

BARBOUR THREADS LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000
REGISTERED NUMBER SC. 10713

1



BARBOUR THREADS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activities of the company continue to be the manufacture and sale of linen and synthetic threads and braids in its own name and via fellow subsidiaries which act solely as agents and managers for the company.

REVIEW OF BUSINESS

The loss for the year after taxation amounted to £373,010 (nine month period ended 31 December 1999: loss £269,000). The directors do not recommend the payment of a dividend (31 December 1999: £nil).

The directors consider the company is well placed to continue to perform satisfactorily given a favourable trading climate.

DIRECTORS

The directors during the year were:

A W Foran
J A McVicker
G D Woods
C Healy
J Stephens
M Perks
J D Lea

BARBOUR THREADS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS (continued)

J Stephens and C Healy are also directors of the ultimate holding company, Coats Viyella PLC, in whose accounts their interests are disclosed. The beneficial interests of the directors who were not also directors of the ultimate holding company, Coats Viyella PLC, in its issued share capital on 31 December 2000 and 31 December 1999 or later date of appointment were as follows:

	Ordinary Shares of 50p each		Approved Share Options		Unapproved Share Options	
	31 Dec 2000	31 Dec 1999	31 Dec 2000	31 Dec 1999	31 Dec 2000	31 Dec 1999
A W Foran	Nil	Nil	Nil	Nil	Nil	Nil
G D Woods	Nil	224	Nil	Nil	Nil	Nil

RE-ELECTION

The director retiring by rotation is Mr A W Foran who, being eligible, offers himself for re-election. Mr G D Woods, having been appointed a director of the company since the last Annual General Meeting, retires in accordance with the company's Articles of Association and, being eligible, offers himself for re-election.

DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the result of the company for that period. In preparing those accounts 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, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for 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)

PAYMENT OF SUPPLIERS

The company's policy is to pay suppliers in accordance with the contract terms agreed with them or, in the absence of such contract terms, in accordance with the company's own standard terms of trading, provided that the supplier is also complying with all relevant terms and conditions. The average days credit taken by the company to pay suppliers is 85 (31 December 1999:52).

EMPLOYMENT POLICIES

Group companies are encouraged to make all their employees aware of the financial and economic factors affecting the achievements of the companies for which they work and the way in which their personal contributions to the company are of fundamental importance to the further success of the business. Business units develop their own consultative policies such as regular management briefings. Personnel policies are designed to provide equal opportunity to all, irrespective of sex, race, religion and colour. Where appropriate, employment of disabled people is encouraged on the basis of equality with others. In particular, the group fosters youth opportunity by contributions to appropriate charities and by temporary periods of employment. A number of schemes are operated within the group to stimulate employee recognition and internal promotion.

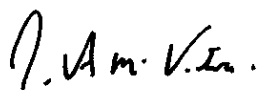
MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors, the market value of the company's properties was not materially different from the net book value at the balance sheet date.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution proposing their appointment will be put to the Annual General Meeting.

By order of the board



Director

31 August 2001

AUDITORS' REPORT TO THE MEMBERS OF BARBOUR THREADS LIMITED

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on pages 8 & 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 affairs of the company as at 31 December 2000 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors
19 Bedford Street
BELFAST BT2 7EJ
30 October 2001

BARBOUR THREADS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR AND 9 MONTHS ENDED 31 DECEMBER 2000 AND 31 DECEMBER 1999, RESPECTIVELY:-

	Notes	31 December 2000 £'000s	9 Months ended 31 December 1999 £'000s
Turnover	2	14,500	12,319
Cost of Sales		<u>(12,337)</u>	<u>(10,504)</u>
GROSS PROFIT		2,163	1,815
Distribution Costs		(1,557)	(736)
Administrative Expenses		<u>(1,052)</u>	<u>(1,306)</u>
OPERATING LOSS		(446)	(227)
Profit on disposal of fixed assets	6	<u>37</u>	<u>-</u>
OPERATING LOSS		(409)	(227)
Net Interest Receivable/(Payable)	7	<u>25</u>	<u>(127)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(384)	(354)
Tax credit on loss on ordinary activities	8	11	85
LOSS FOR THE YEAR	16	<u><u>(373)</u></u>	<u><u>(269)</u></u>

All activities derive from continuing operations.

BARBOUR THREADS LIMITED

BALANCE SHEET 31 DECEMBER 2000

	Notes	31 December 2000 £'000s	31 December 1999 £'000s
FIXED ASSETS			
Tangible assets	9	<u>7,010</u>	<u>7,393</u>
CURRENT ASSETS			
Stock	10	4,945	5,259
Debtors	11	3,783	5,893
Cash at bank and in hand		<u>1,510</u>	<u>847</u>
		10,238	11,999
CREDITORS- amounts falling due within one year	12	<u>2,606</u>	<u>3,478</u>
NET CURRENT ASSETS		7,632	8,521
TOTAL ASSETS LESS CURRENT LIABILITIES		14,642	15,914
CREDITORS- amounts falling due after more than one year	13	(10,771)	(11,659)
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(11)
		<u>3,871</u>	<u>4,244</u>
EQUITY SHAREHOLDERS' FUNDS			
Called up share capital	15	8,105	8,105
Revaluation Reserve	16	1,370	1,370
Profit and loss account	16	(5,604)	(5,231)
		<u>3,871</u>	<u>4,244</u>

Approved by the board of directors on 31 August 2001

On behalf of the board

J. A. M. V. L.

Director

BARBOUR THREADS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2000 AND THE NINE MONTH PERIOD ENDED 31 DECEMBER 1999.

The company has no recognised gains or losses in 31 December 2000 and 31 December, 1999 other than the loss for the year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2000

	31 December 2000	9 Months 31 December 1999
	£'000	£'000
Loss on ordinary activities before taxation	(384)	(354)
Difference between historical cost depreciation and actual depreciation charge calculated on the revalued amount	6	6
Historical cost loss on ordinary activities before tax	<u>(378)</u>	<u>(348)</u>
Historical cost retained loss after taxation	<u>(367)</u>	<u>(263)</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2000

	2000	1999
	£'000	£'000
Loss for the financial year	<u>(373)</u>	<u>(269)</u>
Net reduction in shareholders' funds	(373)	(269)
Opening shareholders' funds	<u>4,244</u>	<u>4,513</u>
Closing Share holders funds	<u>3,871</u>	<u>4,244</u>

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2000

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention as modified to include the revaluation of certain tangible fixed assets and in accordance with applicable accounting and financial reporting standards.

TURNOVER

Turnover represents the invoice value of goods supplied exclusive of VAT.

DEPRECIATION

Tangible fixed assets are shown at cost or valuation.

Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost or valuation, in equal annual instalments using half year convention in the first and final years over their expected useful lives. The depreciation rates are as follows:

Freehold and long leasehold buildings	- 50 years
Plant and equipment	- 10 years
Motor vehicles, fixtures, fittings and equipment	- 3 to 10 years

In accordance with Financial Reporting Standard 15, the transitional provisions of that Standard have been adopted and valuations are not being updated. Details of the last valuation are given note 9 to these accounts.

GOVERNMENT GRANTS

Government grants on capital expenditure are treated as deferred income and released to the profit and loss account over the life of the asset to which they relate.

LEASED ASSETS

Rentals under operating leases are charged against income as incurred.

STOCKS

Stocks and work in progress are stated at the lower of cost, including a proportion of production overheads and net realisable value.

NOTES TO THE ACCOUNTS

31 DECEMBER 2000

1. ACCOUNTING POLICIES (continued)

DEFERRED TAXATION

Deferred taxation is provided on all timing differences only to the extent to which it is considered likely to fall due for payment in the foreseeable future. No provision is made for any potential liability which might arise on disposal of properties at their revalued amount.

FOREIGN CURRENCIES

Foreign currency assets and liabilities are expressed in sterling at exchange rates ruling at the year end. Transactions in the normal course of business are expressed at the rates ruling at the dates of transactions and any exchange gains or losses arising are dealt with in the profit and loss account.

PENSION COSTS

The company is a member of the Hicking Pentecost Pension Scheme, a defined benefit scheme whose assets are held separately from those of the Coats Viyella Group in a trustee administered fund. The most recent actuarial valuation of the Hicking Pentecost Pension Scheme was prepared at 6 April, 1997 and full details can be found in the accounts of the ultimate holding company Coats Viyella PLC.

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2000

2. TURNOVER

The result for the year arose from the company's principal activity. No analysis of turnover by geographical destination has been disclosed as the directors believe such disclosure would be seriously prejudicial to the interest of the company.

3. (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	31 December 2000	9 Months to 31 December 1999
	£'000	£'000
This is stated after charging/ (crediting):		
Depreciation of tangible fixed assets	646	536
Government grant income	(99)	(136)
Auditors remuneration – audit services	11	11
Profit on disposal of tangible fixed assets	(42)	(81)
Operating lease rentals	110	138
Exchange losses	95	46

4. STAFF COSTS

	31 December 2000	9 Months to 31 December 1999
	£'000	£'000
Wages and salaries	4,721	3,547
Social security costs	408	308
Other pension costs	254	207
	<u>5,383</u>	<u>4,062</u>
	Number	Number
The average number of persons employed during the year was:		
Production	272	304
Other	45	50
	<u>317</u>	<u>354</u>

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2000

5. DIRECTORS' EMOLUMENTS

	31 December 2000	9 Months to 31 December 1999
	£'000	£'000
Remuneration	<u>256</u>	<u>167</u>
Remuneration of highest paid director	124	92
Accrued annual pension:	<u>3</u>	<u>2</u>
Directors to whom retirement benefits are accruing under a defined benefit scheme	<u>3</u>	<u>5</u>

6. PROFIT ON DISPOSAL OF FIXED ASSETS

The exceptional item comprises the profit on disposal of plant to other group companies.

7. INTEREST RECEIVABLE/(PAYABLE)

	31 December 2000	9 Months to 31 December 1999
	£'000	£'000
Interest payable bank loans and overdrafts	-	(132)
Interest payable to group companies	-	-
Interest Receivable	<u>25</u>	<u>5</u>
	<u>25</u>	<u>(127)</u>

8. TAXATION

	31 December 2000	9 months to 31 December 1999
	£'000	£'000
Deferred tax credit (note 14)	<u>(11)</u>	<u>(85)</u>

BARBOUR THREADS LIMITED

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2000

9. TANGIBLE FIXED ASSETS

COST OR VALUATION	Land and buildings	Plant and Equipment	Total
	£'000	£'000	£'000
At 31 December 1999	5,066	11,598	16,664
Additions	150	461	611
Intra group disposals	-	(506)	(506)
At 31 December 2000	<u>5,216</u>	<u>11,553</u>	<u>16,769</u>
Comprising assets at:			
Cost	3,723	11,553	15,276
Valuation in 1989	<u>1,493</u>	<u>-</u>	<u>1,493</u>
	<u>5,216</u>	<u>11,553</u>	<u>16,769</u>
 DEPRECIATION			
At 31 December 1999	270	9,001	9,271
Charge for year	75	571	646
Intra group disposals	-	(158)	(158)
At 31 December 2000	<u>345</u>	<u>9,414</u>	<u>9,759</u>
 NET BOOK AMOUNT			
At 31 December 2000	<u>4,871</u>	<u>2,139</u>	<u>7,010</u>
At 31 December 1999	<u>4,796</u>	<u>2,597</u>	<u>7,393</u>

	31 December 2000	31 December 1999
	£'000	£'000
The net book amount of land and buildings comprises:		
Freehold	<u>4,871</u>	<u>4,796</u>

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER, 2000

9. TANGIBLE FIXED ASSETS (continued)

Included in the cost or valuation of land and buildings at 31 December 2000 and 31 December 1999 is £1,050,000 attributable to land in respect of which no depreciation is provided.

The 1989 property valuation was carried out on 17 April 1989 by McConnell Martin, commercial estate agents, on the basis of open market value existing use.

	31 December 2000 £'000	31 December 1999 £'000
The historical cost of assets included at a valuation is as follows:		
Cost	211	211
Accumulated depreciation	(155)	(152)
	<u>56</u>	<u>59</u>

There is no plant and equipment held under hire purchase and finance leases.

10. STOCKS

	31 December 2000 £'000	31 December 1999 £'000
Raw materials and consumables	660	608
Work in progress	1,890	1,811
Finished goods	2,395	2,840
	<u>4,945</u>	<u>5,259</u>

BARBOUR THREADS LIMITED**BARBOUR THREADS LIMITED****NOTES TO THE ACCOUNTS****31 DECEMBER 2000****11. DEBTORS**

	31 December 2000	31 December 1999
	£'000	£'000
Trade debtors	1,410	2,514
Due from group undertakings	1,685	2,676
Other debtors	8	116
Prepayments and accrued income	113	21
Group relief receivable	567	566
	<u>3,783</u>	<u>5,893</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2000	31 December 1999
	£'000	£'000
Trade Creditors	1,659	947
Due to group undertakings	676	1,590
Taxation and social security	57	82
Other creditors	-	290
Accruals and deferred income	214	569
	<u>2,606</u>	<u>3,478</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2000	31 December 1999
	£'000	£'000
Due to group undertakings	10,098	10,907
Deferred grants	673	752
	<u>10,771</u>	<u>11,659</u>

Amounts due from Group undertakings are not subject to any predetermined repayment terms or interest rates.

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2000

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Included in accruals and deferred income:-

	31 December 2000 £'000	9 months to 31 December 1999 £'000
Government Grants:-		
Balance at beginning of the period	872	834
Received during the period	-	140
Amortised during the period	(99)	(102)
Balance at the end of the period	<u>773</u>	<u>872</u>
Included in amounts falling due within one year	<u>100</u>	<u>120</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	31 December 2000 £'000	31 December 1999 £'000
Deferred tax provision:		
Opening balance	11	96
Credit for the year	(11)	(85)
Closing balance	<u>-</u>	<u>11</u>
The full potential deferred taxation provision comprises:		
Accelerated Capital allowances	<u>-</u>	<u>11</u>
	<u>-</u>	<u>11</u>

Revalued land and buildings are not held for resale and the potential deferred tax effect of disposal at the revalued amount has not been quantified.

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2000

15. CALLED UP SHARE CAPITAL

	31 December 2000	31 December 1999
Authorised, allotted, called up and fully paid 810,500 Ordinary Shares of £10 each	<u>8,105</u>	<u>8,105</u>

16. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 31 December 1999	1,370	(5,231)
Retained loss for the year	-	(373)
At 31 December 2000	<u>1,370</u>	<u>(5,604)</u>

17. COMMITMENTS

CAPITAL COMMITMENTS

There were no authorised future capital expenditure, after deduction of available grants at 31 December, 2000 and 1999.

COMMITMENTS UNDER OPERATING LEASES

Annual commitments payable under non-cancellable operating leases expiring:

	Land and Buildings		Plant and Equipment	
	31 December 2000	31 December 1999	31 December 2000	31 December 1999
	£'000	£'000	£'000	£'000
Within one year	-	-	-	10
Between one and five years	104	-	50	24
After five years	80	211	-	-
	<u>184</u>	<u>211</u>	<u>50</u>	<u>34</u>

BARBOUR THREADS LIMITED

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2000

18. CONTINGENT LIABILITIES

GOVERNMENT GRANTS

The company has a contingent liability to repay government grants if certain conditions under which grants were made are not adhered to.

VAT

The company has indemnified Barclays Bank PLC in respect of guarantees given by the bank to HM Customs and Excise. These amounted to £60,000 at 31 December 2000 and 31 December, 1999

19. BANK GUARANTEE

The company, together with certain fellow subsidiaries, has given an unlimited guarantee in respect of bank facilities of the ultimate holding company and certain fellow subsidiaries.

20. CASH FLOW STATEMENT

Coats Viyella P.L.C. has prepared a consolidated cash flow statement which includes the cash flows of the company. The company has therefore taken advantage of the exemption under FRS1 Cash flow Statements not to prepare a cash flow statement.

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2000

21. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption provided by FRS 8 (Related Party Disclosures) in not disclosing transactions with other group companies where there is a common ownership interest in excess of 90% and where such transactions are eliminated on consolidation.

In the course of normal operations, the company has contracted on an arms length basis with the associated undertakings of the group, Barbour Bitrim Threads (Proprietary) Limited and Barbour Vardhman Threads Limited. The aggregate transactions which are considered to be material are summarised below:

	31 December 2000 £'000	9 Months to 31 December 1999 £'000
Sales of goods to	-	32
Purchase of goods from	-	90

The amount due from associated undertakings at 31 December 1999 was paid in full.

22. ULTIMATE HOLDING COMPANY

The company's ultimate parent undertaking is Coats Viyella P.L.C. which is the only company preparing consolidated accounts. A copy of the latest Coats Viyella P.L.C. accounts can be obtained from its registered office at 2 Foubert's Place, London, W1V 1HH.

The company's immediate parent undertaking is Barbour Campbell Textiles Limited.