

452716



H. C. SLINGSBY p.l.c.

452716

Contents	Page
Directors and Advisors	2
Statement by the Chairman	3
Report of the Directors	4-5
Corporate Governance	6-9
Report of the Auditors	10
Profit and Loss Account	11
Balance Sheet	12
Cash Flow Statement	13-14
Notes to the Financial Statements	15-22
Notice of Meeting	23



LD3 *L92PE85U* 0228
COMPANIES HOUSE 13/07/00





STATEMENT BY THE CHAIRMAN

The decrease in business confidence within our principal market sectors had an adverse effect on our order levels for the year, resulting in a 3% decrease in turnover and a 31% reduction in last year's record pre-tax profit figure.

I am pleased, however, to report that towards the end of 1999 and continuing into the current year, there has been a positive improvement in business confidence within the commercial and industrial marketplace, resulting in an encouraging first quarter for us.

Our medium to long term strategy aimed at improving our market share did have an immediate impact on profits by increasing expenditure on marketing activities. However, the evaluation of all marketing activities has enabled us to quantify the cost of recruiting new and reactivating former customers. Whilst the emphasis will be on contacting our 'active' customers, there is also planned activity with the aim of further increasing our customer base during the current year. Customer service initiatives are also being undertaken to further improve the level of service to our customers. In addition to a new telephone "Order Hotline", providing a 24 hour operator call handling, a new customer contact database will be introduced to enable more accurate customer targeting to be performed and consequently, enhance service levels throughout the organisation.

Although we have had an internet presence for some time at www.slingsby.com, we now view the development of e-commerce as an important part of our long-term marketing strategy and we are currently evaluating several initiatives in this rapidly changing new channel to market.

We welcome to the Board Mr Ernie Round, who joined us six years ago as Operations Manager and has primarily been responsible for updating our computer systems. We also welcome Mr Eric Gudgeon as our Independent Non-Executive Director, who was formerly Chairman and Chief Executive of Von Roll Isola Limited.

I would like to thank all our employees once again for their considerable contribution in what proved to be a difficult year.

Your Board is pleased to recommend a Final Dividend of 21.0p per share (1998: 20.0p per share). The total dividend for the year is 24.0p per share (1998: 24.0p per share). The record date will be 5 June 2000 and the payment date for the final dividend 3 July 2000.

J. F. Slingsby

Chairman





REPORT OF THE DIRECTORS

Substantial interests

So far as the directors are aware there were the following substantial interests, other than those stated on page 4, in the shares of the Company at 30 April 2000:

	<i>Number of ordinary shares of 25p each</i>	<i>Percentage holding</i>
H. C. Slingsby plc Retirement Benefits Scheme	70,061	7.0%
Value Investments Limited	70,000	7.0%
Prudential Client HSBC GIS Nominees (UK) Ltd	50,000	5.0%
Mrs. J. Crowther Jones & Mr. T. E. Jones	48,825	4.9%
Mrs M. Miller	48,381	4.8%
Mrs S. A. Williams	46,835	4.7%
Mrs M. Slingsby	40,176	4.0%
Miss K. J. Williams	40,000	4.0%
Mr J. H. Ridley	37,401	3.7%
Frank Roberts Pensions Trust Limited	33,500	3.4%

Year 2000

A Year 2000 Committee worked throughout 1998/1999 to prepare the Company and its supply chain with contingency plans against adverse effects of the Year 2000 Millennium Bug. Minor software problems were resolved by preparing contingency plans in advance of the Millennium weekend. No specific Year 2000 problems have so far been experienced throughout the organisation and, whilst we remain vigilant, there is now a level of confidence to indicate that no adverse effects of the Millennium Bug are likely.

Payments to suppliers

The Company agrees terms and conditions under which business transactions with its suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

Trade creditor days of the Company at 31 December 1999 represented 73 days (1998: 66 days) purchases, based on the ratio of company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors.

Purchase of own shares

The resolutions to be proposed at the Annual General Meeting include a resolution authorising the Company to make market purchases of its own shares. The Directors have no present intention to exercise this authority and would only do so if they believed that such purchases would be in the best interests of the shareholders generally.

Auditors

A resolution to re-appoint PricewaterhouseCoopers as the Company's auditors, will be proposed at the Annual General Meeting.

By Order of the Board

R. G. Hudson

Company Secretary

1 June 2000



Company Policy on Directors' Remuneration

The previous year's policy was based on the presiding level of inflation and current market salaries for the region. Beyond basic salary, reward for Directors had two bonus elements :-

- i) Firstly an annual bonus based on actual performance against the following targets; if the profit before taxation (gross of bonus and profit share) was less than £300,000, the Directors would receive a bonus of 0.75% of that profit. Any profit in excess of £300,000 would yield an additional bonus of 1.25%.
- ii) Secondly, the Directors, as employees of the Company, would also be entitled to receive an annual profit share on the same basis as all other Company employees under the Company's profit sharing scheme.

Following the negotiations involving the Independent Non-Executive Director and the Company's professional advisors, the Executive Directors have agreed the terms of new service contracts to be put in place for the year 2000. The principal changes are as follows:-

- i) The notice period will be reduced from five years to one year, or two years in certain exceptional circumstances.
- ii) Agreed salary increases will be introduced on a staggered basis over the next three years.
- iii) The Directors will cease to be eligible to participate in the Company's profit sharing scheme effectively from 1 January 2000. For the year to 31 December 2000, bonuses will be calculated as described below. With effect from January 2001 there will be a new bonus scheme to replace the existing arrangement, under which a bonus will be paid to directors subject to the achievement of both individual and corporate targets and the Company's progress against a 5 year business plan.

The Directors are each to receive a one-off payment of £10,000 in connection with the amendments to their service contracts described above.

Directors' Bonus for the year to 31 December 2000

The Directors will receive the following incremental percentage of profit before taxation by way of bonus:

£'000	%
0 - 300	No bonus will be payable
301 - 500	1
501 - 750	1.5
751 - 1million	2
1million+	2.5

In addition to the above, the following additional incentives will also apply:-

Mr D. S. Slingsby	As table above +0.75% on each profit threshold
Mr C. J. Slingsby	As table above +0.50% on each profit threshold
Mr R. G. Hudson	As table above +0.25% on each profit threshold
Mr J. F. Slingsby	As table above
Mr A. E. Round	As table above





CORPORATE GOVERNANCE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements in accordance with applicable United Kingdom accounting standards for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 1999. The Directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 to communicate with private investors.

GOING CONCERN

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the going concern basis has been adopted in preparing the Company's accounts.

INTERNAL CONTROLS

The Board will by 31 October 2000 have established procedures necessary to implement the requirements of the Combined Code relating to internal control as reflected in the September 1999 guidance "Internal Control: Guidance for Directors on the Combined Code" (the Turnbull guidance). In respect of the application of principle D.2 of the Combined Code, the Board has adopted the transitional approach to disclosure set out in the letter from the London Stock Exchange dated 27 September 1999 and therefore the comments below relate to internal financial procedures.

The directors have overall responsibility for ensuring that the Company maintains a system of internal financial control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the Company's assets are safeguarded.

There are inherent limitations in any system of internal financial control and accordingly even the most effective system can provide only reasonable and not absolute assurance with respect to the preparation and maintenance of financial information and the safeguarding of assets. The Board has reviewed the effectiveness of these systems through a review of the internal financial control procedures, reviews of the interim and annual financial statements and a review of the nature and scope of the external audit. All significant findings or identified risks were considered in detail and appropriate action taken.

Key elements of the Company's internal financial control system include:

- An operational structure with defined lines of delegation, reporting and authority.
- A system of budgeting and forecasting which is reviewed by the Board.
- Regular reporting of actual results against budget.

By Order of the Board

R. G. Hudson

Company Secretary

1 June 2000





PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1999

	Note	1999 £	1998 £
Turnover		15,343,584	15,855,898
Cost of sales		(13,586,555)	(13,858,929)
Gross profit		1,757,029	1,996,969
Distribution costs		(547,332)	(551,927)
Administrative expenses		(652,701)	(625,214)
Operating profit		556,996	819,828
Interest receivable		78,943	99,474
Profit on ordinary activities before taxation	3	635,939	919,302
Tax on profit on ordinary activities	4	(172,202)	(252,487)
Profit on ordinary activities after taxation		463,737	666,815
Dividends	5	(240,000)	(240,000)
Retained profit for the year	16	223,737	426,815
Earnings per share	6	46.4p	66.7p

All items dealt with in arriving at the profit on ordinary activities before taxation in 1999 and 1998 relate to continuing operations.

The Company has no recognised gains and losses other than those included in the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.





CASH FLOW STATEMENT

for the year ended 31 December 1999

	Note	1999		1998	
		£	£	£	£
Net cash inflow from operating activities (page 14)			745,247		1,466,098
Returns on investments and servicing of finance					
Interest received			76,973		96,752
Taxation					
UK corporation tax paid			(239,202)		(187,008)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(412,835)		(727,255)	
Purchase of investment		-		(300,000)	
Sale of tangible fixed assets		76,959		127,444	
			<hr/>		<hr/>
Net cash outflow from capital expenditure and financial investment			(335,876)		(899,811)
Equity dividends paid			(240,000)		(180,000)
			<hr/>		<hr/>
Net cash inflow before use of liquid resources			7,142		296,031
Management of liquid resources					
Increase in short-term deposits with banks			-		(250,000)
			<hr/>		<hr/>
Increase in cash in the period	18		7,142		46,031
			<hr/>		<hr/>





NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom and on the historical cost basis of accounting. A summary of the more important accounting policies, which have been consistently applied, is set out below:

(a) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods which have been despatched to customers during the year. Substantially all of the Company's turnover arises from its principal activities in the United Kingdom.

(b) Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of fixed assets by equal annual instalments over their expected useful economic lives at the following rates:

Freehold buildings	2% per annum
Equipment	10-20% per annum
Computer and electronic equipment	33% per annum
Motor vehicles	25% per annum

Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease.

Freehold land is not depreciated.

(c) Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of work in progress and finished goods includes an appropriate proportion of production overheads.

(d) Deferred taxation

Full provision is made for deferred taxation where there is a reasonable probability that an asset or liability will crystallise in the foreseeable future.

(e) Trade catalogues

Expenditure relating to the purchase and distribution of trade catalogues is written off in the year in which it is incurred except to the extent that certain set up costs for printing subsequent editions of the same catalogue relate to the following accounting periods. The costs carried forward are included in prepayments.

(f) Pensions

Contributions are charged to the profit and loss account as they are paid.

(g) Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis.

(h) Foreign currency

All foreign exchange differences arising in the normal course of business are accounted for through the profit and loss account in the year in which they arise.



NOTES TO THE FINANCIAL STATEMENTS

4. Taxation

	1999	1998
	£	£
United Kingdom corporation tax at 30.25% (1998: 31%):		
Current	200,000	290,000
Deferred	(12,000)	(26,130)
Over provision in respect of prior years:		
Current	(15,798)	(11,383)
	172,202	252,487

5. Dividends

	1999	1998
	£	£
Proposed interim dividend of 3.0p per share paid in January 2000 (1998: 4.0p per share)	30,000	40,000
Proposed final dividend of 21.0p per share (1998: 20.0p per share)	210,000	200,000
	240,000	240,000

6. Earnings per share

Basic earnings per share is based upon earnings of £463,737 (1998: £666,815) and on 1,000,000 (1998: 1,000,000) ordinary shares in issue during the year.

There is no difference between basic earnings per share and diluted earnings per share for both years stated.

7. Tangible fixed assets

	Land and buildings		Equipment	Total
	Freehold	Long leasehold		
Cost	£	£	£	£
At 1 January 1999	295,372	912,735	2,013,066	3,221,173
Additions	-	12,048	373,377	385,425
Disposals	-	-	(274,563)	(274,563)
At 31 December 1999	295,372	924,783	2,111,880	3,332,035
Depreciation				
At 1 January 1999	130,329	183,371	1,158,568	1,472,268
Charge for year	5,340	18,329	340,597	364,266
Eliminated on disposals	-	-	(226,468)	(226,468)
At 31 December 1999	135,669	201,700	1,272,697	1,610,066
Net book value				
At 31 December 1999	159,703	723,083	839,183	1,721,969
At 31 December 1998	165,043	729,364	854,498	1,748,905





NOTES TO THE FINANCIAL STATEMENTS

13. Deferred taxation

	Amount provided		Amount unprovided	
	1999	1998	1999	1998
	£	£	£	£
Tax effect of timing differences due to:				
Accelerated tax allowances	9,000	23,221	47,169	47,071
Other	21,000	18,779	-	-
	<u>30,000</u>	<u>42,000</u>	<u>47,169</u>	<u>47,071</u>

The movement on the provision for deferred taxation is as follows:

At 1 January 1999	£ 42,000
Transferred to profit and loss account	(12,000)
At 31 December 1999	<u>30,000</u>

14. Pension commitments

The pension scheme for the Company's employees provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The scheme is funded to cover future pension liabilities (including expected future earnings and pension increases). It is subject to an independent valuation on a triennial basis by a qualified actuary who certifies the rate of the employers' contribution which, together with the specified contributions payable by the employees and proceeds from the scheme's assets, are expected to be sufficient to fund the benefits payable under the scheme. The most recent valuation was on 1 January 1997. A valuation at 1 January 2000 is currently being prepared.

The main long term actuarial assumptions used in that valuation which utilised the projected unit method were that the annual rate of return on investments would be 9% and that the annual increase in earnings would be 7%. This valuation showed that the market value of the scheme's assets was £5,409,271 and that the actuarial value of those assets represented 105% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The Company will continue to pay contributions at 10.9% of pensionable earnings in accordance with the recommendations of the actuary.

The pension charge for the year was £247,100 (1998: £221,770).

15. Share capital

	1999	1998
	£	£
Authorised:		
1,200,000 ordinary shares of 25p each	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid:		
1,000,000 ordinary shares of 25p each	<u>250,000</u>	<u>250,000</u>

