

# Slingsby

## Report & Accounts

---



For the year ended 31st December 2020

**M. L. Morris –  
Group Chief Executive**



**D. S. Slingsby – Interim Executive  
Chairman and Operations Director**



**We Are:**

One of the UK market leaders in the distance selling of industrial and commercial equipment.

**We do:**

Manufacture and distribute over 45,000 high quality products covering everything you need for the workplace from handling and lifting and premises equipment to retail and office supplies, including many new ideas to help keep your business running smoothly.

**Our Commitment:**

Providing our customers with an extensive product range, outstanding service and efficient delivery.

## Directors and Advisors

### Directors

**D. S. Slingsby**  
Interim Executive Chairman  
and Operations Director

**M. L. Morris**  
Group Chief Executive

### Company Secretary

**M. L. Morris**

### Registered Office

Otley Road  
Baildon, Shipley  
West Yorkshire BD17 7LW  
Tel : (01274) 535030  
Fax : (01274) 535035

### Registered Number

**452716**

### Registrars

**Link Group**  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### Independent Auditors

**RSM UK Audit LLP**  
Central Square  
Fifth Floor  
29 Wellington Street  
Leeds  
LS1 4DL

### Solicitors

**Squire Patton Boggs (UK) LLP**  
6 Wellington Place  
Leeds  
LS1 4AP

### Financial Advisors & Brokers

**Allenby Capital Limited**  
5 St. Helens Place  
London  
EC3A 6AB

### Website & E-Mail

Website: [www.slingsby.com](http://www.slingsby.com)  
E-mail: [sales@slingsby.com](mailto:sales@slingsby.com)

## Contents

Statement by the Chairman	4
Strategic Report	6
Report of the Directors	9
Corporate Governance	11
Statement of Directors' Responsibilities	14
Independent Auditors' Report	15
Consolidated Income Statement	19
Statement of Consolidated Comprehensive Income and Expense	20
Statement of Consolidated and Company Changes in Shareholders' Equity	21
Consolidated Balance Sheet	22
Company Balance Sheet	23
Consolidated Cash Flow Statement	24
Company Cash Flow Statement	25
Note to the Cash Flow Statements	25
Notes to the Accounts	26
Five Year Summary	49
Notice of Annual General Meeting	50
Notes to the Notice of Annual General Meeting	52

# Statement by the Chairman

## Board Composition

Following the Board changes in 2016, I remain as Interim Executive Chairman and during 2018 Morgan Morris was appointed Group Chief Executive. The Board continues to believe that it would benefit from the appointment of new Non-Executive Directors. Whilst this process should now be possible following the agreement with regard to the pension scheme detailed below, it is unable to proceed at present due to the Coronavirus restrictions.

## Results

In the half year statement, I reported an operating profit of £0.5m on sales of £10.5m. I am pleased to report that the full year operating profit (before exceptional items) was £1.3m (2019: £0.4m) on sales of £21.8m (2019: £19.6m). Group sales increased by around 11% which together with an improvement in gross margin led to a profit before taxation and exceptional items of £1.1m (2019: £0.2m). The increase in Group sales is due to demand for Coronavirus related products, as customers sought to continue or restart their operations compliantly.

ESE Direct Limited ("ESE") contributed £5.9m of sales (2019: £6.4m) and profit before tax and management charges of £0.5m (2019: £0.39m). ESE's customer base was impacted by the Government lockdown measures resulting from the Coronavirus pandemic. Profit before tax increased, however, due to control of overheads. Overheads were £1.16m in 2020 compared to £1.42m in 2019.

Group earnings before interest, tax, depreciation, amortisation and exceptional items ("EBITDA") in the year ended 31 December 2020 were £1.7m (2019: £0.9m). Largely as a result of the profit performance, the Group had net cash at 31 December 2020 of £0.3m (2019: net debt of £1.1m).

## Dividend

Due to the agreement reached with the Trustee of the defined benefit pension scheme, the Board is unable to recommend a final dividend for the year (2019: £nil). However, depending upon trading during 2021 and its level of confidence going forward, the Board's intention is to re-commence dividend payments to shareholders as soon as it is practicable and prudent to do so.

## Pension Scheme

The Company paid £0.3m in deficit reduction contributions during 2020. The Company also continues to contribute £0.16m towards scheme running costs. As a result of this agreement, the Group agreed not to make distributions to shareholders prior to 1 June 2021 and to limit their quantum to £60,000 plus 50% of its net cashflow over £150,000. More details regarding future pension contributions are contained in the Strategic Report.

At 31 December 2020, the pension scheme deficit increased by £1.6m to £8.2m (2019: £6.6m) largely due to a reduction in the discount rate which had the effect of increasing scheme liabilities outweighing an increase in scheme assets. This deterioration in the pension scheme position decreased Group net assets to £1.2m (2019: £1.7m) despite the profit generated during the year.

During November 2020, a High Court ruling relating to how Guaranteed Minimum Pensions were calculated when members transferred out of the scheme was decided. This decision has the impact of increasing the liabilities of the scheme by requiring trustees to revisit historic transfers and top-up cash equivalent transfer value (CETV) payments that were not adjusted from the unequal effect of GMP. The Company has taken advice from the scheme actuary and considers the impact to be immaterial to the results. A fuller assessment will be made during the current year.

## Recent Trading

Group sales in Q1 of 2021 against the same period in 2020 increased by 8%. This improvement in sales offset the impact of a fall in gross margin leading to an unaudited profit before tax in Q1 2021 being in line with that achieved in the same period in 2020 of £0.1m.

The market remains competitive and we are cautious regarding the outlook. This is particularly the case due to significant uncertainty that remains caused by the Coronavirus. Whilst the Group's sales grew in 2020 due to demand for Coronavirus related products, this will not necessarily continue to be the case, particularly for items which are more capital equipment in nature. The Group also benefitted from disruption to supply chains which led to the Group receiving orders for virus related products during 2020 which will not repeat in 2021. As such, it is unclear as to the impact that the virus will have on demand going forward.

In addition, the Group is experiencing significant cost increases particularly for steel, plastic and timber products. We have also experienced exceptionally high shipping costs and delays in receiving goods. These increases impacted on gross margin in Q1 2021 and could continue for the remainder of the year.

Finally, I would like to thank our staff across the Group for their efforts in 2020. The outbreak of Coronavirus presented the Group with operational and organisational challenges which were overcome due to the attitude and hard work of our employees. Across the Group, we remain proud of our position as a key supplier to the NHS and related sectors and worked hard to ensure that we have remained "open for business".

## D.S.Slingsby

Interim Executive Chairman,  
6 May 2021



# Strategic Report

## Business overview

The Group's principal activity comprises the merchandising and distribution of a highly diversified range of industrial and commercial equipment primarily consisting of incidental purchasing supplies. The range spanning some 45,000 products includes the following sectors: handling and lifting, wheels and castors, ladders and steps, storage and shelving, office, safety and security, workwear, cleaning and hygiene, mailroom and packaging, workshop and maintenance, waste and recycling, premises, lockers and cloakroom, signs and labels, and flooring and matting.

The sector is highly fragmented consisting of a small number of directly comparable distance selling organisations and an increasingly large number of specialist distributors. Our customer base is similarly diverse and consequently demand is reflective of the current market conditions and the confidence level of businesses.

Whilst the Group's sales grew in 2020 as customers purchased goods in order to continue or re-start their operations during the Coronavirus pandemic, there remains uncertainty about the impact on the economy which could impact on demand and lead to credit related issues should companies become insolvent. Part of the sales growth experienced was for Coronavirus related equipment which is durable in nature. Demand of this nature may not be at the level experienced during 2020 going forward.

The Group continues to build upon its strengths in distance

selling and to enhance its e-commerce offering. The acquisition of the ESE brand in 2015 diversified the Group into different customer segments with an alternative service proposition and pricing strategy. We believe that deploying e-commerce initiatives with our customers will produce efficiencies as well as growth opportunities. During 2020, we continued to invest in a new website for the Slingsby business and to strengthen our product sourcing and sales teams.

Our focus is not only on providing value, choice and quality but moreover to differentiate ourselves by providing excellent knowledge and service in an ever changing regulatory environment. The main ways in which we do this are through our experienced personnel, our broad-based product offering where we ensure we offer a choice of options and price points and through our web-based knowledge centre. Next day delivery is offered on a substantial proportion of our lines to further augment our service levels.

We continue to generate synergies following the acquisition of ESE with product sourced from Slingsby increasing during the year.

The Directors believe that the Group's strong core brand values of quality, reliability, product range and service excellence remain as true today as they have done over the past 127 years of trading and this is recognised by the number of repeat customers. We believe that this stronger focus on value, depth of product offer and service is what differentiates our business.

## Key Performance Indicators and Business Performance

	2020	2019
Sales growth	11.4%	(1.3%)
Return on capital employed	91.7%	172.8%
Return on sales	5.1%	14.7%
Gross profit margin	34.9%	34.5%

### Notes:

Return on capital employed is calculated as profit/loss before taxation over the total equity at the year end. This has declined due to reduction in profit before tax.

Return on sales is calculated as profit/loss before taxation over revenue. This has declined due to the reduction in profit before tax described as part of the Chairman's statement.

A review of the business is included in the Statement by the Chairman on page 4 and forms part of the Strategic Report.

## Principal risks

The Directors recognise that there are a number of risks that may affect the performance of the business as described below. These risks and uncertainties are subjected to regular review and where appropriate, processes are established to minimise the level of exposure.

## People

The principal asset of the Group is the commitment and skill of its people. The retention of these people is therefore key to the success of the business. The Group has in place incentive schemes which are related to its results and which allow all

employees to participate in the success of the Group as a whole.

## Economic and market cycles and volatility

The Group's operating performance is influenced by the economic conditions of the regions in which it operates, principally the UK. The continued uncertain economic environment could result in a general reduction in business activity and a consequent loss of income for the Group. The Coronavirus pandemic and the Government measures imposed has created uncertainty as to the state of the economy moving forward. In addition, the impact of Brexit on the economy is not fully known.

## Funding and liquidity risk

The main risk arising from the Group's financial instruments is liquidity risk and ensuring that the Group has sufficient bank facilities available to meet all short term cash requirements for the foreseeable future. The Group purchases a significant amount of its products from overseas suppliers in foreign currencies and uses forward foreign currency contracts. The Group's borrowings are on floating rates of interest and so the cost of these facilities would increase should interest rates rise. The Board keeps these risks under regular review and prepares profit and loss account and cashflow forecasts as appropriate.

## Regulatory

The Group remains fully compliant with all regulatory requirements and constantly monitor changes in laws, regulations and standards relating to employment, safety, environment and quality, to enable us to adapt our policies and procedures accordingly. This ensures we continue to meet customer requirements, minimise business impact and control costs, whilst observing our legal and social responsibilities.

## Approvals

The Group is committed to continuous improvement in both Quality and Environmental Management, we remain UKAS (UK Accreditation Service) accredited to the international standards ISO 9001:2015 and ISO 14001:2015 respectively.

## Pensions

The Group has an obligation to fund its defined benefit pension scheme and this creates an exposure to interest rates, inflation, investment return and the longevity of the plan members. The Group eliminated these risks for future service by the closure of the scheme to future accrual from 31 March 2009; however, the funding of the past service liabilities remains and has the potential to create significant movements in the Group's profits before tax, cash flow and balance sheet.

The Group re-commenced deficit reduction contributions during 2019 paying £0.125m and £0.3m in 2020. In addition, the Group contributed £0.16m towards the running costs of the scheme which are reflected in overheads. The Group is scheduled to pay £313,500 in deficit reduction contributions in 2021 and £359,000 in 2022. Contributions rise each year by inflation with a review at 1 January 2023. The Group will also continue to contribute £0.16m each year towards the Scheme's running costs. The Scheme will also receive 50% of any net cashflow generated by the Group over £150,000 and in 2021 an additional £60,000 is payable under this mechanism.

As a condition of the above arrangement, the Group has agreed not to make any distribution to shareholders prior to 1 June 2021 and to restrict such distributions to an amount not greater than £60,000 plus 50% of its net cashflow over £150,000. The Group is obliged to consult with the Trustee regarding certain other matters but is not obliged to change its approach as a result.

## Health and Safety and Environmental Sustainability

We meet our statutory and regulatory environmental obligations, through membership of our local Eco-Network and appropriate compliance schemes. The Group initiatives in optimising our carbon footprint not only benefit the environment but also reduce our costs.

In addition to statutory and regulatory compliance, the Group takes pride in its environmental initiatives which have been recognised through continued compliance with ISO14001 Environmental Management Standard.

## Statement by the Directors in Performance of their Statutory Duties in Accordance with S172(1) Companies Act 2006

The board of directors of HC Slingsby PLC consider both individually and together, that they have acted in the way they consider in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172 (1)(a) to (f) of Companies Act 2006). These matters are the likely consequences of any decision in the long term, the interests of the Company's workforce, the desirability of the company maintaining a reputation for high standards of business conduct, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment and the need to act fairly, as between members of the Company.

The Board considers its stakeholders to be its shareholders, employees, customers, suppliers/creditors and the environment. The way that the Company considers and discharges its obligations in respect of S172 Companies Act 2006 in respect of its stakeholders can be found below, in the Corporate Governance section of this annual report (pages 8 – 10) and above.

## Stakeholder Engagement

### Shareholders

The major interests in the Company's shares are set out in the directors' report. Key metrics for our shareholders are the share price, earnings per share and the level of dividends paid. Through the publication of our half and full year financial reports we inform shareholders regarding the status of their Company.

Further shareholder engagement includes the AGM (although attendance is temporarily suspended due to the restrictions imposed as a result of the pandemic) and discussions with investors when questions are asked.

## Strategic Report (continued)

### Employees

The Board believes that the Group's success is reliant on the commitment of our employees. We pride ourselves on our friendly and safe working environment. Employee feedback is sought through formal review processes and via the head of each department. Training is provided where necessary.

### Customers and suppliers

The Board recognises that the Group depends on its customers and its supply chain. Customer feedback is sought through the use of a third party operated review service as well as encouraged through other communication channels.

We regularly engage with suppliers through visits to their facilities and via a formal appraisal system.

### Environment

The Group recognises its obligation to minimise its impact on the environment. This is achieved by complying with the ISO14001 quality standard and support of certain environmentally focussed charities.

More information on how the Company considers and discharges its obligations in respect of S172 Companies Act 2006 in respect of its stakeholders can be found in the Corporate Governance section of this annual report (pages 11 – 13) and in respect of the environment at the relevant section above.

### Principal decision made – Remaining open throughout the pandemic

The Coronavirus pandemic presented the Group with the challenge of how to remain open for business whilst safeguarding the health and safety of all employees, particularly those who were not able to work from home.

The Group remained open so that it could continue to supply customers, some of whom are NHS bodies or care homes, so that they could continue in operation or re-start when permitted to do so. To safeguard employees, the Group installed sanitising stations, temperature checking equipment and issued all staff with PPE and cleaning products. Procedures regarding social distancing and segregation were also introduced.

The Group took advantage of Government cash flow support schemes and paid its suppliers on normal or improved trading terms.

This decision contributed to the profit achieved in the year.

### By order of the Board

#### M. L. Morris

Company Secretary  
6 May 2021



# Report of the Directors

The directors are pleased to present their annual report and audited consolidated financial statements for the year ended 31 December 2020. Future developments are considered in the Statement by the Chairman on page 1.

H C Slingsby plc is a public limited company with securities traded on the AIM market of the London Stock Exchange. It is incorporated and domiciled in the United Kingdom and based in Baildon, West Yorkshire.

## Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are as follows:

D. S Slingsby

M. L. Morris

## Dividends

The Directors do not propose a dividend in respect of the 2020 financial year (2019:nil).

## Directors' Interests

The beneficial interests of the directors and their immediate families in the shares of the Company are:

	Number of ordinary shares of 25p each	
	31 December 2020	31 December 2019
D. S. Slingsby	<b>115,167</b>	115,167
M.L. Morris	<b>53,500</b>	1,000

There have been no other changes in the directors' shareholdings between 31 December 2020 and the date of this report.

None of the directors had any beneficial interest in any contract of significance to which the company was a party, other than their employment contracts, subsisting during the year.

The holding of D.S.Slingsby includes a non-beneficial interest of 64,000 (2019: 64,000) ordinary shares.

## Going Concern

The directors have prepared trading and cash flow forecasts for the Group for the period to 31 December 2022, which include the pension scheme contributions as agreed. These forecasts indicate that the Group will be able to operate within its banking facilities and meet its liabilities as they fall due. The Board's conclusion in this regard is strengthened by the Group's net cash position at 31 December 2020.

Consistent with the directors' expectations, the overdraft element of the Group's banking facilities was renewed at the same level until 30 April 2022 on 27 April 2021.

The financial statements have therefore been prepared on a going concern basis which assumes the Group will continue in operation for the foreseeable future.

However, the coronavirus pandemic could have a short to medium term impact on the Group's financial performance which is not easy to forecast. The impact could be from a significant fall in demand, from customer credit losses (bad debts) or from late customer payments. These would restrict the Group's ability to generate operating cashflow.

## Report of the Directors (continued)

### Substantial Interests

So far as the directors are aware these were the following substantial interests, other than those included in directors' interests, in the shares of the Company at 4 May 2021:

	<b>Number of ordinary Shares of 25p each</b>	<b>Percentage Holding</b>
M. Chadwick*	180,295	17.2%
K. J. Williams	67,835	6.5%
J. Crowther Jones & Mr. T. E. Jones	54,866	5.2%
J. H. Ridley	54,302	5.2%
C. J. Slingsby	53,886	5.1%
S. E. Slingsby and Mr Hugh Padfield	51,167	4.9%
M. Miller (registered in the name of Platform Securities Nominees Limited)	48,381	4.6%
H. Slingsby	47,138	4.5%
P.S. Allen	37,440	3.6%
S. Whittaker	32,500	3.1%

\*Registered in the name of Davycrest Nominees

### Financial Instruments

The Group's financial instruments comprise cash, banking facilities, forward foreign exchange contracts and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

Financial risk management disclosures are included in note 22 to the financial statements.

### Indemnification of Directors

The Company confirms that qualifying third party indemnity insurance cover has been effected in respect of directors' and officers' liability to protect "insured persons" in respect of liabilities devolving on them for wrongful acts arising in the normal conduct of the business. This was in place throughout the last financial year and remains in force.

### Audit Information

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

### Independent Auditors

A resolution to reappoint RSM UK Audit LLP as the Company's auditors and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting.

### Corporate Governance

The Company's statement on corporate governance is included in the Corporate Governance report on page 11-13 of the annual report.

### By order of the Board

### M. L. Morris

Company Secretary  
6 May 2021

## Corporate Governance

HC Slingsby PLC is committed to high standards of corporate governance and follows the requirements of the Corporate Governance Code ("the Code") published by the Quoted Companies Alliance in April 2018, a full version of which is available at <http://www.theqca.com>. The Board explains below the extent of compliance with the Code.

### The Board and Committee Meetings

The Board meets on a formal basis regularly and during 2020 there were 7 formal board meetings. There is a Schedule of Matters specifically reserved for the Board's decision. There is also an established procedure for all directors to take independent professional advice, if necessary, at the Company's expense. Additionally, all directors have access to the advice and services of the Company Secretary and the Company maintains directors' and officers' liability insurance.

The Board comprises the following:

#### **Dominic S. Slingsby** –

Interim Executive Chairman and Operations Director\*

Dominic joined the Group in 1982 and after an initial spell as a Sales Representative became Marketing Manager in 1985. He was appointed to the Board in 1990 and became Managing Director in 1997 before taking the dual role of Interim Executive Chairman & Operations Director in 2016. He is a member of both the Audit and Remuneration Committees.

Dominic Slingsby's service agreement specifies a rolling 12 month notice period.

#### **Morgan L. Morris** –

Group Chief Executive and Company Secretary

Morgan joined the Board as Interim Finance Director in February 2015 becoming Group Chief Executive in May 2018. Previously Morgan was Finance and Commercial Director for a speciality chemicals manufacturer and prior to that held the position of Corporate Recovery Director for Ernst & Young, as well as a range of Pan-European roles for Arthur Andersen. Morgan holds a Business Finance & Economics degree, is FCA qualified and is a licensed insolvency practitioner. He is a member of the Audit and Remuneration Committees.

Morgan Morris' service agreement specifies a rolling 6 month notice period.

\*Acting Chairman of both Audit and Remuneration Committees

The Board are mindful of the need to keep skills and experience up to date which is done through a combination of courses, continuing professional development through professional bodies, reading and on the job experience.

All directors are expected to devote such time as is necessary for the proper performance of their duties. Directors are expected to prioritise and attend Board meetings and Committee meetings of which they are members and any additional meetings wherever possible. After taking into consideration the availability and time commitment demanded of individual members, the Chairman was satisfied that the

members of the Board were able to devote sufficient time and resource to perform their roles for the Group.

As noted in the Chairman's statement, the directors continue their search for a suitable non-executive director to bring more balance to the composition of the Board.

Both directors attended all 7 board meetings during the year.

### Audit Committee

The audit committee meets as required but at least twice a year. In addition to reviewing the Annual and Interim Reports prior to their release, it keeps the scope, cost effectiveness, independence and objectivity of the external auditors under review. This includes monitoring the level of non-audit fees. The external auditors attend its meetings as required.

There were two audit committee meetings during 2020 attended by both Directors.

### Remuneration Committee

The committee is responsible for determination of the remuneration and remuneration policy for the Group's executive directors and senior executives setting the scale and structure of such remuneration. Directors' service agreements and notice periods are reviewed with due regards to the interests of shareholders.

There was one meeting of the remuneration committee during 2020 attended by both directors.

### Relations with Shareholders

The Company is ready, where practicable, to enter into a dialogue with institutional shareholders based on the mutual understanding of objectives. The Board also uses the Annual General Meeting ("AGM") to communicate with private investors. The directors are available to answer questions raised by shareholders at the AGM. The level of proxies lodged on each AGM resolution and the numbers for, against and withheld for each resolution are declared by the Chairman after the resolution has been dealt with on a show of hands.

### Internal Controls

The Board acknowledges that it is responsible for the Group's system of Internal Control and for reviewing its effectiveness.

Reflecting the size of the Group, a key control procedure is the close day-to-day supervision of the business by the Executive Directors, supported by the senior management with responsibility for key operations.

The Executive Directors are involved in the budget setting process, constantly monitoring key performance indicators such as those highlighted in the business review and reviewing the management accounts on a monthly basis, noting and investigating major variances. All significant capital expenditure decisions are approved by the Board as a whole, in line with the Schedule of Matters reserved for the Board.

## Corporate Governance (continued)

The Board adopted the Quoted Companies Alliance Corporate Governance Code in April 2018. The extent of compliance with the ten principles that comprise the Code, together with an explanation of any areas of non-compliance are set out below:

Principle	Extent of current compliance	Commentary	Further disclosure(s)
Establish a strategy and business model which promote long term value for shareholders	Fully compliant	The relevant information concerning the Group's model and strategy can be found in the Strategic Report within the Annual Report.  Key risks and mitigating actions are detailed in the Principal Risks section of the Strategic Report within the Annual Report.	Strategic Report section of the Annual Report
Seek to understand and meet shareholder needs and expectations	Fully compliant	The Company's contact details are displayed on its website allowing shareholders to contact the Company if they so wish. The Company holds an annual general meeting to which all members are invited and during which, time is set aside to allow questions from attending members to any board member. As the Company is small, it does not have a dedicated investor relations department and so the CEO is responsible for reviewing all communications received from members and determining the most appropriate response.	www.slingsby.com; Investor Relations, AGM notices, Relations with Shareholders section above.
Take into account wider stakeholder and social responsibilities and their implications for long term success	Fully compliant	Directors and employees adopt a broad view during decision making to take meaningful account of the impact of the business on all key stakeholder groups. The Board recognises that the Group's long term success is reliant on the efforts of its employees, customers and suppliers and through maintaining relationships with its regulators. Feedback from employees, customer groups, suppliers and others is actively encouraged. Customer feedback is obtained from a third party operated review system. Employees have reviews with their line manager and are encouraged to provide feedback. Employees are also encouraged to express any concerns to the Board or the Human Resources Manager. All feedback is reviewed by the Board and acted upon accordingly.	www.slingsby.com; Investor Relations, Corporate Governance
Embed effective risk management, considering both opportunities and threats, throughout the organisation	Fully compliant	The Group operates a system of internal controls designed (to the extent considered appropriate) to safeguard Group assets and protect the business from identified risks, including risk to reputation.  As well as tight oversight exercised by the executive directors, and appropriate trained and qualified staff, the Board engages appropriate auditors and consultants to assist in identifying and managing risk.	Principal Risks section of the Strategic Report within the Annual Report
Maintain the board as a well-functioning, balanced team led by the chair	Partially compliant	The Board currently comprises only two Executive Directors who receive high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The Board have been seeking the appointment of one or more Non-Executive Directors for some time but in the light of the Company's very significant pension deficit and the highly publicised issues facing directors of public companies with a deficit on its pension fund, it has not been possible to identify persons prepared to accept such a role.  It is the Board's intention to appoint at least one Non-Executive Director at the earliest opportunity.  The Board does not consider Dominic Slingsby to be independent in view of his family's large combined interest in the Company. Although Morgan Morris is an executive director and therefore cannot be considered by the Board to be totally independent, Morgan Morris is independent of Dominic Slingsby and the rest of the Slingsby family.	Board and Committee meetings section of the Corporate Governance report within the Annual Report

Principle	Extent of current compliance	Commentary	Further disclosure(s)
Ensure that between them the directors have the necessary up-to date experience, skills and capabilities	Fully compliant	The Board is satisfied that the current composition provides the required degree of skills, experience, diversity and capabilities appropriate to the needs of the business. Steps are taken to challenge the status quo, and encourage proper consideration of any dissenting opinion. Board composition and succession planning are subject to review taking account of the potential future needs of the business.  The Board has not taken any specific external advice on a matter, other than in the normal course of business as an AIM quoted company and other than in respect of the Company's defined benefit pension scheme. The directors rely on the Company's advisory team to keep their skills up to date and through attending market updates and other seminars provided by the advisory team, the London Stock Exchange and other intermediaries.	Board and Committee meetings section of the Corporate Governance report within the Annual Report
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	Partially compliant	Board evaluation has not been carried out as part of a formal process, although the Chairman has actively encouraged self-evaluation by all Board members, and feedback on the conduct and content of board meetings. A more structured performance review system will exist in the future upon the appointment of an independent non-executive Chairman.	None.
Promote a corporate culture that is based on ethical values and behaviours	Fully compliant	The Board promotes high ethical and moral standards. The Board and all employees expect to be judged by, and accountable for their actions.	www.slingsby.com; Investors Relations, Corporate Governance
Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	Non-compliant	The Board currently comprises two Executive Directors. The Board is currently non-compliant with the QCA Code as it does not comprise any Non-Executive Directors. The Company is seeking appropriate candidates to join the Board, most notably an Independent Chairman and Independent Non-Executive Director. Whilst a number of highly suitable candidates have been identified, appointments have not been made due to the ongoing uncertainty regarding the pension fund commitments and its potential impact on personal liability.  The roles of Chairman and Chief Executive are separated. The Chief Executive is responsible for the operating performance of the Company and its subsidiaries.	Board and Committee meetings section of the Corporate Governance report within the Annual Report
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Fully compliant	The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities and strategy. Details of all shareholder communications are provided on the Company's website, including historical annual reports and governance related material together with notices of all general meetings for the last five years.  From 2019 the Company discloses outcomes of all general meeting votes.  The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.	www.slingsby.com; Investor Relations

### By order of the Board

#### D Slingsby

Interim Executive Chairman  
6 May 2021

# Statement of Directors' Responsibilities

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

The group and company financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the H C Slingsby Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## By order of the Board

### **M. L. Morris**

Company Secretary  
6 May 2021

# Independent Auditors' Report to the Members of H C Slingsby plc

## Opinion

We have audited the financial statements of H C Slingsby plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated income statement, the statement of consolidated comprehensive income and expense, the statement of consolidated and company changes in shareholders' equity, the consolidated balance sheet, the company balance sheet, the consolidated cashflow statement, the company cashflow statement, the notes to the cashflow statement and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

### In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's

and parent company's ability to continue to adopt the going concern basis of accounting included reviewing and evaluating management's latest forecasts and plans, considering the appropriateness and sensitivity of key assumptions and reviewing the key terms of debt facilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Summary of our audit approach

<b>Key audit matters</b>	<p><b>Group</b></p> <ul style="list-style-type: none"> <li>Provision for slow moving inventory</li> </ul> <p><b>Parent Company</b></p> <ul style="list-style-type: none"> <li>Provision for slow moving inventory</li> </ul>
<b>Materiality</b>	<p><b>Group</b></p> <ul style="list-style-type: none"> <li>Overall materiality: £149,000 (2019: £83,000)</li> <li>Performance materiality: £111,000 (2019: £62,000)</li> </ul> <p><b>Parent Company</b></p> <ul style="list-style-type: none"> <li>Overall materiality: £112,000 (2019: £57,000)</li> <li>Performance materiality: £84,000 (2019: 43,000)</li> </ul>
<b>Scope</b>	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditors' Report to the Members of H C Slingsby plc (continued)

### Provision for slow moving inventory

Key audit matter description	The group and company had inventory of £2,224,000 and an associated provision for obsolescence of £631,000 at 31 December 2020. As disclosed in the accounting policies, inventories are held at the lower of cost and net realisable value. As disclosed in note 1 and note 17, management estimate the extent to which provisions are required in respect of stock obsolescence. Given the value of inventory held at the balance sheet date, and the estimation inherent in the calculation of the inventory provision, the adequacy of the recorded provision represents one of the most significant risks of material misstatement.
How the matter was addressed in the audit	Our audit work on the inventory provision calculation included: <ul style="list-style-type: none"> <li>• Obtaining and reviewing the provision calculation and challenging and corroborating the appropriateness of key assumptions.</li> <li>• Testing the mathematical accuracy of the provision calculation and assessing the accuracy of the source data.</li> <li>• Identifying potentially obsolete or slow-moving inventory with reference to historic utilisation of inventory and comparing to the provision recognised.</li> <li>• Testing a sample of sales to assess whether net realisable value is higher than inventory cost.</li> </ul>

### Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£149,000 (2019: £83,000)	£112,000 (2019: £57,000)
Basis for determining overall materiality	8.8% of profit before interest, tax, depreciation, amortisation and exceptional items	8.6% of profit before interest, tax, depreciation, amortisation and exceptional items
Rationale for benchmark applied	The adjusted measure has been selected on the basis that this benchmark is of most relevance to the users of the financial statements.	The adjusted measure has been selected on the basis that this benchmark is of most relevance to the users of the financial statements.
Performance materiality	£111,000 (2019: £62,000)	£84,000 (2019: 43,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £7,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £6,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

### An overview of the scope of our audit

The group consists of 2 components, both of which are based in the UK. The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	2	100%	100%	100%
<b>Total</b>	<b>2</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## Independent Auditors' Report to the Members of H C Slingsby plc (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
<b>International accounting standards in conformity with the Companies Act 2006</b>	<ul style="list-style-type: none"> <li>• Review of the financial statement disclosures and testing to supporting documentation</li> <li>• Completion of disclosure checklists to identify areas of non-compliance</li> </ul>
<b>Tax compliance regulations</b>	<ul style="list-style-type: none"> <li>• Inspection and review of tax computations prepared by external tax advisors</li> <li>• Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity</li> </ul>

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
<b>Management override of controls</b>	<ul style="list-style-type: none"> <li>• Testing the appropriateness of journal entries and other adjustments</li> <li>• Assessing whether the judgements made in making accounting estimates are indicative of a potential bias</li> <li>• Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.</li> </ul>

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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 auditor's 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.

### Michael Thornton

(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Central Square

Fifth Floor

29 Wellington Street

Leeds

LS1 4DL

6 May 2021

# Consolidated Income Statement

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Revenue</b>	2	<b>21,806</b>	19,568
Cost of sales		<b>(14,194)</b>	(12,825)
<b>Gross profit</b>		<b>7,612</b>	6,743
Distribution costs		<b>(3,897)</b>	(4,139)
Administrative expenses (including exceptional credit of £2,726,000 in 2019)		<b>(2,452)</b>	568
<b>Operating profit before exceptional items</b>		<b>1,263</b>	446
Exceptional items	3	-	2,726
Operating profit	6	<b>1,263</b>	3,172
Finance income	7	-	-
Finance costs	8	<b>(154)</b>	(285)
<b>Profit before taxation and exceptional items</b>		<b>1,109</b>	161
Exceptional items	3	-	2,726
<b>Profit before taxation</b>		<b>1,109</b>	2,887
Taxation	9	<b>(163)</b>	(552)
<b>Profit for the year attributable to owners of the parent</b>		<b>946</b>	2,335
<b>Basic and diluted weighted average earnings per share</b>	10	<b>92.3p</b>	233.5p

All profits of the group arise from continuing operations.

# Statement of Consolidated Comprehensive Income and Expense

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Profit for the year		946	2,335
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of post-employment benefit obligations	24	(1,784)	(1,069)
Movement in deferred tax relating to retirement benefit obligation	16	339	182
Other comprehensive expense		(1,445)	(887)
Total comprehensive (expense)/income for the year attributable to equity shareholders		(499)	1,448

All profits of the group arise from continuing operations.

# Statement of Consolidated and Company Changes in Shareholders' Equity

For the year ended 31 December 2020

	Share capital	Share premium	Retained earnings	Total equity
<b>Group</b>	£'000	£'000	£'000	£'000
<b>1 January 2019</b>	<b>250</b>	<b>-</b>	<b>(27)</b>	<b>223</b>
Profit for the year	-	-	2,335	2,335
Other comprehensive income/(expense) for the year	-	-	(887)	(887)
Total comprehensive income/(expense) for the year	-	-	1,448	1,448
<b>1 January 2020</b>	<b>250</b>	<b>-</b>	<b>1,421</b>	<b>1,671</b>
Profit for the year	-	-	946	946
Other comprehensive income/(expense) for the year	-	-	(1,445)	(1,445)
Total comprehensive income/(expense) for the year	-	-	499	499
Issue of shares	12	24	-	36
<b>31 December 2020</b>	<b>262</b>	<b>24</b>	<b>922</b>	<b>1,208</b>

  

	Share capital	Share premium	Retained earnings	Total equity
<b>Company</b>	£'000	£'000	£'000	£'000
<b>1 January 2019</b>	<b>250</b>	<b>-</b>	<b>(991)</b>	<b>(741)</b>
Profit for the year	-	-	2,236	2,236
Other comprehensive income/(expense) for the year	-	-	(887)	(887)
Total comprehensive income/(expense) for the year	-	-	1,349	1,349
<b>1 January 2020</b>	<b>250</b>	<b>-</b>	<b>358</b>	<b>608</b>
Profit for the year	-	-	773	773
Other comprehensive income/(expense) for the year	-	-	(1,445)	(1,445)
Total comprehensive income/(expense) for the year	-	-	(672)	(672)
Issue of shares	12	24	-	36
<b>31 December 2020</b>	<b>262</b>	<b>24</b>	<b>(314)</b>	<b>(28)</b>

# Consolidated Balance Sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	5,084	5,296
Intangible assets	14	518	610
Goodwill	14	700	700
Deferred tax asset	16	1,553	1,115
		<b>7,855</b>	<b>7,721</b>
<b>Current assets</b>			
Inventories	17	2,224	2,134
Trade and other receivables	18	2,632	2,401
Derivative financial asset	20	-	-
Cash and cash equivalents		1,781	1,278
		<b>6,637</b>	<b>5,813</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	(4,454)	(4,729)
Derivative financial liability	20	(7)	(8)
Lease obligations	21	(34)	(32)
		<b>(4,495)</b>	<b>(4,769)</b>
<b>Net current assets</b>			
		<b>2,142</b>	<b>1,044</b>
<b>Non-current liabilities</b>			
Lease obligations	21	(32)	(66)
Retirement benefit obligation	24	(8,175)	(6,558)
Deferred tax liabilities	16	(582)	(470)
		<b>1,208</b>	<b>1,671</b>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Share capital	25	262	250
Share Premium	25	24	-
Retained earnings		922	1,421
		<b>1,208</b>	<b>1,671</b>

The financial statements on pages 19 to 48 were approved by the Board of Directors on 6 May 2021 and were signed on its behalf by:

**D. S. Slingsby**

Director

H C Slingsby plc

Registered Number: 00452716

**M. L. Morris**

Director

# Company Balance Sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	4,965	5,127
Intangible assets	14	93	85
Investments in subsidiaries	15	1,517	1,517
Deferred tax asset	16	1,553	1,115
		<b>8,128</b>	<b>7,844</b>
<b>Current assets</b>			
Inventories	17	2,224	2,134
Trade and other receivables	18	2,406	2,112
Derivative financial asset	20	-	-
Cash and cash equivalents		167	107
		<b>4,797</b>	<b>4,353</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	(4,268)	(4,642)
Derivative financial liability	20	(7)	(8)
		<b>(4,275)</b>	<b>(4,650)</b>
<b>Net current assets/liabilities</b>			
		<b>522</b>	<b>(297)</b>
<b>Non-current liabilities</b>			
Retirement benefit obligation	24	(8,175)	(6,558)
Deferred tax liabilities	16	(503)	(381)
		<b>(8,678)</b>	<b>(6,939)</b>
<b>Net (liabilities)/assets</b>			
		<b>(8,156)</b>	<b>608</b>
<b>Capital and reserves</b>			
Share capital	25	262	250
Share premium	25	24	-
Retained earnings		(314)	358
		<b>(28)</b>	<b>608</b>
<b>Total equity</b>			
		<b>(28)</b>	<b>608</b>

As permitted by Section 408 of the Companies Act 2006, the company has not published its own income statement. The profit and total comprehensive income of the company for the financial year was £773,000 (2019: £2,236,000).

The financial statements on pages 19 to 48 were approved by the Board of Directors on 6 May 2021 and were signed on its behalf by:

**D. S. Slingsby**  
Director

**M. L. Morris**  
Director

H C Slingsby plc  
Registered Number: 00452716

# Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		1,594	404
Interest paid		(13)	(36)
UK corporation tax paid		(41)	(57)
<b>Cash generated from operating activities</b>		<b>1,540</b>	<b>311</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13	(108)	(212)
Proceeds from sales of property, plant and equipment		6	20
Purchase of intangible assets	14	(18)	(83)
<b>Net cash used in investing activities</b>		<b>(120)</b>	<b>(275)</b>
<b>Cash flows from financing activities</b>			
Capital element of lease payments		(36)	(36)
Proceeds from share issue		36	-
Repayment of borrowings		(1,034)	-
Proceeds of borrowing		-	397
Increase / (decrease) in overdraft		117	(577)
<b>Net cash used in financing activities</b>		<b>(917)</b>	<b>(216)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>503</b>	<b>(180)</b>
Opening cash and cash equivalents		1,278	1,458
<b>Closing cash and cash equivalents</b>		<b>1,781</b>	<b>1,278</b>



## Company Cash Flow Statement

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations		1,070	174
Interest payable		(13)	(36)
<b>Cash generated from/(used in) operating activities</b>		<b>1,057</b>	<b>138</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13	(104)	(179)
Proceeds from sales of property, plant and equipment		6	20
Purchase of intangible assets	14	(18)	(83)
<b>Net cash used in investing activities</b>		<b>(116)</b>	<b>(242)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		36	-
Repayment of borrowings		(1,034)	-
Proceeds from borrowing		-	397
Increase / (decrease) in overdraft		117	(577)
<b>Net cash used in financing activities</b>		<b>(881)</b>	<b>(180)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>60</b>	<b>(284)</b>
Opening cash and cash equivalents		107	391
<b>Closing cash and cash equivalents</b>		<b>167</b>	<b>107</b>

## Note to the Cash Flow Statements

For the year ended 31 December 2020

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Cash generated from operating activities</b>				
Profit before tax	1,109	2,887	881	2,764
Net finance costs	154	285	150	280
Depreciation and amortisation	430	414	276	261
Defined benefit pension scheme contributions paid	(304)	(125)	(304)	(125)
Property impairment reversal	-	(691)	-	(691)
Settlement gain related to defined benefit pension scheme	-	(3,069)	-	(3,069)
Exceptional impairment provision	-	1,034	-	1,047
Profit on sale of property, plant and equipment	(6)	(8)	(6)	(8)
Increase in inventories	(90)	(186)	(90)	(186)
(Increase)/decrease in trade and other receivables	(231)	189	(294)	136
Increase/(decrease) in trade and other payables	532	(326)	457	(235)
<b>Cash generated from operating activities</b>	<b>1,594</b>	<b>404</b>	<b>1,070</b>	<b>174</b>

# Notes to the Accounts

## 1. Accounting Policies

### Basis of Preparation

The financial accounts are prepared in Sterling, which is the functional currency of the group. Monetary amounts in these statements are rounded to the nearest £'000.

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently to all years presented, are set out below.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements are prepared under the historical cost convention on a going concern basis, except for derivative financial instruments which are measured at fair value through profit or loss.

### Going concern

The Group has made a profit for the year of £0.9m (2019 £2.3m) and had net current assets at 31 December 2020 of £2.1m (2019 net current assets of £1m). The result of the company for the financial year was a profit of £0.8m (2019: £2.2m).

The financial statements have therefore been prepared on a going concern basis which assumes the group will continue in

operation for a period of at least 12 months from the date of approval of the financial statements.

The directors have prepared trading and cash flow forecasts for the Group for the period to 31 December 2022, which include the pension scheme contributions as agreed. These forecasts indicate that the Group will be able to operate within its banking facilities and meet its liabilities as the fall due.

Consistent with the directors' expectations, the overdraft element of the Group's banking facilities was renewed at the same level until 30 April 2022 on 27 April 2021.

### New accounting standards and interpretations

#### Adoption of IFRS

The Group and Company financial statements have been prepared in accordance with IFRS, IAS and IFRS Interpretations Committee ("IFRSIC") effective as at 31 December 2020. The Group and Company have not chosen to adopt any amendments or revised standards early.

Where applicable, the following amendments to accounting standards were adopted by the Group on the effective date during the current year. The Group has applied these standards in the preparation of the financial statements and has not adopted any new or amended standards early.

Amendment to IFRS 3	Business Combinations	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS17	Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
IAS in conformity with the requirements of the Companies Act 2006	Departure from EU IFRS on Brexit	31 January 2020
Amendment to IFRS 16	Leases - COVID-19 Related Rent Concessions	1 June 2020

Any significant impact on adoption is included in these notes.

IFRS issued but not yet effective

At the date of issue of these financial statements, the following accounting standards and interpretations, which have not been applied, were in issue but not yet effective. The directors do not anticipate adoption of the standards listed below will have a material impact on the financial statements or they consider the implementation too uncertain to speculate on the impact on the accounts at this point in time.

Amendments to IFRS 4	Insurance Contracts – deferral of IFRS19	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021

## Basis of Consolidation

The financial statements of the Group consolidate the financial statements of H C Slingsby p l c and its subsidiaries up to 31 December 2020 using the acquisition method of accounting. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies. The results of subsidiary undertakings acquired during a financial period are included from the date on which control is transferred to the group. Intra-Group sales, Intra-Group balances and Intra-Group profits are eliminated fully on consolidation, and consistent accounting policies have been adopted across the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values for the assets transferred and the liabilities incurred to the former owners of the acquired entity. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred.

## Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

## Accounting Estimates and Judgements

The preparation of these financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue during the reporting year. Actual results could materially differ from these estimates.

The estimates and judgements made in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in the financial statements and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Actuarial assumptions used in the calculation of the defined benefit pension scheme liability. Measurement of the defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, and the selection of a suitable discount rate. Defined benefit pension obligations at the reporting date were valued at £8.2m (2019: £6.6m). This movement was due to the impact of changes in actuarial assumptions. During November 2020, a High Court ruling relating to how Guaranteed Minimum Pensions were calculated when members transferred out of the scheme was decided. This decision has the impact of increasing the liabilities of the scheme by requiring trustees to revisit historic transfers and top-up cash equivalent transfer values (CETV) payments that were not adjusted from the unequal effect of GMP. The Company has taken advice from the scheme actuary and considers the impact to be immaterial to the results. This view is based on information available for 18 out of 29 years covered by the ruling. Using the information from the 18 known years, a pro-rated total for transfer values would be £651,000. From previous work undertaken by the scheme actuary in this regard, an increase in CETV of 0.9% would be required, leading to an additional liability of approximately £10,000. A fuller assessment will be made during the current year.
- Selection of appropriate rates of amortisation and depreciation for intangible and tangible non-current assets. The annual depreciation and amortisation charges for intangible and tangible non-current assets are sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary, to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets (see notes 13 and 14 for the carrying amount of intangible and tangible non-current assets).
- Allowances against the valuation of inventories. Inventories are stated at the lower of cost and net realisable value. When estimating the net realisable value of inventories, management considers the nature and condition of inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. The stock provision at the reporting date amounted to £631,000 (2019: £408,000) (see note 17 for the net carrying amount of inventories and details of the provisions made).
- Impairment of goodwill and intangible assets. The directors review whether goodwill is impaired on an annual basis which requires an estimation of the value in use of the cash generating units to which the goodwill, and any intangible assets, are allocated. This involves estimation of future cash flows and choosing a suitable discount rate (see note 14 for further disclosure). As disclosed in notes 3 and 14, the results for the year ended 31 December 2020 include an impairment of £nil (2019: £1,034,000).
- Impairment of tangible non-current assets. At each reporting date the directors review the carrying amount of the Group's tangible non-current assets to determine whether there has been any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. In 2019, this review resulted in an increase in the carrying value of the Baildon property and a reversal against an impairment provision previously recorded, as detailed in note 13. The revised carrying amount has been derived from a professional valuation of the property and whilst any valuation involves a degree of estimation, the directors consider that the degree of uncertainty is sufficiently

## Notes to the Accounts (continued)

reduced by the use of an appropriately qualified third party and have concluded that a partial reversal of the previous impairment recorded in 2017 is appropriate.

- **Deferred tax estimation.** Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends upon taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the directors making assumptions within their overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. At 31 December 2020 the Group has recognised deferred tax assets of £1,553,000 (2019: £1,115,000) and deferred tax liabilities of £582,000 (2019: £470,000) (see note 16 for disclosure of the Group's deferred tax assets and liabilities).

### Revenue and Recognition of Income

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the group. Revenue is recognised when the goods are dispatched to the customer.

Contracts with customers are typically fixed price based on agreed amounts and invoiced on dispatch to the customer in line with the standard terms and conditions of the group. Typically, the Group's standard payment terms are 30 days from date of invoice but certain customers have longer agreed terms.

### Employee Benefits

The Group operates a defined benefit and a defined contribution pension scheme for its employees.

**Defined benefit scheme:** The pension liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme assets. The defined benefit obligation is calculated tri-annually by independent actuaries using the projected unit credit method and this valuation is updated at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability.

Past service costs and settlement gains are recognised immediately in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the statement of comprehensive income in the period in which they arise.

**Defined contribution scheme:** contributions payable are charged to the income statement in the accounting year in which they are incurred. The Group has no further payment obligations once the contributions have been paid to this scheme.

### Leases

On commencement of a contract which gives the Group the right to use assets for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease (term is twelve months or less with no option to purchase the lease asset) or a 'low-value' lease (where the underlying asset is £4,000 or less when new).

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise. Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate and any residual value guarantees.

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss. Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

### Foreign Currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment which the entity operates (the functional currency). The consolidated financial statements are presented in GBP which is the Group's presentation currency.

Foreign currency transactions are translated using exchange rates prevailing at the date of the transactions or, where forward currency contracts have been taken out, at contractual rates. Monetary assets and liabilities are translated at exchange rates ruling at the end of each financial year. Gains and losses on retranslation are recognised in the income statement.

## Property, Plant and Equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and any provision for impairment. Cost comprises purchase cost together with any incidental costs of acquisition. Depreciation is provided to write off the cost less the estimated residual value of the property, plant and equipment by equal instalments over their estimated useful economic lives. The asset's residual values and useful economic lives are reviewed, and adjusted as appropriate, at each balance sheet date. The following rates are applied:

Freehold buildings	–	2% per annum
Short leasehold property	–	10% per annum
Equipment	–	10% – 33% per annum

Freehold land is not depreciated.

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated on a straight-line basis over the lease term.

## Intangible Assets

Intangible assets are stated at cost less accumulated amortisation. They are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. The assets are amortised over the period which the Group expects to benefit from these assets. Provision is made for any impairment in value if applicable.

IT software costs are amortised on a straight-line basis at a rate of 33% per annum.

Brand and domain names and customer lists are amortised on a straight-line basis at 5% to 33% per annum.

## Goodwill

Goodwill arising on acquisitions comprises the excess of the fair value of the consideration for investments in subsidiary undertakings over the fair value of the net identifiable assets acquired at the date of the acquisition. Goodwill arising on acquisitions is included in intangible assets.

Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the lowest level within the group at which the associated level of goodwill is monitored for management purposes and are not larger than the operating segments determined in accordance with IFRS8 "Operating Segments".

## Impairment of non-financial assets

Assets not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

## Investments

Investments are stated at cost, less provision for impairment where necessary.

## Deferred taxation

Deferred taxation is recognised, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred taxation is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the balance sheet date, and are expected to apply when the related deferred taxation asset is realised or deferred taxation liability is settled.

Deferred taxation assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

## Inventories

Inventories which include raw materials and work in progress, finished goods and goods for resale are stated at the lower of cost and net realisable value. Raw materials are valued on a first-in-first out basis. The cost of work in progress and finished goods includes an appropriate proportion of production overheads.

Net realisable value is based on estimated selling price less additional costs to completion or disposal. Allowance is made for obsolete, defective and slow-moving items based on annual usage and age.

## Notes to the Accounts (continued)

### Financial assets other than derivatives

The Group classifies its financial assets as subsequently measured at amortised cost under IFRS 9 if they meet both of the following criteria:

- Hold to collect business model test. The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- Solely payments of principal and interest (SPPI) contractual cash flow characteristics test. The contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding on a specified date.

Financial assets include trade receivables, amounts due from subsidiaries and cash and cash equivalents.

### Trade and Other Receivables

Trade and other receivables that do not contain a significant financing component are initially recognised at fair value and subsequently held at amortised cost less provision for impairment.

IFRS 9 introduced an expected credit loss model which broadens the information that the Group is required to consider when determining its expectations of impairment. Under this model, expectations of future events must be taken into account and this could result in the earlier recognition of impairments.

### Trade Catalogues

Expenditure relating to the production and distribution of the main catalogue and supplementary mailings is written off in the financial statements in the year when the catalogue is produced.

### Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### Financial liabilities

Financial liabilities are classified as either financial liabilities at amortised cost or financial liabilities at fair value through profit or loss. Financial liabilities include trade and other payables, derivative financial instruments and bank borrowings.

### Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value at each balance sheet date. The resulting gain or loss is recognised directly in the income statement. The Group does not apply hedge accounting in respect of its financial instruments, nor does it trade in any financial instruments.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### Dividends

Final dividends proposed by the board are recognised in the financial statements when they have been approved by shareholders. Interim dividends are recognised when they are paid.

### Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The tax expense for the year comprises current and deferred tax that is recognised in the income statement, except that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively.

## 2. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Group only has one business segment, which is its principal activity, being the merchandising and distribution of industrial and commercial equipment. All of the Group's revenue, profits/ (losses), assets and liabilities are wholly attributable to that business segment. The operations of the group are based in the UK.

### 3. Exceptional Items

	2020	2019
	£'000	£'000
DB pension settlement gain	-	3,069
Goodwill impairment provision	-	(1,034)
Property impairment reversal	-	691
	<u>-</u>	<u>2,726</u>

The reversal of the property impairment is explained more fully in note 13 and further details relating to the goodwill impairment provision are included in note 14. The DB pension settlement gain is explained more fully in note 24.

### 4. Employee Information

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Staff costs				
Wages and salaries	<b>2,827</b>	2,625	<b>2,385</b>	2,168
Social security costs	<b>246</b>	231	<b>206</b>	181
Other pension and life assurance costs	<b>80</b>	81	<b>66</b>	68
	<u><b>3,153</b></u>	<u>2,937</u>	<u><b>2,657</b></u>	<u>2,417</u>

The average monthly number of persons, including directors, employed during the year was:

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
Selling and distribution	<b>78</b>	85	<b>65</b>	70
Administration	<b>21</b>	22	<b>17</b>	18
	<u><b>99</b></u>	<u>107</u>	<u><b>82</b></u>	<u>88</u>

### 5. Directors' Remuneration (including pension contributions)

	2020	2019
	£'000	£'000
Dominic Slingsby	<b>107</b>	102
Morgan Morris	<b>154</b>	105
	<u><b>261</b></u>	<u>207</u>
<b>Highest paid Director:</b>		
Aggregate emoluments	<b>151</b>	102
Defined contribution / defined benefit scheme accrued pension at end of year	<b>3</b>	3

Morgan Morris accrued benefits under a defined contribution pension scheme amounting to £3,004 (2019: £2,600).

## Notes to the Accounts (continued)

### 6. Operating Profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Profit on disposal of property, plant and equipment	(6)	(8)
Depreciation on property, plant and equipment	320	300
Amortisation of intangible assets	110	114
Foreign exchange losses/(gains) on operating activities	(17)	1
<b>Services provided by the company's auditors</b>		
Fees payable to the company's auditors for the audit of parent company and consolidated financial statements	40	36
Fees payable to the company's auditors for other services:		
Other audit services pursuant to legislation:		
The audit of Company's subsidiaries pursuant to legislation	5	5
Other services pursuant to legislation:		
Tax services – Compliance	-	6
Advisory	-	1
<b>Total fees payable to the Company's auditors</b>	<b>45</b>	<b>48</b>

### 7. Finance Income

	2020	2019
	£'000	£'000
Bank interest receivable	-	-

### 8. Finance Costs

	2020	2019
	£'000	£'000
Interest payable on bank borrowings	13	35
Interest payable on lease liabilities	4	5
Net retirement benefit obligation finance costs (note 24)	137	245
	<b>154</b>	<b>285</b>



## 9. Taxation

	2020	2019
	£'000	£'000
<b>Current tax</b>		
UK corporation tax:		
– current year	150	41
	<u>150</u>	<u>41</u>
<b>Deferred tax:</b>		
UK deferred tax:		
– origination and reversal of timing differences	89	(511)
– adjustments due to change of tax rate	(76)	-
	<u>13</u>	<u>511</u>
<b>Total taxation charge</b>	<u>163</u>	<u>552</u>

Factors affecting the tax credit for the year:

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	2020	2019
	£'000	£'000
Profit/(loss) before taxation	1,109	(2,887)
Tax at the UK corporation tax rate of 19%	211	(549)
Expenses not deductible for tax purposes	28	65
Effects of changes in tax rates	(76)	62
Adjustments to tax in respect of prior years		
– current year	-	-
– deferred tax	-	-
<b>Tax charge for the year</b>	<u>163</u>	<u>552</u>

The Group profits for this accounting period are taxed at an effective rate of 19%. Deferred tax assets and liabilities are measured at a rate of 19% (2019: 17%) as at 31 December 2020.

## 10. Earnings Per Share

Basic earnings per share is based upon a profit of £946,000 (2019: £2,335,000) and on 1,025,000 (2019: 1,000,000) weighted average ordinary shares in issue during the year.

There is no difference between basic earnings per share and diluted earnings per share for both years as there are no potentially dilutive shares in issue.

## 11. Profit for the Financial Year

As permitted by Section 408 of the Companies Act 2006, the Company has not published its own income statement. The profit and total comprehensive income of the company for the financial year was a profit of £773,000 (2019: £2,236,000).

## Notes to the Accounts (continued)

### 12. Dividends

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Interim dividend paid for the financial year of 0.0p (2019: 0.0p)	-	-
Final dividend paid for the financial year of 0.0p (2019: 0.0p)	-	-
	<u>-</u>	<u>-</u>

### 13. Property, Plant and Equipment

Group	Short Leasehold Property	Freehold land and buildings	Equipment	Right-of- use assets	Total
<b>Cost</b>	£'000	£'000	£'000	£'000	£'000
1 January 2019 – as previously reported	119	6,671	2,445	–	9,235
Right-of-use assets on transition to IFRS 16	–	–	–	128	128
Additions	–	–	212	–	212
Disposals	–	–	(397)	–	(397)
1 January 2020	<u>119</u>	<u>6,671</u>	<u>2,260</u>	<u>128</u>	<u>9,178</u>
Additions	–	–	108	–	108
Disposals	–	–	(16)	–	(16)
<b>31 December 2020</b>	<b><u>119</u></b>	<b><u>6,671</u></b>	<b><u>2,352</u></b>	<b><u>128</u></b>	<b><u>9,270</u></b>
<b>Accumulated depreciation</b>					
1 January 2019	652	2,556	2,039	–	4,657
Charge for the year	11	106	150	33	300
Reversal of previous impairment provision	–	(691)	–	–	(691)
Disposals	–	–	(384)	–	(384)
1 January 2020	<u>73</u>	<u>1,971</u>	<u>1,805</u>	<u>33</u>	<u>3,882</u>
Charge for the year	10	106	172	32	320
Disposals	–	–	(16)	–	(16)
<b>31 December 2020</b>	<b><u>83</u></b>	<b><u>2,077</u></b>	<b><u>1,961</u></b>	<b><u>65</u></b>	<b><u>4,186</u></b>
<b>Net book amount</b>					
<b>At 31 December 2020</b>	<b><u>36</u></b>	<b><u>4,594</u></b>	<b><u>391</u></b>	<b><u>63</u></b>	<b><u>5,084</u></b>
At 31 December 2019	<u>46</u>	<u>4,700</u>	<u>455</u>	<u>95</u>	<u>5,296</u>
At 31 December 2018	<u>57</u>	<u>4,115</u>	<u>406</u>	<u>–</u>	<u>4,578</u>

HC Slingsby PLC Retirement Benefits Scheme holds a charge over the Company's freehold land and buildings. HSBC Bank plc holds charges over all of the assets and undertakings of the Group and a fixed charge over the freehold land and buildings.

During 2017, the Board instructed a firm of professional surveyors to carry out a valuation of the freehold land and buildings at Baildon. The resulting valuation of £4.2m was £1.2m below the carrying value. This resulted in an exceptional non-cash impairment charge of £1.22m in the year ended 31 December 2017. During October 2019, the same firm undertook a further valuation of the property on behalf of the Company's bank. This valuation of £4.7m was £0.7m above the adjusted, depreciated, carrying value. The Board elected to adjust the carrying value in line with the valuation by reversing a portion of the historic impairment, leading to an exceptional non-cash impairment reversal of £0.7m in the year ended 31 December 2019.

The carrying amount and depreciation of right-of-use assets all relate to property leases.

Depreciation is charged to administrative expenses in the Income Statement.

Company	Freehold land and buildings	Equipment	Total
<b>Cost</b>	£'000	£'000	£'000
1 January 2019	6,671	2,154	8,825
Additions	–	179	179
Disposals	–	(322)	(322)
1 January 2020	6,671	2,011	8,682
Additions	–	104	104
Disposals	–	(16)	(16)
<b>31 December 2020</b>	<b>6,671</b>	<b>2,099</b>	<b>8,770</b>
<b>Accumulated depreciation</b>			
1 January 2019	2,556	1,750	4,306
Charge for the year	106	143	249
Reversal of previous impairment provision	(691)	–	(691)
Disposals	–	(309)	(309)
1 January 2020	1,971	1,584	3,555
Charge for the year	106	160	266
Disposals	–	(16)	(16)
<b>31 December 2020</b>	<b>2,077</b>	<b>1,728</b>	<b>3,805</b>
<b>Net book amount</b>			
<b>At 31 December 2020</b>	<b>4,594</b>	<b>371</b>	<b>4,965</b>
At 31 December 2019	4,700	427	5,127
At 31 December 2018	4,115	404	4,519

Depreciation is charged to administrative expenses in the Income Statement.

## Notes to the Accounts (continued)

### 14. Intangible Assets

	Group	Group		TOTAL	Company
	Goodwill	Brand and Domain Names and Customer Lists	IT Software and Trademarks		IT Software
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
1 January 2019	2,409	1,000	899	1,899	860
Additions	-	-	83	83	83
Disposals	-	-	(6)	(6)	(6)
1 January 2020	2,409	1,000	976	1,976	937
Additions	-	-	18	18	18
Disposals	-	-	-	-	-
<b>31 December 2020</b>	<b>2,409</b>	<b>1,000</b>	<b>994</b>	<b>1,994</b>	<b>955</b>
<b>Accumulated amortisation</b>					
1 January 2019	675	375	883	1,258	846
Goodwill impairment	1,034	-	-	-	-
Charge for the year	-	100	14	114	12
Disposals	-	-	(6)	(6)	(6)
1 January 2020	1,709	475	891	1,366	852
Charge for the year	-	100	10	110	10
Disposals	-	-	-	-	-
<b>31 December 2020</b>	<b>1,709</b>	<b>575</b>	<b>901</b>	<b>1,476</b>	<b>862</b>
<b>Net book amount</b>					
<b>At 31 December 2020</b>	<b>700</b>	<b>425</b>	<b>93</b>	<b>518</b>	<b>93</b>
At 31 December 2019	700	525	85	610	85
At 31 December 2018	1,734	625	16	641	14

Amortisation is charged to administrative expenses in the Income Statement.

#### Goodwill monitoring

Goodwill, which relates entirely to the acquisition of ESE Direct Limited in 2015, is monitored by management at the Cash Generating Unit ("CGU") level. A CGU is considered to be an individual company. The Group tests CGUs containing goodwill for impairment on at least an annual basis by comparing the carrying amount of the CGU with its value in use. Value in use is estimated based on expected future cash flows discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money. An impairment charge arises where the carrying value exceeds the value in use.

During 2018, an impairment charge of £675,000 was recognised as an exceptional non-cash item followed by a further non-cash impairment during 2019 of £1,034,000 such that goodwill relating to the ESE acquisition is £700,000.

The carrying amount of the ESE Direct Limited CGU has been tested for impairment using a discounted cash flow model based on the following assumptions:

- Most recent budgets /forecasts for the next 5 years
- Extrapolation of expected future cash flows using a terminal growth rate of 2%
- Sales increase of 5% and then 2% growth over the period based on forecast performance
- Capital expenditure of £5,000 per annum based on forecasts
- Gross margins projected based on recent trends
- Discount rate (derived from pre-tax weighted average cost of capital "WACC") of 15%

The Directors performed sensitivity analysis on assumptions concerning sales growth assuming no growth over the period. On this sensitised basis, there was no impairment.

## 15. Investment in Subsidiary

On 27 March 2015 the Company acquired 100% of the issued share capital of ESE Direct Limited. The cost of investment was £4m. During 2018 an impairment provision of £1.4m was recorded followed by a further impairment of £1.1m in 2019 such that the net book value of the investment was £1.52m. This investment represents the whole of the amount shown in the Company's balance sheet.

The Company directly owns 100% of the issued share capital of the following subsidiary undertakings, registered in England and Wales at 1 Otley Road, Baildon, Shipley BD17 7LW.

Company	Principal Activity
ESE Direct Limited	Distribution of Industrial and Commercial Equipment
Eastern Storage Limited	Dormant
ESE Projects Limited	Dormant
Eastern Storage Equipment Limited	Dormant
Slingsby Trading Post Limited	Dormant
Slingsby Manufacturing Limited	Dormant
Slingsby Metro Equipment Limited	Dormant

## 16. Deferred Tax

The deferred tax balances in these financial statements are attributable to the following:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Deferred tax asset</b>				
Retirement benefit obligations	<b>1,553</b>	1,115	<b>1,553</b>	1,115
<b>Deferred tax liabilities</b>				
Accelerated capital allowances	<b>(508)</b>	(457)	<b>(510)</b>	(458)
Losses	<b>7</b>	77	<b>7</b>	77
Intangible asset	<b>(81)</b>	(90)	-	-
	<b>(582)</b>	(470)	<b>(503)</b>	(381)

The deferred tax asset relates to the deficit on the company's defined benefit pension scheme. As movements in the pension deficit arise from changes in actuarial assumptions as well as from deficit reduction payments (see note 24), it is difficult to forecast the movement in the related deferred tax asset.

## Notes to the Accounts (continued)

### 16. Deferred Tax (continued)

Movements in deferred tax assets/(liabilities) are as follows:

	Pension liability	Tax losses	Accelerated capital allowances	Intangible assets	Total
<b>Group</b>	£'000	£'000	£'000	£'000	£'000
1 January 2019	1,434	89	(440)	(109)	974
(Charged)/credited to income statement	(501)	(12)	(17)	19	(511)
Credited to other comprehensive income	182	-	-	-	182
1 January 2020 – Group and Company	1,115	77	(457)	(90)	645
(Charged)/credited to income statement	99	(70)	(51)	9	(13)
Credited to other comprehensive income	339	-	-	-	339
<b>31 December 2020</b>	<b>1,553</b>	<b>7</b>	<b>(508)</b>	<b>(81)</b>	<b>971</b>

	Pension liability	Tax losses	Accelerated capital allowances	Total
<b>Company</b>	£'000	£'000	£'000	£'000
1 January 2019	1,434	89	(443)	1,080
(Charged)/credited to income statement	(501)	(12)	(15)	(528)
Credited to other comprehensive income	182	-	-	182
1 January 2020	1,115	77	(458)	734
(Charged)/credited to income statement	99	(70)	(52)	(23)
Credited to other comprehensive income	339	-	-	339
<b>31 December 2020</b>	<b>1,553</b>	<b>7</b>	<b>(510)</b>	<b>1,050</b>

### 17. Inventories

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Raw materials and work in progress	220	221	220	221
Finished goods and goods for resale	2,004	1,913	2,004	1,913
	<b>2,224</b>	2,134	<b>2,224</b>	2,134

Inventories are presented net of provisions for write-downs, based on management's estimate of net realisable value. The amount charged to the income statement in respect of write-downs of inventories was £287,000 (2019: £41,000). The cost of inventories recognised as an expense and included in the Group's cost of sales was £14,811,000 (2019: £13,277,000) and £10,582,000 (2019: £8,674,000) for the Company. The provision for obsolete stock at the year-end for the Group and Company is £631,000 (2019: £408,000).

## 18. Trade and Other Receivables

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade receivables	2,200	2,008	1,892	1,659
Receivables from subsidiary	–	–	106	78
Prepayments	432	393	408	375
	<b>2,632</b>	<b>2,401</b>	<b>2,406</b>	<b>2,112</b>

Trade and other receivables are non-interest bearing. There is no material difference between the carrying amount and the fair value of trade and other receivables.

Trade receivables are presented net of lifetime expected credit loss allowances. The ageing profile is used by management in reviewing receivables and the group applies the IFRS 9 simplified approach to measuring expected credit losses. The expected loss rates are based on the group's historical credit losses experienced and these rates are then adjusted for current and forward looking information on macroeconomic factors affecting the group's customers. Movements on the group and company provisions for impairment of trade receivables are:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 January 2020	5	20	4	18
Expected credit loss	68	38	64	32
Unused provision reversed	(4)	(35)	(4)	(30)
Receivables written off	(60)	(18)	(57)	(16)
<b>At 31 December 2020</b>	<b>9</b>	<b>5</b>	<b>7</b>	<b>4</b>

Receivables due from subsidiary were not impaired at 31 December 2020 and 31 December 2019 as the expected credit loss is not considered to be material.

The carrying amounts of the group's and company's receivables are denominated in the following currencies:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Pound sterling	2,115	1,939	1,913	1,668
Euro	85	69	85	69
	<b>2,200</b>	<b>2,008</b>	<b>1,998</b>	<b>1,737</b>

## Notes to the Accounts (continued)

### 19. Trade and Other Payables

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade payables	1,864	1,643	1,427	1,214
Payables to subsidiaries	-	-	608	608
Corporation tax payable	150	41	85	-
Other taxation and social security payable	373	292	286	209
Other payables	14	13	11	11
Accruals	547	317	345	177
Debtor financing	-	1,034	-	1,034
Overdraft	1,506	1,389	1,506	1,389
	<b>4,454</b>	<b>4,729</b>	<b>4,268</b>	<b>4,642</b>

Trade and other payables are non-interest bearing. There is no material difference between the carrying amount and the fair value of trade and other payables.

Group and Company borrowings include debtor financing, overdraft and leases. The debtor financing and overdraft amounting to £1,506,000 (2019: £2,423,000) are repayable within one year.

The Group's debtor finance and overdraft facilities (provided by HSBC Bank plc) carry interest rates of 3.1% and 3.3% above the prevailing Bank of England Base Rate respectively. HSBC Bank plc holds charges over all of the assets and undertakings of the Group and a fixed charge over the freehold land and buildings. The overdraft element of the Group's banking facilities expires on the 30 April 2021. The debtor finance facility remains unaffected. The debtor finance facility is a total of £2m (subject to suitable debt being available) and the overdraft facility (net of cash) is the sum of £500,000.

### 20. Derivative Financial Instruments

	Group and Company			
	Assets		Liabilities	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Forward foreign currency contracts and options	-	-	7	8

Gains and losses on the carrying value of forward foreign currency contract assets and liabilities are recognised in the income statement. The forward foreign currency contracts existing at the year-end mature in 2021. They have been valued using year end market data.

### 21. Leases and financial commitments

The maturity of the lease obligations is set out below:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Lease obligations</b>				
Not later than one year	34	32	-	-
Later than one year and not later than five years	32	66	-	-
Carrying value of liability	<b>66</b>	<b>98</b>	<b>-</b>	<b>-</b>

The Group leases premises for ESE expiring November 2022 with a break date at 1 December in any year of the term. The total cash outflow for leases during the year was £36,000 (2019 - £36,000).

The Company has a commitment by way of a guarantee issued to HMRC in respect of the deferment of import duty and VAT in the sum of £40,000 (2019 - £40,000).



## 22. Financial Risk Management

In the normal course of business, the Group and Company is exposed to certain financial risks, principally foreign exchange risk, interest rate risk, liquidity risk and credit risk.

The principal financial instruments used by the Group from which financial risk arises are as follows:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Financial assets</b>				
Trade receivables (note 18)	2,200	2,008	1,892	1,659
Receivables from subsidiary (note 18)	-	-	106	78
Forward foreign currency contracts and options (note 20)	-	-	-	-
Cash and cash equivalents	1,781	1,278	167	107
	<b>3,981</b>	<b>3,286</b>	<b>2,165</b>	<b>1,844</b>
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Financial liabilities</b>				
Debt financing and overdraft (note 19)	1,506	2,423	1,506	2,423
Payable to subsidiary (note 19)	-	-	608	608
Trade payables (note 19)	1,864	1,643	1,427	1,214
Accruals (note 19)	547	317	345	177
Other payables (note 19)	14	13	11	11
Lease obligations (note 21)	66	98	-	-
Forward foreign currency contracts and options (note 20)	7	8	7	8
	<b>4,004</b>	<b>4,502</b>	<b>3,904</b>	<b>4,441</b>

### Foreign Exchange Risk

The Group is exposed to foreign exchange risk from purchasing a portion of its supplies and by making a portion of its sales in foreign currencies. The Company enters into forward foreign currency contracts to manage its exposure to currency fluctuations that arise on purchase contracts denominated in foreign currencies. The Group made a foreign exchange gain of £17,000 in 2020 (2019 - £1,000 loss).

The carrying value of the group's foreign currency denominated financial assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Euros	85	69	-	-
Dollars	-	1	10	8

### Interest Rate Risk

The Group's and Company's exposure to interest rate risk arises on its debtor finance and overdraft facilities. These are based on floating rates of interest. Accordingly, should interest rates increase, the Group and Company's interest cost would rise. The Group does not use interest rate hedges. An analysis of maturity of the group's debtor finance and overdraft facilities is provided in note 21 above. The interest rates applicable to the group's debtor finance and overdraft facilities are disclosed in note 19.

## Notes to the Accounts (continued)

### 22. Financial Risk Management (continued)

#### Liquidity Risk

In the normal course of business the Group and Company is exposed to liquidity risk. The group's objective is to ensure that sufficient resources are available to fund short term working capital and longer term strategic requirements. This is achieved through ensuring that the group has sufficient cash and borrowing facilities in place. Further details relating to the nature and maturity of the group's borrowing facilities are included in notes 19 and 21 above.

#### Credit Risk

Credit risk principally arises on cash deposits and trade receivables. The credit risk arising on cash deposits is limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies. The credit risk arising on trade receivables is spread over large numbers of customers and is further described in note 18 above. There are no significant concentrations of credit risk.

The maximum exposure of the group at the end of the reporting period is the carrying value of financial assets totalling £3,981,000 (2019: £3,286,000).

### 23. Capital Risk Management

The capital structure of the Group consists of cash, equity, debtor finance and overdraft. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the capital structure the Group may adjust the amount of dividends paid to shareholders. This situation is monitored using budgets and by calculation of a gearing ratio (debtor financing and overdraft less cash/net assets). At 31 December 2020, the gearing ratio was 0% (2019:44%).

### 24. Pension Commitments

#### Group and Company Retirement Benefit Obligations

At 31 December 2020 H C Slingsby plc ("the Company") operated pension schemes for the benefit of its employees. The schemes are provided through both defined benefit and defined contribution arrangements. This disclosure is concerned only with the defined benefit arrangement, the H C Slingsby plc Retirement Benefits Scheme ("the Scheme"). The liability associated with the Scheme is material to the Company.

The Company's objective is for the Scheme to target 100% funding on a basis that should ensure that benefits can be paid as they fall due.

Any shortfall in the assets directly held by the Scheme, relative to its funding target, will be financed over a period that ensures the contributions are reasonably affordable to the Company. The expected contribution to the Scheme over the 2021 fiscal year is £314,000. The defined benefit scheme was closed to new entrants in 2006 and to future accrual in 2009.

#### Nature of Scheme

The Scheme targets a pension paid throughout life. The amount of pension depends on how long employees are active members of the scheme and their salary when they leave the scheme (a "final salary" plan). The pension receives inflation-linked increases in the years before retirement. Once in payment, pensions either do not increase or increase in line with inflation or a fixed rate. The Scheme was closed to future accrual in 2009.

The scheme is governed by a sole corporate Trustee that has

control over its operation, funding and investment strategy. The Trustee will consult with the Company on certain matters.

#### Funding the liabilities

UK legislation requires the Trustee to carry out valuations at least every three years and to target full funding against a basis that prudently reflects the Scheme's risk exposure. The most recent valuation was carried out as at 1 January 2020 and a shortfall of £11.3m against the Trustee's funding objective was identified. The Company agreed to pay contributions of £304,500 in 2020 (2019: £125,000) to remove the shortfall over 28 years. Contributions are scheduled to increase to £313,500 in 2021 and to £359,000 in 2022. In 2021 an additional payment of £60,000 is payable due to the Company's cash generation.

The weighted average duration of the defined benefit obligation is 20.1 years.

#### Investment strategy

Approximately 11% (2018: 11%) of the Scheme's assets are held in equity type assets, and 89% (2019: 89%) are held in long term fixed interest and inflation linked securities. Included within the fair value of the Scheme assets are 30,061 of the company's shares, with a fair value of £75,000 as at 31 December 2020 (2019: 30,061 shares with a fair value of £20,000).

The Scheme's liabilities are calculated using a discount rate set with reference to corporate bond yields; if Scheme assets underperform this yield, this will increase the deficit. The Scheme holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while

providing volatility and risk in the short term. As the Scheme matures, the expectation is that the Trustee would reduce the level of investment risk by investing more in assets that better match the liabilities. In essence this would see a gradual sale of equities and the purchase of gilts and corporate bonds. The company is of the view that, due to the long term nature of the Scheme's liabilities, it is appropriate to continue with a degree of equity investment so as to manage the Scheme's long term liabilities efficiently.

The Trustee has derived its investment strategy, in consultation with the company, so as to reflect the Scheme's long term liabilities. At the current time approximately 89% of the Scheme's assets are invested in long term fixed interest and inflation linked securities of a duration that broadly matches the duration of benefit payments. The balance is invested in a diversified portfolio of global equity type assets. The Scheme's investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

It should be noted that the Trustee has sole responsibility for setting the investment strategy for the Scheme, albeit the Company is consulted over any change to investment strategy. The processes used to manage risks within the Scheme have not changed from previous periods. Derivatives are not used to manage risks within the Scheme.

### Other risks

Actions taken by the local regulator, or changes to legislation, could result in stronger local funding standards, which could materially affect the Company's cash flow.

There is a risk that changes in the assumptions for discount rate, price inflation or life expectancy could result in an increase in the deficit in the Scheme. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

### Winding up

Although currently there are no plans to do so, with the Company's approval, the Trustee could choose to wind up the Scheme in which case the benefits would have to be bought out with an insurance company. The cost of buying-out benefits would be significantly more than the defined benefit obligation calculated in accordance with IAS 19 (revised).

The measurement of the Company's net defined benefit liability is particularly sensitive to changes in certain key assumptions, which are:

**Discount rate** This has been selected following actuarial advice received, taking into account the duration of the liabilities. An increase or decrease in the discount rate of 0.25% would result in a decrease or increase of approximately £1.3m in the present value of the defined benefit obligation.

**Inflation** The methodology used to derive the assumption adopted is consistent with discount rate methodology. An increase or decrease in the inflation rate of 0.25% would result in an increase or decrease of approximately £0.9m in the present value of the defined benefit obligation.

**Mortality rates** The mortality assumptions adopted are based on actuarial advice received and reflect the most recent information as appropriate. The assumptions used indicate that the future life expectancy of a male (female) pensioner reaching age 65 in 2020 would be 21.1 (23.7) years and the future life expectancy from age 65 for a male (female) non-pensioner member currently aged 45 of 22.7 (25.2) years.

The increase or decrease in the present value of the defined benefit obligation due to a member living one year longer, or one year less, would be approximately £1.1m.

The methods used to carry out the sensitivity analyses presented above for the material assumptions are the same as those the Company has used previously. The calculations alter the relevant assumption by the amount specified, whilst assuming that all other variables remained the same. This approach is not necessarily realistic, since some assumptions are related: for example, if the scenario is to show the effect if inflation is higher than expected, it might be reasonable to expect that nominal yields on corporate bonds will increase also. However, it enables the reader to isolate one effect from another.

## Notes to the Accounts (continued)

### 24. Pension Commitments (continued)

#### Year ended 31 December 2020

The Company's policy is to recognise actuarial gains and losses immediately in full each year. The Company operates a scheme in the UK with a final salary section. A full actuarial valuation was carried out as at 1 January 2020 and updated to 31 December 2020 by a qualified independent actuary.

#### Settlement gain

During 2019, two executive members transferred out of the scheme with the agreement of the scheme's independent trustee. The level of benefits which the two members agreed to transfer from the scheme was below the level which they were entitled to receive, as calculated by the independent scheme actuary. This resulted in a reduction in scheme liabilities which was £3.1m greater than the reduction in assets which were transferred to the two members and resulted in a settlement gain.

#### GMP equalisation

In October 2020, a Court ruling had the impact of increasing scheme liabilities for equalisation of pensions in respect of members who transferred out of the scheme since 1990. Together with the Scheme's actuary, the directors have assessed the impact of this and consider it to be immaterial.

#### Reconciliation of the present value of the defined benefit obligation

	2020	2019
	£'000	£'000
Present value of defined benefit obligation at beginning of year	22,005	25,321
Settlement gain	-	(3,069)
Interest cost	454	720
Effect of changes in financial assumptions	3,458	2,769
Settlements paid	-	(2,965)
Benefits paid	(736)	(771)
Present value of defined benefit obligation at end of year	<u>25,182</u>	<u>22,005</u>

#### Reconciliation of fair value of scheme assets

	2020	2019
	£'000	£'000
Fair value of scheme assets at start of year	15,447	16,883
Interest income	317	475
Return on scheme assets	1,674	1,700
Contributions by the Company	304	125
Settlements paid	-	(2,965)
Benefits paid	(736)	(771)
Fair value of scheme assets at end of year	<u>17,007</u>	<u>15,447</u>

#### Amounts to be recognised in the balance sheet

	2020	2019
	£'000	£'000
Present value of funded obligation	25,182	22,005
Fair value of scheme assets	(17,007)	(15,447)
Net liability in balance sheet	<u>8,175</u>	<u>6,558</u>

### Amounts to be recognised in the income statement

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Settlement gain (note 3)	-	(3,069)
Interest on obligation	<b>454</b>	720
Interest income on scheme assets	<b>(317)</b>	(475)
Total expense	<b>137</b>	(2,824)

### Total amount recognised in the statement of consolidated income SOCI

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Actuarial loss/(gain)	<b>1,784</b>	1,069
Actuarial loss/(gain) recognised in (SOCl)	<b>1,784</b>	1,069

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Pension cost</b>		
Settlement gain	-	(3,069)
Defined benefit scheme net interest charge	<b>137</b>	245
Defined contribution scheme	<b>67</b>	66
	<b>204</b>	(2,758)

### Scheme assets

	<b>2020</b>	<b>2020</b>	2019	2019
	%	<b>£'000</b>	%	£'000
Equities	<b>12</b>	<b>1,963</b>	13	1,946
Gilts and bonds	<b>88</b>	<b>15,044</b>	87	13,501
Total scheme assets	<b>100</b>	<b>17,007</b>	100	15,447
Expected rate of return on scheme assets		<b>1.45%</b>		2.1%

At 31 December 2020 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. The fair value of the scheme assets as a percentage of total scheme assets and target allocations is set out above.

### Amount of Company related investments included in fair value of assets

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Company's own financial instruments	<b>75</b>	20

## Notes to the Accounts (continued)

### 24. Pension Commitments (continued)

#### Principal actuarial assumptions at the Balance Sheet date:

The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date. The key financial assumptions are set out below:

	2020	2019
Discount rate	1.45%	2.10%
Long term rate of return on assets	1.45%	2.10%
RPI Inflation	2.85%	2.80%
CPI Inflation	2.30%	1.90%
<b>Pension increases:</b>		
Non-Executive pension accrued before 1 January 1992 (0% fixed)	0.00%	0.00%
Non-Executive pension accrued after 1 January 1992 (RPI max 5%)	3.00%	3.00%
Executive pension accrued before 1 January 1992 (4% fixed)	4.00%	4.00%
Executive pension accrued after 1 January 1992 (RPI min 4%, 5% max)	4.15%	4.20%
<b>Pre and post retirement mortality</b>		
Retiring today:		
- Males	86.4	86.1
- Females	87.7	87.4
Retiring in 20 years:		
- Males	88.7	88.0
- Females	90.2	89.5
<b>Cash commutation</b>	25% of pension at age 65 at a rate of 13.0:1	25% of pension at age 65 at a rate of 13.0:1

Mortality Assumption; Base mortality table

- Males – standard table SINMA (appropriate to the members' years of birth)
- Females – standard table SINFA (appropriate to the members' years of birth)

A scaling factor of 110% has been applied to the notes under the standard tables. An allowance for future improvements has been made in line with the CMI 2016 Core Regulations assuming a long term annual note of improvement in mortality rates of 1.25% for men and women.

#### Defined Contribution Scheme

The Company commenced the operation of a defined contribution scheme on 1 October 2006. Contributions payable by the Company to the defined contribution scheme of £53,000 (2019: £53,000) have been charged to operating profit. ESE Direct Limited also provided a defined contribution scheme in respect of certain employees. Contributions payable to that scheme of £14,000 (2019: £13,000) have been charged to operating profit.

## 25. Share Capital

	2020	2020	2019	2019
Ordinary shares of 25p	Number	£'000	Number	£'000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 25p	<u>1,050,000</u>	<u>262</u>	<u>1,000,000</u>	<u>250</u>

On 1st July 2020, the Company issued 50,000 ordinary 25p shares with a par value of £12,500 for consideration of 72.5p each (total consideration received £36,250). The Company has one class of Ordinary shares which carry no right to fixed income. Each carries a right to vote at general meetings of the Company.

At the 2019 Annual General Meeting, the restriction on the authorised share capital was revoked by amending the articles of association of the Company.

## 26. Related Party Transactions

### Key Management

Key management personnel comprise the Group's Executive Directors. Their remuneration (net of employer's national insurance costs) is set out in note 5. The total cost including employer's national insurance costs in respect of Dominic Slingsby would be £119,000 and in respect of Morgan Morris £173,000.

There were no other transactions with key management.

### Company – Transactions With Subsidiaries

Sales amounting to £1,036,185 (2019: £668,647) were made by HC Slingsby plc to ESE Direct Limited. HC Slingsby plc levied management charges upon ESE Direct Limited of £180,000 in 2020 (2019: £180,000).

Purchases amounting to £nil (2019: £nil) were made by HC Slingsby plc from ESE Direct Limited.

Amounts due to ESE Direct Limited were £nil (2019: £nil) in respect of trading activities and £608,215 (2019: £608,215) in respect of an inter-company loan.

Amounts due from ESE Direct Limited were £105,773 (2019: £78,128).

## Notes to the Accounts (continued)

### 27. Movement in liabilities arising from financing activities

<b>Group</b>	At 1 January 2020	Cashflow	Foreign exchange and other movements	<b>At 31 December 2020</b>
	£'000	£'000	£'000	<b>£'000</b>
Bank overdraft (note 19)	(1,389)	(117)	-	<b>(1,506)</b>
Debt financing (note 19)	(1,034)	1,034	-	-
Lease obligations (note 21)	(98)	36	(4)	<b>(66)</b>
Cash and cash equivalents	1,278	503	-	<b>1,781</b>
Net (debt)/cash	<u>(1,243)</u>	<u>1,456</u>	<u>(4)</u>	<u><b>209</b></u>

  

<b>Company</b>	At 1 January 2020	Cashflow	<b>At 31 December 2020</b>
	£'000	£'000	<b>£'000</b>
Bank overdraft (note 19)	(1,389)	(117)	<b>(1,506)</b>
Debt financing (note 19)	(1,034)	1,034	-
Cash and cash equivalents	107	60	<b>167</b>
Net debt	<u>(2,316)</u>	<u>977</u>	<u><b>(1,339)</b></u>



## Five Year Summary

	<b>2020</b>	2019	2018	2017	2016
	<b>£'000</b>	£'000	£'000	£'000	£'000
<b>Income Statement</b>					
Turnover	<b>21,806</b>	19,568	19,817	19,240	18,044
Gross profit	<b>7,612</b>	6,743	6,950	6,726	6,292
Operating profit/(loss) before exceptional item	<b>1,263</b>	446	520	557	(261)
Exceptional item	-	2,726	(891)	(1,221)	(102)
Profit/(loss) before tax	<b>1,109</b>	2,887	(633)	(995)	(732)
Profit/(loss) for the financial year	<b>946</b>	2,335	(662)	(1,057)	(656)
Profit/(loss) per share – basic and diluted	<b>92.3p</b>	233.5p	(66.2p)	(105.7p)	(65.6p)
<b>Dividend Per Ordinary Share*:</b>					
– Interim	<b>0.0p</b>	0.0p	0.0p	0.0p	0.0p
– Final	<b>0.0p</b>	0.0p	0.0p	0.0p	0.0p
<b>Cash Flow Statement</b>					
Cash generated from /(used by) operating activities	<b>1,540</b>	404	893	334	(84)
<b>Balance Sheet</b>					
Net current assets/(liabilities)	<b>2,142</b>	1,044	734	194	(607)
Net assets	<b>1,208</b>	1,671	223	384	403
Pension deficit (net of deferred tax asset)	<b>(6,622)</b>	(5,443)	(7,004)	(7,146)	(7,893)
Net cash/(debt) excluding leases	<b>275</b>	(1,145)	(1,145)	(1,579)	(1,731)
Cash and cash equivalents	<b>1,781</b>	1,278	1,458	996	632

\* Dividends per ordinary share are stated in respect of the years to which they relate. This is not the same as the years in which they are recognised in the financial statements.

# Notice of Annual General Meeting

**Notice is given** that the seventy third Annual General Meeting of H C Slingsby plc (“**the Company**”) will be held at HC Slingsby plc, Otley Road, Baildon, Shipley, West Yorkshire BD17 7LW on 9 June 2021 at 10am to consider, in accordance with section 656 Companies Act 2006 (“the Act”) whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company are less than half its called up share capital. In addition, the meeting will consider and, if thought fit, pass the resolutions as set out below. Resolutions 1 to 5 will be proposed as ordinary resolutions and resolutions 6 to 8 as special resolutions.

At the time of publication of this notice, the UK government has put in place a national lockdown with “stay at home” measures and restrictions on travel and social contact. In light of these measures, the Annual General Meeting will be held as a ‘closed’ meeting and shareholders will not be able to attend in person. The Company will make arrangements such that the legal requirements to hold the meeting can be satisfied through the minimum number of directors. **Any shareholder seeking to attend the Annual General Meeting in person will be refused entry. Accordingly, Shareholders are urged to exercise their votes by submitting their proxy and appointing the Chair of the Annual General Meeting as his or her proxy.**

The Company acknowledges that, as a result of COVID-19, the UK government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the Annual General Meeting (including where and how the Annual General Meeting is conducted) will be communicated to shareholders before the meeting through our website at [www.slingsby.com](http://www.slingsby.com) and, where appropriate, published via regulatory news service.

## Ordinary resolutions:

1. To receive the Company’s annual accounts for the financial year ended 31 December 2020 together with the Directors’ reports and auditor’s report on those accounts.
2. To re-elect as a Director, Dominic Slingsby who retires from the Board in accordance with the Company’s articles of association.
3. To reappoint RSM UK Audit LLP as auditors of the Company to hold office until the end of the next annual general meeting at which accounts are laid before the Company.
4. To authorise the Directors of the Company to determine the remuneration of the auditors.
5. In substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, to authorise the Directors of the Company pursuant to section 551 of the Companies Act 2006 (“Act”) to exercise all powers of the Company to allot equity securities (as defined in section 560 of the Act):
  - (a) up to an aggregate nominal amount of

£87,500; and

- (b) comprising equity securities up to a nominal amount of £175,000 (including within such limit any equity securities issued under paragraph (a) above) in connection with an offer by way of a rights issue:
  - (i) to holders of ordinary shares of 25 pence each in the capital of the Company (“Ordinary Shares”) in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any matter.

The authority granted by this resolution shall (unless previously revoked, varied or extended by the Company in general meeting) expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on the date falling 15 months from the date of the passing of this resolution, save that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this authority had not expired.

## Special resolutions:

- 6 Subject to the passing of resolution 5, to authorise the Directors to allot equity securities (as defined in section 560 of the Act) of the Company for cash under the authority given by resolution 5 and/or where the allotment is treated as an allotment of equity securities under section 560(2)(b) of the Act, in either case as if section 561(1) of the Act did not apply to such allotment provided that such authority shall be limited:
  - (a) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under paragraph (b) of resolution 5, by way of a rights issue only):
    - (i) to the holders of the Ordinary Shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares;
    - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements as the Directors may otherwise consider necessary or

appropriate to deal with treasury shares, fractional entitlements, record dates, or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (b) in the case of the authority granted under paragraph (a) of resolution 5 and/or in the case of any transfer of treasury shares which is treated as an allotment of equity securities under section 560(2)(b) of the Act, to the allotment (otherwise than pursuant to paragraph (a) of this resolution 6) of equity securities up to an aggregate nominal value equal to £13,125;

provided that such power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on the date falling 15 months from the date of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

- 7. Subject to the passing of resolutions 5 and 6, and in addition to any authority granted under resolution 6 to authorise the Directors to allot equity securities (as defined in section 560 of the Act) of the Company for cash under the authority given by resolution 5 and/or where the allotment is treated as an allotment of equity securities under section 560(2)(b) of the Act, in either case as if section 561(1) of the Act did not apply to such allotment provided that such authority shall be:

- (a) limited to the allotment of equity securities up to an aggregate nominal amount of £13,125; and
- (b) used only for the purpose of financing (or refinance if the authority is to be used within 6 months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice

provided that such power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on the date falling 15 months from the date of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

- 8. To authorise the Company generally and unconditionally to make one or more market purchases (within the meaning

of 693(4) of the Act) on the London Stock Exchange plc (the "London Stock Exchange") of Ordinary Shares provided that:

- (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 105,000 (representing approximately 10 per cent. of the Company's issued share capital);
- (b) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 25 pence per share;
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is not more than the higher of: (i) 5 per cent. above the average of the middle market quotations for an Ordinary Share as derived from the AIM Appendix of the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and (ii) the price stipulated by Article 3(2) of Delegated Regulation (EU) 2016/1052 of 8 March 2016 relating to the conditions applicable to buy-back programmes and stabilisation measures (as applicable and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019/310);
- (d) unless previously revoked or varied, the authority hereby conferred shall expire 15 months after the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company after the passing of this resolution; and
- (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

**Registered Office**

HC Slingsby plc  
Otley Road  
Baildon  
Shipley  
BD17 7LW

Registered in England and Wales No.00452716

**By order of the Board**

**M.L. Morris**

Company Secretary  
6 May 2021

# Notes to the Notice of Annual General Meeting

## Entitlement to attend and vote

- IMPORTANT NOTE REGARDING ATTENDANCE IN PERSON: In light of the Coronavirus pandemic Shareholders and their proxies will not be allowed to attend the meeting in person, as to do so would be inconsistent with current Government guidelines relating to COVID-19 (as published as at the date of this notice), in particular the advice for people to avoid public gatherings, all non-essential travel and social contact. Any shareholder seeking to attend the Annual General Meeting in person will be refused entry. Accordingly, Shareholders are urged to exercise their votes by submitting their proxy and appoint the Chair of the Annual General Meeting as his or her proxy.**

**The right to vote** at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at close of business on 7 June 2021 (or, if the meeting is adjourned, as at close of business on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

## Proxies

- A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company.  
  
A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.  
  
A proxy may only be appointed in accordance with the procedures set out in note 3 below and the notes to the proxy form.
- You can vote either:
  - by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions;
  - You may request a hard copy form of proxy directly from the registrars, Link Group (previously called Capita), on Tel: 0371 664 0300. Calls are charged

at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Group at Central Square, 29 Wellington Street, Leeds, LS1 4DL by 10 am on 7 June 2021.

**Completion of the form of proxy or appointment or a proxy through CREST will not prevent a member from attending and voting in person. However, in light of the Coronavirus pandemic situation, Shareholders and their proxies will not be allowed to attend the meeting.**

**Any member or his proxy attending the General Meeting has the right to ask any question at the Annual General Meeting relating to the business of the Annual General Meeting. However, in light of the Coronavirus pandemic Shareholders are urged to appoint the Chair of the meeting as his or her proxy as given the Coronavirus situation, Shareholders and their proxies will not be allowed to attend the meeting in person.**

- If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
- CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST

Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10am on 7 June 2021. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Un-certificated Securities Regulations 2001.

### Corporate representatives

8. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

### Joint holders

9. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

### Total voting rights

10. As at 4 May 2021 (being the latest practicable date prior to publication of this Notice of Annual General Meeting (the "**Latest Practicable Date**"), the Company's issued share capital consists of 1,050,000 Ordinary Shares, carrying one vote each. No Ordinary Shares are held by the Company in treasury. Therefore, the total voting rights in the Company as at 4 May 2021 are 1,050,000.

## Explanatory Notes to Resolutions 5, 6, 7 and 8

### Resolution 5 – Authority to Allot Shares

Paragraph (a) of this resolution would give the Directors the authority to allot Ordinary Shares or grant rights to subscribe for or convert any securities into Ordinary Shares up to an aggregate nominal amount of £87,500 (representing 350,000 Ordinary Shares). This amount represents approximately 33.3% of the issued Ordinary Share capital of the Company as at the 'Latest Practicable Date'.

Paragraph (b) of this resolution would give the Board authority to allot Ordinary Shares or grant rights to subscribe for or convert any securities into Ordinary Shares in connection with a rights issue, to existing shareholders in proportion (as nearly as may be practicable) to their existing holdings, up to an aggregate nominal amount of £175,000 (representing 700,000 Ordinary Shares), as reduced by the nominal amount of any shares issued under paragraph (a) of this resolution. This amount (before any reduction) represents approximately 66.7% of the issued ordinary share capital of the Company as at the Latest Practicable Date.

Resolution 5 is in accordance with the Investment Association's Share Capital Management Guidelines issued in July 2016 (the "Guidelines").

The authority and power pursuant to resolution 5 will expire on the later of 15 months from the date it is passed or the conclusion of the Company's next Annual General Meeting.

The Board will continue to seek to renew these authorities at each Annual General Meeting in accordance with current best practice. The Board has no present intention to exercise these authorities.

### Resolutions 6 and 7 – Disapplication of Pre-emption Rights

These resolutions would give the Board the authority to allot Ordinary Shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

The purpose of resolution 6 is to give the Directors the authority to allot equity securities for cash otherwise than to existing shareholders pro rata to their holdings. Apart from offers or invitations in proportion to the respective number of shares held, this authority would be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £13,125 (representing 52,500 Ordinary Shares). This aggregate nominal amount represents 5% of the issued Ordinary Share capital of the Company as at the Latest Practicable Date and could be used for any purpose. The figure of 5% reflects the Guidelines. The Board will have due regard to the Guidelines and the Statement of Principles on Disapplying Pre-emption Rights published by the Pre-Emption Group (the "**Principles**") in relation to any exercise of this authority.

Resolution 7 also gives the Directors the additional authority, in certain limited circumstances, to allot equity securities for cash

## Notes to the Notice of Annual General Meeting (continued)

without first being required to offer such shares to the existing shareholders in proportion to their existing shareholdings. The disapplication of pre-emption rights in respect of a further 5% of the Company's issued share capital, in addition to the authority proposed to be granted pursuant to resolution 6 reflects the Guidelines and the Principles. This authority would be limited to the allotment of equity securities for cash up to an additional aggregate nominal amount of £13,125 (representing 52,500 Ordinary Shares). This aggregate nominal amount represents 5% of the issued Ordinary Share capital of the Company at the Latest Practicable Date and could only be used for an acquisition or specified capital investment (within the meaning of the Principles).

The authority and power pursuant to resolutions 6 and 7 will expire on the latter of 15 months from the date the relevant resolution is passed or the conclusion of the Company's next Annual General Meeting. Resolutions 6 and 7 revoke and replace all unexercised powers previously granted to the Directors to allot equity securities as if section 561 of the Act did not apply, but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

The Board has no present intention to exercise these authorities.

Resolution 8 — General authority for the Company to purchase its own Ordinary Shares

Shareholders will be asked to provide the general authority for the Company to make market purchases on the London Stock Exchange of its Ordinary Shares, subject to certain limitations set out below.

The Board has no immediate plans for the Company to make purchases of its Ordinary Shares if the proposed new general authority becomes effective but would like to be able to act quickly if circumstances arise in which they consider such purchases by the Company of its Ordinary Shares to be desirable. Accordingly, it is proposed that the Board be given a new general authority to purchase the Company's Ordinary Shares on the terms contained in resolution 8 in the Notice of Annual General Meeting.

The proposed new general authority will be limited, by the terms of resolution 8 in the Notice of Annual General Meeting, to purchases of up to 105,000 Ordinary Shares, representing approximately 10 per cent. of the current issued share capital of the Company. The minimum price per Ordinary Share payable by the Company (exclusive of expenses) will be 25p. The maximum to be paid on the exercise of such new general authority (exclusive of expenses) will be an amount not exceeding the higher of (i) 5 per cent. above the average of the middle-market quotation for Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of each purchase, and (ii) the price stipulated by Article 3(2) of the Commission Delegated Regulation (EU) 2016/1052 of 8

March 2016 relating to the conditions applicable to buy-back programmes and stabilisation measures (being the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out) (as applicable and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019/310).

The Board will only exercise the new general authority to purchase Ordinary Shares if it considers that such purchases of Ordinary Shares can be expected to result in an increase in earnings per share after such purchases and are in the best interests of shareholders generally. The Directors would also consider carefully the extent of the Company's borrowings and its general financial position. Any such purchase of Ordinary Shares will be financed out of profits available for distribution. The actual cash required to fund any buy-backs of Ordinary Shares pursuant to the new general authority will be met from existing cash resources and/or borrowing facilities. Shareholders should note that any shares purchased by the Company will be cancelled and not made available for reissue. The number of shares in issue will accordingly be reduced.

The maximum number of Ordinary Shares and the permitted price range are stated for the purpose of compliance with statutory and London Stock Exchange requirements in seeking the authority. This should not be taken as any representation of the number of Ordinary Shares (if any) which the Company might purchase, nor the terms upon which the Company would intend to make any such purchases, nor does it imply any opinion on the part of the Directors as to the market or other value of the Company's shares. In seeking this general authority, the Board is not indicating any commitment to buy back Ordinary Shares. Shareholders should not, therefore, assume that any purchases will take place.

In addition, the requirements of the London Stock Exchange prevent the Company from purchasing its own shares during the period of two months before the announcement of its half-year or full-year results (or, if shorter, the period from the end of the Company's relevant financial period up to and including the time of the relevant announcement), or at any other time when the directors are in a possession of unpublished price sensitive information in relation to the Company's shares.

The general authority set out in resolution 8 in the Notice of Annual General Meeting will expire fifteen months' after the resolution is passed or, if earlier, on the date of the next annual general meeting of the Company. However, in order to maintain the Board's flexibility of action, it is envisaged that this general authority may be renewed annually at annual general meetings of the Company.

Details of Ordinary Shares purchased pursuant to the new general authority will be notified to the London Stock Exchange by 7.30 a.m. on the business day following the date of dealing and to the registrar of companies within 28 days of the date of purchase. Details will also be included in the Company's report and financial statements in respect of the financial year in which any such purchases take place.

# Notes

---



# Slingsby

Your workplace partner

HC Slingsby plc

T: 01274 535 030  
F: 01274 535 035  
E: [sales@slingsby.com](mailto:sales@slingsby.com)  
W: [www.slingsby.com](http://www.slingsby.com)