

452716

Slingsby

Report and Accounts 2009



2009

We supply and distribute a wide variety of commercial and industrial equipment, including.

Handling & Lifting	Wheels & Castors
Storage & Shelving	Access
Workshop & Maintenance	Flooring & Matting
Premises	Signs & Labels
Safety & Security	Janitorial
Retail	Mailroom & Packaging
Food Service	Office Equipment
Environmental & Waste Management	

Over 35,000 products are consolidated into the annual Slingsby Catalogue, which provides a credible single source procurement solution. We also produce a tailor-made service for projects requiring more than off-the-shelf products.

If you require a catalogue either contact us on **0800 294 4440** or access over 35,000 products online at **www.slingsby.com**

Directors and Advisers

Directors

J R Waterhouse – Non-Executive Chairman
D S Slingsby – Managing Director
C J Slingsby – Sales Director
R G Hudson – Financial Director
L R Wright – Marketing Director

Company Secretary
R G Hudson

Registered Office
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West Yorkshire
BD17 7LW
Tel (01274) 535030
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Registered Number
452716

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Independent Auditors
PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

Solicitors
Hammonds
2 Park Lane
Leeds
LS3 1ES

Nominated Advisers &
Stockbrokers
Evolution Plc
King House
1 King Street
Leeds
LS1 2HH

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

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Statement by the Chairman

“Despite the difficult trading conditions, our net cash position remained strong throughout. Sales during the first quarter of 2010 were at a similar level to 2009. The Company is currently trading in line with the Board's expectations.”

As notified in our half yearly report released on 25 September 2009, sales during the first half were substantially below the level of the previous year and this trend continued during the second half of 2009. Sales for the full year of £15.8m were approximately 19% down on 2008 (£19.6m). Firm action has been taken to reduce costs, including further redundancies during the second half. Operating profit before exceptional items was £0.71m (2008: £1.58m).

The closure to future accrual on 31 March 2009 of the Company's defined benefit pension plan (“the Plan”) resulted in an exceptional gain of £0.74m (2008: £nil), partly offset by redundancy costs of £0.15 million (2008: £nil). The Company also incurred actuarial losses of £0.33m, on the Plan, mainly due to a reduction in the assumed inflation-adjusted discount rate reflecting reduced real corporate bond yields. The Company recorded an overall profit before tax of £1.01m (2008: £1.61m).

Despite the difficult trading conditions, our net cash position remained strong throughout. Closing net cash was £2.8m (2008: £3.0m) and the Company remains debt-free. During the year, we incurred capital expenditure of £0.35m (2008: £0.45m) primarily on IT, including our updated website which went live in June 2009. Customer reaction to the new site has been highly positive. We continue to invest in further enhancements to the site as well as other areas of IT, such as the development of electronic trading with key customers and suppliers.

Sales during the first quarter of 2010 were at a similar level to 2009. The Company is currently trading in line with the Board's expectations and continues to maintain a net cash balance similar to the year-end level. On behalf of the Board, I wish to thank our loyal staff for their considerable efforts in what has been a very difficult year.

Despite the tough economic environment, we are pleased to be able to recommend a final dividend, albeit less than the previous year, of 30.0p (2008: 42.0p). The total dividend is therefore 34.0p (2008: 50.0p). The record date will be 4 June 2010 and the payment date 2 July 2010.

J. R. Waterhouse
Non-Executive Chairman
21 May 2010

Business Review

Principal Activities and Business Environment

H C Slingsby plc is registered in the United Kingdom and based in Baldon, West Yorkshire

The Group and Company's principal activities are the merchandising and distribution of a highly diversified range of industrial and commercial equipment primarily consisting of incidental purchasing supplies. The range, spanning some 35,000 products, includes the following sectors: materials handling, access, storage and shelving, office, safety and security, janitorial, mailroom and packaging, workshop and maintenance, environmental and waste management, premises, signs and labels, flooring and matting.

The business environment is a highly fragmented sector consisting of a small number of directly comparable distant selling organisations and an increasingly large number of specialist distributors. Our customer base is similarly diverse and consequently demand derived from these organisations is reflective of the current macroeconomic circumstances.

Company Strategy

The Company recognises that the traditional route to market is very important to the business, however we are also seeking to build upon our strengths in distance selling and further enhance our capabilities through the use of e-commerce. We believe that the successful deployment of e-commerce will offer the greatest opportunity for growth.

Assisted by our improved website, e-trading continues to grow and we are continually developing our e-commerce model to enable us to send more targeted and dynamic campaigns to increase the efficiency and relevance to the customer.

Our strategy of improving the customer service we provide is being given further impetus by the restructuring of our customer service centre in order to enhance the customers' experience of buying from the Group.

Even in the current economic malaise, companies will actively seek to cut the cost of procurement and it is here that your Company will focus attention in providing value, choice and quality solutions coupled with an enhanced service proposition.

We continue to expand our next day delivery offer in line with our already stated desire to better control the supply chain.

In 2009, we saw a marked decline in the Republic of Ireland marketplace. We believe these conditions will persist in 2010, given the recessionary climate in the Republic of Ireland. That said, our strong and comprehensive product offering will continue to sustain our presence in this market throughout the downturn.

The directors believe that the Company's strong brand values of quality, reliability and service excellence remain true today as they have done for over the past 117 years of trading and this is recognised by the significant number of repeat customers who, in an increasingly fragmented marketplace, remain loyal to Slingsby.

Key Performance Indicators and Business Performance

	2009	2008
Sales growth	(19.4%)	0.4%
Return on capital employed	16.4%	23.5%
Return on sales	6.4%	8.2%
Gross profit	42.2%	43.3%

Notes

- 1 Return on capital employed is calculated as profit before taxation over the total equity at the year end.
- 2 Return on sales is calculated as profit before taxation over turnover.

In 2009 we underlined our green business credentials through achieving our environmental objectives, being publicly recognised in winning the Business in the Community Carbon Reduction Award 2009, as sponsored by Carbon Action Yorkshire.

Principal Risks and Uncertainties

The directors recognise that within the business there are a number of risks that may affect the performance of the business. 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 current strained economic environment could result in a general reduction in business activity and a consequent loss of income for the Group. The current credit market conditions mean financial institutions are applying more stringent lending criteria and the availability of debt is low by historical comparison thus affecting our customer demand patterns.

The main risk arising from the Group's financial instruments is liquidity risk. The Group ensures that it has sufficient cash resources available to meet all short-term cash requirements and to meet its capital expenditure 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 to hedge its foreign currency risks. At present the directors do not believe that the Group has significant interest rate risk and consequently does not hedge against such risk. The Board keeps these risks under regular review.

Commercial Relationships

The Group benefits from many long-term relationships with key customers but having many thousands of customers gives us lower revenue concentration risk. The Group, which has no significant supplier dependency, is in frequent contact with its suppliers to ensure that it is fully aware of market trends and innovations.

Technology Changes

Continued investment in IT infrastructure has been central to enhancing our multi-channel market presence. The upgrade of our ERP system has delivered efficiencies and improved communications with our customer and supplier base. New initiatives started in 2009 will continue

to deliver benefits through 2010 with enhancements to our e-commerce offerings benefiting ourselves, our customers and suppliers.

Competition

The Group recognises that although it operates primarily within the UK it has to be mindful of highly competitive pan-European and global activity as well as service and performance criteria in local markets. Margins are carefully monitored and the commercial offering is adjusted where appropriate.

Regulatory

To ensure that we remain fully compliant with all regulatory requirements we constantly monitor changes in laws, regulations and standards relating to 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

To demonstrate our commitment to continuous improvement in both Quality and Environmental Management we remain fully accredited to the international standards ISO 9001:2008 and ISO 14001:2004 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 has 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 variances in the Group's operating profits, cash flow and the balance sheet.

Health and Safety

The Group has statutory health and safety policies and procedures in place. A detailed reporting structure enables improvements to be continually made and thus risks are managed and mitigated.

Report of the Directors

The directors are pleased to present their report and the audited financial statements for the year ended 31 December 2009

Directors

The directors of the Company who served during the year are the persons listed on page 1

Principal Activities

The Group and Company's principal activities are the merchandising and distribution of a highly diversified range of industrial and commercial equipment primarily consisting of incidental purchasing supplies

Business Review

A review of the business is presented on pages 4 and 5

Dividends

The following dividends have been proposed for the 2009 financial year

	£'000
An interim dividend of 4 0p per share (2008 8 0p per share) paid in January 2010 amounted to	40
The directors recommend a final dividend of 30 0p per share (2008 42 0p per share) amounting to	300

Directors' Interests

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

	<i>Number of ordinary shares of 25p each</i>	
	31 December 2009	1 January 2009
J R Waterhouse	1,000	1,000
C J Slingsby	50,553	50,553
D S Slingsby	47,833	47,833
R G Hudson	3,400	3,400
L R Wright	2,000	2,000

There have been no other changes in the directors' shareholdings since 31 December 2009 and 21 May 2010

None of the directors had any beneficial interest in any contract of significance to which the Company was a party, 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 64,000 (2008 64,000) ordinary shares

Substantial Interests

So far as the directors are aware there were the following substantial interests, other than those included in directors' interests, in the shares of the Company at 21 May 2010

	<i>Number of ordinary shares of 25p each</i>	<i>Percentage holding</i>
Quiros Limited	66,495	6.6%
J Crowther Jones & Mr T E Jones	54,866	5.5%
J H Ridley	54,302	5.4%
M Miller	48,381	4.8%
S E Slingsby	47,834	4.8%
H Slingsby	47,138	4.7%
S A Williams	40,835	4.1%
K J Williams	40,000	4.0%
S Whittaker	32,500	3.3%
H C Slingsby plc Retirement Benefits Scheme	30,061	3.0%

Payments to Suppliers

The Group agrees terms and conditions under which business transactions with its suppliers are conducted. It is the Group'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 Group and the Company at 31 December 2009 represented 41 days (2008 41 days) purchases, based on the ratio of the Group and the Company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors

Financial Instruments

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

Indemnification of Directors

The Company confirms that insurance cover has been effected in respect of Directors & Officers Liability to protect "insured persons" in respect of liabilities devolving on them for wrongful acts arising in the normal conduct of the business.

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.

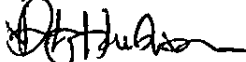
Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditors 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 8 of the financial statements.

By order of the Board



R. G. Hudson

Company Secretary

21 May 2010

The right products at the right price

Corporate Governance

As the Company is listed on the Alternative Investment Market of the London Stock Exchange, compliance with the Combined Code is not mandatory. However, the Board is mindful of its recommendations and believes in providing a framework for establishing good corporate governance and accountability. The following is a summary of procedures supporting this approach.

The Board

The Board meets formally on a monthly basis and special meetings are convened to discuss matters that require urgent consideration. In view of the size of the Group and the close involvement of the directors, informal meetings take place frequently. Accordingly, a register of all meetings has not been kept with which to accord attendances. 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. 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 comprised the following

J. R. Waterhouse	– Non-Executive Chairman*
D. S. Slingsby	– Managing Director*
C. J. Slingsby	– Sales Director
R. G. Hudson	– Financial Director and Company Secretary
L. R. Wnght	– Marketing Director

* Member of both Audit and Remuneration Committees

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.

Going Concern

After making appropriate enquiries, including a review of forecasts and strategic plans, 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 Group's accounts.

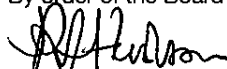
Internal Controls

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.

By order of the Board



R. G. Hudson
Company Secretary
21 May 2010

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union and IFRSs issued by IASB have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

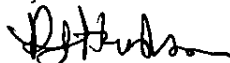
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group 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 Group's website, www.slingsby.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Each of the directors, whose names and functions are listed in the Corporate Governance section of this annual report confirm that, to the best of their knowledge

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group, and
- the directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces

By order of the Board



R. G. Hudson
Company Secretary
21 May 2010

Independent Auditors' Report to the members of H. C. Slingsby plc

We have audited the Group and Parent Company financial statements (the "financial statements") of H C Slingsby plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, Statements of Consolidated and Company Comprehensive Income, Statement of Changes in Shareholders Equity, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, Company Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

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 2009 and of the Group's profit and Group's and Parent Company's cash flows for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Ian Morrison

Ian Morrison (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
21 May 2010

Consolidated Income Statement

for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Revenue	2	15,833	19,640
Cost of sales		(9,144)	(11,139)
Gross profit		6,689	8,501
Distribution costs		(3,470)	(4,004)
Administrative expenses		(1,920)	(2,917)
<hr/>			
Operating profit before exceptional items		707	1,580
Exceptional items	3	592	-
<hr/>			
Operating profit	6	1,299	1,580
Finance income	7	42	136
Finance costs	8	(334)	(110)
Profit before taxation		1,007	1,606
Taxation	9	(192)	(776)
Profit for the year attributable to equity shareholders		815	830
Basic and diluted earnings per share	10	81 5p	83 0p

The results set out above derive entirely from continuing operations

Statements of Consolidated and Company Comprehensive Income

for the year ended 31 December 2009

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Actuarial loss on pension scheme	(1,355)	(2,917)	(1,355)	(2,917)
Movement in deferred tax relating to pension liability	379	817	379	817
Exchange adjustment	(20)	51	-	-
Net expense recognised directly in equity	(996)	(2,049)	(976)	(2,100)
Profit for the year	815	830	785	754
Total expense recognised for the year attributable to equity shareholders	(181)	(1,219)	(191)	(1,346)

Statement of Changes in Shareholders' Equity

Group	Share capital £'000	Retained earnings £'000	Translation reserve £'000	Total equity £'000
1 January 2008	250	8,268	7	8,525
Total recognised income for the year	-	(1,272)	51	(1,221)
Dividends paid (note 12)	-	(470)	-	(470)
1 January 2009	250	6,526	58	6,834
Total recognised income for the year	-	(161)	(20)	(181)
Dividends paid (note 12)	-	(500)	-	(500)
31 December 2009	250	5,865	38	6,153

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations

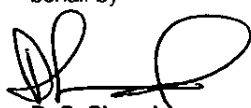
Company	Share capital £'000	Retained earnings £'000	Total equity £'000
1 January 2008	250	8,156	8,406
Total recognised income for the year	-	(1,346)	(1,346)
Dividends paid (note 12)	-	(470)	(470)
1 January 2009	250	6,340	6,590
Total recognised income for the year	-	(191)	(191)
Dividends paid (note 12)	-	(500)	(500)
31 December 2009	250	5,649	5,899

Consolidated Balance Sheet

as at 31 December 2009

	Note	2009 £'000	2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	6,792	7,143
Intangible asset	14	180	-
Deferred tax asset	16	861	616
		<u>7,833</u>	<u>7,759</u>
Current assets			
Inventories	17	1,387	1,732
Trade and other receivables	18	2,671	2,963
Derivative financial asset	20	1	88
Cash and cash equivalents		2,775	3,029
		<u>6,834</u>	<u>7,812</u>
Liabilities			
Current liabilities			
Trade and other payables	19	(2,030)	(2,797)
Current tax liabilities		(72)	(253)
		<u>(2,102)</u>	<u>(3,050)</u>
Net current assets			
		<u>4,732</u>	<u>4,762</u>
Non-current liabilities			
Retirement benefit obligation	23	(6,412)	(5,687)
Net assets			
		<u>6,153</u>	<u>6,834</u>
Capital and reserves			
Called up share capital	24	250	250
Retained earnings		5,865	6,526
Translation reserve		38	58
Total equity			
		<u>6,153</u>	<u>6,834</u>

The financial statements on pages 12 to 38 were approved by the Board of directors on 21 May 2010 and were signed on its behalf by



D. S. Slingsby
Director



R. G. Hudson
Director


H C Slingsby plc
Registered number 452716

Company Balance Sheet

as at 31 December 2009

	Note	2009 £'000	2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	6,792	7,143
Intangible asset	14	180	-
Deferred tax asset	16	861	616
		<u>7,833</u>	<u>7,759</u>
Current assets			
Inventories	17	1,387	1,732
Trade and other receivables	18	2,630	2,999
Derivative financial asset	20	1	88
Cash and cash equivalents		2,494	2,679
		<u>6,512</u>	<u>7,498</u>
Liabilities			
Current liabilities			
Trade and other payables	19	(1,991)	(2,750)
Current tax liabilities		(43)	(230)
		<u>(2,034)</u>	<u>(2,980)</u>
Net current assets			
		<u>4,478</u>	<u>4,518</u>
Non-current liabilities			
Retirement benefit obligation	23	(6,412)	(5,687)
Net assets			
		<u>5,899</u>	<u>6,590</u>
Capital and reserves			
Called up share capital	24	250	250
Retained earnings		5,649	6,340
Total equity			
		<u>5,899</u>	<u>6,590</u>

The financial statements on pages 12 to 38 were approved by the Board of directors on 21 May 2010 and were signed on its behalf by


V. S. Slingsby
 Director


R. G. Hudson
 Director

H C Slingsby plc
 Registered number 452716

Consolidated Cash Flow Statement

for the year ended 31 December 2009

	2009	2008
	£'000	£'000
Cash flows from operating activities		
Cash generated from operations	793	1,646
Interest received	50	129
Interest paid on finance leases	-	(45)
UK corporation tax paid	(237)	(274)
	<u>608</u>	<u>1,456</u>
Cash generated from operating activities		
Cash flows from investing activities		
Purchase of property, plant and equipment	(352)	(449)
Proceeds from sales of property, plant and equipment	14	40
	<u>(338)</u>	<u>(409)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Equity dividends paid	(500)	(470)
Capital element of finance leases	-	(251)
	<u>(500)</u>	<u>(721)</u>
Net cash used in financing activities		
Net (decrease)/increase in cash and cash equivalents	(232)	326
Opening cash and cash equivalents	3,029	2,652
Exchange differences	(22)	51
	<u>2,775</u>	<u>3,029</u>
Closing cash and cash equivalents		

Company Cash Flow Statement

for the year ended 31 December 2009

	2009	2008
	£'000	£'000
Cash flows from operating activities		
Cash generated from operations	840	1,493
Interest received	50	129
Interest paid on finance leases	-	(45)
UK corporation tax paid	(237)	(274)
	<u>653</u>	<u>1,303</u>
Cash generated from operating activities		
Cash flows from investing activities		
Purchase of property, plant and equipment	(352)	(449)
Proceeds from sales of property, plant and equipment	14	40
	<u>(338)</u>	<u>(409)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Equity dividends paid	(500)	(470)
Capital element of finance leases	-	(251)
	<u>(500)</u>	<u>(721)</u>
Net cash used in financing activities		
Net (decrease)/increase in cash and cash equivalents	(185)	173
Opening cash and cash equivalents	2,679	2,506
Closing cash and cash equivalents	<u>2,494</u>	<u>2,679</u>

Notes to the Cash Flow Statements

for the year ended 31 December 2009

Cash Generated from Operations

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Operating profit	1,299	1,580	1,261	1,446
Depreciation and amortisation	448	612	448	612
Profit on sale of property, plant and equipment	-	(1)	-	(1)
Difference between pension charge and contributions/curtailment	(964)	(189)	(964)	(189)
Decrease/(increase) in inventories	345	(279)	345	(279)
Decrease in trade and other receivables	371	245	449	245
Decrease in trade and other payables	(706)	(322)	(699)	(341)
Net cash inflow from operating activities	793	1,646	840	1,493

Notes to the Accounts

1. Accounting Policies

Basis of Preparation

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

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations and with the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU at the time of preparing these statements. The financial statements are prepared under the historical cost convention, except for derivative financial instruments which are measured at fair value.

Accounting Developments

Impact of new International Financial Reporting Standards – Adopted for 2009

The Group has adopted the following new and amended IFRSs as of 1 January 2009

IAS 1 (revised) 'Presentation of financial statements',

IAS 23 (revised) 'Borrowing costs',

IFRS 7 'Financial instruments – Disclosures' (amendment),

IFRS 8 'Operating segments',

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', and

Amendment to IAS 30 'Financial instruments – recognition and measurement'

Standards and interpretations adopted in the year had no significant impact on the financial statements

Standards, amendments and interpretations that are not yet effective and have not been early adopted

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2010 or later periods, but which the Group and the Company have not early adopted

IAS 27 (Revised) 'Consolidation and separate financial statements',

IFRS 3 (Revised) 'Business combinations', and

Amendment to IAS 39 'Financial instruments – recognition and measurement'

Interpretations that are not yet effective and have not been early adopted, which are not expected to have an impact

The following interpretations and amendments to existing standards have been published and will become effective for future financial reporting periods but are not relevant for the Group's operations

Amendment to IFRS 2 'Share-based payments',

IFRIC 12 'Service concessions arrangements',

IFRIC 15 'Agreements for the construction of real estate',

IFRIC 16 'Hedges of a net investment in a foreign operation',

IFRIC 17 'Distributions of non cash assets to owners', and

IFRIC 18 'Transfer of assets from customers'

None are expected to have a material impact on the results or financial position of the Group

Notes to the Accounts

1. Accounting Policies (continued)

The principal accounting policies adopted for the year ended 31 December 2009 are set out below

Basis of Consolidation

The financial statements of the Group consolidate the financial statements of H C Slingsby plc and its subsidiary undertaking up to 31 December 2009 using acquisition accounting. The results of subsidiary undertakings acquired during a financial period are included from the effective date of acquisition. Intra-Group sales, Intra-Group balances and profits are eliminated fully on consolidation.

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 period. Actual results could materially differ from these estimates. Information about such judgements and estimation is contained in individual accounting policies.

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of asset or liabilities within the next accounting period are:

- Assumptions used in the calculation of the defined benefit pension scheme liability (note 23), and
- Allowances against the valuation of inventories

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. Revenue is recognised when title of the goods passes to the customer or when the services have been provided.

Employee benefits

The Group operates a defined benefit scheme 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 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.

Current and past service costs are charged to operating profit and finance costs and expected returns on assets to financing costs or income. Actuarial gains and losses arising from new valuations and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in full in the statement of recognised income and expense.

1 Accounting Policies (continued)

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

Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease

Foreign Currency

Foreign currency transactions are translated using exchange rates prevailing at the date of the transactions Per IAS 21 assets and liabilities are translated at exchange rates ruling at the end of each financial period, gains and losses on retranslation are recognised in the income statement

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at the year end rate of exchange for the year Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies and from the translation of the results of those companies at average rates, are recognised as a separate component of equity and are reported in the statement of recognised income and expense

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 tangible fixed assets by equal instalments over their estimated useful economic lives The assets' 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
Equipment	– 10%–20% per annum
Computer and electronic equipment	– 33% per annum
Motor vehicles	– 25% per annum
Freehold land is not depreciated	

Intangible Assets

Intangible assets 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 over which the Group expects to benefit from these assets Provision is made for any impairment in value if applicable

IT software costs are amortised at a rate of 33% per annum

Investments

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

Notes to the Accounts

1. Accounting Policies (continued)

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.

Inventories

Inventories which include raw materials, 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.

Trade and Other Receivables

Trade and other receivables are stated at cost less provisions, where appropriate.

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.

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. Bank overdrafts are shown within borrowings on the balance sheet.

Trade Payables

Trade 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 remeasured 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

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.

1 Accounting Policies (continued)

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 never 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.

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 steering committee that makes strategic decisions.

The Group only has one business segment, which is its principal activity, being the merchanting and distribution of industrial and commercial equipment. All of the Group's revenue, profits, assets and liabilities are wholly attributable to that business segment. The operations of the Group are based in the UK and the Republic of Ireland. The Republic of Ireland operation makes up less than 10% of the Group's revenue and assets.

3. Exceptional Items

	2009 £'000	2008 £'000
Pension curtailment gain	739	–
Redundancy costs	(147)	–
	<u>592</u>	<u>–</u>

The pension curtailment gain has arisen as a result of the closure of the defined benefit scheme in March 2009.

4. Employee Information

	2009 £'000	2008 £'000
Staff costs for the Group and Company during year		
Wages and salaries	2,658	3,134
Social security costs	260	274
Pension costs (note 23)	577	332
	<u>3,495</u>	<u>3,740</u>

The average monthly number of persons employed by the Group and Company during the year was

Number	Number
<u>124</u>	<u>137</u>

Notes to the Accounts

5. Directors' Remuneration

	2009	2008
	£'000	£'000
Aggregate emoluments	<u>468</u>	<u>612</u>
Highest paid director		
Aggregate emoluments	124	165
Defined benefit scheme accrued pension at end of year	<u>75</u>	<u>73</u>

No share options have been granted to any of the directors and the directors held no existing options

Retirement benefits are accruing to four (2008: four) directors under defined benefit pension schemes. Three directors accrue benefits under a defined contribution pension scheme.

6. Operating Profit

Operating profit is stated after (crediting)/charging

	2009	2008
	£'000	£'000
Profit on disposal of tangible fixed assets	–	(1)
Depreciation on tangible fixed assets		
– owned assets	448	366
Amortisation of intangible asset	–	246
Operating lease charges		
– land and buildings	17	17
– other	6	6
Foreign exchange gains on operating activities	<u>(73)</u>	<u>113</u>
Services, provided by the Company's auditor		
Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements	<u>43</u>	<u>43</u>
Non-audit services		
The audit of Company's subsidiaries pursuant to legislation	4	4
Tax services	<u>16</u>	<u>23</u>
	<u>63</u>	<u>70</u>

7. Finance Income

	2009	2008
	£'000	£'000
Bank interest receivable	<u>42</u>	<u>136</u>

8. Finance Costs

	2009 £'000	2008 £'000
Finance lease interest payable	-	19
Net retirement benefit obligation finance costs (note 23)	<u>334</u>	<u>91</u>
	<u>334</u>	<u>110</u>

9. Taxation

	2009 £'000	2008 £'000
Current taxation		
UK corporation tax		
- current year	167	465
- adjustments in respect of prior years	<u>(109)</u>	<u>(108)</u>
	<u>58</u>	<u>357</u>
Deferred tax		
UK deferred tax		
- current year	130	492
- adjustments in respect of prior years	<u>4</u>	<u>(73)</u>
	<u>134</u>	<u>419</u>
Total taxation	<u>192</u>	<u>776</u>

Factors affecting the tax charge for the year

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	<u>1,007</u>	<u>1,606</u>
Tax at the UK corporation tax rate of 28% (2008 28%)	282	450
Expenses not deductible for tax purposes	15	16
Movement in accelerated capital allowances and other timing differences	-	491
Adjustments to tax in respect of prior years		
- current tax	(109)	(108)
- deferred tax	<u>4</u>	<u>(73)</u>
Tax charge for the year	<u>192</u>	<u>776</u>

10. Earnings Per Share

Basic earnings per share is based upon earnings of £815,000 (2008 £830,000) and on 1,000,000 (2008 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 as there are no potentially dilutive shares in issue

Notes to the Accounts

11. Profit for the Financial Year

As permitted by Section 408 of the Companies Act 2006, the Company has not published its own profit and loss account. The result of the Company for the financial year was a profit of £785,000 (2008: £754,000)

12. Dividends

	2009	2008
	£'000	£'000
Interim dividend paid for the 2008 financial year of 8 Op (2007: 7 Op)	80	70
Final dividend paid for the 2008 financial year of 42 Op (2007: 40 Op)	420	400
	<u>500</u>	<u>470</u>

Dividends proposed for the 2009 financial year are set out in the Directors' Report. These will be paid in 2010 and have not been accrued in the financial statements.

13. Property, Plant and Equipment

Group and Company	Freehold land and buildings £'000	Equipment £'000	Total £'000
Cost			
1 January 2008	6,499	2,414	8,913
Additions	27	466	493
Disposals	–	(454)	(454)
1 January 2009	<u>6,526</u>	<u>2,426</u>	<u>8,952</u>
Additions	–	66	66
Disposals	–	(83)	(83)
31 December 2009	<u>6,526</u>	<u>2,409</u>	<u>8,935</u>
Depreciation			
1 January 2008	188	1,670	1,858
Charge for the year	103	263	366
Disposals	–	(415)	(415)
1 January 2009	<u>291</u>	<u>1,518</u>	<u>1,809</u>
Charge for the year	103	299	402
Disposals	–	(68)	(68)
31 December 2009	<u>394</u>	<u>1,749</u>	<u>2,143</u>
Net book amount			
At 31 December 2009	<u>6,132</u>	<u>660</u>	<u>6,792</u>
At 31 December 2008	<u>6,235</u>	<u>908</u>	<u>7,143</u>
At 31 December 2007	<u>6,311</u>	<u>744</u>	<u>7,055</u>

14. Intangible Assets

Group and Company	IT Software £'000
Cost	
1 January 2008	983
Additions	-
Disposals	-
1 January 2009	983
Additions	226
Disposals	-
31 December 2009	1,209
Amortisation	
1 January 2008	737
Charge for the year	246
Disposals	-
1 January 2009	983
Charge for the year	46
Disposals	-
31 December 2009	1,029
Net book amount	
31 December 2009	180
31 December 2008	-
31 December 2007	246

15. Investment in Subsidiary

The Company's wholly owned subsidiary, Slingsby Mail Order Limited, is incorporated in the Republic of Ireland, the results of which are fully consolidated in the Group accounts. Its principal activity is the merchanting of materials handling and distribution equipment. The Company owns 100% of its £1 ordinary share capital. The carrying value of this investment is considered impaired and has been fully provided against.

Notes to the Accounts

16. Deferred Tax

The deferred tax balances in these accounts are attributable to the following

Group and Company	2009 £'000	2008 £'000
Pension liability	1,795	1,592
Short-term timing differences	(674)	(716)
Rolled over capital gain	(260)	(260)
	861	616

Deferred tax 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 and there is an intention to settle the balance net.

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

Group and Company	Pension liability £'000	Short-term timing differences £'000	Rolled over capital gain £'000	Total £'000
1 January 2008	803	(324)	(260)	219
(Charged)/credited to income statement	(28)	(392)	–	(420)
Charged to equity	817	–	–	817
1 January 2009	1,592	(716)	(260)	616
(Charged)/credited to income statement	(176)	42	–	(134)
Charged to equity	379	–	–	379
31 December 2009	1,795	(674)	(260)	861

17. Inventories

Group and Company	2009 £'000	2008 £'000
Raw materials and work in progress	173	171
Finished goods and goods for resale	1,214	1,561
	1,387	1,732

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 £81,000 (2008 £52,000). The cost of inventories recognised as an expense and included in the Group's cost of sales was £8,687,198 (2008 £10,941,500) and £8,347,185 (2008 £10,418,500) for the Company.

The value of inventory carried at net realisable value is £378,000 (2008 £309,000).

18 Trade and Other Receivables

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade receivables	2,206	2,441	2,144	2,321
Receivables due from subsidiary	-	-	24	167
Prepayments	465	522	462	511
	<u>2,671</u>	<u>2,963</u>	<u>2,630</u>	<u>2,999</u>

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 provision for doubtful trade receivables. Provisions are estimated by management based on past default experience and other factors as considered appropriate. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Movements on the Group and Company provisions for impairment of trade receivables are

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 January	18	30	18	29
Provision made for impaired receivables	31	38	31	38
Unused provision reversed	(13)	(36)	(13)	(35)
Receivables written off during the year as uncollectable	(15)	(14)	(15)	(14)
At 31 December	<u>21</u>	<u>18</u>	<u>21</u>	<u>18</u>

Receivables due from subsidiary were not impaired at 31 December 2009 and 31 December 2008. Other receivable balances do not contain impaired assets.

At 31 December 2009, Group trade receivables of £21,000 (2008: £18,000) and Company trade receivables of £21,000 (2008: £18,000) were impaired. The amount of provision is the full gross amount due. The receivables are considered to be impaired as they have either been disputed by the respective customers or the customers are in financial difficulty. The ageing of these receivables is as follows:

Notes to the Accounts

18 Trade and Other Receivables (continued)

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Up to three months over terms	1	4	1	4
Over three months over terms	20	14	20	14
	21	18	21	18

At 31 December 2009, Group trade receivables of £1,006,000 (2008 £1,260,000) and Company trade receivables of £992,000 (2008 £1,242,000) were past due but not impaired. Overdue receivables against which no provision has been made relate to customers for whom there is no recent history of default or any other indication that settlement will not be forthcoming. The ageing of these receivables is as follows:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Up to three months over terms	949	1,184	936	1,169
Over three months over terms	57	76	56	73
	1,006	1,260	992	1,242

Receivables that are neither past due or impaired are within credit limits for the respective customer and the directors are not aware of any reasons that indicate the amounts due are disputed or not collectable. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable shown above. The Group does not hold any collateral as security.

The carrying amounts of the Group's and Company's receivables are denominated in the following currencies:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Pounds sterling	2,585	2,920	2,631	3,087
Euro	87	131	-	-
	2,672	3,051	2,631	3,087

19. Trade and Other Payables

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade payables	1,381	1,684	1,373	1,680
Other taxation and social security payable	301	349	292	324
Other payables	33	33	33	33
Accruals	315	731	293	713
	<u>2,030</u>	<u>2,797</u>	<u>1,991</u>	<u>2,750</u>

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.

20. Other Financial Assets and Liabilities

	Assets		Liabilities	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Forward foreign currency contracts and options	<u>1</u>	<u>88</u>	<u>-</u>	<u>-</u>

Gains and losses on the carrying value of forward foreign currency contract assets and liabilities are recognised in the income statement.

There is no difference between the carrying amount and fair value of the Group's financial assets and liabilities.

Notes to the Accounts

21. Financial Risk Management

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

Foreign Exchange Risk

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

Interest Rate Risk

The Group's exposure to interest rate risk arises on cash and short-term deposits and is managed through the appropriate mix of fixed and floating rate interest rates. Cash deposits are placed for varying terms depending upon interest rates and yields based principally on LIBOR rates. Cash at bank yields interest based principally on LIBOR rates

Liquidity Risk

In the normal course of business the Group 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 the use of an appropriate mix of short, medium and long-term deposits and investments

The Group had £400,000 (2008: £400,000) of undrawn committed borrowing facilities at the year end, all of which expire within one year

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. There are no significant concentrations of credit risk

Sensitivity Analysis

There is not expected to be a material impact on reported results and balance sheet

22. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability, 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 capital. In order to maintain the capital structure the Group may adjust the amount of dividends paid to shareholders

23. Pension Commitments

Defined Benefit Scheme

The Company operates a funded defined benefit scheme in the UK. The assets of the scheme are held in separate trustee administered funds. The defined benefit scheme was closed to new entrants in 2006 and to future accrual in 2009.

The pension curtailment gain has arisen as a result of the closure of the defined benefit scheme in March 2009.

Year ended 31 December 2009

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 2008 and updated to 31 December 2009 by a qualified independent actuary.

Reconciliation of the present value of the defined benefit obligation

	2009 £'000	2008 £'000
Present value of defined benefit obligation at beginning of year	15,167	14,329
Service cost (Employer cost)	47	221
Interest cost	892	825
Members' contributions	26	111
Actuarial gains on scheme liabilities	2,212	551
Gain on curtailment	(739)	–
Benefits paid	(909)	(870)
Present value of defined benefit obligation at end of year	<u>16,696</u>	<u>15,167</u>

Analysis of the defined benefit obligation

	2009 £'000	2008 £'000
Present value of funded defined benefit obligation	<u>16,696</u>	<u>15,167</u>

Reconciliation of fair value of scheme assets

	2009 £'000	2008 £'000
Fair value of scheme assets at start of year	9,480	11,461
Expected return on scheme assets	558	734
Actuarial gain/(loss) on scheme assets	857	(2,366)
Contributions by the Company	272	410
Contributions by members	26	111
Benefits paid	(909)	(870)
Fair value of scheme assets at end of year	<u>10,284</u>	<u>9,480</u>

Notes to the Accounts

23. Pension Commitments (continued)

Amounts to be recognised in the balance sheet

	2009	2008
	£'000	£'000
Present value of funded obligation	16,696	15,167
Fair value of scheme assets	(10,284)	(9,480)
Net liability in balance sheet	<u>6,412</u>	<u>5,687</u>

Amounts to be recognised in the income statement

	2009	2008
	£'000	£'000
Current service cost	47	221
Interest on obligation	892	825
Expected return on scheme assets	(558)	(734)
Gain on curtailment	(739)	-
Total expense	<u>(358)</u>	<u>312</u>

Total amount recognised in the statement of consolidated income (SOI)

	2009	2008
	£'000	£'000
Actuarial loss	1,355	2,917
Actuarial loss recognised in SOI	<u>1,355</u>	<u>2,917</u>

Cumulative amount of actuarial gains and losses recognised in SOI

	2009	2008
	£'000	£'000
Cumulative loss recognised in SOI	<u>1,355</u>	<u>2,917</u>

	2009	2008
	£'000	£'000
Pension cost		
Defined benefit scheme	404	312
Defined contribution scheme	173	20
	<u>577</u>	<u>332</u>

23. Pension Commitments (continued)

Scheme assets

	2009	2009	2008	2008
	%	£'000	%	£'000
Equities	65	6,726	54	5,156
Gilts and bonds	33	3,349	43	4,038
Other	2	209	3	286
Total scheme assets	<u>100</u>	<u>10,284</u>	<u>100</u>	<u>9,480</u>
Expected rate of return on scheme assets		7.28%		6.71%

At 31 December 2009 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. The fair value of the scheme as a percentage of total scheme assets and target allocations are set out above.

Amount of Company related investments included in fair value of assets

	2009	2008
	£'000	£'000
Company's own financial instruments	<u>189</u>	<u>180</u>

Expected Return on Assets

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class.

	2009	2008
	£'000	£'000
Actual return on scheme assets	<u>1,415</u>	<u>(1,632)</u>

Notes to the Accounts

23 Pension Commitments (continued)

Principal actuarial assumptions at the balance sheet date

	2009	2008
Discount rate	5.70%	6.13%
Expected return on scheme assets at the end of the year	7.28%	6.71%
Rate of increase in salaries	N/A	3.65%
Price inflation	3.70%	2.90%
Pension increases		
– Non-executive Pension accrued before 1 January 1992	0.00%	0.00%
– Non-executive Pension accrued after 1 January 1992	3.70%	2.90%
	115% of PXA92 tables medium cohort, birth year	115% of PXA92 tables medium cohort, birth year

Mortality

The PXA92 tables, projected by year of birth, with 115% loading to mortality rates have been used in the calculations. In addition, allowance for future mortality improvements have been made in line with the medium cohort.

	2009	2008
Retiring today		
Males	86.0	86.6
Females	88.8	89.6
Retiring in 20 years		
Males	87.1	87.5
Females	89.9	90.3

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	decrease by 0.25%	increase by 5.1%
Rate of inflation	decrease by 0.1%	decrease by 1.5%
Rate of mortality	use of a 1% underpin	increase of 2.7%

23. Pension Commitments (continued)

History of assets, liabilities and actuarial gains and losses

	2009 £'000	2008 £'000
Present value of defined benefit obligation	(16,696)	(15,167)
Fair value of assets	10,284	9,480
Deficit	(6,412)	(5,687)
Experience gain/(loss) on scheme liabilities		
Amount (£'000)	2,212	(551)
Percentage of the present value of the scheme liabilities	13%	(4%)
Difference between the expected and actual return on scheme assets		
Amount (£'000)	857	(2,366)
Percentage of the present value of the scheme assets	8%	(25%)

Estimated contributions

The employer's best estimate of contributions to be paid to the scheme by the Company next year is £360,000

The employer's best estimate of contributions to be paid to the scheme by employees next year is nil

History of the scheme's deficits and experience gains and (losses)

Group and Company	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Present value of obligations	(16,696)	(15,167)	(14,329)	(14,583)	(14,108)
Fair value of scheme assets	10,284	9,480	11,461	10,732	9,981
Deficit	(6,412)	(5,687)	(2,868)	(3,851)	(4,127)
Experience (losses) and gains on scheme liabilities	(257)	251	336	(294)	(690)
Experience gains and (losses) on scheme assets	857	(2,366)	85	231	790

The Group expects to contribute approximately £360,000 to its defined benefit scheme in the year ending 31 December 2010

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 £173,000 (2008: £20,000) have been charged to operating profit.

Notes to the Accounts

24. Share Capital

Ordinary shares of 25p

	2009 Number	2009 £'000	2008 Number	2008 £'000
Authorised				
At 1 January and 31 December	<u>1,200,000</u>	<u>300</u>	<u>1,200,000</u>	<u>300</u>
Allotted, called up and fully paid				
At 1 January and 31 December	<u>1,000,000</u>	<u>250</u>	<u>1,000,000</u>	<u>250</u>

25. Operating Lease Commitments

At 31 December 2009, the Group had the following outstanding future aggregate minimum lease payments under non cancellable operating leases for land and buildings as follows

	2009 £'000	2008 £'000
Operating leases commitments		
- no later than 1 year	10	19
- later than 1 year and no later than 5 years	<u>-</u>	<u>8</u>

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

Operating lease charges recognised in the income statement are shown in note 6

26. Related Party Transactions

Key management

Key management personnel comprise the Group's executive and Non-executive directors. Their remuneration is set out in note 4.

There were no other transactions with key management.

Company – transactions with subsidiary

Sales amounting to £339,000 (2008 £523,000) were made by H. C. Slingsby plc to Slingsby Mail Order Limited.

Amounts due from Slingsby Mail Order Limited at 31 December 2009 were £24,000 (2008 £167,000).

H. C. Slingsby plc capitalised receivable balances of €1,000,000 due from Slingsby Mail Order Limited in 2007.

Five Year Summary

	IFRS			UK GAAP	
	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Income Statement					
Turnover	15,833	19,640	19,562	19,044	19,886
Gross profit	6,689	8,501	8,230	7,976	7,976
Operating profit before exceptional items	707	1,580	1,571	1,058	1,085
Exceptional items	592	-	-	102	2,159
Profit before taxation	1,007	1,606	1,548	1,093	3,616
Profit after taxation	815	830	1,014	737	3,167
Earnings per share – basic and diluted	81.5p	83 0p	101 4p	73 7p	316 7p
Dividend per ordinary share*					
– Interim	4.0p	8 0p	7 0p	5 0p	7 0p
– Final	30.0p	42 0p	40 0p	35 0p	38 0p
Cash Flow Statement					
Cash generated by operating activities	793	1,646	2,466	671	995
Balance Sheet					
Net current assets	4,732	4,762	3,873	3,252	4,299
Net assets	6,153	6,834	8,525	7,380	7,171
Cash and cash equivalents	2,775	3,029	2,652	1,868	4,056

* Dividends per ordinary share are stated in respect of the periods to which they relate, this is not the same as the periods in which they are recognised in the financial statements

Notice of Annual General Meeting

Notice is hereby given that the sixty-second Annual General Meeting of H C Slingsby plc will be held at the Company's offices at Otley Road, Baildon, Shipley, Bradford, West Yorkshire, BD17 7LW on Thursday 17 June 2010 at 10 00 am

You will be asked to consider and vote on the resolutions below, of which resolutions 1 to 5 will be proposed as ordinary resolutions and resolution 6 will be proposed as a special resolution

Ordinary Resolutions

- 1 To receive the report and financial statements of the Company for the period ended 31 December 2009
- 2 To approve payment of a final dividend in the sum of 30 0p per ordinary share
- 3 To reappoint PricewaterhouseCoopers LLP as auditors to the Group and authorise the directors to fix their remuneration
- 4 To reappoint as a director Mr R G Hudson who will be retiring under the Company's articles of association at the meeting
- 5 To reappoint as a director Mr L R Wright who will be retiring under the Company's articles of association at the meeting

Special Resolution

- 6 To authorise the Company generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 25p each provided that
 - (a) the maximum aggregate number of ordinary shares that may be purchased is 100,000,
 - (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 25p,
 - (c) the maximum price (excluding expenses) which may be paid for each ordinary share is the higher of
 - (i) 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made, and
 - (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for
 - (A) the last independent trade of, and
 - (B) the highest current independent bid forany number of the Company's ordinary shares on the trading venue where the purchase is carried out, and
 - (d) the authority conferred by this resolution shall expire on 18 December 2011 or, if earlier, at the conclusion of the Company's next Annual General Meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority

By Order of the Board

R. G. Hudson

Company Secretary

H C Slingsby plc

Registered Office Otley Road, Baildon, Shipley, BD17 7LW

21 May 2010

Notes to the Notice of Annual General Meeting

Special Resolution

Resolution 6 in the Notice of the Meeting seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 100,000 of its ordinary shares, representing 10% of the Company's issued ordinary share capital as at the date of the Notice.

The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire on the earlier of 18 December 2011 and the Company's 2011 Annual General Meeting.

The directors do not currently have any intention of exercising the authority granted by this resolution. The directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of shareholders generally and likely to result in an increase in earnings per ordinary share.

The Company may either cancel any shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them).

Appointment of Proxies

- 1 As a member of the Company, you are entitled to appoint a proxy or proxies (see note 3 below) to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 2 A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 3 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, each different proxy appointment form must be received by Capita Registrars no later than 48 hours before the time appointed for the meeting.
- 4 If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. A vote withheld is also effectively an abstention, the vote will not be counted in the calculation of votes for or against the resolution. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 5 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be
 - completed and signed,
 - sent or delivered to Capita Registrars at Proxy Department, Beckenham, Kent, BR3 4BR, and
 - received by the Registrars no later than 48 hours before the time appointed for the meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Notes to the Notice of Annual General Meeting

Appointment of Proxy by Joint Members

- 6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing Proxy Instructions

- 7 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy or proxies and would like to change the instructions, please contact Capita Registrars at 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of Proxy Appointments

- 8 In order to revoke a proxy instruction you will need to inform the Company by sending a signed notice clearly stating your intention to revoke a proxy appointment to the Registrars at Capita Registrars, Proxy Department, Beckenham, Kent, BR3 4BR. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Registrars no later than 48 hours before the time appointed for the meeting.

If you attempt to revoke a proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy or proxies and attend the meeting in person, your proxy appointment(s) will automatically be terminated.

Communication

- 9 Except as provided above, members who wish to communicate with the Company in relation to the meeting should contact Mr R. G. Hudson by e-mail at ray.hudson@slingsby.com or by telephone on (01274) 535030.

Form of Proxy

H. C. Slingsby plc

Name and address of shareholder

Before completing this form, please read the explanatory notes below

I/We being a member of the Company appoint the Chairman of the meeting or (see note 3)

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held on 17 June 2010 at 10 00 am and at any adjournment of the meeting

I/we direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X' If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting

Ordinary Resolutions	For	Against	Vote Withheld
1 To receive the report and financial statements of the Company for the period ended 31 December 2009	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To approve payment of a final dividend in the sum of 30 0p per ordinary share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To reappoint PricewaterhouseCoopers LLP as auditors to the Group and authorise the directors to fix their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To reappoint as a director Mr R G Hudson who will be retiring under the Company's articles of association at the meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To reappoint as a director Mr L R Wright who will be retiring under the Company's articles of association at the meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution			
6 To authorise the Company to make market purchases of its own shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please tick here if this proxy is one of multiple appointments being made

Please enter the number of shares in relation to which your proxy is authorised or leave blank to authorise your proxy to act in relation to your full voting entitlement

Signature

Date

Notes to the proxy form

- As a member of the Company you are entitled to appoint a proxy or proxies (see note 4 below) to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company You can only appoint a proxy using the procedures set out in these notes
- Submission of a proxy form does not preclude you from attending the meeting and voting in person If you have appointed a proxy or proxies and attend the meeting in person your proxy appointment(s) will automatically be terminated
- A proxy does not need to be a member of the Company but must attend the meeting to represent you To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares You may not appoint more than one proxy to exercise rights attached to any one share To appoint more than one proxy, each different proxy appointment form must be received by Capita Registrars no later than 48 hours before the time appointed for the Meeting
- To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X' If no voting indication is given your proxy will vote or abstain from voting at his or her discretion Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting
- To appoint a proxy using this form, the form must be
 - completed and signed
 - sent or delivered to Capita Registrars at Proxy Department, 34 Beckenham Road Beckenham, Kent, BR3 4TU, and
 - received by the Registrars no later than 48 hours before the time appointed for the meeting
- In the case of a member which is a company this form of proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company
- Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form
- In the case of joint holders where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior)
- If you submit more than one valid proxy appointment in respect of the same shares the appointment received last before the latest time for the receipt of proxies will take precedence
- For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting
- If multiple proxies have been appointed then these should be returned to Capita in the same envelope

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PXS
34 Beckenham Road
BECKENHAM
Kent
BR3 4TU

First fold

Third fold
and tuck in flap opposite

www.slingsby.com

We are continuing to improve www.slingsby.com which contains our whole catalogue and some exclusive web offers

A careful mixture of on and offline promotion has proven successful in increasing the number of visitors to the website and we plan to continue to focus on this

We have recently invested heavily in an e-procurement system which will enable us to directly interlink with larger organisations and become their preferred supplier

In addition to the above we have also started to produce an online catalogue which allows browsing of the traditional book online thus making the publication available to everyone instantly and reducing the impact on the environment

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