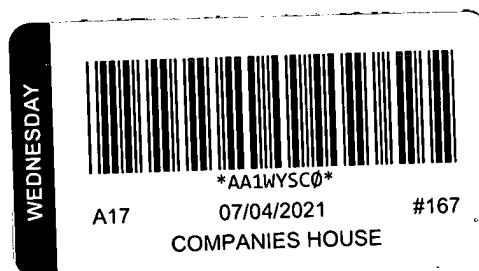


Registered No: 02591134

COATS FINANCE CO. LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



COATS FINANCE CO. LIMITED

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31 December 2020.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year continued to be that of a financial trading company.

FUTURE DEVELOPMENTS

The Directors do not foresee a change in the Company's activities in the foreseeable future.

DIRECTORS

The following persons served as directors of the Company throughout the year and to the date of this Report except as noted:

N Kidd	
R Reade	
W K Chiang	(resigned on 1 September 2020)
RC Mann	(appointed on 1 September 2020)

GOING CONCERN

The Directors have made enquiries into the adequacy of both the Company and Coats Group plc's financial resources, through a review of the current financial projections and the financing facilities available. In assessing going concern, the Directors have considered a number of factors, including Coats Group plc's response to COVID-19, the current balance sheet position and available liquidity, the principal and emerging risks which could impact the performance of Coats Group plc and compliance with borrowing covenants. Further disclosure on the impact and response to COVID-19 is available in the Coats Group plc 2020 Annual Report. The Company's and the Coats Group plc's forecasts and projections take account of reasonably possible changes in trading performance. Giving due consideration to the financial resources available to the Company and Coats Group plc, the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

POST BALANCE SHEET EVENTS

There are no material post balance sheet events requiring adjustment or disclosure.

COATS FINANCE CO. LIMITED

DIRECTORS' REPORT (Continued)

FINANCIAL RISK MANAGEMENT

The Coats Group plc group's treasury policy, which is determined by the Board of Directors of Coats Group plc, governs the management of financial risks within the Coats group. In accordance with this policy, the financial risk exposures are actively monitored and the use of financial instruments, such as derivatives, is permitted. However, under the treasury policy speculative transactions are not permitted.

LIQUIDITY RISK

The Company is part of the Coats Group plc group of companies, which actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that the group has sufficient available funds for its operations.

INTEREST RATE RISK

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets and liabilities include cash, bank overdraft and loan balances and certain balances due to and from group undertakings, which primarily earn and bear interest at floating rates. The Company did not use interest rate derivatives during the year. However, the Coats Group plc group of companies may from time to time use interest rate derivatives to manage the group's exposure to interest rate fluctuations.

CURRENCY RISK

The Company's activities expose it to foreign exchange risk in respect of non-USD denominated bank and inter-company balances. Wherever possible the foreign exchange risk is minimised including with foreign exchange forward contracts.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor, Deloitte LLP, has been reappointed and will continue in office as auditor of the company.

COATS FINANCE CO. LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The Company's ultimate parent company, Coats Group plc provides certain protections for Directors and officers of companies within the Coats Group plc group against personal financial exposure that they may incur in the course of their professional duties.

COATS FINANCE CO. LIMITED

DIRECTORS' REPORT (Continued)

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



N Kidd
Director

30 March 2021

Registered office:

4 Longwalk Road
Stockley Park
Uxbridge
UB11 1FE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS FINANCE CO. LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Coats Finance Co. Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS FINANCE CO. LIMITED (Continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS FINANCE CO. LIMITED (Continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, and the Coats Group plc audit and risk committee about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included International Financial Reporting Standards, UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COATS FINANCE CO. LIMITED (Continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

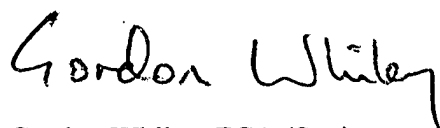
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Gordon Whiley, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 March 2021

COATS FINANCE CO. LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 \$'000	2019 \$'000
Other operating expense		<u>(187)</u>	<u>(163)</u>
OPERATING LOSS		(187)	(163)
Interest receivable and similar income	4	11,289	31,252
Interest payable and similar expenses	5	<u>(12,167)</u>	<u>(15,351)</u>
(LOSS)/PROFIT BEFORE TAXATION		(1,065)	15,738
Tax on (loss)/profit	6	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(1,065)</u>	<u>15,738</u>

All results derive solely from continuing operations.

The Company has no other comprehensive income attributable to equity shareholders of the Company in the year or the preceding year and accordingly no statement of comprehensive income is presented.

The notes on pages 12 to 18 form part of these accounts.

COATS FINANCE CO. LIMITED**BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Notes	2020 \$'000	2019 \$'000
CURRENT ASSETS			
Debtors – Amounts falling due within one year	7	22,116	115,315
– Amounts falling due after more than one year	7	797,410	742,017
Cash at bank and in hand		<u>125</u>	<u>22,801</u>
		819,651	880,133
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	8	<u>(297,206)</u>	<u>(364,095)</u>
NET CURRENT ASSETS BEING TOTAL ASSETS LESS CURRENT LIABILITIES		522,445	516,038
Creditors: Amounts falling due after more than one year	9	<u>(279,774)</u>	<u>(272,302)</u>
NET ASSETS		<u>242,671</u>	<u>243,736</u>
CAPITAL AND RESERVES			
Called up share capital	10	30,430	30,430
Profit and loss account		<u>212,241</u>	<u>213,306</u>
TOTAL SHAREHOLDERS' FUNDS		<u>242,671</u>	<u>243,736</u>

The financial statements of Coats Finance Co. Limited, registered number 02591134, were approved by the Board of Directors and authorised for issue on 30 March 2021.



N Kidd
Director

The notes on pages 12 to 18 form part of these accounts.

COATS FINANCE CO. LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital \$'000	Profit and loss account \$'000	Total \$'000
At 1 January 2019	30,430	197,568	227,998
Profit and total comprehensive income for the financial year	<u>-</u>	<u>15,738</u>	<u>15,738</u>
At 31 December 2019	30,430	213,306	243,736
Loss and total comprehensive expense for the financial year	<u>-</u>	<u>(1,065)</u>	<u>(1,065)</u>
At 31 December 2020	<u>30,430</u>	<u>212,241</u>	<u>242,671</u>

The notes on pages 12 to 18 form part of these accounts.

COATS FINANCE CO. LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

GENERAL INFORMATION AND BASIS OF PREPARATION

Coats Finance Co. Limited is a private company limited by shares, and incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 1 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Coats Finance Co. Limited is considered to be USD because that is the currency of the primary economic environment in which the Company and the Coats Group in general operates.

Coats Finance Co. Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Coats Finance Co. Limited is consolidated in the financial statements of its ultimate parent, Coats Group plc, which has the same registered address as Coats Finance Co. Limited (see page 3). Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

GOING CONCERN BASIS

The Directors have made enquiries into the adequacy of both the Company and Coats Group plc's financial resources, through a review of the current financial projections and the financing facilities available. In assessing going concern, the Directors have considered a number of factors, including Coats Group plc's response to COVID-19, the current balance sheet position and available liquidity, the principal and emerging risks which could impact the performance of Coats Group plc and compliance with borrowing covenants. Further disclosure on the impact and response to COVID-19 is available in the Coats Group plc 2020 Annual Report. The Company's and the Coats Group plc's forecasts and projections take account of reasonably possible changes in trading performance. Giving due consideration to the financial resources available to the Company and Coats Group plc, the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

COATS FINANCE CO. LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE ACCOUNTS (Continued)

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into US Dollars at the rate of exchange ruling at the year end. Profits and losses on exchange arising in the normal course of trading are translated at the rate of exchange at the date of the transaction. Realised exchange differences arising on the conversion of foreign currency borrowings are dealt with in the profit and loss account.

FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Interest income and expense

Interest income and expense are recognised in the profit and loss account on an accruals basis.

(iii) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

COATS FINANCE CO. LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE ACCOUNTS (Continued)

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Directors do not believe there to be any critical accounting judgements or key sources of estimation uncertainty.

COATS FINANCE CO. LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE ACCOUNTS (Continued)

3. DIRECTORS, EMPLOYEES AND AUDITOR'S REMUNERATION

No director received any remuneration for their services to the company (2019: \$nil). There were no other employees (2019: none).

Auditor's remuneration for the audit of the Company's annual accounts of \$8,806 (2019: \$8,469) was borne by a fellow group company.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	\$'000	\$'000
Interest on amounts due from other group undertakings	10,281	29,295
Bank interest receivable	<u>1,008</u>	<u>1,957</u>
	<u>11,289</u>	<u>31,252</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	\$'000	\$'000
Interest on amounts due to other Group undertakings	10,244	13,114
Bank interest payable	968	1,676
Foreign currency loss	<u>955</u>	<u>561</u>
	<u>12,167</u>	<u>15,351</u>

6. TAX ON (LOSS)/PROFIT

	2020	2019
	\$'000	\$'000
UK Corporation tax at 19.00% (2019: 19.00%)	-	-
Tax on (loss)/profit	<u>-</u>	<u>-</u>

The standard rate of current tax for the year, based on UK standard rate of corporation tax, is 19.00% (2019: 19.00%). The current tax charge for the current and prior year is lower than 19.00% for the reasons set out in the following reconciliation:

	2020	2019
	\$'000	\$'000
(Loss)/profit before tax	<u>(1,065)</u>	<u>15,738</u>
Tax on (loss)/profit at standard rate	(202)	2,990
Adjusted for:		
Group relief surrendered/(received) from group companies for nil consideration	<u>202</u>	<u>(2,990)</u>
	<u>-</u>	<u>-</u>

COATS FINANCE CO. LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE ACCOUNTS (Continued)

6. TAX ON (LOSS)/PROFIT (Continued)

No charge to United Kingdom taxation has been provided in the results for the current and preceding year.

On 11 March 2020 the government announced that the main UK corporation tax rate for the years starting 1 April 2020 and 2021 would remain at 19%. This change was substantively enacted on 17 March 2020. Therefore at 31 December 2020, unprovided amounts of deferred tax assets and liabilities have been calculated based on rates of 19%. Subsequent to the year end, on 3 March 2021 the government announced an increase to the main UK corporation tax rate from April 2023 to 25% which has not yet been substantively enacted and therefore is not included in these financial statements. It is currently not expected that this will have a material impact on the Company.

The amount of deferred tax (liabilities)/assets unrecognised at 19% (2019: 17%) was as follows:

	2020 \$'000	2019 \$'000
Temporary difference arising on financial instruments	<u>(8)</u>	<u>17</u>

The deferred tax liability is unprovided as there is uncertainty regarding the generation of future taxable profits of the company.

7. DEBTORS

	2020 \$'000	2019 \$'000
Amounts falling due within one year:		
Amounts owed by group undertakings	20,145	113,547
Derivative financial assets	1,968	1,768
Other debtors	<u>3</u>	<u>-</u>
	<u>22,116</u>	<u>115,315</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	795,347	741,135
Derivative financial assets	<u>2,063</u>	<u>882</u>
	<u>797,410</u>	<u>742,017</u>

The amount owed by fellow subsidiary undertakings bear interest at the local currency Libor rate plus a margin. The amounts receivable in greater than one year are not repayable without 12 months' notice.

COATS FINANCE CO. LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE ACCOUNTS (Continued)

8. CREDITORS: Amounts falling due within one year

	2020 \$'000	2019 \$'000
Bank overdrafts	1,799	19,346
Amounts owed to other group undertakings	293,414	342,854
Other creditors	25	35
Derivative financial liabilities	<u>1,968</u>	<u>1,860</u>
	<u>297,206</u>	<u>364,095</u>

The amounts owed to fellow subsidiary undertakings bear interest at the base rate of the currency the balance is denominated in plus a margin.

9. CREDITORS: Amounts falling due after more than one year

	2020 \$'000	2019 \$'000
Amounts owed to other group undertakings	277,755	271,420
Derivative financial liabilities	<u>2,019</u>	<u>882</u>
	<u>279,774</u>	<u>272,302</u>

The amounts owing to group undertakings have no specified dates of repayment but are only repayable on receipt of twelve months' notice. The loans bear interest at a rate of 2.25%.

10. CALLED UP SHARE CAPITAL

	2020 Number	2019 Number	2020 \$'000	2019 \$'000
Allotted, Called Up and Fully Paid				
Ordinary shares of £1 each	<u>17,000,000</u>	<u>17,000,000</u>	<u>30,430</u>	<u>30,430</u>

COATS FINANCE CO. LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE ACCOUNTS (Continued)

11. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2020 \$'000	2019 \$'000
Financial assets at fair value		
Derivative financial assets measured at fair value through profit or loss:		
• Forward currency contracts	<u>4.031</u>	<u>2.650</u>
Financial liabilities at fair value		
Derivative financial liabilities measured at fair value through profit or loss:		
• Forward currency contracts	<u>3.987</u>	<u>2.742</u>

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

During the year ended 31 December 2020 fair value gains in respect of forward currency contracts measured at fair value through the profit and loss account were \$136,000 (2019: \$214,000).

12. ULTIMATE PARENT COMPANY

The Company's ultimate parent company and controlling party is Coats Group plc, a company incorporated in Great Britain and registered in England and Wales. The smallest and largest group for which consolidated accounts are prepared is Coats Group plc. The consolidated accounts of Coats Group plc can be obtained from its registered office at 4 Longwalk Road, Stockley Park, Uxbridge, Middlesex UB11 1FE, UK.

The Company's immediate parent company is Coats Holdings Ltd, a company incorporated in United Kingdom and registered in England and Wales.

13. POST BALANCE SHEET EVENTS

There are no material post balance sheet events requiring adjustment or disclosure.