

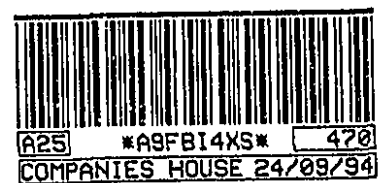
Registered No: 2591134

CV Statutory Company No: 05

COATS VIYELLA FINANCE CO LTD

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1993



COATS VIYELLA FINANCE CO LTD

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 1993.

PRINCIPAL ACTIVITIES

The Company acted as a financial trading company during the year ended 31 December, 1993.

REVIEW OF BUSINESS

Pursuant to a Special Resolution passed on 12 January 1993, the authorised share capital of the Company was reorganised and increased to £150,500,000 by the redesignation of 50 "A" Ordinary Shares, 50 "B" Ordinary Shares and 900 Preference Shares each of £1 as Ordinary Shares of £1 each and by the creation of 499,000 Ordinary Shares of £1 each and 150,000,000 Fixed Rate Redeemable Preference Shares of £1 each.

On 12 January 1993, the issued share capital of the Company was increased by the allotment at par of 499,988 Ordinary Shares of £1 each to the ultimate parent company, Coats Viyella Plc, and 50,000,000 Fixed Rate Redeemable Preference Shares of £1 each to a fellow subsidiary, Coats Viyella Treasury Limited. On 15 January 1993, the issued share capital of the Company was further increased by the allotment at par of 19,795,020 Fixed Rate Redeemable Preference Shares of £1 each to Coats Viyella Treasury Limited. The Company used the subscription monies received from the allotment of the additional shares in its issued and fully paid-up share capital for the purposes of its business as a financial trader.

RESULTS

The directors do not recommend the payment of a dividend on the ordinary shares.

DIRECTORS

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

J R F Walls
S Dow

COATS VIYELLA FINANCE CO LTD

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

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

The following share options in Coats Viyella 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	1984 to 1993	105p to 373p	1994 to 2003	137,500
Savings Related Share Option Scheme	1986 to 1993	90.5p to 215p	1994 to 2000	16,828

Mr J R F Walls was a director of Coats Viyella Plc during the period and his interests are therefore shown in the Directors' Report of that company.

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;

COATS VIYELLA FINANCE CO LTD

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES (Continued)

- 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.

AUDITORS

A resolution will be proposed at the Annual General Meeting to re-appoint Touche Ross & Co. as Auditors of the Company.

By order of the Board



Secretary

COATS VIYELLA FINANCE CO LTD

AUDITORS' REPORT TO THE MEMBERS OF COATS VIYELLA FINANCE CO LTD

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 9.

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 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co
Chartered Accountants and Registered Auditors

15 September 1994

Abbey House
74 Mosley Street
Manchester
M60 2AT

COATS VIYELLA FINANCE CO LTD

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1993

	Notes	Year to 31 December 1993 £'000	Year to 31 December 1992 £'000
Interest receivable and other income	4	10,518	742
Interest payable and similar charges	5	(2,023)	(712)
		—	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	8,495	30
Tax on Profit on ordinary activities	6	-	-
		—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		8,495	30
Preference Dividends payable	7	(7)	-
		—	—
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	8,488	30
		—	—

The above results derive solely from continuing operations.

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

The Notes on page 9 to 12 form part of these accounts.

COATS VIYELLA FINANCE CO LTD

BALANCE SHEET

At 31 December 1993

	Notes	31 December 1993 £'000	31 December 1992 £'000
CURRENT ASSETS			
DEBTORS - due within one year	8	60,391	24,590
- due after more than one year		111,460	-
CASH AT BANK AND IN HAND		<u>4,231</u>	<u>-</u>
		176,082	24,590
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(23,535)</u>	<u>(24,560)</u>
NET CURRENT ASSETS		152,547	30
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	<u>(74,272)</u>	<u>(538)</u>
NET ASSETS/(LIABILITIES)		<u>78,275</u>	<u>(508)</u>
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	11	70,295	-
PROFIT AND LOSS ACCOUNT	12	<u>7,980</u>	<u>(508)</u>
		<u>78,275</u>	<u>(508)</u>

Approved by the Board of Directors on 15 September 1994 and signed on their behalf.



S DOW,
Director

The notes on pages 9 to 12 form part of these accounts.

COATS VIYELLA FINANCE CO LTD

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
Year ended 31 December 1993

	1993 £'000	1992 £'000
Profit for the financial year	8,495	30
Dividends	(7)	-
	<hr/>	<hr/>
	8,488	30
Issue of shares	70,295	-
	<hr/>	<hr/>
Net addition to shareholders' funds	78,783	30
Opening shareholders' funds	(508)	(538)
	<hr/>	<hr/>
Closing shareholders' funds	78,275	(508)
	<hr/>	<hr/>

COATS VIYELLA FINANCE CO LTD

STATEMENT OF ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts are prepared on the basis of historical cost and in accordance with applicable accounting standards.

TAXATION

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:

- (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 Viyella Plc in respect of the Company.

COATS VIYELLA FINANCE CO LTD

NOTES TO THE ACCOUNTS

1. PROFIT ON ORDINARY ACTIVITIES

The profit and net assets arise in the United Kingdom from the principal activity of financial trading.

2. DIRECTORS' REMUNERATION

No directors received any remuneration for their services to the Company (1992 - £nil).

3. EMPLOYEES

The company had no employees during the year.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable:

From Group undertakings

Bank interest

1993
£'000

1992
£'000

4,597

741

5,921

1

10,518

742

5. INTEREST PAYABLE AND SIMILAR CHARGES

Group undertakings

Exchange Loss

2,023

696

16

2,023

712

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

No charge to United Kingdom taxation has been provided on the results of the year. Any United Kingdom liability which may arise and is not eliminated by the offset of group relief and/or advance corporation tax, for neither of which payment will be made, will be discharged by Coats Viyella Plc.

COATS VIYELLA FINANCE CO LTD

NOTES TO THE ACCOUNTS (Continued)

		1993 £'000	1992 £'000
7. PREFERENCE DIVIDENDS	Final proposed	7	-
		<u> </u>	<u> </u>
8. DEBTORS	Amounts owed by the parent company and fellow subsidiary undertakings	169,831	24,199
	Other debtors	<u>2,020</u>	<u>391</u>
		171,851	24,590
		<u> </u>	<u> </u>
	Debtors include amounts owed by group undertakings due in more than one year:		
	Parent company and fellow subsidiaries	111,460	-
		<u> </u>	<u> </u>
9. CREDITORS (Amounts falling due within one year)	Amounts owed to the parent company and fellow subsidiary undertakings	21,192	23,204
	Other creditors	<u>2,343</u>	<u>1,356</u>
		23,535	24,560
		<u> </u>	<u> </u>
10. CREDITORS (Amounts falling due after more than one year)	Amounts owed to the parent company and fellow subsidiary undertakings	74,272	538
		<u> </u>	<u> </u>

The amounts owing to parent company
and fellow subsidiaries have no specified
dates of repayment but are only repayable
on receipt of twelve months notice.

COATS VIYELLA FINANCE CO LTD

NOTES TO THE ACCOUNTS (Continued)

11. SHARE CAPITAL

	AUTHORISED		ALLOTTED AND FULLY PAID	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
"A" Ordinary shares of £1 each	-	-	(£50)	-
"B" Ordinary shares of £1 each	-	-	(£50)	-
New Ordinary shares	500	-	500	-
Preference shares of £1 each	-	1	(£900)	-
Fixed rate redeemable Preference Shares of £1 each	<u>150,000</u>	<u>-</u>	<u>69,795</u>	<u>-</u>
	<u>150,500</u>	<u>1</u>	<u>70,295</u>	<u>-</u>

In January 1993 the 50 "A" Ordinary shares, 50 "B" Ordinary shares and 900 preference Shares were redesignated as 1,000 Ordinary shares of £1 each. The authorised share capital was increased from £1,000 to £150,500,000 and the allotted and fully paid capital increased from £12 to £70,295,020, the additional shares being subscribed for at par value by the parent company and a fellow subsidiary. The issue of shares was to provide further working capital for the Coats Viyella Group.

A dividend of 0.01 percent per annum is payable on the fixed rate redeemable preference shares which are redeemable at the election of the holder up to and including the fifth anniversary of issue, otherwise they are redeemable mandatorily on the fifth anniversary.

12. PROFIT AND LOSS ACCOUNT	£'000
At 31 December 1992	(508)
Retained profit for the year	<u>8,488</u>
At 31 December 1993	<u>7,980</u>

13. ULTIMATE PARENT COMPANY

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