

Registered No: 35975

COATS PATONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

TUESDAY



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COMPANIES HOUSE

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2009.

PRINCIPAL ACTIVITY

During the year the Company continued to receive interest on amounts due from fellow group undertakings.

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.

During the year an interim dividend on ordinary shares of \$705,000 was paid (2008: \$7,809,000). The directors do not recommend the payment of a final dividend on the ordinary shares (2008: \$nil).

The directors do not anticipate any change in the Company's activities 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.

DIRECTORS

The following persons served as directors of the Company throughout the year, except as follows:

R Bevan

G Fitch

P A Forman (Appointed 31 December 2009)

G C Meredith

T P Saunt

M J Smithyman (Resigned 31 December 2009)

SECRETARY

At the date of this report, the company secretary was R Bevan.

DIRECTORS' REPORT (continued)**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 from time to time both interest bearing assets and interest bearing liabilities. Interest bearing assets and liabilities include 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.

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 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 be brought to an end.

DIRECTORS' REPORT (continued)**DIRECTORS'
RESPONSIBILITIES**

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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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.

DIRECTORS' REPORT (Continued)

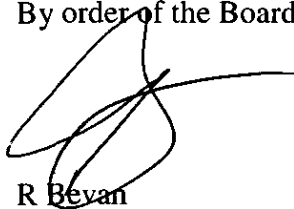
**DISCLOSURE OF
INFORMATION
TO AUDITORS**

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 auditors are 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 auditors are 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 be 'R Bevan', written over the printed name.

R Bevan
Director

28 April 2010

Registered office:

Pacific House
70 Wellington Street
Glasgow
G2 6UB

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COATS PATONS LIMITED

We have audited the financial statements of Coats Patons Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 10. 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 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 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 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 (APB'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.

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 2009 and of its profit 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

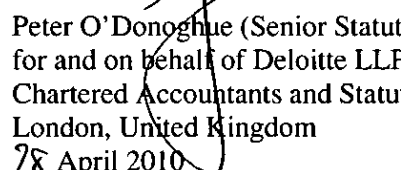
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.

We have nothing to report in respect of the above matters.



Peter O'Donoghue (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
28 April 2010

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	Notes	2009 \$'000	2008 \$'000
Interest receivable and similar income	3	705	7,809
Profit on ordinary activities before taxation		<u>705</u>	<u>7,809</u>
Taxation	4	-	-
Profit for the financial year	9	<u><u>705</u></u>	<u><u>7,809</u></u>

All results derive solely from continuing operations.

There are no recognised gains and losses other than those shown above and consequently no statement of recognised gains and losses is presented.

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

BALANCE SHEET
At 31 DECEMBER 2009

	Notes	2009 \$'000	2008 \$'000
CURRENT ASSETS			
Debtors – Amounts falling due within one year	6	178	4,825
– Amounts falling due after more than one year	6	277,578	272,931
TOTAL ASSETS		277,756	277,756
CAPITAL AND RESERVES			
Share capital	8	255,832	255,832
Share premium account		21,924	21,924
Profit and loss account	9	-	-
TOTAL SHAREHOLDERS' FUNDS		277,756	277,756

The financial statements of Coats Patons Limited, registered number 35975, were approved by the Board of Directors and authorised for issued on 28 April 2010.



 R Bevan
 Director

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

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
YEAR ENDED 31 DECEMBER 2009**

	2009 \$'000	2008 \$'000
Profit for the financial year	705	7,809
Dividends paid	(705)	(7,809)
Net increase in shareholders' funds	<u>-</u>	<u>-</u>
Opening shareholders' funds	277,756	277,756
Closing shareholders' funds	<u>277,756</u>	<u>277,756</u>

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

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2009****1. 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 standards. The principal accounting policies which have been applied consistently in the current and prior year are set out below:

Going concern basis

The accounts have been prepared on a going concern basis as the directors have, after making enquiries, a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future.

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.

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.

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.

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 2009, the closing exchange rate to sterling was \$1/£0.62 (2008: \$1/£0.68) and the average exchange rate to sterling for the year ended 31 December 2009 was \$1/£0.64 (2008: \$1/£0.54).

Transactions denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at the balance sheet date. Exchange gains or losses are included in the profit and loss account.

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 DECEMBER 2009

2. DIRECTORS, EMPLOYEES AND AUDITORS' REMUNERATION

The directors received no remuneration for their services to the Company (2008: \$nil). There were no other employees (2008: nil) and consequently employee costs for the year were \$nil (2008: \$nil).

Auditors' remuneration for the audit of the Company's annual accounts of \$4,000 (2008: \$4,000) was borne by a fellow group company.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 \$'000	2008 \$'000
Interest due from a fellow group undertaking	<u>705</u>	<u>7,809</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The standard rate of current tax for the year, based on UK standard rate of corporation tax, is 28% (2008: 28.5%). The current tax charge for the year is lower than 28.5% for the reasons set out in the following reconciliation:

	2009 \$'000	2008 \$'000
Profit on ordinary activities before tax	<u>705</u>	<u>7,809</u>
Tax on profit on ordinary activities at standard rate	197	2,226
Adjusted for the effects of:		
Group relief claimed for nil consideration	(197)	(735)
Utilisation of losses brought forward	<u>-</u>	<u>(1,491)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

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

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 DECEMBER 2009

5. DIVIDENDS

	2009	2008
	\$'000	\$'000
Interim dividend paid	<u>705</u>	<u>7,809</u>

6. DEBTORS

	2009	2008
	\$'000	\$'000
Debtors due within one year:		
Amounts owed by a fellow subsidiary undertaking	<u>178</u>	<u>4,825</u>
Debtors due after one year:		
Amounts owed by a fellow subsidiary undertaking	<u>277,578</u>	<u>272,931</u>

7. DEFERRED TAXATION

The amount of deferred tax assets unrecognised at 28% (2008: 28%) was as follows:

	2009	2008
	\$'000	\$'000
Capital losses	<u>10,644</u>	<u>13,116</u>
Unprovided deferred tax asset	<u>10,644</u>	<u>13,116</u>

The Company had unrecovered ACT of \$5,845,000 at 31 December 2009 (2008: \$7,201,000) available for offset against future UK profits. No deferred tax asset has been recognised in respect of this due to the uncertainty of recoverability.

NOTES TO THE ACCOUNTS (continued)
YEAR ENDED 31 DECEMBER 2009

8. CALLED UP SHARE CAPITAL

	2009 \$'000	2008 \$'000
AUTHORISED		
590,000,000 Ordinary shares of 25p each	264,000	264,000
55,361,585 Unclassified shares of 25p each	<u>24,700</u>	<u>24,700</u>
	<u>288,700</u>	<u>288,700</u>
 CALLED UP, ALLOTTED AND FULLY PAID		
571,690,297 Ordinary Shares of 25p each	<u>255,832</u>	<u>255,832</u>

9. PROFIT AND LOSS ACCOUNT

	\$'000
At 1 January 2009	-
Profit for the financial year	705
Dividends paid	(705)
	<u> </u>
At 31 December 2009	<u> </u>

10. 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 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 J. & P. Coats Limited. The smallest group for which consolidated accounts are prepared is Coats plc, a company registered 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.