

Registered No: 406925

Coats Statutory Company No: 316

**HICKING PENTECOST LIMITED**

**REPORT AND ACCOUNTS FOR THE YEAR ENDED**

**31 DECEMBER 2002**

COUNTRY OF REGISTRATION:

ENGLAND

REGISTERED OFFICE:

1 THE SQUARE  
STOCKLEY PARK  
UXBRIDGE  
MIDDLESEX  
UB11 1TD

DIRECTORS:

M C FLOWER  
C W HEALY  
J D LEA  
G J C ALDRIDGE  
G C MEREDITH

SECRETARY:

G J C ALDRIDGE

AUDITORS:

DELOITTE & TOUCHE  
MANCHESTER



## **HICKING PENTECOST LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and audited accounts for the year ended 31 December 2002.

### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

During the year the company transferred all of its investments to a fellow subsidiary undertaking at their carrying value. The company is now dormant.

### **DIRECTORS**

The following served as directors during the year or were appointed after the year end:

S W Davies	(resigned 31 March 2003)
M.C. Flower	
C W Healy	
J D Lea	
G M Perks	(resigned 24 December 2002)
G. J. C. Aldridge	
G.C. Meredith	(appointed 31 March 2003)

### **DIRECTORS' INTERESTS**

The directors have no beneficial interest in the shares of the Company.

The following were directors of Coats plc during the year and their interests in Coats plc are therefore shown in the Directors' Report of that company.

Mr M.C. Flower  
Mr J D Lea

**HICKING PENTECOST LIMITED****DIRECTORS' REPORT (continued)****DIRECTORS' INTERESTS (continued)**

Details of the other directors' interests in the ordinary shares and options over ordinary shares of Coats plc are shown below:

	<u>Ordinary Shares</u>		(or date of appointment)
	<u>31/12/02</u>	<u>31/12/01</u>	
G J C Aldridge	-	-	
S W Davies	-	-	
C W Healy	4,000	4,000	

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

	<u>Options Granted</u>	<u>Price per Share</u>	<u>Period of Option</u>	<u>Number of Shares</u>
1984 Executive Share Option Scheme	1994	251.5p	2003 to 2004	5,000
1994 Executive Share Option Scheme	1994 to 2001	42.00p to 214.50p	2003 to 2011	805,000
2002 Executive Share Option Scheme	2002	52.50p	2003 to 2012	50,000

**HICKING PENTECOST LIMITED****DIRECTORS' REPORT (continued)****DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of the company's affairs and of the result of the company for that period. In preparing accounts 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, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**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, 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

By order of the board



Directors

30/7/ 2003

**HICKING PENTECOST LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HICKING PENTECOST LIMITED**

We have audited the financial statements of Hicking Pentecost Ltd for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the related notes 1 to 12, together with the reconciliation of movement in shareholders funds and the statement of accounting policies. 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.

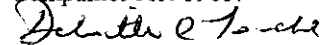
**Basis of audit opinion**

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Deloitte & Touche

Chartered Accountants and Registered Auditors  
Manchester

31 July 2003

**HICKING PENTECOST LIMITED****PROFIT AND LOSS ACCOUNT**

For the Year ended 31 December 2002

	<u>Notes</u>	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
Other operating income		<u>3</u>	<u>147</u>
<b>OPERATING PROFIT</b>	1	3	147
Profit on sale of fixed assets		<u>-</u>	<u>361</u>
<b>OPERATING PROFIT BEFORE INTEREST</b>		3	508
Interest receivable and similar income	3	-	50
Interest payable and similar charges	3	(5)	(287)
Income from Investments		-	10
Profit on sale of Investments		-	10
Amounts written off loans to subsidiary undertakings	5	(1,003)	(3,319)
Amounts released in respect of provisions against investments in subsidiary undertakings	5	<u>-</u>	<u>349</u>
<b>(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,005)	(2,679)
Tax on (loss) on ordinary activities	4	<u>(22)</u>	<u>18</u>
<b>(LOSS) FOR THE FINANCIAL YEAR</b>	10	<u>(1,027)</u>	<u>(2,661)</u>

The above results all relate to a continuing operation.

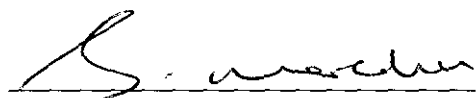
The notes on pages 11 to 15 form part of these accounts.

**HICKING PENTECOST LIMITED****BALANCE SHEET**

At 31 December 2002

	<u>Notes</u>	<b>31 December 2002 £'000</b>	<b>31 December 2001 £'000</b>
<b>FIXED ASSETS</b>			
Investments in subsidiaries	5	-	14,287
<b>CURRENT ASSETS</b>			
DEBTORS - falling due within one year	6	-	31
- falling due after more than one year	6	<u>46,500</u>	<u>43,272</u>
		46,500	43,303
CREDITORS - amounts falling due within one year	7	<u>-</u>	<u>(3)</u>
<b>NET CURRENT ASSETS</b>		<u>46,500</u>	<u>43,300</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>46,500</b>	<b>57,587</b>
CREDITORS - amounts falling due after more than one year	8	<u>(4,410)</u>	<u>(14,470)</u>
<b>NET ASSETS</b>		<u>42,090</u>	<u>43,117</u>
<b>CAPITAL AND RESERVES</b>			
SHARE CAPITAL	9	<b>15,945</b>	15,945
SHARE PREMIUM ACCOUNT	10	<b>8,521</b>	8,521
OTHER CAPITAL RESERVES	10	<b>19,034</b>	19,034
PROFIT AND LOSS ACCOUNT	10	<u>(1,410)</u>	<u>(383)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>42,090</u>	<u>43,117</u>

Approved by the Board of Directors on 30/7/03 and signed on their behalf.



Director

The notes on pages 11 to 15 form part of these accounts.

**HICKING PENTECOST LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 2002**

	2002 £'000	2001 £'000
(Loss) for the financial year	(1,027)	(2,661)
Currency translation differences	—	(225)
Total recognised gains and losses relating to the period	<u>(1,027)</u>	<u>(2,886)</u>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**  
**Year ended 31 December 2002**

(Loss) for the financial year	(1,027)	(2,661)
Currency translation differences	—	(225)
Net movement in shareholders' funds	(1,027)	(2,886)
Opening shareholders' funds	<u>43,117</u>	<u>46,003</u>
Closing shareholders' funds	<u>42,090</u>	<u>43,117</u>



## **HICKING PENTECOST LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES**

#### **Basis of Accounting**

The financial accounts are prepared on the basis of historical cost.

#### **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.

#### **Taxation**

Coats 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 Group. The Directors have received assurances that:

- (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 plc in respect of the Company.

#### **Investments**

Fixed asset investments are stated at cost, unless in the opinion of the Directors, there has been an impairment in the carrying value in which case an appropriate adjustment is made.

**HICKING PENTECOST LIMITED**

**STATEMENT OF ACCOUNTING POLICIES (Continued)**

**Cash Flow Statement**

The company is a wholly owned subsidiary undertaking of Coats 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 plc.

**HICKING PENTECOST LIMITED**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2002**

	2002 £'000	2001 £'000
<b>1. OPERATING PROFIT</b>		
Operating profit / (loss) is stated after charging/ (crediting):		
Depreciation	-	28
Reorganisation (release)	-	(81)
Empty property (release)	<u>-</u>	<u>(54)</u>
<b>2. DIRECTORS' REMUNERATION AND EMPLOYEES</b>		
None of the directors receive emoluments in respect of their services to the company (2001:nil). There were no employees during the year (2001: nil)		
<b>3. INTEREST RECEIVABLE AND PAYABLE</b>		
	2002 £'000	2001 £'000
Receivable - bank interest	<u>-</u>	<u>50</u>
	<u>-</u>	<u>50</u>
Payable - group loans	-	(68)
- other	<u>(5)</u>	<u>(219)</u>
	<u>(5)</u>	<u>(287)</u>
<b>4. TAX ON (LOSS) ON ORDINARY ACTIVITIES</b>		
	2002 £	2001 £
Corporation Tax		
Corporation tax at 30% (2001 - 30%)	-	-
Adjustment in respect of prior years	<u>22</u>	<u>-</u>
	<u>22</u>	<u>-</u>
Deferred tax	<u>-</u>	<u>(18)</u>
	<u>22</u>	<u>(18)</u>

No charge to United Kingdom taxation has been provided in the results for the year. Any United Kingdom corporation tax liability which is not eliminated by the offset of double taxation relief and the receipt of group relief and or advance corporation tax, for neither of which payment will be made, will be discharged by Coats plc.

**HICKING PENTECOST LIMITED****NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 DECEMBER 2002****5. INVESTMENTS**

	<u>Group Companies</u>		
	Shares	Loans	Total
	£'000	£'000	£'000
<b>COST</b>			
At 1 January 2002	20,084	16,325	36,409
Transferred to debtors	-	(4,322)	(4,322)
Transferred to fellow subsidiary undertaking	(20,084)	(12,003)	(32,087)
At 31 December 2002	-	-	-
<b>PROVISIONS</b>			
At 1 January 2002	(15,548)	(6,574)	(22,122)
Transferred to fellow subsidiary undertaking	15,548	3,255	18,803
Transferred to debtors	-	4,322	4,322
Provided in the year	-	(1,003)	(1,003)
At 31 December 2002	-	-	-
<b>NET BOOK VALUE</b>			
At 31 December 2002	-	-	-
At 31 December 2001	<u>4,536</u>	<u>9,751</u>	<u>14,287</u>

During the year the company transferred all of its investments to a subsidiary undertaking at their carrying value.

**HICKING PENTECOST LIMITED****NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 DECEMBER 2002****6. DEBTORS (Amounts falling due within one year)**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Other debtors	<u>-</u>	<u>31</u>
	<u><b>31</b></u>	<u><b>31</b></u>

**DEBTORS (Amounts falling due after more than one year)**

Amounts owed by Group companies	<u><b>46,500</b></u>	<u><b>43,272</b></u>
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The amounts owed from group undertakings have no specified dates of repayment and are only repayable on receipt of twelve month's notice and do not bear interest.

**7. CREDITORS (Amounts falling due within one year)**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Other creditors	<u>-</u>	<u>3</u>
	<u><b>-</b></u>	<u><b>3</b></u>

**8. CREDITORS (Amounts falling due after more than one year)**

Amounts owed to group undertakings	<u><b>4,410</b></u>	<u><b>14,470</b></u>
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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.

**HICKING PENTECOST LIMITED****NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 DECEMBER 2002****9. CALLED UP SHARE CAPITAL**

	NUMBER	2002 £'000	2001 £'000
<b>Authorised</b>			
Ordinary shares of 50p each	40,000,000	<u>20,000</u>	<u>20,000</u>
<b>Called up, allotted and fully paid</b>			
Ordinary shares of 50p each	31,890,849	<u>15,945</u>	<u>15,945</u>

	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Profit and loss account £'000
<b>10. RESERVES</b>				
At 1 January 2002	8,521	5	19,029	(383)
Loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,027)</u>
At 31 December 2002	<u>8,521</u>	<u>5</u>	<u>19,029</u>	<u>(1,410)</u>

**11. ULTIMATE PARENT COMPANY**

At the year end the company's ultimate parent company was Coats plc, a company incorporated in England and Wales and for which group accounts are prepared. 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.

As at 7th 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.

**HICKING PENTECOST LIMITED**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 DECEMBER 2002**

**12. RELATED PARTY TRANSACTIONS**

The company is a wholly-owned subsidiary undertaking of Coats 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.