

Registered No: 166534

CV Statutory Company No: 143

PATONS & BALDWIN'S LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

COUNTRY OF REGISTRATION:

ENGLAND

REGISTERED OFFICE:

P O BOX 31
LEES STREET
SWINTON
MANCHESTER
M27 6DA

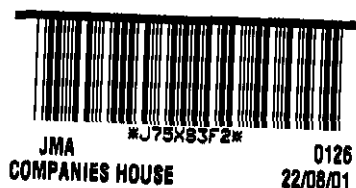
DIRECTORS:

C.W. HEALY
C.J. MERCER
J. STEPHENS

AUDITORS:

DELOITTE & TOUCHE
201 DEANS GATE
MANCHESTER
M60 2AT

SECRETARY:



J. STEPHENS

PATONS & BALDWINS LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 2000.

RESULTS

The company is an investment holding company and its results are shown on page 5. The directors do not recommend the payment of a dividend (1999 - nil).

DIRECTORS

The following persons served as Directors of the Company during the year or were appointed after the year end:-

C.R. Havercroft (resigned 01 March 2000)
C.W. Healy
C.J. Mercer
J. Stephens

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 plc are shown below:-

	31.12.00	31.12.99
C.W. Healy	4,000	Nil

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

	Options Granted	Price per Share	Period of Option	Number of Shares
1984 Executive Share Option Scheme	1991 to 1994	170.15p to 256.08p	2001 to 2004	15,137
1994 Executive Share Option Scheme	1994 to 1999	33.75p to 214.50p	2001 to 2009	240,340

PATONS & BALDWIN LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

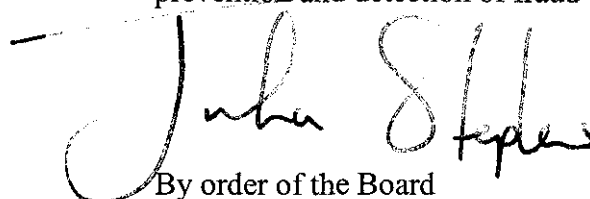
A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

DIRECTORS'
RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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 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

PATONS & BALDWINS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF PATONS & BALDWINS LIMITED.

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with United Kingdom law and accounting standards. 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 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 judgments 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and Registered Auditors

201 Deansgate
Manchester
M60 2AT

2001

PATONS & BALDWINS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

	<u>Notes</u>	31 Dec 2000 £'000	31 Dec 1999 £'000
Income from shares in subsidiary companies		-	1,038
Amounts written off shares in subsidiary companies		-	(1,032)
Gain on dissolution of subsidiaries		<u>1</u>	<u>82</u>
Profit for the financial year before and after taxation transferred to reserves		<u>1</u>	<u>88</u>

The above results relate to a continuing operation.

The company has no recognised gains or losses other than the result for the financial year and the preceding financial year. Accordingly a statement of total recognised gains and losses has not been prepared. Similarly, other than the result for the two years there are no other movements in shareholders' funds.

The notes on pages 8 to 10 form part of these accounts.

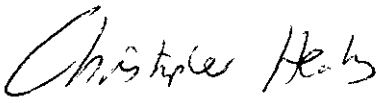
PATONS & BALDWINS LIMITED

BALANCE SHEET

At 31 December 2000

	<u>Notes</u>	31 Dec 2000 £'000	31 Dec 1999 £'000
FIXED ASSETS			
Investments	2	<u>2</u>	<u>2</u>
CURRENT ASSETS			
Debtors	3	<u>9,713</u>	<u>9,713</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,715	9,715
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	4	<u>(879)</u>	<u>(880)</u>
NET ASSETS		<u>8,836</u>	<u>8,835</u>
CAPITAL AND RESERVES			
EQUITY SHARE CAPITAL	5	10,768	10,768
SHARE PREMIUM ACCOUNT	6	2,601	2,601
OTHER CAPITAL RESERVE	7	191	191
PROFIT AND LOSS ACCOUNT	8	<u>(4,724)</u>	<u>(4,725)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>8,836</u>	<u>8,835</u>

Approved by the Board of Directors on 24/05/2001 and signed on their behalf.


Director

The notes on pages 8 to 10 form part of these accounts.

PATONS & BALDWINS LIMITED

STATEMENT OF ACCOUNTING POLICIES

BASIS OF ACCOUNTING The financial statements are prepared on the basis of historical cost and in accordance with applicable accounting standards.

TAXATION Coats plc has assumed the responsibility for discharging any liability for United Kingdom corporation tax, current or deferred, for account periods during which the Company remains a member of the Coats Group. The Directors have received assurances that:

- 1) there is no intention to revoke the undertaking to discharge the taxation liabilities of the Company for those periods, and
- 2) full provision for deferred taxation has been made by Coats plc in respect of the Company.

**INVESTMENTS IN
SUBSIDIARY
UNDERTAKINGS**

Investments in subsidiary undertakings are stated at cost of acquisition together with the amount of any loans advanced to those undertakings.

Where, in the opinion of the directors, there has been an impairment in the value of the investments, appropriate provisions are made and charged to the profit and loss account.

PATONS AND BALDWIN LIMITED

NOTES TO THE ACCOUNTS

1. DIRECTORS'
EMOLUMENTS AND
EMPLOYEES

None of the directors received any emoluments for their services to the company (1999 - £Nil). There are no other employees).

2. INVESTMENTS

	Total £'000
COST	
At 31 December 1999 and 31 December 2000	<u>100</u>
PROVISIONS	
At 31 December 1999 and 31 December 2000	<u>98</u>
NET BOOK VALUE	
At 31 December 1999	<u>2</u>
At 31 December 2000	<u>2</u>

Principal subsidiary undertakings were:

	Country of Registration	Class of Share	Proportion held		
Coats Patons Crafts Ltd	England	Original	100%		
L. Copley-Smith & Sons Ltd	England	Original	100%		
Coats Handknitting Ltd	England	Original	100%		
				31 Dec 2000 £'000	31 Dec 1999 £'000

3. DEBTORS

Due in more than one year:

Amounts owed by parent and fellow subsidiary undertakings	<u>9,713</u>	<u>9,713</u>
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PATONS AND BALDWIN LIMITED

NOTES TO THE ACCOUNTS (Continued)

		31 Dec 2000 £'000	31 Dec 1999 £'000
4. CREDITORS			
(Amounts falling due after more than one year)			
	Amounts owed to parent and fellow subsidiary undertakings	814	815
	Amounts owed to subsidiary undertakings	<u>65</u>	<u>65</u>
		<u>879</u>	<u>880</u>

The amounts owed to group companies do not bear interest and have no specified dates of repayment.

5. CALLED UP
SHARE CAPITAL

	AUTHORISED		ALLOTTED, ISSUED AND FULLY PAID	
	31 Dec 2000 £'000	31 Dec 1999 £'000	31 Dec 2000 £'000	31 Dec 1999 £'000
<u>Equity share capital</u>				
Ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>	<u>10,768</u>	<u>10,768</u>
				£'000

6. SHARE PREMIUM
ACCOUNT

At 31 December 2000 and 31 December 1999	<u>2,601</u>
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7. OTHER CAPITAL
RESERVE

At 31 December 2000 and 31 December 1999	<u>191</u>
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PATONS AND BALDWIN LIMITED

NOTES TO THE ACCOUNTS (Continued)

8. PROFIT AND LOSS ACCOUNT	£'000
At 31 December 1999	(4,725)
Retained for year	<u>1</u>
At 31 December 2000	<u>(4,724)</u>

9. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Coats plc, a company incorporated in England and Wales. Copies of the Group financial statements are available from the parent company's registered office at 1 The Square, Stockley Park, Uxbridge, Middlesex UB11 1TD.

10. RELATED PARTY TRANSACTIONS

The company is a subsidiary undertaking within the Coats Group, 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.