of the exemption in FRS 8 "Related Party Disclosures" in not separately disclosing details of transactions with other group companies.