

Registered No: 406925

Coats Statutory Company No: 316

**HICKING PENTECOST 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:

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

SECRETARY:

G J C ALDRIDGE

AUDITORS:

DELOITTE & TOUCHE LLP  
MANCHESTER



**HICKING PENTECOST LIMITED****DIRECTORS' REPORT**

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

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The company did not trade during the year, and did not incur any liabilities. The directors do not recommend the payment of a dividend (2002: £nil).

**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	(resigned 31 December 2003)
C W Healy	
J D Lea	
G. J. C. Aldridge	
G.C. Meredith	(appointed 31 March 2003)

**DIRECTORS' INTERESTS**

J D Lea was also a director of Coats Ltd, an intermediate holding company, and his interests in the share capital of that company are disclosed in the financial statements of Coats Ltd.

C W Healy held 4,000 shares in Coats Ltd at 31 December 2002, which were sold during the year.

Any share options held by the directors were either exercised or cancelled following the acquisition of the Group by Coats Holdings plc (formerly Avenue Acquisition plc). Options with an exercise price exceeding 58.5p lapsed, while options with an exercise price below 58.5p were either exercised or cancelled for cash.

The directors have no beneficial interest in the shares of this or any other group company at the year end.

## 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:

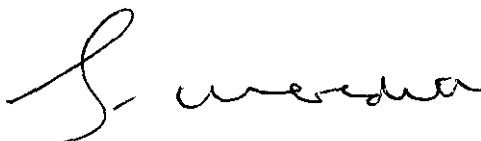
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 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.

By order of the board



Directors

25 / 5 / 2004

**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 2003 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 9, together with 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.

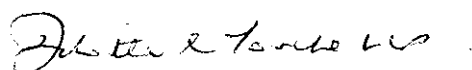
**Basis of audit opinion**

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 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

9 June 2004

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

For the Year ended 31 December 2003

	<u>Notes</u>	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
Other operating income		-	3
<b>OPERATING PROFIT BEFORE INTEREST</b>		-	3
Interest payable and similar charges	2	-	(5)
Amounts written off loans to subsidiary undertakings		-	(1,003)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-	(1,005)
Tax on loss on ordinary activities	3	-	(22)
<b>LOSS FOR THE FINANCIAL YEAR</b>		-	(1,027)

There were no recognised gains or losses other than the result for the year. Other than the result for both years there were no other movements in shareholders' funds.

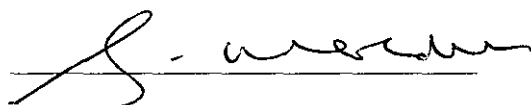
The notes on pages 8 to 10 form part of these accounts.

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

At 31 December 2003

	<u>Notes</u>	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
DEBTORS- falling due after more than one year	4	<u>46,500</u>	<u>46,500</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>46,500</b>	<b>46,500</b>
CREDITORS - amounts falling due after more than one year	5	<u>(4,410)</u>	<u>(4,410)</u>
<b>NET ASSETS</b>		<b><u>42,090</u></b>	<b><u>42,090</u></b>
 <b>CAPITAL AND RESERVES</b>			
SHARE CAPITAL	6	15,945	15,945
SHARE PREMIUM ACCOUNT	7	8,521	8,521
OTHER CAPITAL RESERVES	7	19,034	19,034
PROFIT AND LOSS ACCOUNT	7	<u>(1,410)</u>	<u>(1,410)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b><u>42,090</u></b>	<b><u>42,090</u></b>

Approved by the Board of Directors on 25/5/04 and signed on their behalf.

  
Director

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

## **HICKING PENTECOST LIMITED**

### **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 policies*.

#### **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 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:

- (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 Ltd in respect of the Company.

**HICKING PENTECOST LIMITED**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2003**

**1. DIRECTORS' REMUNERATION AND EMPLOYEES**

None of the directors receive emoluments in respect of their services to the company (2002: £nil). There were no employees during the year (2002: none).

**2. INTEREST PAYABLE**

	2003 £'000	2002 £'000
Payable on other loans	<u>-</u>	<u>(5)</u>

**3. TAX ON (LOSS)  
ON ORDINARY ACTIVITIES**

	2003 £	2002 £
Corporation Tax		
Adjustment in respect of prior years	<u>-</u>	<u>22</u>

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 Ltd.



**HICKING PENTECOST LIMITED****NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 DECEMBER 2003****4. DEBTORS (Amounts falling due  
after more than one year)**

	2003 £'000	2002 £'000
Amounts owed by Group companies	<u>46,500</u>	<u>46,500</u>

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.

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

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

**6. CALLED UP SHARE CAPITAL**

	2003 £'000	2002 £'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>

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

	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Profit and loss account £'000
<b>7. RESERVES</b>				
At 1 January and 31 December 2003	<u>8,521</u>	<u>5</u>	<u>19,029</u>	<u>(1,410)</u>

**8. 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.

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.

The smallest group for which consolidated accounts are prepared is 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 UB11 1TD.

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.

**9. RELATED PARTY TRANSACTIONS**

The company is a subsidiary of 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.