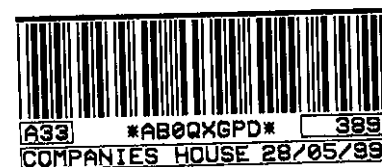


Registrar

FAILSWORTH HATS LIMITED
Company Reg. No. 79310
ABBREVIATED REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

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 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

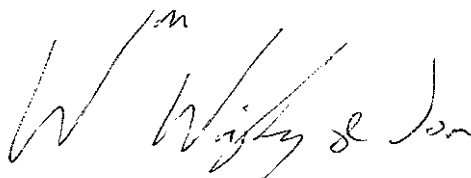
The directors are responsible for preparing abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) 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 1998 and the abbreviated accounts on pages 2 to 4 have have properly prepared in accordance with those provisions.

A handwritten signature in dark ink, appearing to read 'Wm Wrigley & Son', is written over the printed name of the auditors.

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

Date: 30th April 1999

FAILSWORTH HATS LIMITEDBALANCE SHEET AT 31ST DECEMBER 1998

		<u>1998</u>	<u>1997</u>
	Note	£	£
FIXED ASSETS			
Tangible Assets	2	57,243	357,647
CURRENT ASSETS			
Stocks		454,581	520,692
Debtors		763,179	303,077
Cash at bank		362	354
Cash in hand		<u>250</u>	<u>250</u>
		1,218,372	824,373
CREDITORS			
Amounts falling due within one year		<u>969,083</u>	<u>768,793</u>
NET CURRENT ASSETS		<u>249,289</u>	<u>55,580</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		306,532	413,227
CREDITORS			
Amounts falling due after more than one year	3	<u>6,875</u>	<u>5,978</u>
NET ASSETS		<u>299,657</u>	<u>407,249</u>
CAPITAL & RESERVES			
Called up share capital	4	25,125	25,125
Reserves		<u>274,532</u>	<u>382,124</u>
SHAREHOLDERS FUNDS		<u>299,657</u>	<u>407,249</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 30th April 1999 and signed on its behalf.



A Whittle

FAILSWORTH HATS LIMITEDNOTES FORMING PART OF THE ABBREVIATED ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 1998**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)

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 1998**2 TANGIBLE FIXED ASSETS**

	<u>Total</u>
	£
<u>Cost:</u>	
At 1 January 1998	717,502
Additions	24,434
Disposals	<u>(311,090)</u>
At 31 December 1998	<u>430,846</u>
 <u>Depreciation:</u>	
At 1 January 1998	359,855
Charge for the year	14,012
Relating to disposals	<u>(264)</u>
At 31 December 1998	<u>373,603</u>
 <u>Net book value:</u>	
At 31 December 1998	<u><u>57,243</u></u>
 At 1 January 1998	<u><u>357,647</u></u>

3 CREDITORS: Amounts falling due after more than one year

	<u>1998</u>	<u>1997</u>
	£	£
Hire Purchase	<u>6,875</u>	<u>5,978</u>
	<u><u>6,875</u></u>	<u><u>5,978</u></u>

Included in creditors are secured creditors amounting to £260,666 (1997 - £212,425).

4 SHARE CAPITAL

	<u>1998</u>	<u>1997</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><u>25,125</u></u>	<u><u>25,125</u></u>