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H C SLINGSBY PLC

ANNUAL REPORT & ACCOUNTS 2001



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Profit and Loss Account	10	The Company's 20,000 plus products are consolidated into a twice-yearly publication, the Slingsby Catalogue, and provides a credible single source solution. Our manufacturing division produces a wide variety of products encompassing Handling, Storage and Access Equipment and many purpose built items manufactured in-house to specific customer requirements.
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If you require a Slingsby Catalogue,
visit our website at www.slingsby.com
or contact us by telephone on
01274 – 301361.

DIRECTORS AND ADVISORS

Directors

J. F. Slingsby - Executive Chairman
D. S. Slingsby - Managing Director
C. J. Slingsby - Sales Director
R. G. Hudson - Financial Director
A. E. Round - Operations Director
E. N. Gudgeon - Non-Executive Director

Company Secretary

R. G. Hudson

Registered Office

Preston Street
Bradford
West Yorkshire BD7 1JF
Tel : (01274) 721591
Fax : (01274) 723044

Registered Number

452716

Registrars

Capita IRG plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors

PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds LS1 4JP

Solicitors

Hammond Suddards Edge
2 Park Lane
Leeds LS3 1ES

Financial Advisors

Brown Shipley Corporate Finance
One King Street
Manchester M2 6AW

Stockbrokers

Brown Shipley Securities
One King Street
Manchester M2 6AW

Bankers

HSBC plc
47 Market Street
Bradford
West Yorkshire BD1 1LW

Website & E-Mail

The company's website address is www.slingsby.com
The company's e-mail address is sales@slingsby.com



STATEMENT BY THE CHAIRMAN

Our main line catalogue has been completely re-vamped with extensive product range rationalisation, innovative new product development, clearer product grouping and more complementary sales prompts giving us a far more user friendly publication.

I am pleased to present your Company's results this year which show a 3% increase on last year's record pre-tax profit of £1.1 million.

We have continued to improve on infrastructure introduced last year by both refining our customer database and improving the targeting of our mailings which has given us a more cost effective marketing strategy. We have adopted a more reconciled and integrated approach to our marketing communications programme and have strengthened our personnel in order to develop our strategies even further. Our main line catalogue has been completely re-vamped with extensive product range rationalisation, innovative new product development, clearer product grouping and more complementary sales prompts giving us a far more user friendly publication.

Our software upgrade was substantially completed during the year and our Customer Relationship Management System has now been implemented. We have also continued to focus on improving the systems and working practices within our telemarketing function to enhance our service levels. We are continuing to develop our internet strategy and it is our intention to launch our electronic catalogue later this year.

In my opinion, the effects of the slow down in the UK economy reflect a combination of the impact of the world-wide downturn, the global fall in share prices and the short term impact of the foot and mouth crisis. The tragic events of 11 September provided a further shock to the economy which resulted in a particularly disappointing fourth quarter of 2001 and a slow start to this year with our current order book being marginally behind last year's exceptional first quarter.

As in previous years, I would like to thank all employees for their efforts in what has been a challenging year.

Your Board is pleased to recommend a final dividend of 25.0p per share (2000: 25.0p per share). The total dividend for the year is 30.0p per share (2000: 30.0p per share). The record date will be 31 May 2002 and payment date for final dividend 1 July 2002.



J. F. Slingsby
Chairman

REPORT OF THE DIRECTORS

Directors

The Directors of the Company are the persons listed on page 1, all of whom have been directors for the whole of the year.

Principal Activities

The Company's principal activities are the merchanting and manufacture of materials handling, storage and distribution equipment.

Business Review

The Statement by the Chairman on page 2 includes a review of the business during the year.

Dividends

	£
An interim dividend of 5.0p per share (2000: 5.0p per share) paid in January 2002 amounted to	50,000
The Directors recommend a final dividend of 25.0p per share (2000: 25.0p per share) amounting to	<u>250,000</u>

Directors' Interests

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

	<i>Number of ordinary shares of 25p each</i>	
	31 December 2001	1 January 2001 <i>(or date of appointment)</i>
J. F. Slingsby (<i>Executive Chairman</i>)	41,962	41,962
C. J. Slingsby	25,220	25,220
D. S. Slingsby	21,500	21,500
R. G. Hudson	3,400	3,400
A. E. Round	1,350	1,350
E. N. Gudgeon (<i>Non-Executive</i>)	1,000	1,000

There have been no other changes to the above holdings up to 24 May 2002.

None of the Directors had any beneficial interest in any contract, other than their service contracts, subsisting during the year.

In addition to the above, C. J. Slingsby and D. S. Slingsby together have a non-beneficial interest in respect of 61,000 ordinary shares.

Existing use valuation of land and buildings

The freehold and long leasehold properties occupied by the Company were valued by the external valuers, Dacre, Son & Hartley, Chartered Surveyors at 31 December 1999. Details of the valuation are disclosed in Note 7. In the opinion of the Directors, there has been no significant change in the valuation since that date.



Substantial Interests

So far as the Directors are aware there were the following substantial interests, other than those stated on page 3, in the shares of the Company at 24 May 2002:

	<i>Number of ordinary shares of 25p each</i>	<i>Percentage holding</i>
H. C. Slingsby p.l.c. Retirement Benefits Scheme	70,061	7.0%
Mrs. J. Crowther Jones & Mr. T. E. Jones	59,376	5.9%
Mrs. M. Miller	48,381	4.8%
Mrs. S. A. Williams	46,835	4.7%
Mr. J. H. Ridley	43,101	4.3%
Mrs. M. Slingsby	40,176	4.0%
Miss. K. J. Williams	40,000	4.0%
Mr. S. Whittaker	32,500	3.3%
Frank Roberts & Sons Ltd Pension Scheme	31,500	3.2%
Mr. T. D. Wild	30,850	3.1%

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 2001 represented 53 days (2000: 69 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.

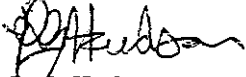
Donations

During the year £290 (2000: £186) was donated for charitable purposes. There were no political donations.

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

24 May 2002

CORPORATE GOVERNANCE

THE BOARD

The Board meets on a monthly basis and special meetings are convened to discuss matters that require urgent consideration. The Board has a Schedule of Matters specifically reserved to it for decision and has also established a procedure for all Directors to take independent professional advice, if necessary, at the Company's expense. There is a clear distinction between the Chairman's role and that of the Managing Director, who is responsible for managing the Company's business. Additionally all Directors have access to the advice and services of the Company Secretary.

The Board is now comprised of the following :-

Mr. J. F. Slingsby	-	Chairman of the Company
Mr. D. S. Slingsby	-	Managing Director*
Mr. C. J. Slingsby	-	Sales Director
Mr. R. G. Hudson	-	Financial Director and Company Secretary
Mr. A. E. Round	-	Operations Director
Mr. E. N. Gudgeon	-	Independent Non-Executive Director*

* Member of both Audit and Remuneration Committees

REMUNERATION POLICY

Share Options

No share options have been granted to any of the Directors.

Pensionable Salary

Directors' pensionable salary is based on basic salary, car and fuel benefits, bonus and profit share. Retirement benefits are accruing to all of the executive Directors under the Company's defined benefit scheme.

Details of Directors' Remuneration

	<i>Basic Salary and fees</i> £	<i>Benefits in kind</i> £	<i>Annual bonus</i> £	Total for 2001 £	Total for 2000 £
J. F. Slingsby	56,003	3,411	17,825	77,239	82,761
D. S. Slingsby	68,034	12,629	24,050	104,713	110,161
C. J. Slingsby	68,034	8,972	21,975	98,981	102,963
R. G. Hudson	68,034	11,788	19,900	99,722	101,787
A. E. Round	48,330	8,764	17,825	74,919	68,440
Non-Executive					
E. N. Gudgeon	13,022	-	-	13,022	12,672
TOTAL	<u>321,457</u>	<u>45,564</u>	<u>101,575</u>	<u>468,596</u>	<u>478,782</u>

The Directors' annual bonuses reflect a pre-determined formula, based on the performance of the Company in terms of profits before taxation.



Directors' Pension Entitlements

	<i>Additional Pension earned in the year £</i>	<i>Accrued entitlement £</i>	<i>Pension entitlement transfer value for the year £</i>
D. S. Slingsby	4,900	28,984	21,745
C. J. Slingsby	6,030	35,224	30,106
R. G. Hudson	8,712	46,406	51,696
A. E. Round	2,814	9,406	20,231

The accrued pension entitlement shown is the amount that would be paid each year on retirement based on service to the end of the current year. The increase in the additional pension earned during the year excludes any increase for inflation.

The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.

Members of the pension scheme have the option of paying additional voluntary contributions. Neither the contributions nor the resulting benefits are included in the table above.

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 2001. 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.

CORPORATE GOVERNANCE

INTERNAL CONTROLS

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

An ongoing process for identifying, evaluating and managing the significant risks faced by the Company was put into place last year and has remained in place up to the approval date of Annual Report and Accounts. The Board regularly reviews this process. This accords with the Internal Control Guidance for Directors on the Combined Code produced by the Turnbull Working Party.

The Risk Evaluation Group is a management committee established by the Managing Director in order to ensure that business risk is considered, assessed and monitored as an integral part of the organisation. There is an ongoing process for identifying, evaluating and managing the Company's significant risks.

The Board intends to keep its risk control procedures under constant review through the Risk Evaluation Group, particularly with the need to embed Internal Control and Risk Management procedures further into the operations of the business, and to deal with areas for improvement which come to the Management's and the Board's attention.

Reflecting the size of the Company, 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 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.

The Company's significant risks, together with the relevant control and monitoring procedures are subject to regular review to enable the Board to assess the effectiveness of the system of Internal Control. The Board has also specifically reviewed the effectiveness of the Company's internal financial controls.

The Company's system of Internal Control is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material mis-statement or loss.

COMPLIANCE STATEMENT

The Board considers that, with the exceptions set out below, the Company has complied with the provisions of Section 1 of the Combined Code throughout the financial year from the perspective of a small quoted company.

Non-Executive Directors

The Code requires not less than one third of the Board to be Non-Executive Directors (a minimum of two) and one should be appointed as the senior. The Board feels that it is more important to have one high calibre Non-Executive who can fulfil the senior role than burden the Company with the cost of an additional Non-Executive Director. The decision to have less than one third will be reviewed annually.



Appointments to the Board

The Board, being six in number, performs the function of Nomination Committee itself. The Company's Memorandum and Articles of Association do not require Executive Directors to stand for re-election, except at the first Annual General Meeting following their appointment.

Level of Remuneration

The Hamble report sets out the principle that remuneration should be sufficient to attract and retain the necessary directors and that a proportion of the remuneration should be related to corporate and individual performance. It is felt inappropriate at the present time to set individual performance objectives for Executive Directors, but overall corporate objectives are felt to be more relevant in order that the Board works effectively as a team.

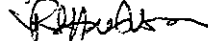
Remuneration Committee

The Remuneration Committee is chaired by the Non-Executive Director, who works closely with the Company's professional advisors and the Managing Director. The other Executive Directors may be invited to join the Remuneration Committee meetings as appropriate. The Executive Directors do not take part in the discussions relating to their own remuneration. Although the Code requires that the Remuneration Committee is wholly made up of independent Non-Executive Directors, it is not considered feasible bearing in mind the size of the Company.

Audit Committee

The Board has considered the need for an internal audit function and concluded that it was not appropriate, having considered the size of the Company and the adequacy of the systems and controls in place. As from 1 July 2001, an Audit Committee was established which comprises of the Non-Executive Director, who chairs the Committee, and the Managing Director. This committee is still in its infancy and hence no formal meetings have been held. It is envisaged that the role and purpose of the committee will be enhanced in the coming year.

By Order of the Board



R. G. Hudson

Company Secretary

24 May 2002

REPORT OF THE INDEPENDENT AUDITORS

To the Members of H. C. Slingsby p.l.c.

We have audited the financial statements on pages 10 to 22 including the additional disclosures on pages 5 and 6 relating to the remuneration of the Directors specified for our review by the Financial Services Authority which comprise the Consolidated Profit and Loss Account, the Balance Sheet, Consolidated Cash Flow Statement and the related notes.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report, in accordance with applicable United Kingdom law and Accounting Standards are set out in the statement of directors' responsibilities on page 6.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Audit Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law of the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. The other information comprises only the Chairman's Statement, the Directors' Report and the Corporate Governance statement.

We review whether the Corporate Governance statement on pages 5 to 8 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company as at 31 December 2001 and of the profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Leeds

24 May 2002



PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	2001	2000
	£	£
Turnover	18,023,034	17,754,576
Cost of Sales	(15,541,472)	(15,411,452)
Gross Profit	2,481,562	2,343,124
Distribution costs	(645,470)	(611,929)
Administrative expenses	(822,540)	(737,276)
Operating Profit	1,013,552	993,919
Interest receivable	121,618	108,101
Profit on ordinary activities before taxation	3 1,135,170	1,102,020
Tax on profit on ordinary activities	4 (340,538)	(327,310)
Profit on ordinary activities after taxation	794,632	774,710
Dividends	5 (300,000)	(300,000)
Retained profit for the financial year	16 494,632	474,710
Earnings per share	6 79.5p	77.5p

All items dealt with in arriving at the profit on ordinary activities before taxation in 2001 and 2000 relate to continuing operations.

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


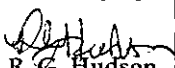
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

BALANCE SHEET

for the year ended 31 December 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	7	1,762,061	1,797,995
Investments	8	300,000	300,000
		2,062,061	2,097,995
Current assets			
Stock	9	1,409,186	1,475,656
Debtors	10	2,870,892	3,265,114
Cash at bank and in hand		3,398,007	2,578,177
		7,678,085	7,318,947
Creditors: amounts falling due within one year	11	(4,210,001)	(4,358,054)
Net current assets		3,468,084	2,960,893
Total assets less current liabilities		5,530,145	5,058,888
Provisions for liabilities and charges			
Deferred taxation	13	(11,625)	(35,000)
Net assets		5,518,520	5,023,888
Capital and reserves			
Called up share capital	15	250,000	250,000
Profit and loss account	16	5,268,520	4,773,888
Equity shareholders' funds	17	5,518,520	5,023,888

The accounts on pages 10 to 22 were approved by the board of directors on 24 May 2002 and were signed on its behalf by:


J. F. Slingsby

R. G. Hudson } Directors



CASH FLOW STATEMENT

for the year ended 31 December 2001

	Note	2001		2000	
		£	£	£	£
Net cash inflow from operating activities (page 13)			1,286,144		1,734,460
Returns on investments and servicing of finance					
Interest received			120,833		108,061
Taxation					
UK Corporation tax paid			(323,736)		(188,310)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(354,195)		(405,647)	
Sales of tangible fixed assets		61,531		44,900	
Net cash outflow from capital expenditure and financial investment			(292,664)		(360,747)
Equity dividends paid			(300,000)		(240,000)
Net cash inflow before use of liquid resources			490,577		1,053,464
Management of liquid resources					
Increase in short term deposits with banks			(1,200,000)		(1,000,000)
(Decrease)/increase in cash in the period	18		(709,423)		53,464

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 December 2001

Reconciliation of operating profit to net cash inflow from operating activities

	Note	2001 £	2000 £
Operating Profit		1,013,552	993,919
Depreciation		303,472	266,863
Profit on sale of fixed assets		(5,583)	(8,321)
Decrease/(increase) in stocks		66,470	(97,937)
Decrease/(increase) in debtors		284,087	(468,256)
Decrease/(increase) in prepayments		124,675	(149,299)
(Decrease)/increase in trade creditors		(443,542)	697,636
(Decrease)/increase in other taxation and social security		(11,614)	84,068
(Decrease)/increase in other creditors and accruals		(45,373)	415,787
Net cash inflow from operating activities	18	1,286,144	1,734,460

Reconciliation to net cash

	Note	2001 £	2000 £
Changes during the year			
Net cash at 1 January		2,578,177	1,524,713
(Decrease)/increase in net cash		(709,423)	53,464
Movement in short-term deposits		1,200,000	1,000,000
Net cash at 31 December	18	3,068,754	2,578,177



NOTES TO THE ACCOUNTS

1. Accounting Policies

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies, which the directors have adopted within that convention, are set out below. In November and December 2000, the Accounting Standards Board issued FRS 17 "Retirement Benefits", FRS 18 "Accounting Policies" and FRS 19 "Deferred Tax". The company has adopted FRS 18 in full and has continued to account for pensions in accordance with SSAP 24. FRS 17 and FRS 19 will not be mandatory for the company until the year ended 31 December 2003 and 31 December 2002 respectively. Prior to this, phased transitional disclosures are required for FRS 17 from this financial year.

(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 installments 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 production and distribution of the main catalogue and supplementary mailings is apportioned to the relevant year after establishing their estimated useful lives. The cost carried forward to the following accounting period is included in prepayments.

(f) Pensions

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the expected remaining service lives of current employees.

(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.

(i) Investments

Investments are stated at cost.

(j) Financial Instruments and Derivatives

The Company has no overseas revenues or assets denominated in foreign currency, but sources approximately 12% of its goods for resale from outside the United Kingdom in foreign currency. The Company's policy is to minimise currency exposure on future payments by entering into forward currency contracts having assessed the budgeted purchasing requirements. All other purchases are denominated in sterling.

Funding and Treasury Policy

The Company's objectives in this area are to reduce or eliminate financial risk, to ensure sufficient liquidity is available to meet foreseeable requirements and to invest cash securely and profitably.

2. Employee information

	2001	2000
	£	£
Staff costs during year:		
Wages and salaries	3,162,431	3,093,286
Social security costs	223,887	202,706
Other pension costs (note 14)	309,019	262,885
	<u>3,695,337</u>	<u>3,558,877</u>

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	Number	Number
Full time	167	163
Part time	10	10
	<u>177</u>	<u>173</u>

Details of Directors' remuneration are set out on page 5.

3. Profit on ordinary activities before taxation

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

	2001	2000
	£	£
Staff costs (note 2)	3,695,337	3,558,877
Profit on disposal of tangible fixed assets	(5,583)	(8,321)
Depreciation on tangible fixed assets	303,472	266,863
Auditors' remuneration for audit	21,750	18,500
Auditors' remuneration for non-audit services	1,750	1,900
Hire of land and buildings - operating leases	37,500	37,500
	<u>3,983,226</u>	<u>3,893,319</u>

The operating lease payments for 2000 have been restated due to the exclusion of the Belfast lease in the prior year.

4. Taxation

	2001	2000
	£	£
United Kingdom corporation tax at 30% (2000: 29.12%):		
Current	364,177	324,000
Deferred	(21,375)	1,231
(Over)/under provision in respect of prior years:		
Current	(264)	(1,690)
Deferred	(2,000)	3,769
	<u>340,538</u>	<u>327,310</u>



NOTES TO THE ACCOUNTS

continued

5. Dividends

	2001 £	2000 £
Proposed interim dividend of 5.0p per share paid in January 2002 (2000: 5.0p per share)	50,000	50,000
Proposed final dividend of 25.0p per share (2000: 25.0p per share)	250,000	250,000
	<u>300,000</u>	<u>300,000</u>

6. Earnings per share

Basic earnings per share is based upon earnings of £794,632 (2000: £774,710) and on 1,000,000 (2000: 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 2001	1,051,673	318,992	2,095,189	3,465,854
Additions	2,564	-	320,922	323,486
Disposals	-	-	(152,661)	(152,661)
At 31 December 2001	<u>1,054,237</u>	<u>318,992</u>	<u>2,263,450</u>	<u>3,636,679</u>
Depreciation				
At 1 January 2001	292,163	70,180	1,305,516	1,667,859
Charge for year	19,508	6,379	277,585	303,472
Eliminated on disposals	-	-	(96,713)	(96,713)
At 31 December 2001	<u>311,671</u>	<u>76,559</u>	<u>1,486,388</u>	<u>1,874,618</u>
Net book value				
At 31 December 2001	<u>742,566</u>	<u>242,433</u>	<u>777,062</u>	<u>1,762,061</u>
At 31 December 2000	<u>759,510</u>	<u>248,812</u>	<u>789,673</u>	<u>1,797,995</u>

The category Equipment includes computer and electronic equipment along with motor vehicles which are individually not material.

Valuation

The freehold and leasehold properties occupied by the Company were valued by the External Valuers, Dacre, Son & Hartley Chartered Surveyors, as at 31 December 1999, on the basis of Existing Use Value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

Value of freehold land and buildings	£ 1,530,000
Value of leasehold land and buildings	215,000
	<u>1,745,000</u>

The Company's policy is to include fixed assets at cost less depreciation. The above valuation has therefore not been incorporated in the net book value of fixed assets.

8. Investments

	2001 £	2000 £
Cost of investment in capital protected bond	<u>300,000</u>	<u>300,000</u>

The investment is a 5 year capital protected bond with HSBC Life (Europe) Limited maturing on 15 January 2004. This has an option such that the Company can choose to receive the value of the investment after 15 January 2002.

9. Stocks

	2001 £	2000 £
Raw materials	407,301	442,606
Work in progress	25,058	66,903
Finished goods and goods for resale	976,827	966,147
	<u>1,409,186</u>	<u>1,475,656</u>

10. Debtors

	2001 £	2000 £
Trade debtors	2,453,333	2,737,420
Prepayments and accrued income	417,559	527,694
	<u>2,870,892</u>	<u>3,265,114</u>

11. Creditors: amounts falling due within one year

	2001 £	2000 £
Bank Overdraft	329,253	-
Trade creditors	2,334,948	2,778,490
Corporation tax	364,177	324,000
Other taxation and social security payable	336,277	347,891
Other creditors	7,361	15,122
Accruals and deferred income	537,985	592,551
Dividends payable	300,000	300,000
	<u>4,210,001</u>	<u>4,358,054</u>



NOTES TO THE ACCOUNTS

continued

12. Financial instruments and derivatives

Short-term debtors and creditors that meet the definition of a financial asset or liability respectively have been excluded from all FRS13 analysis as permitted by the Standard.

The interest rate risk profile of financial assets at 31 December 2001 was as follows:

	Totals		Fixed Rate		Variable Rate	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Investment	300	300	-	-	300	300
Short-term Deposits	3,200	2,000	3,200	2,000	-	-
Cash at bank and in hand	198	578	-	-	198	578
	<u>3,698</u>	<u>2,878</u>	<u>3,200</u>	<u>2,000</u>	<u>498</u>	<u>878</u>

The interest rate risk profile of financial liabilities at 31 December 2001 was as follows:

	Totals		Fixed Rate		Variable Rate	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Overdraft repayable on demand	(329)	-	-	-	(329)	-

The Company had £400,000 (2000: £400,000) of undrawn committed borrowing facilities at the year end all of which expire within one year.

The investment is a 5 year capital protected bond with HSBC Life (Europe) Limited maturing on 15 January 2004. The bond's returns are linked to the UK Stock Market.

Further analysis of the interest rate profile at 31 December 2001 is as follows:

	Totals		Weighted average interest receivable rate at year end		Weighted average period for which the rate is fixed (months)	
	2001 £'000	2000 £'000	2001 %	2000 %	2001	2000
Short-term Deposits	<u>3,200</u>	<u>2,000</u>	<u>3.75</u>	<u>5.50</u>	<u>1</u>	<u>1</u>

The deposits which were invested on the Money Market by the HSBC Bank plc matured on 2 and 31 January 2002. Cash deposits are placed for varying terms depending upon interest rates and yields based principally on LIBOR rates. The overdraft bears interest based principally on LIBOR rates. Cash at bank yields interest based principally on LIBOR rates.

12. Financial instruments and derivatives continued

Fair Values

Set out below is a comparison of the fair values of the financial assets and liabilities at 31 December 2001:

	Book Value		Fair Value	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Assets				
Investment	300	300	292	324
Short-Term Deposits	3,200	2,000	3,200	2,000
Cash	198	578	198	578
Liabilities				
Overdraft	(329)	-	(329)	-
Derivatives				
Forward currency contracts	1,127	25	1,101	24

The fair value of the investment was the market value of the Bond at 31 December 2001 as confirmed by HSBC Life (Europe) Limited. The fair value of the forward currency contracts have been calculated by using currency rates confirmed by HSBC Bank plc at 31 December 2001.

Currency Exposures and Gains and Losses on Hedges

The company enters into forward foreign currency contracts to eliminate certain currency exposures that arise on purchase contracts denominated in foreign currencies.

Under the Company's accounting policy, foreign currency liabilities which are hedged using forward foreign currency contracts are translated at the forward rate inherent in the contracts. Consequently, the carrying value of the relevant liabilities effectively includes the gain or loss on the hedging instrument. Such gains and losses are treated as deferred for the information below.

At 31 December 2001 there were £26,000 of net losses (2000: £1,000) on forward currency transactions. These net losses are expected to be dealt with in the profit and loss account next year. During the year ended 2001 the £1,000 of net losses not recognised at 31 December 2000 were dealt with in the profit and loss account.

13. Provision for liabilities and charges

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

	£
At 1 January 2001	35,000
Transferred from profit and loss account	(23,375)
At 31 December 2001	11,625

	Amount provided		Amount unprovided	
	2001 £	2000 £	2001 £	2000 £
Tax effect on timing differences due to:				
Accelerated tax allowances	4,625	17,000	51,002	46,089
Other	7,000	18,000	(557)	(304)
	<u>11,625</u>	<u>35,000</u>	<u>50,445</u>	<u>45,785</u>



NOTES TO THE ACCOUNTS

continued

14. Pension commitments

(a) SSAP 24 Pension Costs

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 employer's 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 2000.

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 8% and that the annual increase in earnings would be 6%. This valuation showed that the market value of the scheme's assets was £8,238,356 and that the actuarial value of those assets represented 99.4% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The Company decided to increase contributions to 11.6% of pensionable earnings in accordance with the recommendations of the actuary with effect from 1 January 2001. Included within prepayments is £nil (2000: £30,000) in respect of contributions to the scheme paid in advance.

The pension charge for the year was £309,019 (2000: £262,885 including widows pension).

(b) FRS17 Retirement Benefits

The valuation used for FRS 17 disclosures is based on the most recent actuarial valuation as at 1 January 2000 as updated by AON Limited to assess the liabilities of the scheme as at 31 December 2001 in accordance with the requirements of FRS 17. Scheme assets are stated at their market value as at 31 December 2001.

The financial assumptions used to assess the schemes liabilities under FRS 17 are:

Valuation method	Projected Unit
Rate of increase in salaries	3.6%
Rate of increase in pensions in payment	2.6%
Discount rate	5.8%
Inflation assumption	2.6%

The assets in the scheme and their expected rates of return at 31 December 2001 are:

	Long term rate of return expected At 31/12/01 %	Value at 31/12/01 £'000
Equities	7	6,031
Bonds	5.8	862
Property	7	73
Cash	4	336

The following amounts at 31 December 2001 were measured in accordance with the requirements of FRS17:

Total market value of assets	7,302
Present value of scheme liabilities	(8,901)
Deficit in scheme	(1,599)
Related deferred tax asset	480
Net Pension liability	(1,119)

14. Pension commitments continued

If the previous amounts had been recognised in the accounts the company's net assets and profit and loss account reserve at 31 December 2001 would have been as follows:

	2001 £'000
Net assets	
Net assets	5,519
Pension liability	(1,119)
Net assets including pension liability	<u>4,400</u>
Reserves	
Profit and loss account reserve	5,269
Pension deficit	(1,119)
Profit and loss reserve including pension deficit	<u>4,150</u>

15. Share capital

	2001 £	2000 £
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>

16. Profit and loss account

	2001 £
At 1 January 2001	4,773,888
Retained profit for the financial year	<u>494,632</u>
At 31 December 2001	<u>5,268,520</u>

17. Reconciliation of movements in equity shareholders' funds

	2001 £	2000 £
Profit for the financial year	794,632	774,710
Dividends	(300,000)	(300,000)
Net addition to equity shareholders' funds	<u>494,632</u>	<u>474,710</u>
Opening equity shareholders' funds	<u>5,023,888</u>	<u>4,549,178</u>
Closing equity shareholders' funds	<u>5,518,520</u>	<u>5,023,888</u>



NOTES TO THE ACCOUNTS

continued

18. Reconciliation of movement in net cash

	At 1 January 2001 £	Cash Flow £	At 31 December 2001 £
Cash at bank and in hand	578,177	(380,170)	198,007
Overdraft at 31 December 2001	–	(329,253)	(329,253)
	<u>578,177</u>	<u>(709,423)</u>	<u>(131,246)</u>
Liquid resources	2,000,000	1,200,000	3,200,000
	<u>2,578,177</u>	<u>490,577</u>	<u>3,068,754</u>

Liquid resources comprise short-term deposits with Midland Bank plc, which mature within 12 months of the date of inception.

19. Financial commitments

At 31 December 2001 the Company had annual commitments under non-cancellable operating leases for land and buildings as follows:

	2001 £	2000 £
Operating leases which expire:		
– in less than one year	8,641	–
– in the second to fifth year inclusive	17,400	21,500
– in five years or more	–	7,000
	<u>26,041</u>	<u>28,500</u>

The majority of the Company's leases of land and buildings are subject to rent review periods of five years.

20. Capital commitments

Capital commitments at the year end were:

	2001 £	2000 £
Contracted for but not provided in these financial statements	<u>103,000</u>	<u>126,868</u>

NOTICE OF MEETING

Notice is hereby given that the Fifty-Fourth Annual General Meeting of H. C. Slingsby p.l.c. will be held at the Quality Victoria Hotel, Bridge Street, Bradford BD1 1JX on Thursday 20th June 2002 at 10.30 a.m. for the following purposes:

1. To consider and adopt the Directors' Report and Accounts of the Company for the period ended 31 December 2001.
2. To approve payment of a final dividend in the sum of 25.0p per ordinary share.
3. To re-appoint PricewaterhouseCoopers as auditors to the Company and authorise the directors to fix their remuneration.

By Order of the Board

.....
R. G. Hudson
Company Secretary

24 May 2002

Registered Office: Preston Street, Bradford, BD7 1JF

Notes:

- 1) A member of the Company entitled to attend and vote is entitled to appoint a proxy who need not be a member of the Company to attend and vote instead of them. To be valid the proxy form must be lodged at the office of the Registrars at 34 Beckenham Road, Beckenham, Kent BR3 4TU at least 48 hours before the Meeting. Completion of a form of proxy will not prevent a member from attending and voting in person should they wish to do so.
- 2) The register of interests of the Company's Directors and their families in the shares of the Company together with copies of the service contracts of the directors of the Company, will be available for inspection at the registered office on any weekday during normal working business hours, and during and for 15 minutes prior to the Annual General Meeting.

