

Registrar

Company registration number: 00079310

Failsworth Hats Limited

Financial statements

30 September 2017



Failsworth Hats Limited

**Statement of financial position
30th September 2017**

	Note	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	6	-		-	
Tangible assets	7	229,960		236,370	
			229,960		236,370
Current assets					
Stocks		809,363		972,388	
Debtors	8	3,637,107		3,136,112	
Cash at bank and in hand		545,357		302,894	
		4,991,827		4,411,394	
Creditors: amounts falling due within one year	9	(2,801,866)		(2,348,461)	
Net current assets			2,189,961		2,062,933
Total assets less current liabilities			2,419,921		2,299,303
Creditors: amounts falling due after more than one year	10		-		(6,219)
Net assets			2,419,921		2,293,084
Capital and reserves					
Called up share capital			25,125		25,125
Profit and loss account			2,394,796		2,267,959
Shareholders funds			2,419,921		2,293,084

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

The notes on pages 3 to 8 form part of these financial statements.

Failsworth Hats Limited

Statement of financial position (continued)
30th September 2017

These financial statements were approved by the board of directors and authorised for issue on 6th December 2017, 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 8 form part of these financial statements.

Failsworth Hats Limited

Notes to the financial statements Year ended 30th September 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Crown Street, Failsworth, Manchester, M35 9BD.

2. Statement of compliance

Failsworth Hats is a limited company incorporated in the United Kingdom. The address of its 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.

3. 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.

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 profit or loss.

Failsworth Hats Limited

Notes to the financial statements (continued) **Year ended 30th September 2017**

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
----------	-------	---------------

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.

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.

Failsworth Hats Limited

Notes to the financial statements (continued) Year ended 30th September 2017

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 or 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.

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.

Failsworth Hats Limited

Notes to the financial statements (continued)
Year ended 30th September 2017

4. Staff costs

The average number of persons employed by the company during the year, including the directors was 35 (2016: 35).

5. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible assets	22,907	23,925
Fees payable for the audit of the financial statements	<u>13,000</u>	<u>12,996</u>

6. Intangible assets

	Goodwill	Total
	£	£
Cost		
At 1st October 2016 and 30th September 2017	<u>34,500</u>	<u>34,500</u>
Amortisation		
At 1st October 2016 and 30th September 2017	<u>34,500</u>	<u>34,500</u>
Carrying amount		
At 30th September 2017	<u>-</u>	<u>-</u>
At 30th September 2016	<u>-</u>	<u>-</u>

Failsworth Hats Limited

Notes to the financial statements (continued)
Year ended 30th September 2017

7. Tangible assets

	Long leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1st October 2016	349,573	120,266	63,475	533,314
Additions	-	-	19,495	19,495
Disposals	-	-	(17,990)	(17,990)
At 30th September 2017	<u>349,573</u>	<u>120,266</u>	<u>64,980</u>	<u>534,819</u>
Depreciation				
At 1st October 2016	167,133	107,040	22,771	296,944
Charge for the year	-	6,725	16,182	22,907
Disposals	-	-	(14,992)	(14,992)
At 30th September 2017	<u>167,133</u>	<u>113,765</u>	<u>23,961</u>	<u>304,859</u>
Carrying amount				
At 30th September 2017	<u>182,440</u>	<u>6,501</u>	<u>41,019</u>	<u>229,960</u>
At 30th September 2016	<u>182,440</u>	<u>13,226</u>	<u>40,704</u>	<u>236,370</u>

8. Debtors

	2017 £	2016 £
Trade debtors	3,575,121	3,025,091
Other debtors	61,986	111,021
	<u>3,637,107</u>	<u>3,136,112</u>

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

	2017 £	2016 £
Other debtors	-	16,501

For 2016 the total amount of the deferred tax asset exceeded the amount expected to be recovered within one year, based on anticipated profits during the following twelve months. The amount expected to be recovered against profits beyond the following twelve months was therefore disclosed as a debtor falling due after more than one year.

Failsworth Hats Limited

Notes to the financial statements (continued)
Year ended 30th September 2017

9. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	1,717,840	1,191,306
Trade creditors	544,713	621,766
Social security and other taxes	207,173	167,205
Other creditors	332,140	368,184
	<u>2,801,866</u>	<u>2,348,461</u>

Bank loans and overdrafts are secured by fixed and floating charges over current and future assets of the company. Finance lease creditors, which are included within other creditors and amounted to a total of £6,219 (2016: £12,748), are secured on the assets financed.

The comparative figures for 2016 have been restated so as to reclassify certain accruals amounting to a total of £319,310 as trade creditors, in order to avoid distortion of those figures by the timing of the year end close down of the purchase ledger system. This has no effect on the total value of creditors falling due within one year, only on the split between trade creditors and other creditors.

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

	2017	2016
	£	£
Other creditors	<u>-</u>	<u>6,219</u>

Finance lease creditors falling due after more than one year, which amounted to a total of nil (2016: £6,219) are secured on the assets financed.

11. Summary audit opinion

The auditor's report for the year dated 6th December 2017 was unqualified.

The senior statutory auditor was Richard Dixon, for and on behalf of Wrigley Partington.