

Registration number 00079310

Failsworth Hats Limited
Directors' report and financial statements
for the year ended 30th September 2014

RE-SCAN

18/11/14 1266
F/ES

FRIDAY



A3K05D9S
A24 14/11/2014 #191
COMPANIES HOUSE

Failsworth Hats Limited

Company information

Directors	Mr P Lynch Mr J Settle Mr D A Puleikis
Secretary	Mr C Eccles
Company number	00079310
Registered office	Crown Street Failsworth Manchester M35 9BD
Auditors	Wrigley Partington Sterling House 501 Middleton Road Chadderton Oldham OL9 9LY
Business address	Crown Street Failsworth Manchester M35 9BD
Bankers	HSBC Bank PLC 109 Union Street Oldham OL1 1RT Ulster Bank Ireland Ltd Ulster Bank Group Centre Georges Quay Dublin 2

Failsworth Hats Limited

Contents

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Auditors' report	6 - 7
Profit and loss account	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 - 23

Failsworth Hats Limited
Strategic report
for the year ended 30th September 2014

Business review

Failsworth hats designs, sources and distributes hats and accessories under own brands for high street retailers both in the UK and Europe. The company also produces hats under its own brand of "Failsworth Hats" which are distributed amongst independent retailers.

Turnover has increased to £8,352,003 from £5,380,923 (9 month period) driven by the addition of new product lines, strong orders from existing customers and also the addition of new customers as a result of strengthening the sales and account management team.

The business continues to feel the benefit of the reorganisation in 2012 which significantly reduced our fixed cost base, reducing risk across the business and now delivering a second successive year of returning to profit.

The seasonality of trade, peaking in the final 3 months of the financial year, results in a high level of trade debtors at the year end. The increase in trade debtors in the period of £1.2m is the major contributing factor to the decrease in cash in the period as noted in the cash flow statement on page 10. An increase in cash is expected in the period post year end as the trade debtors are collected.

The retained profit has strengthened the balance sheet in the period by £246,509. The nature of trade requires a relatively high stock holding of £857,593 driven by the purchase of quality UK fabrics and the lead time to production plus also the import shipment time. The transition of some customers to trading on an FOB basis will reduce the stock holding requirements.

The company made a net profit in the year of £344,783 for the 12 month period to September 2014 in line with budget and expectations.

Failsworth Hats Limited
Strategic report
for the year ended 30th September 2014

continued

Principal risks and uncertainties

Supply chain - The company is reliant upon a factory supply base to timely deliver products of good quality to its customers. In addition, it is important that these factories meet both quality and ethical standards for Failsworth Hats requirements and for many of our customers. To mitigate this risk, factories are regularly audited both by third party auditors and our own internal quality control team. In addition, senior management spend six months in total of each year regularly visiting factories to ensure supply and quality is maintained. The supply chain continues to grow as we offer additional products to our customers.

Margin - Margin remains a constant focus for the business as it continues to come under pressure from both our customer base and suppliers, particularly with rising costs in China. We continually review the supply chain in an effort to improve margins and maintain quality in all our products. Although the majority of our products are sourced from China we have started importing from alternative countries to take advantage of lower prices. Utilising our product skills and experience, sourcing and developing new factories remains a key competitive advantage.

Currency risk - The company sources the majority of its products from overseas suppliers. As a result it is exposed to foreign currency transactional risk, predominantly in US Dollars. The business also trades with a number of customers in US Dollars which maintains a healthy balance of £/\$ financing. The company is currently in the process of arranging suitable forward currency contract facilities with the company's bankers to substantially mitigate this risk.

Liquidity - The company manages its cash flow carefully to ensure adequate funds are available to meet its liabilities as they fall due.

Credit risk - The company considers its main risk to be associated with trade debtors. Trade debtors are constantly reviewed to ensure credit limits are adhered to, accounts do not fall overdue and credit checks are regularly monitored. The company has a broad customer base over which the risk is spread and no significant exposure to any one customer.

Financial management

The increase in turnover has required a corresponding increase in the financial borrowing requirements of the business. The company's bankers continue to provide strong support to the business by increasing the facilities available to enable the growth for both the current and forthcoming year to be achieved. The invoice finance facility is the main source of funding and is ideally suited for both the business growth and trade seasonality. Risk is minimised as any increase in borrowing is always supported with a corresponding turnover increase.

The company acknowledges the support provided by its bankers over the previous 24 months during the reorganisation stage and the growth it is now experiencing.

The directors meet six times a year with its shareholders, Failsworth Trust, to provide regular trading and financial updates.

Failsworth Hats Limited
Strategic report
for the year ended 30th September 2014

continued

Future developments

The company continues to capitalise on its existing customer base by maintaining strong relationships, providing quality products and adding new product lines. In addition, new customers are being added both domestically and internationally further providing the current and forecast growth.

Product development remains key for the business and considerable investment continues in this area to provide the advantage over its competitors.

The company is mindful of the careful balance between growth and maintaining margin without adding risk to the operations of the business. The business also plans to strengthen the working capital of the business through profit retention to fund future growth and reduce the overall borrowing requirements of the business.

Starting the new financial year with an already strong forward order book, the directors are optimistic about the future and feel the business is well placed to take on the challenges ahead.

This report was approved by the Board on 7th November 2014 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'C Eccles', written over a horizontal line.

Mr C Eccles
Secretary

Failsworth Hats Limited

Directors' report for the year ended 30th September 2014

The directors present their report and the financial statements for the year ended 30th September 2014

Principal activity

The principal activity of the company during the year was the design, manufacture, sourcing and distribution of hats and accessories

Results and dividends

The results for the year are set out on page 8

The directors have paid an interim dividend amounting to £30,000 and they do not recommend payment of a final dividend

Directors

The directors who served during the year are as stated below

Mr P Lynch

Mr J Settle

Mr D A Puleikis

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Failsworth Hats Limited

**Directors' report
for the year ended 30th September 2014**

continued

Each of the persons who is a director at the date of approval of this report confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Strategic Report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has chosen to include the business review, details of the principal risks and uncertainties facing the company and details of future developments within the strategic report on pages 1 - 3

Auditors

Wrigley Partington are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006

This report was approved by the Board on 7th November 2014 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'C. Eccles', written over a horizontal line.

**Mr C Eccles
Secretary**

Independent auditor's report to the shareholders of Failsworth Hats Limited

We have audited the financial statements of Failsworth Hats Limited for the year ended 30th September 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 - 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30th September 2014 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the shareholders of
Failsworth Hats Limited**

continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Richard Dixon (senior statutory auditor)
For and on behalf of Wrigley Partington
Chartered Accountants and
Statutory Auditor
7th November 2014**

**Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY**

Failsworth Hats Limited

Profit and loss account for the year ended 30th September 2014

		Continuing operations	
		Year ended 30/09/14	Period ended 30/09/13 (Restated)
	Notes	£	£
Turnover	2	8,352,003	5,380,923
Cost of sales		(6,118,571)	(3,831,858)
Gross profit		2,233,432	1,549,065
Distribution costs		(815,336)	(580,061)
Administrative expenses		(1,013,313)	(625,477)
Operating profit	3	404,783	343,527
Investment income	5	-	(583)
Interest payable and similar charges	6	(60,000)	(43,477)
Profit on ordinary activities before taxation		344,783	299,467
Tax on profit on ordinary activities	9	(68,274)	(63,617)
Profit for the year	19	<u>276,509</u>	<u>235,850</u>

There were no acquisitions or discontinued operations during the current or preceding year

There are no recognised gains or losses other than the profit or loss for the above two financial years

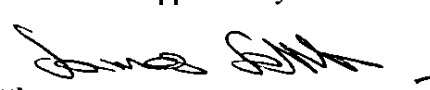
The notes on pages 11 to 23 form an integral part of these financial statements.

Failsworth Hats Limited

**Balance sheet
as at 30th September 2014**

		30/09/14		30/09/13	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		667		1,667
Tangible assets	12		266,032		279,119
			<u>266,699</u>		<u>280,786</u>
Current assets					
Stocks	13	857,593		782,893	
Debtors	14	3,638,564		2,466,283	
Cash at bank and in hand		253,501		117,934	
		<u>4,749,658</u>		<u>3,367,110</u>	
Creditors: amounts falling due within one year	15	(3,246,573)		(2,087,592)	
Net current assets			<u>1,503,085</u>		<u>1,279,518</u>
Total assets less current liabilities			1,769,784		1,560,304
Creditors: amounts falling due after more than one year	16		(20,030)		(31,300)
Provisions for liabilities	17		(88,499)		(114,258)
Net assets			<u>1,661,255</u>		<u>1,414,746</u>
Capital and reserves					
Called up share capital	18		25,125		25,125
Profit and loss account	19		1,636,130		1,389,621
Shareholders' funds	20		<u>1,661,255</u>		<u>1,414,746</u>

These accounts were approved by the directors on 7th November 2014, and are signed on their behalf by


Mr J Settle
Director

Registration number 00079310

The notes on pages 11 to 23 form an integral part of these financial statements.

Failsworth Hats Limited

**Cash flow statement
for the year ended 30th September 2014**

		Year ended 30/09/14	Period ended 30/09/13 (Restated)
	Notes	£	£
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		404,783	343,527
Depreciation		16,587	28,181
(Increase) in stocks		(74,700)	161,265
(Increase) in debtors		(1,240,555)	(913,771)
Increase in creditors		407,224	154,717
(Decrease) in provisions		(25,759)	(145,492)
Net cash outflow from operating activities		(512,420)	(371,573)
Cash flow statement			
Net cash outflow from operating activities		(512,420)	(371,573)
Returns on investments and servicing of finance	25	(60,000)	(43,477)
Taxation	25	-	(2,905)
Capital expenditure	25	15,000	4,148
		(557,420)	(413,807)
Equity dividends paid		(30,000)	-
		(587,420)	(413,807)
Financing	25	33,626	109,836
Decrease in cash in the year		(553,794)	(303,971)
Reconciliation of net cash flow to movement in net debt (Note 26)			
Decrease in cash in the year		(553,794)	(303,971)
Cash outflow from decrease in debts and lease financing		(33,626)	(109,836)
Change in net debt resulting from cash flows		(587,420)	(413,807)
New finance leases and hire purchase contracts		(17,500)	(52,844)
Movement in net debt in the year		(604,920)	(466,651)
Net debt at 1st October 2013		(1,189,857)	(723,206)
Net debt at 30th September 2014		(1,794,777)	(1,189,857)

Falsworth Hats Limited

Notes to the financial statements for the year ended 30th September 2014

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax and trade discounts, of sales made during the year

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Long leasehold property	-	Straight line over fifty years
Long leasehold improvements	-	25% Straight line
Plant and machinery	-	15% Straight line
Office equipment	-	25% Straight Line
Motor vehicles	-	25% Straight line

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6. Stock

Stock is valued at the lower of cost and net realisable value

1.7. Pensions

The pension cost charged in the financial statements represents the contributions payable by the company for the year

Failsworth Hats Limited

Notes to the financial statements for the year ended 30th September 2014

continued

1.8. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account

2. Turnover

	Year ended 30/09/14	Period ended 30/09/13
Geographical market		
UK	7,867,883	4,793,600
Europe	284,900	213,457
Rest of the World	199,220	373,866
	<u>8,352,003</u>	<u>5,380,923</u>

Failsworth Hats Limited

Notes to the financial statements for the year ended 30th September 2014

continued

	Year ended 30/09/14 £	Period ended 30/09/13 £
3. Operating profit		
Operating profit is stated after charging		
Depreciation and other amounts written off intangible assets	1,000	750
Depreciation		
- written off owned tangible fixed assets	26,251	18,876
- written off tangible fixed assets on HP/Finance lease	19,099	7,411
Loss on disposal of tangible fixed assets	-	1,144
Net foreign exchange loss	19,254	14,404
Operating lease rentals		
- Land and buildings	18,534	16,831
- Office equipment	3,927	5,072
Auditors' remuneration (Note 4)	14,500	9,000
Auditors' remuneration from non-audit work (Note 4)	2,225	1,650
and after crediting		
Profit on disposal of tangible fixed assets	29,763	-
4. Auditors' remuneration		
	Year ended 30/09/14 £	Period ended 30/09/13 £
Auditors' remuneration - audit of the financial statements	14,500	9,000
Auditors' remuneration - other fees		
- Payroll and other services	2,225	1,650
5. Income from investments	Year ended 30/09/14 £	Period ended 30/09/13 £
Loss on disposal of investments	-	(583)

Failsworth Hats Limited

**Notes to the financial statements
for the year ended 30th September 2014**

continued

	Year ended 30/09/14	Period ended 30/09/13
6. Interest payable and similar charges	£	£
On bank loans and overdrafts	4,810	3,953
Hire purchase interest	2,912	1,197
Invoice discounting charges	52,278	38,327
	<u>60,000</u>	<u>43,477</u>
7. Employees		
Number of employees	Year ended 30/09/14	Period ended 30/09/13
The average monthly numbers of employees (including the directors) during the year were		
Selling and distribution	21	17
Administration	13	15
	<u>34</u>	<u>32</u>
Employment costs	30/09/14	30/09/13
	£	£
Wages and salaries	1,146,196	713,088
Social security costs	129,539	68,692
Pension costs-other operating charge	37,268	26,796
	<u>1,313,003</u>	<u>808,576</u>

Failsworth Hats Limited

**Notes to the financial statements
for the year ended 30th September 2014**

continued

	Year ended 30/09/14 £	Period ended 30/09/13 £
7.1. Directors' remuneration		
Remuneration and other emoluments	436,950	214,894
Pension contributions	25,248	15,799
	<u>462,198</u>	<u>230,693</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>3</u>	<u>3</u>
Highest paid director	£	£
Amounts included above		
Emoluments and other benefits	162,498	98,709
Pension contributions	10,392	7,553
	<u>172,890</u>	<u>106,262</u>

8. Pension costs

The company operates a defined contribution benefit scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company.

Failsworth Hats Limited

Notes to the financial statements for the year ended 30th September 2014

continued

9. Tax on profit on ordinary activities

	Year ended 30/09/14 £	Period ended 30/09/13 £
Analysis of charge in period		
Total current tax charge	-	-
Deferred tax		
Timing differences, origination and reversal	68,274	63,617
Total deferred tax	68,274	63,617
Tax on profit on ordinary activities	68,274	63,617

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (22 00 per cent) The differences are explained below

	2014 £	2013 £
Profit on ordinary activities before taxation	344,783	299,467
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22 00% (30th September 2013 24 00%)	75,852	71,872
Effects of:		
Expenses not deductible for tax purposes	638	1,501
Capital allowances for period in excess of depreciation	2,560	(4,091)
Utilisation of tax losses	(79,050)	(69,282)
Current tax charge for period	-	-

Failsworth Hats Limited

**Notes to the financial statements
for the year ended 30th September 2014**

continued

10. Dividends

Dividends paid and proposed on equity shares

	Year ended 30/09/14 £	Period ended 30/09/13 £
Paid during the year		
Equity dividends on Ordinary shares	30,000	-
	<u>30,000</u>	<u>-</u>

11. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1st October 2013	34,500	34,500
At 30th September 2014	<u>34,500</u>	<u>34,500</u>
Amortisation		
At 1st October 2013	32,833	32,833
Charge for year	1,000	1,000
At 30th September 2014	<u>33,833</u>	<u>33,833</u>
Net book values		
At 30th September 2014	<u>667</u>	<u>667</u>
At 30th September 2013	<u>1,667</u>	<u>1,667</u>

Failsworth Hats Limited

Notes to the financial statements for the year ended 30th September 2014

continued

12. Tangible fixed assets	Long leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1st October 2013	349,573	106,086	90,231	545,890
Additions	-	-	41,600	41,600
Disposals	-	-	(43,190)	(43,190)
At 30th September 2014	<u>349,573</u>	<u>106,086</u>	<u>88,641</u>	<u>544,300</u>
Depreciation				
At 1st October 2013	144,248	85,902	36,621	266,771
On disposals	-	-	(33,853)	(33,853)
Charge for the year	15,752	7,763	21,835	45,350
At 30th September 2014	<u>160,000</u>	<u>93,665</u>	<u>24,603</u>	<u>278,268</u>
Net book values				
At 30th September 2014	<u>189,573</u>	<u>12,421</u>	<u>64,038</u>	<u>266,032</u>
At 30th September 2013	<u>205,325</u>	<u>20,184</u>	<u>53,610</u>	<u>279,119</u>

Included above are assets held under finance leases or hire purchase contracts as follows

	30/09/14		30/09/13	
Asset description	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	11,661	4,240	15,901	1,060
Motor vehicles	49,412	14,859	47,644	6,351
	<u>61,073</u>	<u>19,099</u>	<u>63,545</u>	<u>7,411</u>

13. Stocks	30/09/14 £	30/09/13 £
Raw materials and consumables	208,562	206,642
Finished goods and goods for resale	649,031	576,251
	<u>857,593</u>	<u>782,893</u>

Failsworth Hats Limited

**Notes to the financial statements
for the year ended 30th September 2014**

continued

14. Debtors	30/09/14	30/09/13
	£	£
Trade debtors	3,327,436	2,080,596
Other debtors	1,040	4,568
Prepayments	80,093	82,850
Deferred tax	229,995	298,269
	<u>3,638,564</u>	<u>2,466,283</u>

The total amount of the deferred tax asset exceeds the amount expected to be recovered within one year, based on anticipated profits during the next twelve months. The amount expected to be recovered against profits beyond the next twelve months has therefore been disclosed as a debtor falling due after more than one year.

Amounts falling due after more than one year and included in debtors are

Deferred tax	<u>140,691</u>	<u>183,669</u>
--------------	----------------	----------------

15. Creditors: amounts falling due within one year	30/09/14	30/09/13
	£	£
Invoice discounting (secured)	1,772,556	1,083,196
Bank loan (secured)	232,244	173,347
Net obligations under finance leases and hire purchase contracts (secured)	23,448	19,948
Trade creditors	392,015	309,452
Other taxes and social security costs	143,884	152,527
Other creditors	57,118	40,589
Accruals and deferred income	625,308	308,533
	<u>3,246,573</u>	<u>2,087,592</u>

Hire purchase creditors are secured on the assets financed, details of which are shown in note 12 to the financial statements. Bank loan and invoice discounting creditors are secured by fixed and floating charges over current and future assets of the company.

Failsworth Hats Limited

Notes to the financial statements
for the year ended 30th September 2014

continued

16. Creditors: amounts falling due after more than one year	30/09/14 £	30/09/13 £
Net obligations under finance leases and hire purchase contracts (secured)	<u>20,030</u>	<u>31,300</u>

Hire purchase creditors are secured on the assets concerned

Net obligations under finance leases and hire purchase contracts

Repayable within one year	23,448	19,948
Repayable between one and five years	<u>20,030</u>	<u>31,300</u>
	<u>43,478</u>	<u>51,248</u>

17. Provisions for liabilities

	Other provisions £	Total £
At 1st October 2013	114,258	114,258
Utilised in the year	<u>(25,759)</u>	<u>(25,759)</u>
At 30th September 2014	<u>88,499</u>	<u>88,499</u>

The other provision represents the balance of the reorganisation costs provided in 2012 which still remain to be settled as at 30 September 2014

Failsworth Hats Limited

**Notes to the financial statements
for the year ended 30th September 2014**

continued

18. Share capital	30/09/14	30/09/13
	£	£
Authorised		
36,750 Ordinary shares of £1 each	<u>36,750</u>	<u>36,750</u>
Allotted, called up and fully paid		
25,125 Ordinary shares of £1 each	<u>25,125</u>	<u>25,125</u>
Equity Shares		
25,125 Ordinary shares of £1 each	<u>25,125</u>	<u>25,125</u>
19. Equity Reserves	Profit and loss account	Total
	£	£
At 1st October 2013	1,389,621	1,389,621
Profit for the year	276,509	276,509
Equity Dividends	<u>(30,000)</u>	<u>(30,000)</u>
At 30th September 2014	<u>1,636,130</u>	<u>1,636,130</u>
20. Reconciliation of movements in shareholders' funds	30/09/14	30/09/13
	£	£
Profit for the year	276,509	235,850
Dividends	<u>(30,000)</u>	<u>-</u>
	246,509	235,850
Opening shareholders' funds	<u>1,414,746</u>	<u>1,178,896</u>
Closing shareholders' funds	<u>1,661,255</u>	<u>1,414,746</u>

Failsworth Hats Limited
Notes to the financial statements
for the year ended 30th September 2014

continued

21. Financial commitments

At 30th September 2014 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	30/09/14	30/09/13	30/09/14	30/09/13
	£	£	£	£
Expiry date:				
Within one year	-	1,661	2,940	12,242
Between one and five years	-	-	5,307	8,247
	<u>-</u>	<u>1,661</u>	<u>8,247</u>	<u>20,489</u>

22. Related party transactions

During the year dividends amounting to a total of £30,000 (2013 nil) were paid to Failsworth Trust, the controlling party. At 30 September 2014 there was an amount of £51,746 (2013 £35,820) outstanding to Failsworth Trust and this is included within creditors falling due within one year.

23. Restatement of comparative figures

Within the cash flow statement for the period ended 30 September 2013, invoice discounting and bank loan creditors, of £1,083,196 and £173,347 respectively, were incorrectly included as part of the increase in creditors figure shown within the reconciliation of operating profit to net cash outflow from operating activities. These should instead have been included as part of the net debt at the period end. The comparative figures for 2013 within this year's cash flow statement, together with supporting note numbers 25 and 26, have therefore been restated to show the correct position. This amendment has no effect on the profit and loss account or the balance sheet for either year. Within the profit and loss account for the period ended 30 September 2013, discounts allowed of £85,607 and commissions payable, of £165,138 had been included within distribution costs. The directors believe that it is more appropriate to deduct discounts allowed from turnover and to include commissions payable as part of the cost of sales, in order to provide a more accurate reflection of gross profit margins. The comparative figures for 2013 within this year's profit and loss account have therefore been restated. This amendment has no effect on the balance sheet or on the net profit for either year, although it does result in a lower gross profit and gross profit margin than originally reported.

24. Controlling interest

The company is controlled by Failsworth Trust.

Failsworth Hats Limited

Notes to the financial statements for the year ended 30th September 2014

continued

25. Gross cash flows

	30/09/14 £	30/09/13 £
Returns on investments and servicing of finance		
Interest paid	(60,000)	(43,477)
Taxation		
Corporation tax paid	-	(2,905)
Capital expenditure		
Payments to acquire tangible assets	(24,100)	(4,052)
Receipts from sales of tangible assets	39,100	8,200
	<u>15,000</u>	<u>4,148</u>
Financing		
New short term bank loan	232,244	173,347
Repayment of short term bank loan	(173,347)	(54,332)
Capital element of finance leases and hire purchase contracts	(25,271)	(9,179)
	<u>33,626</u>	<u>109,836</u>

26. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	117,934	135,567		253,501
Invoice discounting	(1,083,196)	(689,360)		(1,772,556)
	<u>(965,262)</u>	<u>(553,793)</u>		<u>(1,519,055)</u>
Debt due within one year	(173,347)	(58,897)	-	(232,244)
Finance leases and hire purchase contracts	(51,249)	25,271	(17,500)	(43,478)
	<u>(224,596)</u>	<u>(33,626)</u>	<u>(17,500)</u>	<u>(275,722)</u>
Net funds	<u>(1,189,858)</u>	<u>(587,419)</u>	<u>(17,500)</u>	<u>(1,794,777)</u>



Companies House

COMPANY NAME: Failsworth Hats Limited

COMPANY NUMBER: 79310

Pages from the accounts were administratively removed from the public register on 1st December 2014.