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COMPANY NO: 52019

VANTONA TEXTILES LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED

31 DECEMBER 1999

COUNTRY OF REGISTRATION

ENGLAND

REGISTERED OFFICE

P O BOX 31
LEES STREET
SWINTON
MANCHESTER
M27 6DA

DIRECTORS:

C.W. HEALY
J. STEPHENS

SECRETARY:

J. STEPHENS

AUDITORS:

DELOITTE & TOUCHE
201 DEANSGATE
MANCHESTER
M60 2AT



VANTONA TEXTILES LIMITEDREPORT OF THE DIRECTORS

The Directors submit their report and statement of accounts for the year ended 31 December 1999.

1. PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company.

2. RESULTS

The result for the year which comprises provisions against loans to subsidiaries and fellow subsidiaries is set out in the profit and loss account. The directors do not recommend the payment of a dividend (prior year : £nil).

3. DIRECTORS

The following served as Directors during the year, or were appointed after the year end:-

S.W. DAVIES	(resigned 31 March 1999)
C.W. HEALY	(appointed 31 March 1999)
J. STEPHENS	(appointed 31 March 1999)
K.A. WHITTAKER	(resigned 31 March 1999)

4. DIRECTORS' INTEREST

The Directors have no beneficial interest in the shares of the company.

The above directors are also directors of Vantona Viyella Limited, and their interests in the shares of Coats Viyella Plc, the ultimate parent company, are disclosed in the directors' report of that company's report and accounts.

5. AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

6. MILLENNIUM COMPLIANCE

The directors have considered the potential effects of Year 2000 issues on the company. As the company has no computer systems and no suppliers, the impact was negligible and no costs have been, or are expected to be, incurred in order to achieve Year 2000 compliance.

7. 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:

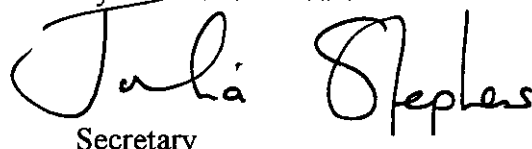
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

VANTONA TEXTILES LIMITEDREPORT OF THE DIRECTORS7. DIRECTORS' RESPONSIBILITIES (Continued)

- state whether applicable accounting standards have been followed;
- 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.

By order of the Board


Secretary

VANTONA TEXTILES LIMITEDAUDITORS' REPORT TO THE MEMBERS OF VANTONA TEXTILES LIMITED.

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors

26 June 2000

201 Deansgate
Manchester
M60 2AT

VANTONA TEXTILES LIMITEDPROFIT & LOSS ACCOUNT FOR THE YEAR ENDED31 DECEMBER 1999

	Notes	1999 £	1998 £
Income from shares in subsidiary companies		44,467	-
Provisions against shares in subsidiaries		(22,383)	-
Provisions against loans to subsidiaries written back		-	2,582,375
Provisions against loans to fellow subsidiary undertakings		-	(3,759,807)
Profit/(loss) on dissolution of subsidiaries		<u>122</u>	<u>(959)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR BEFORE AND AFTER TAXATION		22,206	(1,178,391)
RETAINED DEFICIT BROUGHT FORWARD		<u>(3,402,976)</u>	<u>(2,224,585)</u>
RETAINED DEFICIT CARRIED FORWARD		<u>(3,380,770)</u>	<u>(3,402,976)</u>

The above results derive from a continuing operation.

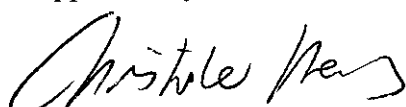
Other than the above result there have been no other recognised gains or losses or movements in shareholders' funds.

The notes on pages 7 to 10 form part of these accounts.

VANTONA TEXTILES LIMITEDBALANCE SHEET - 31 DECEMBER 1999

	<u>Note</u>	<u>31 DEC</u> <u>1999</u> £	<u>31 DEC</u> <u>1998</u> £
<u>FIXED ASSETS</u>			
Investments	3	2,532,206	2,554,589
<u>CURRENT ASSETS</u>			
Debtors - amounts due in less than one year	4	2,343	2,343
Debtors - amounts due in more than one year	4	1,858,958	1,828,052
Cash at bank and in hand		<u>1,855</u>	<u>1,855</u>
		1,863,156	1,832,250
Less:			
<u>CREDITORS - AMOUNTS FALLING DUE</u> <u>WITHIN ONE YEAR</u>			
Sundry Creditors		<u>(2,271)</u>	<u>(2,271)</u>
<u>NET CURRENT ASSETS</u>		<u>1,860,885</u>	<u>1,829,919</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		4,393,091	4,384,568
<u>CREDITORS - AMOUNTS FALLING DUE AFTER</u> <u>MORE THAN ONE YEAR</u>	5	<u>(3,016,159)</u>	<u>(3,029,842)</u>
		<u>1,376,932</u>	<u>1,354,726</u>
<u>CAPITAL AND RESERVES</u>			
CALLED UP SHARE CAPITAL	6	2,688,307	2,688,307
SHARE PREMIUM ACCOUNT		1,230,545	1,230,545
CAPITAL REDEMPTION RESERVE		838,850	838,850
PROFIT AND LOSS ACCOUNT - DEFICIT		<u>(3,380,770)</u>	<u>(3,402,976)</u>
<u>EQUITY SHAREHOLDERS' FUNDS</u>		<u>1,376,932</u>	<u>1,354,726</u>

Approved by the Board of Directors on 19-6-00 and signed on their behalf.



Director

The notes on pages 7 to 10 form part of these accounts.

VANTONA TEXTILES LIMITEDNOTES TO ACCOUNTS - 31 DECEMBER 19991. STATEMENT OF ACCOUNTING POLICIESBASIS OF ACCOUNTING

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

CONSOLIDATED ACCOUNTS

In accordance with the Companies Act 1985, Section 228, Group Accounts have not been prepared as this holding company is a wholly owned subsidiary of another body corporate, incorporated in England, which itself produces Group Accounts.

INVESTMENTS

Investments are stated at cost unless in the opinion of the directors there has been an impairment in value, for which case an appropriate provision is made.

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 these periods, and
- (ii) full provision for deferred taxation has been made by Coats Viyella Plc in respect of the company.

2. DIRECTORS' REMUNERATION

The directors did not receive any remuneration from the company during the year (1998 - £Nil). They were the only employees in either year.

VANTONA TEXTILES LIMITEDNOTES TO ACCOUNTS - 31 DECEMBER 19993. INVESTMENTS

	<u>Group Companies</u>		<u>Unlisted</u>	
	<u>Shares</u>	<u>Loans</u>	<u>Investments</u>	<u>Total</u>
COST				
At 31 December 1998	7,273,185	242,042	50,118	7,565,345
Subsidiaries dissolved	(1,240,343)	-	-	(1,240,343)
At 31 December 1999	<u>£6,032,842</u>	<u>£242,042</u>	<u>£50,118</u>	<u>£6,325,002</u>
PROVISIONS				
At 31 December 1998	(4,768,714)	(242,042)	-	(5,010,756)
Subsidiaries dissolved	1,240,343	-	-	1,240,343
Provided	<u>(22,383)</u>	<u>-</u>	<u>-</u>	<u>(22,383)</u>
At 31 December 1999	<u>£(3,550,754)</u>	<u>£(242,042)</u>	<u>£ -</u>	<u>£(3,792,796)</u>
NET BOOK VALUE				
At 31 December 1999	<u>£2,482,088</u>	<u>£ -</u>	<u>£50,118</u>	<u>£2,532,206</u>
At 31 December 1998	<u>£2,504,471</u>	<u>£ -</u>	<u>£50,118</u>	<u>£2,554,589</u>

Unlisted Investment

The company holds 50% of the shares in Hindley Developments Ltd., which is incorporated in Great Britain and registered in England and Wales.

Subsidiary companies, all of which are dormant, are:

<u>Name of Company</u>	<u>Country of Registration</u>	<u>Class of Share</u>	<u>Proportion held</u>
Cromer Ring Mill (Holdings) Ltd	England	Ordinary	100%
Albert Hartley Ltd.	England	Ordinary	100%
Viyella Shelfco (AR) Ltd	England	Ordinary	100%
Cromer Ring Mill Ltd.	England	Ordinary	100%
Everwear Candlewick Ltd.	England	Ordinary	100%
Ewart Liddell Holdings Ltd.	N Ireland	Ordinary	100%
CV Shelfco No. 1 Ltd.	England	Ordinary	100%
Field (Quilters) Ltd.	England	Ordinary	100%
The Nottingham Manufacturing Company Ltd	England	Ordinary	100%

VANTONA TEXTILES LIMITEDNOTES TO ACCOUNTS - 31 DECEMBER 1999Unlisted Investment Continued

Name of Company	Country of Registration	Class of Share	Proportion held
Henry Bock Ltd	England	Ordinary	100%
Vantona Ltd.	England	Ordinary	100%
Wilshire (UK) Ltd.	England	Ordinary	100%
Diana Cowpe Ltd.	England	Ordinary	100%
Carrington Viyella Group Ltd	England	Ordinary	100%
Andrew Swire Ltd	England	Ordinary	100%
Barraclough, Milner & Co Ltd	England	Ordinary	100%
Bevis International Ltd	England	Ordinary	100%

In the opinion of the directors the aggregate value of the assets of these subsidiaries is not less than the aggregate value of the amounts at which they are included in the balance sheet.

In accordance with Section 228 of the Companies Act 1985 group accounts are not submitted.

4. DEBTORS

	1999 £	1998 £
Amounts due within one year		
Other debtors	<u>2,343</u>	<u>2,343</u>
Amounts due after more than one year		
Amounts owed by fellow subsidiary undertakings not receivable within one year	<u>1,858,958</u>	<u>1,828,052</u>

5. CREDITORS (Amounts falling due
after more than one year)

Amounts owed to parent and fellow subsidiary undertakings	2,727,429	2,728,448
Amounts owed to subsidiary undertakings	<u>288,730</u>	<u>301,394</u>
	<u>3,016,159</u>	<u>3,029,842</u>

The loans from group companies have no specified dates of repayment but are only repayable on the receipt of twelve months notice, and do not bear interest.

VANTONA TEXTILES LIMITEDNOTES TO ACCOUNTS - 31 DECEMBER 19996. SHARE CAPITAL

The share capital of the company at 31 December 1999 and 31 December 1998 consisted of the following:-

	<u>Authorised</u>		<u>Issued and Fully paid</u>	
	Number	£	Number	£
Ordinary shares of 25p each	<u>16,244,600</u>	<u>4,061,150</u>	<u>10,753,227</u>	<u>2,688,307</u>

7. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Coats Viyella Plc., a company incorporated in England and Wales and for which group accounts are prepared. Copies of the Group financial statements are available from the parent company's registered office at 2 Foubert's Place, London W1V 1HH.

8. RELATED PARTY TRANSACTIONS

The company is a wholly-owned subsidiary undertaking of Coats Viyella Plc and has taken advantage of the exemption in FRS 8 "Related Party Disclosures" in not separately disclosing details of transactions with other group companies.