

FAILSWORTH HATS LIMITED

Company Reg. No. 79310

ABBREVIATED REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1995

Wm. Wrigley & Son
Chartered Accountants
Registered Auditors
Sterling House
501 Middleton Road
Chadderton
Oldham



AUDITORS REPORT TO FAILSWORTH HATS LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 4 together with the full financial statements of Failsworth Hats Limited for the year ended 31st December, 1995..

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 2 and whether the abbreviated accounts have been prepared in accordance with that Schedule.

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for this purpose does not include examining or dealing with events after the date of our report on the full financial statements.

In our opinion, the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemption conferred by Section A of Part 3 of schedule 8 to that Act in respect of the year ended 31st December, 1995. and the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with that schedule.

On 27th August 1996, as auditors of Failsworth Hats Limited we reported to the members on the accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 31st December, 1995. and our audit report was as follows:

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

As described on page 2 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 these statements and to report our opinion to you.

Basis of opinion

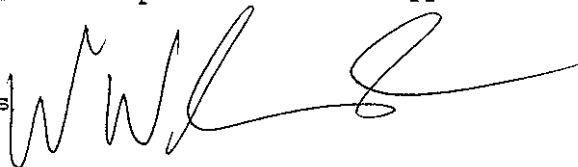
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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 at 31st December 1995, and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

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27th August 1996

FAILSWORTH HATS LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1995

		<u>1995</u>	<u>1994</u>
	Note	£	£
FIXED ASSETS			
Tangible Assets	2	350,970	350,036
CURRENT ASSETS			
Stocks		509,579	551,744
Debtors		316,916	367,603
Cash at bank		<u>346</u>	<u>36,724</u>
		826,841	956,071
CREDITORS			
Amounts falling due			
within one year	3	<u>564,756</u>	<u>560,204</u>
NET CURRENT ASSETS		<u>262,085</u>	<u>395,867</u>
TOTAL ASSETS LESS CURRENT			
LIABILITIES		613,055	745,903
CREDITORS			
Amounts falling due after			
more than one year	4	<u>5,415</u>	<u>12,128</u>
NET ASSETS		<u>607,640</u>	<u>733,775</u>
CAPITAL & RESERVES			
Called up share capital	5	25,125	25,125
Reserves		<u>582,515</u>	<u>708,650</u>
SHAREHOLDERS FUNDS		<u>607,640</u>	<u>733,775</u>

The notes on pages 3 to 4 form part of these financial statements.

The directors have taken advantage of the exemptions conferred by Schedule 8 part IIIA of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to these exemptions as a small company.

These Financial Statements were approved by the board of directors on:-

Date 27th August 1996

A. Whittle

 A Whittle

FAILSWORTH HATS LIMITEDNOTES FORMING PART OF THE ABBREVIATED ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER, 1995**1 ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year.

Basis of accounting

The accounts have been prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with section 226 of, and schedule 4 to the Companies Act 1985 and incorporate the results of the principal activity which is described in the directors report and is continuing.

Depreciation

Depreciation is provided on the cost of tangible fixed assets in order to write off such cost after taking account of scrap values over the expected useful lives as follows:-

Plant & Machinery	15% (reducing balance)
Fixtures & Fittings	15% (reducing balance)
Motor Vehicles	25% (reducing balance)

Land and Buildings are not depreciated which does not comply with SSAP 12.(Revised).

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost includes all direct costs and appropriate production overheads.

Deferred taxation

No provision has been made for timing differences as under current legislation and circumstances it is not likely that a liability will arise in the foreseeable future.

Leasing and hire purchase commitments

Assets held under finance lease (where substantially all of the benefits and risks of ownership are assumed by the company) and hire purchase contracts are capitalised as fixed assets and depreciated over their useful lives. Obligations are included in creditors net of the finance charge attributable to future periods. The interest element of the payment is charged to the profit and loss account. Rentals paid under operating leases (where substantially all of the benefits and risks of ownership remain with the lessor) are charged to the profit and loss account as incurred.

Foreign Exchange

Transactions denominated in a foreign currency are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Pension scheme arrangements

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31st December 1993.

FAILSWORTH HATS LIMITEDNOTES FORMING PART OF THE ABBREVIATED ACCOUNTS (CONTINUED)FOR THE YEAR ENDED 31ST DECEMBER, 1995**1 ACCOUNTING POLICIES (CONTINUED)**Cashflow statement

The company has taken advantage of the exemptions in Financial Reporting Standard No.1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

2 TANGIBLE FIXED ASSETS

	<u>Total</u>
	£
<u>Cost or Valuation:</u>	
At 1 January 1995	688,333
Additions	12,458
Disposals	<u>(1,600)</u>
At 31 December 1995	<u>699,191</u>
<u>Depreciation:</u>	
At 1 January 1995	338,297
Charge for the year	10,104
Relating to disposals	<u>(180)</u>
At 31 December 1995	<u>348,221</u>
<u>Net book value:</u>	
At 31 December 1995	<u>350,970</u>
At 1 January 1995	<u>350,036</u>

3 SECURED CREDITORS:

Included in creditors are secured creditors amounting to £128,040.

4 CREDITORS: Amounts falling due after more than one year

	<u>1995</u>	<u>1994</u>
	£	£
Hire Purchase	5,415	12,128
	<u>5,415</u>	<u>12,128</u>

5 SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£	£
Authorised:		
Ordinary Shares of £1 each	<u>36,750</u>	<u>36,750</u>
Allotted and fully paid:		
Ordinary shares of £1 per share	<u>25,125</u>	<u>25,125</u>