

CV Statutory Company Number: 014

COMPANY NO: 151652

WILLIAM HOLLINS & COMPANY LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED

31 DECEMBER 2000

COUNTRY OF REGISTRATION

ENGLAND

REGISTERED OFFICE

VIYELLA HOUSE
NOTTINGHAM ROAD
SOMERCOTES
DERBY DE55 4SB

DIRECTORS:

P.A. BURNETT
P.C. DUNCAN
C.W. HEALY
D.L. F. HOLT
B. MORRISON
L. TAIT
D.W. YOUNGER

SECRETARY:

R. BOWMAR
S.C. O'LEARY
J. STEPHENS

AUDITORS:

DELOITTE & TOUCHE
201 DEANSGATE
MANCHESTER
M60 2AT



WILLIAM HOLLINS & COMPANY LIMITEDDIRECTORS' REPORT

The Directors submit their report and statement of accounts for the year ended 31 December 2000.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacturing, retailing and overseas licencing of fabrics and garments, mainly under the brand names of Viyella and Van Heusen.

REVIEW OF THE BUSINESS

Sales for the year were £57,831,000 (1999 - £59,396,000). The operating profit for the year of £4,009,000 compares with profits of £5,036,000 in 1999. Viyella Retail continued to experience difficult trading conditions and suffered in the early part of the year from a poorly focused product range. Autumn sales were strong, reflecting improvements in the collection. However, the increase was not sufficient to compensate for the first half performance. Branded shirts maintained profits on the back of improved sourcing margins.

FIXED ASSETS

The changes which have taken place during the year are set out in note 9 to the accounts. The directors are of the opinion that there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts.

RESULTS

The profit for the year after taxation is £5,054,000. No interim dividends have been paid and the Directors do not recommend the payment of a final dividend (1999 : £Nil).

DIRECTORS

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

Details of the directors' interests in the ordinary shares of Coats plc are shown below:-

	31 December 2000	31 December 1999 or date of appointment
N.W. Bennett (resigned 13 October 2000)	Nil	Nil
P.A. Burnett (appointed 08 May 2000)	Nil	Nil
J.C. Cranston (appointed 01 February 2000, resigned 31 December 2000)	4,199	Nil
P.C. Duncan	Nil	Nil
C.W. Healy	4,000	Nil
D.L.F. Holt (appointed 01 December 2000)	Nil	Nil
B. Morrison	Nil	Nil
A.P. Moulds (resigned 31 December 2000)	Nil	10,000
L. Tait	Nil	2,564
D.W. Younger (appointed 19 January 2000)	Nil	Nil

WILLIAM HOLLINS & COMPANY LIMITEDDIRECTORS' REPORT (Continued)DIRECTORS' INTEREST

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

	Options Granted	Price per Share	Period of Option	Number of Shares
1984 Executive Share Option Scheme	1991 to 1994	170.15p to 256.08p	2001 to 2004	55,643
1994 Executive Share Option Scheme	1994 to 1999	33.75p to 214.50p	2001 to 2009	582,764
Coats Sharesave Scheme	1994 to 1997	110.00p to 183.00p	2001 to 2002	14,406

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

EMPLOYMENT POLICIES

The company complies with the employment policies of the Coats plc Group which are set out in that Company's Directors' report.

DISABLED PERSONS

It is the company's policy to offer equal opportunity to disabled persons applying for vacancies and provide them with the same opportunities for employment, training, career development and promotion that are available to all employees within the limitation of their aptitude and abilities.

SUPPLIER CREDIT

It is the Company's policy to follow the CBI Code of Practice regarding the prompt payment of suppliers. A copy of the Code can be obtained from the Company Secretary. In particular, for all trade creditors it is the Company's policy to:

- agree the terms of payment at the start of business with the supplier
- ensure that suppliers are aware of the terms of payment
- pay in accordance with its contractual and other legal obligations.

Trade creditors at 31 December 2000 represented an average of 45 creditor days.

WILLIAM HOLLINS & COMPANY LIMITEDDIRECTORS' REPORT (Continued)AUDITORS

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

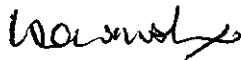
DIRECTORS' RESPONSIBILITIES

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



R. Bowmar
Secretary

WILLIAM HOLLINS & COMPANY LIMITEDAUDITORS' REPORT TO THE MEMBERS OF
WILLIAM HOLLINS & COMPANY LIMITED.

We have audited the financial statements on pages 6 to 16 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 4, 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.

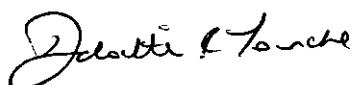
Basis of opinion

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 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 2000 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

201 Deansgate
Manchester
M60 2AT

16 July 2001

WILLIAM HOLLINS & COMPANY LIMITEDPROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
TURNOVER	1	57,831	59,396
Cost of sales		<u>(23,319)</u>	<u>(23,792)</u>
GROSS PROFIT		34,512	35,604
Distribution costs		(26,315)	(25,155)
Administration expenses		(5,653)	(6,990)
Other operating income	2	<u>1,465</u>	<u>1,577</u>
		<u>(30,503)</u>	<u>(30,568)</u>
OPERATING PROFIT	2	4,009	5,036
Profit on sale of fixed assets and brands		<u>824</u>	<u>93</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		4,833	5,129
Interest receivable and similar income	5	2,277	1,668
Interest payable	6	<u>(2,019)</u>	<u>(1,725)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,091	5,072
Tax on profit on ordinary activities	7	<u>(37)</u>	<u>(99)</u>
PROFIT FOR THE FINANCIAL YEAR		5,054	4,973
Equity ordinary dividends paid	8	<u>-</u>	<u>(4,227)</u>
PROFIT RETAINED	16	<u>5,054</u>	<u>746</u>

The notes on pages 9 to 16 form part of these accounts.

The above results derive solely from continuing activities.

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

WILLIAM HOLLINS & COMPANY LIMITEDBALANCE SHEET

31 December 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	9	3,934	4,155
CURRENT ASSETS			
Stocks	10	8,326	9,815
Debtors - due in less than one year	11	12,543	10,020
- due in more than one year	11	41,323	31,873
Cash at bank and in hand		<u>37</u>	<u>633</u>
		<u>62,229</u>	<u>52,341</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank overdrafts		3,241	94
Trade creditors		2,944	3,397
Sundry creditors	12	<u>3,102</u>	<u>16,246</u>
		<u>9,287</u>	<u>19,737</u>
NET CURRENT ASSETS		<u>52,942</u>	<u>32,604</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		56,876	36,759
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
PROVISIONS FOR LIABILITIES AND CHARGES	13	(37,284)	(22,385)
	14	<u>(164)</u>	<u>-</u>
		<u>19,428</u>	<u>14,374</u>
CAPITAL AND RESERVES			
CALLED UP EQUITY			
SHARE CAPITAL	15	7,500	7,500
RESERVES			
Profit and loss account	16	<u>11,928</u>	<u>6,874</u>
EQUITY SHAREHOLDERS' FUNDS		<u>19,428</u>	<u>14,374</u>

Approved by the Board of Directors on 10/7/2001 and signed on their behalf.

Christine Healy
Director

The notes on Pages 9 to 16 form part of these accounts.

WILLIAM HOLLINS & COMPANY LIMITEDRECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

31 December 2000

	2000 £'000	1999 £'000
Profit attributable to members of the company	5,054	4,973
Dividends paid	<u>-</u>	<u>(4,227)</u>
Net addition to shareholders' funds	5,054	746
Opening shareholders' funds	<u>14,374</u>	<u>13,628</u>
Closing shareholders' funds	<u>19,428</u>	<u>14,374</u>

WILLIAM HOLLINS & COMPANY LIMITEDSTATEMENT OF ACCOUNTING POLICIES

31 December 2000

BASIS OF ACCOUNTING

These financial statements are prepared on the basis of historical cost and in accordance with applicable accounting standards. The principal accounting policies which the directors have adopted are set out below.

TURNOVER

All turnover relates to external transactions only excluding those with other branches of William Hollins & Company Ltd and represents the value of goods and services supplied net of returns, after deduction of trade discounts and value added tax.

FOREIGN CURRENCIES

All closing balances in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Profits and losses on exchange arising in the normal course of trading are dealt with in the profit and loss account.

TAXATION

Coats 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 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 those periods, and
- (ii) full provision for deferred taxation has been made by Coats plc. in respect of the Company.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation and, where appropriate, provision for impairment or estimated losses on disposals.

Depreciation is provided to write off the cost of the assets by equal instalments over their expected useful lives.

The rates used are:-

Freehold land	Nil
Freehold buildings	2%
Short leasehold property	Over period of lease
Motor vehicles	20%
Electronic office equipment	20% to 25%
All other plant and machinery	10% to 20%

WILLIAM HOLLINS & COMPANY LIMITED

STATEMENT OF ACCOUNTING POLICIES

31 December 2000

STOCK AND WORK IN PROGRESS

Stock and work in progress is valued on bases consistent with those used in previous years at the lower of cost and net realisable value. Cost is the invoiced value of materials plus, in the case of work in progress and finished goods, labour and factory overheads based on a normal level of production.

RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure is charged against income in the year in which it is incurred.

GRANTS

Revenue based grants are credited against appropriate expenditure for the relevant year.

LICENSING INCOME

Licensing income is credited to profit and loss account in the year in which it arises.

OPERATING LEASE RENTALS

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

CLOSURE AND REORGANISATION COSTS

All reorganisation costs are charged against profits on ordinary activities before taxation.

PENSIONS

In the UK the Coats Group operates contributory defined benefit pension schemes covering a large proportion of its permanent staff employees. The schemes' funds are administered by trustees and are independent of the Group's finances. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries whose reports are compiled every three years. The company's contributions are charged against profits for the period to which they relate.

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

WILLIAM HOLLINS & COMPANY LIMITEDNOTES TO THE ACCOUNTS

31 December 2000

	2000 £'000	1999 £'000
1. ANALYSIS OF TURNOVER		
The turnover attributable to each of the company's geographical markets is:		
United Kingdom	56,262	57,864
Direct exports	1,554	1,483
Inter group	<u>15</u>	<u>49</u>
	<u>57,831</u>	<u>59,396</u>
2. OPERATING PROFIT		
Operating profit is stated after charging:		
Depreciation	1,183	1,264
Operating lease rentals	1,753	1,866
Auditors' remuneration	29	24
Directors' remuneration (note 4)	293	275
Loss on sale of fixed assets	10	130
Reorganisation costs	460	25
Impairment of fixed assets	42	-
Research and development	72	69
and after crediting:		
OTHER OPERATING INCOME		
Licensing income	1,019	1,137
Credit card income	<u>446</u>	<u>440</u>
	<u>1,465</u>	<u>1,577</u>
3. EMPLOYEES	2000	1999
	Number	Number
The average number employed by the company during the year was:		
Staff	<u>984</u>	<u>1,011</u>
The costs incurred in respect of these employees were:		
	2000 £'000	1999 £'000
Wages and salaries	9,455	9,423
Social security costs	551	613
Other pension costs	<u>361</u>	<u>383</u>
	<u>10,367</u>	<u>10,419</u>

WILLIAM HOLLINS & COMPANY LIMITEDNOTES TO THE ACCOUNTS

31 December 2000

4.	DIRECTORS REMUNERATION	2000 £'000	1999 £'000
	Aggregate emoluments	<u>293</u>	<u>275</u>
	All the directors were members of the Coats Viyella Pension Plan, a contributory defined benefits scheme, during the year.		
	The remuneration of the highest paid director was:-		
	Aggregate emoluments	<u>106</u>	<u>93</u>
	Accrued pension	<u>41</u>	<u>37</u>
5.	INTEREST RECEIVABLE AND SIMILAR INCOME	£'000	£'000
	Bank interest	2,277	1,668
	Credit card interest	<u>217</u>	<u>193</u>
	Gross interest receivable and similar income	2,494	1,861
	Less: Credit card interest transferred to other operating income	<u>(217)</u>	<u>(193)</u>
		<u>2,277</u>	<u>1,668</u>
6.	INTEREST PAYABLE		
	Bank and other interest	27	43
	Interest payable to group companies	<u>1,992</u>	<u>1,682</u>
		<u>2,019</u>	<u>1,725</u>
7.	TAX ON PROFIT ON ORDINARY ACTIVITIES		
	UK corporation tax at 30% (1999 - 30.25%)	37	82
	Overseas taxation	37	99
	Double tax relief	<u>(37)</u>	<u>(82)</u>
		<u>37</u>	<u>99</u>

No overseas taxation has been provided on overseas income other than withholding taxes shown above suffered on remittance of dividends and similar income. Any UK tax liability which may arise and is not eliminated by the offset of double taxation relief and the receipt of group relief and/or advance corporation tax, for neither of which payment will be made, will be discharged by Coats plc.

WILLIAM HOLLINS & COMPANY LIMITEDNOTES TO THE ACCOUNTS

31 December 2000

8.	ORDINARY DIVIDENDS		2000 £'000	1999 £'000
	Dividends on ordinary shares		<u> -</u>	<u> 4,227</u>
9.	TANGIBLE FIXED ASSETS			
		Land and <u>Buildings</u> £'000	Plant and <u>Machinery</u> £'000	<u>TOTAL</u> £'000
	COST			
	At 31 December 1999	1,300	9,197	10,497
	Additions	24	1,186	1,210
	Group transfers	(83)	-	(83)
	Disposals	<u>(233)</u>	<u>(174)</u>	<u>(407)</u>
	At 31 December 2000	<u> 1,008</u>	<u>10,209</u>	<u>11,217</u>
	DEPRECIATION			
	At 31 December 1999	456	5,886	6,342
	Charge for the year	41	1,142	1,183
	Impairment of fixed assets	24	18	42
	Disposals	<u>(127)</u>	<u>(157)</u>	<u>(284)</u>
	At 31 December 2000	<u> 394</u>	<u>6,889</u>	<u>7,283</u>
	NET BOOK VALUE			
	At 31 December 1999	<u> 844</u>	<u>3,311</u>	<u>4,155</u>
	At 31 December 2000	<u> 614</u>	<u>3,320</u>	<u>3,934</u>

The net book value of capitalised finance leases included in plant and machinery is £Nil (1999 - £Nil).

10.	STOCKS		2000 £'000	1999 £'000
	Raw materials and consumables		726	1,050
	Finished goods and goods for resale		<u>7,600</u>	<u>8,765</u>
			<u>8,326</u>	<u>9,815</u>

WILLIAM HOLLINS & COMPANY LIMITEDNOTES TO THE ACCOUNTS

31 December 2000

11.	DEBTORS - due in less than one year	2000 £'000	1999 £'000
	Trade debtors	8,514	8,752
	Amounts owed by parent and fellow subsidiary undertakings	3,181	367
	Other debtors	19	426
	Prepayments and accrued income	<u>829</u>	<u>475</u>
		<u>12,543</u>	<u>10,020</u>
	DEBTORS - due in more than one year		
	Trade debtors	22	28
	Amounts owed by parent and fellow subsidiary undertakings	<u>41,301</u>	<u>31,845</u>
		<u>41,323</u>	<u>31,873</u>
12.	SUNDRY CREDITORS	2000 £'000	1999 £'000
	Bills of exchange payable	663	394
	Amounts owed to parent and fellow subsidiary undertakings	594	13,915
	Other creditors	134	127
	Other tax and social security	972	1,363
	Accruals and deferred income	<u>739</u>	<u>447</u>
		<u>3,102</u>	<u>16,246</u>
13.	CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2000 £'000	1999 £'000
	Amounts owed to parent and fellow subsidiary undertakings	<u>37,284</u>	<u>22,385</u>
	The amounts owing to group companies have no specified dates of repayment but are only repayable on receipt of twelve months notice.		
14.	PROVISIONS FOR LIABILITIES AND CHARGES	2000 £'000	1999 £'000
	REORGANISATION PROVISION		
	At 31 December 1999	-	-
	Utilised	(296)	(25)
	Provided	<u>460</u>	<u>25</u>
	At 31 December 2000	<u>164</u>	<u>-</u>

WILLIAM HOLLINS & COMPANY LIMITEDNOTES TO THE ACCOUNTS

31 December 2000

14. PROVISIONS FOR LIABILITIES AND CHARGES
(Continued)

DEFERRED TAXATION	2000	1999
	£'000	£'000

In the opinion of the directors, any deferred tax liability is either so remote or immaterial that it is unnecessary to provide for such deferred tax or to show any potential liability. If, however, such a liability were to arise then such liability will be discharged by Coats plc.

The amounts of deferred taxation unprovided for in the accounts are:

Capital allowances in excess of depreciation	(250)	(50)
Trade losses	-	(52)
Other timing differences	(65)	(17)
Capital gains rolled over	-	56
	<u>(315)</u>	<u>(63)</u>

15. CALLED UP EQUITY SHARE CAPITAL	2000	1999
	£'000	£'000
Authorised		
773,750,000 Ordinary shares of 1p each	<u>7,738</u>	<u>7,738</u>
Allotted		
750,000,000 Ordinary shares of 1p each	<u>7,500</u>	<u>7,500</u>

16. RESERVES

PROFIT AND LOSS ACCOUNT	£'000
At 31 December 1999	6,874
Retained for the year	<u>5,054</u>
At 31 December 2000	<u>11,928</u>

17. OPERATING LEASE RENTALS	2000	1999
	£'000	£'000
At 31 December 2000 the company had annual operating lease commitments as follows:-		
Leases expiring within one year	25	58
Leases expiring within 2 to 5 years	325	211
Leases expiring in over 5 years	<u>1,441</u>	<u>1,745</u>
	<u>1,791</u>	<u>2,014</u>

WILLIAM HOLLINS & COMPANY LIMITEDNOTES TO THE ACCOUNTS

31 December 2000

	2000 £'000	1999 £'000
18. FUTURE CAPITAL EXPENDITURE		
Contracted but not provided for	16	587
Authorised but not contracted for	<u>2</u>	<u>-</u>
	<u>18</u>	<u>587</u>

19. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Coats plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the Group financial statements are available from the parent company's registered office at 1 The Square, Stockley Park, Uxbridge, Middlesex UB11 1TD.

20. PENSIONS

The company is a member of the Coats Group pension scheme. The Coats Group operate defined benefits contributory pension schemes which cover a large proportion of the company's permanent staff employees.

The full regular cost of providing benefits to the company's members of the group pension scheme is charged in these accounts. In the opinion of the directors, variations from regular cost cannot be accurately allocated on a company by company basis and, accordingly, the group variations are dealt with on a group basis in the accounts of Vantona Viyella Limited.

Details of the actuarial valuation of the Group schemes and the treatment of the actuarial surplus are given in the accounts of Coats plc.

21. RELATED PARTY TRANSACTIONS

The company is a subsidiary undertaking within the Coats Group, 90% or more of its voting rights are controlled within the Group, and the Group's consolidated financial statements are publicly available. In accordance with FRS 8, therefore, disclosure is not required of transactions with entities that are part of the Group or investees of the Group qualifying as related parties.

There were no other transactions with related parties during the year other than those disclosed in these accounts.