

Registered No.: 240049

CV Statutory Company No: 183

JOHN MURGATROYD LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1996

COUNTRY OF REGISTRATION:

ENGLAND

REGISTERED OFFICE:

P O BOX 31
LEES STREET
SWINTON
MANCHESTER
M27 6DA

DIRECTORS:

B. BOOTH
K.A. WHITTAKER
S.W. DAVIES

SECRETARY:

C.J.D. TAYLOR



JOHN MURGATROYD LIMITED**DIRECTORS' REPORT**

The Directors present their report and accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The business did not trade during the year or the previous year.

REVIEW OF THE BUSINESS

As a consequence of not trading during the year the company did not incur any liabilities. The company has not had any other recognised gains or losses or movement in shareholders' funds throughout the financial year or previous year. Consequently a profit and loss account has not been presented.

RESULTS

The profit for the year after taxation is £ Nil. The directors do not recommend the payment of a final dividend (1995 : £NIL).

DIRECTORS

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

B. Booth

K.A. Whittaker

S.W. Davies (Appointed 1.7.96)

JOHN MURGATROYD LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

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

Details of the directors' interests in the Ordinary Shares of Coats Viyella Plc are shown below.

	<u>31.12.96</u>	31.12.95 or date of appointment
B. Booth	709	490
S.W. Davies	49	539

The following share options in Coats Viyella Plc have been granted to directors and not exercised:

	<u>Options Granted</u>	<u>Price per Share</u>	<u>Period of Option</u>	<u>Number of Shares</u>
1984 Executive Share Option Scheme	1987 to 1994	103.57p to 367.92p	1997 to 2004	17,739
1994 Executive Share Option Scheme	1994 to 1996	162.50p to 214.50p	1997 to 2006	97,500
Savings Related Share Option Scheme	1990 to 1993	89.27p to 190.86p	1997 to 2000	9,590
Sharesave Scheme Share Option Scheme	1994 to 1996	143.00p to 183.00p	1999 to 2002	15,240

Other than the foregoing, the directors have no beneficial interest in the shares of Coats Viyella Plc.

JOHN MURGATROYD LIMITED

DIRECTORS' REPORT (Continued)

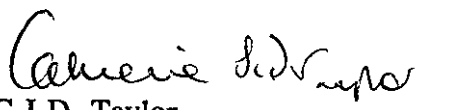
DIRECTORS'
RESPONSIBILITIES

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;
- 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


C.J.D. Taylor
Secretary

JOHN MURGATROYD LIMITED

BALANCE SHEET

At 31 December 1996

	Notes	31 December 1996 £'000	31 December 1995 £'000
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	3	<u>(2,211)</u>	<u>(2,211)</u>
NET LIABILITIES		<u>(2,211)</u>	<u>(2,211)</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	4	71	71
PROFIT AND LOSS ACCOUNT - DEFICIT		<u>(2,282)</u>	<u>(2,282)</u>
		<u>(2,211)</u>	<u>(2,211)</u>
SHAREHOLDERS' FUNDS ARE ATTRIBUTABLE TO:			
Equity shareholders' funds		(2,241)	(2,241)
Non-equity shareholders' funds		<u>30</u>	<u>30</u>
		<u>(2,211)</u>	<u>(2,211)</u>

The company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the period ended 31 December 1996.

Approved by the Board of Directors on

23.10.97

and signed on their behalf.



Director

The notes on pages 6 and 7 form part of these accounts.

JOHN MURGATROYD LIMITED

STATEMENT OF ACCOUNTING POLICY

BASIS OF ACCOUNTING

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

NOTES TO THE ACCOUNTS

1. PROFIT AND LOSS
ACCOUNT

The company did not trade during this or the preceding year, incurred no liability and therefore made neither profit nor loss, or any other recognised gains or losses. Accordingly a profit and loss account has not been presented.

2. DIRECTORS'
REMUNERATION

The directors who are the only employees, did not receive any remuneration for their services to the company during the year (1995 - same).

3. CREDITORS - AMOUNTS
FALLING DUE AFTER
MORE THAN ONE YEAR

Amounts owed to parent or fellow subsidiary undertaking:

1996	1995
£'000	£'000
<u>(2,211)</u>	<u>(2,211)</u>

The amounts owing to group companies have no specified dates of repayment but are only repayable on receipt of 12 month's notice.

JOHN MURGATROYD LIMITED

NOTES TO THE ACCOUNTS (Continued)

4. CALLED UP SHARE CAPITAL

	AUTHORISED		ALLOTTED AND FULLY PAID	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
<u>EQUITY SHARES</u>				
48,000 Deferred shares at £1 each				
of which 39,402 have been allotted				
and fully paid	48	48	39	39
40,000 Ordinary shares of 5p each				
of which 39,402 have been allotted				
and fully paid	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	50	50	41	41
<u>NON-EQUITY SHARES</u>				
30,000 6% Preference shares of				
£1 each	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
	<u>80</u>	<u>80</u>	<u>71</u>	<u>71</u>

The holders of 6% preference shares, who have waived their rights to dividends, may attend and vote at meeting where their rights may be altered. On a winding up they are entitled to their fully paid up capital.

5. ULTIMATE PARENT COMPANY

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