

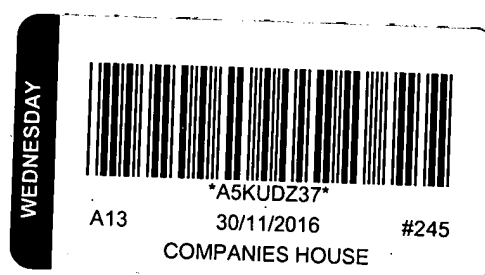
Registrar

Company registration number: 00079310

Failsworth Hats Limited

Financial statements

30 September 2016



Failsworth Hats Limited

Company information

Directors	Mr P Lynch Mr J Settle Mr D A Puleikis	(Resigned 15th February 2016)
Secretary	Mr C Eccles	
Company number	00079310	
Registered office	Crown Street Failsworth Manchester M35 9BD	
Business address	Crown Street Failsworth Manchester M35 9BD	
Auditors	Wrigley Partington Sterling House 501 Middleton Road Chadderton Oldham OL9 9LY	
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

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**Statement of financial position
30th September 2016**

	Note	2016 £	£	2015 £	£
Fixed assets					
Intangible fixed assets	4	-		-	
Tangible assets	5	236,370		247,223	
			236,370		247,223
Current assets					
Stocks	6	972,388		874,581	
Debtors	7	3,136,112		3,686,865	
Cash at bank and in hand		302,894		180,173	
		4,411,394		4,741,619	
Creditors: amounts falling due within one year	8	(2,348,461)		(3,075,642)	
Net current assets		2,062,933		1,665,977	
Total assets less current liabilities		2,299,303		1,913,200	
Creditors: amounts falling due after more than one year	9	(6,219)		(9,729)	
Net assets		2,293,084		1,903,471	
Capital and reserves					
Called up share capital	13	25,125		25,125	
Profit and loss account	14	2,267,959		1,878,346	
Shareholders funds		2,293,084		1,903,471	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A. As permitted by S444(5A) of the Companies Act 2006 the directors have not delivered to the registrar a copy of the Profit and Loss Account.

The notes on pages 3 to 10 form part of these financial statements.

Failsworth Hats Limited

Statement of financial position (continued)
30th September 2016

These financial statements were approved by the board of directors and authorised for issue on 22nd November 2016, and are signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'D A Puleikis', with a long horizontal stroke extending to the right.

Mr D A Puleikis
Director

Company registration number: 00079310

The notes on pages 3 to 10 form part of these financial statements.

Failsworth Hats Limited

Notes to the financial statements Year ended 30th September 2016

1. Statement of compliance

Failsworth Hats is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Crown Street, Failsworth, Manchester, M35 9BD. The principal activity of the company during the year was the design, manufacture, sourcing and distribution of hats and accessories. These financial statements have been prepared in compliance with FRS 102 Section 1A for small entities. There were no material departures from that standard.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 Section 1A for small entities as at 1st October 2014. Details of how FRS 102 Section 1A for small entities has affected the reported financial position and financial performance is given in note 17. The note also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Failsworth Hats Limited

Notes to the financial statements (continued) **Year ended 30th September 2016**

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	- 10% Straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	- 2% straight line
Plant and machinery	- 15% straight line
Fittings fixtures and equipment	- 25% straight line
Motor vehicles	- 25% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Failsworth Hats Limited

Notes to the financial statements (continued) **Year ended 30th September 2016**

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Failsworth Hats Limited

Notes to the financial statements (continued) **Year ended 30th September 2016**

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

3. Average number of employees

The average number of employees during the year was 35 (2015: 36).

4. Intangible assets

	Goodwill
	£
Cost	
At 1st October 2015 and 30th September 2016	<u>34,500</u>
Amortisation	
At 1st October 2015 and 30th September 2016	<u>34,500</u>
Carrying amount	
At 30th September 2016	<u>-</u>
At 30th September 2015	<u>-</u>

Failsworth Hats Limited

Notes to the financial statements (continued)
Year ended 30th September 2016

5. Tangible assets

	Long leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1st October 2015	349,573	120,266	88,641	558,480
Additions	-	-	45,485	45,485
Disposals	-	-	(70,651)	(70,651)
At 30th September 2016	<u>349,573</u>	<u>120,266</u>	<u>63,475</u>	<u>533,314</u>
Depreciation				
At 1st October 2015	167,133	99,137	44,987	311,257
Charge for the year	-	7,903	16,023	23,926
Disposals	-	-	(38,239)	(38,239)
At 30th September 2016	<u>167,133</u>	<u>107,040</u>	<u>22,771</u>	<u>296,944</u>
Carrying amount				
At 30th September 2016	<u>182,440</u>	<u>13,226</u>	<u>40,704</u>	<u>236,370</u>
At 30th September 2015	<u>182,440</u>	<u>21,129</u>	<u>43,654</u>	<u>247,223</u>

Obligations under finance leases

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £	Motor vehicles £
At 30th September 2016	<u>10,044</u>	<u>19,500</u>
At 30th September 2015	<u>21,009</u>	<u>32,929</u>

6. Stocks

	2016 £	2015 £
Raw materials	135,333	190,320
Finished goods	837,055	684,261
	<u>972,388</u>	<u>874,581</u>

Failsworth Hats Limited

Notes to the financial statements (continued)
Year ended 30th September 2016

7. Debtors

	2016	2015
	£	£
Trade debtors	3,025,091	3,454,548
Deferred tax asset (note 11)	47,716	155,631
Prepayments and accrued income	62,972	76,686
Other debtors	333	-
	<u>3,136,112</u>	<u>3,686,865</u>

The debtors above include the following amounts falling due after more than one year:

	2016	2015
	£	£
Deferred tax asset (note 11)	<u>16,501</u>	<u>102,009</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.

8. Creditors: amounts falling due within one year

	2016	2015
	£	£
Bank loans and overdrafts	1,191,306	1,761,666
Trade creditors	302,456	320,103
Accruals and deferred income	633,945	754,621
Social security and other taxes	167,205	157,169
Obligations under finance leases	12,749	23,299
Other creditors	40,800	58,784
	<u>2,348,461</u>	<u>3,075,642</u>

The bank loan and invoice discounting creditors are secured by fixed and floating charges over current and future assets of the company. Finance lease creditors are secured on the assets financed, details of which are shown in note 11.

9. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Obligations under finance leases	<u>6,219</u>	<u>9,729</u>

Failsworth Hats Limited

Notes to the financial statements (continued)
Year ended 30th September 2016

10. Obligations under finance leases and hire purchase contracts

Company lessee

The total future minimum lease payments under hire purchase and finance lease agreements are as follows:

	2016	2015
	£	£
Not later than 1 year	14,117	25,925
Later than 1 year and not later than 5 years	6,972	10,969
	<u>21,089</u>	<u>36,894</u>
Less: future finance charges	(2,121)	(3,866)
Present value of minimum lease payments	<u>18,968</u>	<u>33,028</u>

11. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£	£
Included in debtors (note 7)	<u>47,716</u>	<u>155,631</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Accelerated capital allowances	755	(2,134)
Unused tax losses	46,961	157,765
	<u>47,716</u>	<u>155,631</u>

12. Financial instruments

All of the financial instruments of the company are basic financial instruments and are measured at the undiscounted amounts, none are measured at fair value.

13. Called up share capital
Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Ordinary shares of £ 1.00 each	<u>25,125</u>	<u>25,125</u>	<u>25,125</u>	<u>25,125</u>

14. Reserves

Profit and loss account: This reserve records retained earnings and accumulated losses.

Failsworth Hats Limited

Notes to the financial statements (continued) **Year ended 30th September 2016**

15. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than 1 year	-	735
Later than 1 year and not later than 5 years	11,026	7,886
	<u>11,026</u>	<u>8,621</u>

16. Controlling party

The company is controlled by Failsworth Trust.

17. Transition to FRS 102

These are the first financial statements that comply with FRS 102 Section 1A for small entities. The company transitioned to FRS 102 on 1st October 2014.

Reconciliation of equity

No transitional adjustments were required.

Reconciliation of profit or loss for the year

No transitional adjustments were required.

18. Audit Report

The company was not entitled to the exemption from audit. The audit report of the company was unqualified. The Senior Statutory Auditor is Richard Dixon on behalf of Wrigley Partington, Chartered Accountants and Statutory Auditor.