

Registered No: SC2042

J. & P. COATS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

WEDNESDAY



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COMPANIES HOUSE

J. & P. COATS LIMITED

DIRECTORS' REPORT The Directors present their report and accounts for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES The principal activity of the Company is the holding of investments in subsidiary companies. Income is principally derived from dividends and royalties. The Directors do not foresee a change in the Company's activities in the foreseeable future.

BUSINESS REVIEW Results for the year are shown in the profit and loss account on page 6. The balance sheet of the Company is shown on page 7.

No interim dividend was declared or paid on the ordinary shares during the year (2011: \$nil) and the directors do not recommend the payment of a final dividend on the ordinary shares (2011: \$nil).

No changes in the business are expected in the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Coats plc Group and are not managed separately. Accordingly, the principal risks and uncertainties of Coats plc, which include those of the Company, are discussed in Coats plc's annual report which does not form part of this report.

KEY PERFORMANCE INDICATORS Given the nature of the business of the Company as a holding company, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of the overall Coats plc Group are discussed in Coats plc's annual report which does not form part of this report.

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

R. Bevan	(Resigned 17 April 2012)
J. G. DePraeter	(Appointed 3 September 2012)
P.A. Forman	
R. Howes	(Appointed 24 April 2012)
R. Norman	
T. P. Saunt	
F. J. Smith	
Coats Patons Limited	

J. & P. COATS LIMITED**DIRECTORS' REPORT (Continued)****SECRETARY**

At the date of this report, the company secretary is Coats Patons Limited.

RESEARCH AND DEVELOPMENT

During the year the Company's research and development expenditure was \$485,000 (2011: \$473,000).

FINANCIAL RISK MANAGEMENT

The Coats plc Group's treasury policy, which is determined by the Board of Directors of Coats plc, governs the management of financial risks within the Coats plc 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 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 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-US\$ denominated royalties, bank and inter-company balances. Wherever possible the foreign exchange risk is minimised including through the use of foreign exchange forward contracts.

AUDITOR

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the Company in a general meeting and the appointment of auditors annually are currently in force. The auditors, Deloitte 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 to the effect that their appointment is brought to an end.

J. & P. COATS LIMITED**DIRECTORS' REPORT (Continued)****DIRECTORS'
RESPONSIBILITIES
STATEMENT**

The Directors are responsible for preparing 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). 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;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; 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.

J. & P. COATS LIMITED

DIRECTORS' REPORT (Continued)

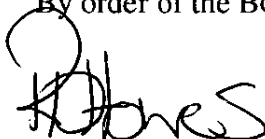
**DISCLOSURE OF
INFORMATION
TO AUDITOR**

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.

By order of the Board

A handwritten signature in black ink, appearing to read 'R Howes', is written over a circular stamp or seal.

R Howes
Director

29 April 2013

Registered office:

1 George Square
Glasgow
Scotland
G2 1AL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J. & P. COATS LIMITED

We have audited the financial statements of J. & P Coats Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

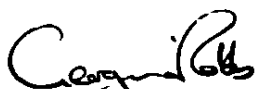
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters:

Under the Companies Act 2006 we are required to report to you 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.



Georgina Robb FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 April 2013

J. & P. COATS LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2012**

	Notes	2012 \$'000	2011 \$'000
Administrative expenses		(60,545)	(46,669)
Income from investments in subsidiary undertakings		3,772	97,009
Other operating income	2	38,945	37,608
Provisions against investment in subsidiary undertakings	10	(21,998)	(57,870)
Operating (loss)/profit	2	(39,826)	30,078
(Loss)/profit on disposal of subsidiary undertakings	10	(2,313)	5,791
(Loss)/profit on ordinary activities before interest		(42,139)	35,869
Interest receivable and similar income	5	1,494	998
Interest payable and similar charges	6	(2,638)	(3,354)
(Loss)/profit on ordinary activities before taxation		(43,283)	33,513
Tax on (loss)/profit on ordinary activities	7	(872)	(1,898)
(Loss)/profit for the financial year	17	(44,155)	31,615

The above results all derive from continuing operations.

The notes on pages 9 to 22 form part of these financial statements.

J. & P. COATS LIMITED**BALANCE SHEET**
31 December 2012

	Notes	2012 \$'000	2011 \$'000
FIXED ASSETS			
Intangible assets	8	15,688	21,710
Tangible assets	9	14,452	9,910
Investments	10	855,354	842,174
		<u>885,494</u>	<u>873,794</u>
CURRENT ASSETS			
Debtors due within one year	11	56,389	43,429
Debtors due after more than one year	11	72,000	71,928
Investments	12	1	1
Cash at bank and in hand		2,969	2,856
		<u>131,359</u>	<u>118,214</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(18,371)	(14,009)
NET CURRENT ASSETS			
		<u>112,988</u>	<u>104,205</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		998,482	977,999
Creditors: amounts falling due after more than one year	14	(387,945)	(329,601)
Provisions for liabilities and charges	15	(6,262)	(3,737)
NET ASSETS			
		<u>604,275</u>	<u>644,661</u>
CAPITAL AND RESERVES			
Called up share capital	16	463,769	463,769
Other capital reserve		54,840	54,840
Profit and loss account	17	85,666	126,052
TOTAL SHAREHOLDERS' FUNDS			
		<u>604,275</u>	<u>644,661</u>

The financial statements of J. & P. Coats Limited, registered number SC2042, were approved by the Board of Directors and authorised for issue on 29 April 2013.



R Howes
Director

The notes on pages 9 to 22 form part of these financial statements.

J. & P. COATS LIMITED
YEAR ENDED 31 DECEMBER 2012

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 \$'000	2011 \$'000
(Loss)/profit for the financial year	(44,155)	31,615
Foreign currency differences	3,769	(5,119)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(40,386)</u>	<u>26,496</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 \$'000	2011 \$'000
(Loss)/profit for the financial year	(44,155)	31,615
Other recognised gains/(losses) relating to the year	3,769	(5,119)
Net (decrease)/increase in shareholders' funds	<u>(40,386)</u>	<u>26,496</u>
Opening shareholders' funds	<u>644,661</u>	<u>618,165</u>
Closing shareholders' funds	<u>604,275</u>	<u>644,661</u>

The notes on pages 9 to 22 form part of these financial statements.

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2012

1. STATEMENT OF ACCOUNTING POLICIES

BASIS OF ACCOUNTING The financial statements are prepared on the basis of historical cost and in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies which have been applied consistently throughout the current and prior year are set out below:

GOING CONCERN The Directors have made enquiries into the adequacy of both the Company and the Coats plc Group's financial resources, through a review of the current financial projections and the financing facilities available. The Company's and the Coats plc Group'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 the Coats plc Group, the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

FOREIGN CURRENCIES The Directors consider US dollars (\$) to be the Company's functional currency. Accordingly, these financial statements are presented in US dollars. At 31 December 2012, the closing exchange rate to sterling was \$1/£0.62 (2011: \$1/£0.64) and the average exchange rate to sterling for the year ended 31 December 2012 was \$1/£0.63 (2011: \$1/£0.62).

Assets and liabilities in foreign currencies are translated into US dollars at the rates of exchange ruling at the period end or related forward contract rates. 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. Exchange differences arising on the translation of equity investments and matched long-term foreign currency borrowings are taken direct to reserves.

TAXATION Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

1. STATEMENT OF ACCOUNTING POLICIES (continued)

TAXATION (continued)

Deferred taxation is recognised on a full provision basis on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law, and is not discounted.

**INTANGIBLE FIXED
ASSETS AND
AMORTISATION**

Acquired brands are stated at cost less accumulated amortisation.

Amortisation is provided to write off the cost of the asset by equal instalments over the expected period that benefit is derived from the asset which in the case of acquired brands is assumed to be not more than 10 years.

**TANGIBLE FIXED
ASSETS AND
DEPRECIATION**

Tangible fixed assets are stated at cost less accumulated depreciation and, where appropriate, provision for impairment.

Depreciation is provided to write off the cost of the assets by equal instalments over their expected useful lives. Land is not depreciated.

The rates used are:

Long leasehold buildings	2%
Short leasehold property	Over period of lease
Motor vehicles	20%
Electronic office equipment	25%
All other plant and machinery	5% to 25%

Acquired computer software licences and computer software development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful life of up to five years.

FINANCE LEASES

Assets held under finance leases are included in tangible fixed assets at a value equal to the original cost incurred by the lessor less depreciation and obligations to the lessor are shown as part of creditors. The interest element is charged to profit and loss account under the reducing balance method.

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

1. STATEMENT OF ACCOUNTING POLICIES (continued)

**OPERATING LEASE
RENTALS**

Rentals on operating leases are charged to profit and loss account in the year to which they relate.

PENSIONS

The Company is a member of the Coats Pension Plan. This is a defined benefit pension scheme covering a large proportion of its permanent staff employees. The scheme's funds are administered by trustees and are independent of the Group's finances.

As the Company is unable to identify its share of the underlying assets and liabilities of the scheme, it has accounted for the scheme in accordance with FRS 17- Retirement Benefits as if it were a defined contribution scheme. Company contributions are charged against profits for the period to which they relate.

Details of the latest actuarial valuation of this scheme are included in the accounts of Coats plc.

**RESEARCH AND
DEVELOPMENT**

All research costs are expensed to the profit and loss account as incurred.

An internally generated intangible asset arising from development is recognised only if all of the following conditions are met:

- an asset is created that can be separately identified;
- it is probable that the asset created will generate future economic benefits; and
- the development costs can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their estimated useful lives.

Where no internally generated intangible asset can be recognised, development expenditure is expensed to the profit and loss account as incurred.

INVESTMENTS

The Company borrows in foreign currencies as a hedge against fluctuations in the underlying value of its investments in overseas subsidiaries.

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

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

1. STATEMENT OF ACCOUNTING POLICIES (continued)

**CASH FLOW
STATEMENT AND
RELATED PARTY
TRANSACTIONS**

The Company is a wholly owned subsidiary of Guinness Peat Group plc and is included in the consolidated financial statements of Guinness Peat Group plc which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities which are wholly owned by the Guinness Peat Group.

GROUP ACCOUNTS

Under the provisions of Section 400 of the Companies Act 2006 the Company is exempt from the obligation to prepare and deliver group financial statements as it is included in the consolidated financial statements of Guinness Peat Group plc. Accordingly, these financial statements present information about the Company as an individual entity and not as a group.

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2012	2011
	\$'000	\$'000
Operating lease costs	892	651
Depreciation - owned assets	3,081	2,368
Depreciation – finance leased assets	95	94
Amortisation of brands	6,022	6,022
Reorganisation and closure costs	7,578	3,069
Research and development expenditure	485	473
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The auditor's remuneration for audit services to the Company was \$51,000 (2011: \$49,000). Auditor's remuneration of \$600,000 (2011: \$466,000) was borne by the Company on behalf of other group companies. Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the ultimate parent company are required to disclose such fees on a consolidated basis.

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

2. OPERATING (LOSS)/PROFIT (Continued)

Other operating income comprises:

	2012 \$'000	2011 \$'000
Group commissions	638	1,257
Income from royalties	12,319	13,403
Group management charges	25,988	22,948
	<u>38,945</u>	<u>37,608</u>

3. DIRECTORS' REMUNERATION

	2012 \$'000	2011 \$'000
Emoluments	3,944	2,535
Compensation for loss of office	-	908
Company contributions to defined contribution scheme	83	64
	<u>4,027</u>	<u>3,507</u>

Emoluments of highest paid Director:

	2012 \$'000	2011 \$'000
Emoluments	1,466	1,013
Company contributions to defined contribution scheme	83	64
	<u>1,549</u>	<u>1,077</u>

At 31 December 2012 two Directors were accruing benefits under defined benefit pension arrangements (2011: three) and one Director was accruing benefits under a defined contribution pension arrangement (2011: one).

4. EMPLOYEES

	2012 Number	2011 Number
The average numbers employed by the company during the year were:	<u>89</u>	<u>86</u>
The costs incurred in respect of these employees were:	\$'000	\$'000
Wages and salaries	21,819	17,068
Social security costs	1,272	1,075
	<u>23,091</u>	<u>18,143</u>

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	\$'000	\$'000
Interest due from group undertakings	1,319	970
Bank and other interest	26	28
Exchange gains	149	-
	<u>1,494</u>	<u>998</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	\$'000	\$'000
Interest due to group undertakings	2,411	2,822
Interest on bank overdrafts	115	116
Interest on obligations under finance leases	-	22
Other interest payable	112	117
Exchange losses	-	277
	<u>2,638</u>	<u>3,354</u>

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2012	2011
	\$'000	\$'000
UK Corporation tax at 24.5% (2011: 26.5%)	872	1,898
Double tax relief	(872)	(1,898)
	<u>-</u>	<u>-</u>
Overseas taxation	872	1,898
	<u>872</u>	<u>1,898</u>

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (Continued)

The standard rate of current tax for the year, based on UK standard rate of corporation tax, is 24.5% (2011: 26.5%). The current tax charge for the year is higher (2011: lower) than 24.5% for the reasons set out in the following reconciliation:

	2012 \$'000	2011 \$'000
(Loss)/profit on ordinary activities before tax	<u>(43,283)</u>	<u>33,513</u>
Tax on (loss)/profit on ordinary activities at standard rate	(10,604)	8,881
Adjusted for the effects of:		
Expenses disallowed for tax purposes	7,989	17,174
Net income not liable to taxation	(924)	(27,246)
Deferred tax not provided	414	(306)
Double tax relief	(872)	(1,898)
Withholding tax on remittances	872	1,898
Losses carried forward	-	551
Group relief surrendered for nil consideration	3,997	2,844
	<u>872</u>	<u>1,898</u>

8. INTANGIBLE ASSETS

	Brands
COST	\$'000
At 1 January 2012 & 31 December 2012	60,216
 AMORTISATION	
At 1 January 2012	38,506
Charge for the year	6,022
	<u>44,528</u>
As at 31 December 2012	
 NET BOOK VALUE	
As at 31 December 2012	15,688
	<u>15,688</u>
As at 31 December 2011	<u>21,710</u>

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

9. TANGIBLE ASSETS

	Fixtures and equipment
COST	\$'000
At 1 January 2012	44,492
Additions	7,718
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At 31 December 2012	52,210
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DEPRECIATION	
At 1 January 2012	34,582
Charge for the year	3,176
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At 31 December 2012	37,758
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NET BOOK VALUE	
At 31 December 2012	14,452
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At 31 December 2011	9,910
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At 31 December 2012 the carrying amount of the Company's plant, machinery and vehicles included an amount of nil (2011: \$95,000) in respect of assets held under finance leases.

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

10. INVESTMENTS

	Shares in Subsidiaries
	\$'000
COST	
At 1 January 2012	1,694,543
Exchange	11,853
Additions	23,325
Disposals	(4,912)
	<hr/>
At 31 December 2012	1,724,809
	<hr/>
PROVISIONS	
At 1 January 2012	852,369
Disposals	(4,912)
Provided during the year	21,998
	<hr/>
At 31 December 2012	869,455
	<hr/>
NET BOOK VALUE	
At 31 December 2012	855,354
	<hr/>
At 31 December 2011	842,174
	<hr/>

During the year the Company subscribed for shares in subsidiary undertakings for a total consideration of \$23,325,000. In addition a subsidiary of the Company with an investment carrying value of nil was dissolved. A loss of \$2,313,000 arose on dissolution.

A provision of \$21,998,000 (2011: \$57,870,000) has been made during the year against the carrying value of investments in subsidiary undertakings. The carrying value of certain investments have been estimated on a value in use basis using cash flow projects derived from recent budgets and forecasts and applying a pre-tax weighted average cost of capital of 10%.

Principal subsidiary undertakings are as follows:

	Registered in	Shares held
Holding companies		
Coats North America Consolidated Inc.	US	100%
Thread companies		
Coats (UK) Limited	England and Wales	100%
Coats Canada Inc	Canada	100%
Coats France SAS	France	100%
Coats GmbH	Germany	100%
Coats Crafts Hungary Limited	Hungary	100%
Coats Cucirini SRL	Italy	100%
Coats American Inc.*	US	100%
Coats & Clark Inc. *	US	100%

* All companies are directly held by J. & P. Coats Limited except those indicated.

In the opinion of the Directors the aggregate amounts due from subsidiary undertakings is not less than the amounts at which they are stated in the balance sheet.

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

11. DEBTORS

	2012	2011
	\$'000	\$'000
Debtors due within one year		
Amounts owed by group undertakings	50,278	36,382
Other debtors	1,964	2,481
Prepayments and accrued income	4,147	4,566
	56,389	43,429

	2012	2011
	\$'000	\$'000
Debtors due after one year		
Amounts owed by parent and fellow subsidiary undertakings	72,000	71,928
	72,000	71,928

12. CURRENT ASSET INVESTMENTS

	2012	2011
	\$'000	\$'000
Unlisted investments	1	1

13. CREDITORS: Amounts falling due within one year

	2012	2011
	\$'000	\$'000
Trade creditors	4,274	3,622
Amounts owed to group undertakings	1,662	2,745
Amounts owed to associates	-	25
Other taxes and social security	38	525
Overseas taxation	2,825	923
Accruals and deferred income	9,572	6,169
	18,371	14,009

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 DECEMBER 2012

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

	2012	2011
	\$'000	\$'000
Amounts owed to group undertakings	<u>387,945</u>	<u>329,601</u>

The amounts owed to Group companies have no specified dates of repayment and are only payable on receipt of twelve months' notice.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Closure and reorganisation provisions \$'000	Vacant leasehold and other provisions \$'000	Total \$'000
At 1 January 2012	2,819	918	3,737
Charge/(credit) for the year	7,578	(156)	7,422
Utilised during the year	(4,353)	(544)	(4,897)
At 31 December 2012	<u>6,044</u>	<u>218</u>	<u>6,262</u>

Closure and reorganisation provisions, vacant leasehold provisions and other provisions are expected to be utilised within five years.

DEFERRED TAXATION

The amount of deferred tax unprovided at 23% (2011: 25%) was as follows:

	2012	2011
	\$'000	\$'000
Depreciation in excess of capital allowance	(1,349)	(1,577)
Other temporary differences	(1,440)	(934)
Trading and capital losses	(52,705)	(59,448)
Unprovided deferred tax asset	<u>(55,494)</u>	<u>(61,959)</u>

J. & P. COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
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16. CALLED UP SHARE CAPITAL

	AUTHORISED		ALLOTTED, ISSUED AND FULLY PAID	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
259,088,835 Ordinary shares of £1 each	463,769	463,769	463,769	463,769

17. PROFIT AND LOSS ACCOUNT

	\$'000
At 1 January 2012	126,052
Loss for the year	(44,155)
Foreign currency differences	3,769
At 31 December 2012	85,666

18. PENSIONS

The Company participates in the Coats Pension Plan. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Company. The Company is unable to identify its share of the assets and liabilities of the scheme. Therefore, and in accordance with the exemption set out in FRS 17, certain disclosures regarding the scheme as set out below represent the scheme as a whole and not the Company's share.

The latest triennial valuation of the scheme was as at April 2009. During the year contributions to the scheme of \$13,420,000 (2011: \$14,505,000) were paid by the principal employer, Coats Holdings Limited. A ten year recovery plan had been agreed with the scheme, under which contributions of \$14.0 million per annum are payable by the principal employer, Coats Holdings Limited (at 2012 year-end exchange rates), of which \$2.6 million per annum relates to future service. This recovery plan will be reviewed at the next triennial valuation as at April 2012 which is currently expected to be concluded during the first half of 2013.

The Coats plc Group accounts for pensions under IAS 19. For the purposes of IAS 19, the actuarial valuation was updated to 31 December 2012. The valuation at 31 December 2012 indicated scheme assets of \$2,311.4 million (2011: \$2,075.4 million) representing 90% (2011: 89%) of the scheme liabilities as detailed in the accounts of Coats plc for the year ended 31 December 2012. Full details of the actuarial assumptions in relation to the scheme, together with the results of the actuarial review, can be found in the financial statements of Coats plc.

J & P COATS LIMITED
NOTES TO THE ACCOUNTS (Continued)
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19. FINANCIAL OBLIGATIONS, COMMITMENTS AND CONTINGENT LIABILITIES

	2012 \$'000	2011 \$'000
<u>Operating Lease Rentals :</u>		
The committed amounts payable during next year are as follows:-		
Land and Buildings		
Lease expiring within 2-5 years	<u>628</u>	<u>651</u>
Plant and Machinery		
Lease expiring within one year	183	33
Lease expiring within 1-2 years	41	182
Lease expiring within 2-5 years	-	41
	<u>224</u>	<u>256</u>

Coats plc banking facilities

At 31 December 2012, \$760.0 million (2011: \$760.0 million) of banking facilities of the Company's immediate parent company, Coats plc, were subject to guarantees issued by certain of its principal subsidiaries, including J&P Coats Limited. At 31 December 2012, \$525.7 million (2011: \$424.7 million) of these banking facilities had been drawn down.

UK pension plan

The Company's ultimate holding company, Guinness Peat Group plc ("GPG") received correspondence in April 2013 from the UK Pensions Regulator ("tPR") explaining that tPR is undertaking an investigation into whether financial support should be provided to the Coats UK Pension Plan (the "Plan") by GPG or by one or more entities connected or associated with the Plan's respective sponsoring employers under the provisions of the Pensions Act 2004. tPR has also recently commenced similar investigations in respect of the Brunel Holdings Pension Scheme – one of the two other UK defined benefit funded pension schemes in the GPG group. At this stage there is no certainty as to when the investigations will conclude, whether any financial commitment will result from these investigations, or, should it do so, the quantum of any such liability or the entities or persons upon which any such liability might be imposed. Furthermore, in deciding whether to impose liability tPR must consider it is reasonable to do so. The GPG Board is taking advice in respect of this correspondence and continues to work with the relevant parties.

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NOTES TO THE ACCOUNTS (Continued)
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20. ULTIMATE PARENT COMPANY

The Company's ultimate parent company and controlling party is Guinness Peat Group plc, a company incorporated in Great Britain and registered in England and Wales. The largest group for which consolidated accounts are prepared is Guinness Peat Group plc. The consolidated accounts of Guinness Peat Group plc can be obtained from its registered office at First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP.

The Company's immediate parent company is Coats Holdings Ltd, a company incorporated in Great Britain and registered in England and Wales. The smallest group for which consolidated accounts are prepared is Coats plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the accounts of Coats plc are available from the company's registered office at 1 The Square, Stockley Park, Uxbridge, Middlesex UB11 1TD.