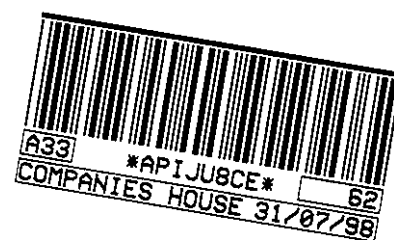


FAILSWORTH HATS LIMITED
Company Reg. No. 79310
ABBREVIATED REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

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



AUDITORS REPORT TO FAILSWORTH HATS LIMITED
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 4 together with the full financial statements of the company for the year ended 31st December 1997 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with the special provisions of Part VII of that Act in respect of the year ended 31st December 1997 and the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with those provisions.



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

Date: 3rd April 1998

FAILSWORTH HATS LIMITEDBALANCE SHEET AT 31ST DECEMBER 1997

		<u>1997</u>	<u>1996</u>
	Note	£	£
FIXED ASSETS			
Tangible Assets	2	357,647	358,035
CURRENT ASSETS			
Stocks		520,692	508,911
Debtors		303,078	353,258
Cash at bank		354	346
Cash in hand		<u>250</u>	<u>250</u>
		824,374	862,765
CREDITORS			
Amounts falling due			
within one year		<u>768,795</u>	<u>763,893</u>
NET CURRENT ASSETS		<u>55,579</u>	<u>98,872</u>
TOTAL ASSETS LESS CURRENT			
LIABILITIES		413,226	456,907
CREDITORS			
Amounts falling due after			
more than one year	4	<u>5,978</u>	<u>11,055</u>
NET ASSETS		<u>407,248</u>	<u>445,852</u>
CAPITAL & RESERVES			
Called up share capital	5	25,125	25,125
Reserves		<u>382,123</u>	<u>420,727</u>
SHAREHOLDERS FUNDS		<u>407,248</u>	<u>445,852</u>

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

The abbreviated accounts which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies were approved by the board on 3rd April 1998 and signed on its behalf.



.....
A Whittle

FAILSWORTH HATS LIMITEDNOTES FORMING PART OF THE ABBREVIATED ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 1997**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 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.

FAILSWORTH HATS LIMITEDNOTES FORMING PART OF THE ABBREVIATED ACCOUNTS (CONTINUED)FOR THE YEAR ENDED 31ST DECEMBER 1997**2 TANGIBLE FIXED ASSETS**

	<u>Total</u>
	£
<u>Cost:</u>	
At 1 January 1997	715,440
Additions	24,243
Disposals	<u>(22,181)</u>
At 31 December 1997	<u>717,502</u>
 <u>Depreciation:</u>	
At 1 January 1997	357,405
Charge for the year	7,869
Relating to disposals	<u>(5,419)</u>
At 31 December 1997	<u>359,855</u>
 <u>Net book value:</u>	
At 31 December 1997	<u>357,647</u>
 At 1 January 1997	<u>358,035</u>

3 SECURED CREDITORS

Included in creditors are secured creditors amounting to £212,425 (1996 - £224,688).

4 CREDITORS: Amounts falling due after more than one year

	<u>1997</u>	<u>1996</u>
	£	£
Hire Purchase	<u>5,978</u>	<u>11,055</u>
	<u>5,978</u>	<u>11,055</u>

5 SHARE CAPITAL

	<u>1997</u>	<u>1996</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>