H C Slingsby plc Report & Accounts for the year ended 31st Dec 2012

452716

Our business:

Slingsby are one of the UK's market leaders in the distance selling of industrial and commercial equipment.

Our strengths:

We manufacture and distribute over 35,000 high quality items covering everything you need for the workplace, from handling, lifting and premises equipment to safety and office supplies, including many new ideas to help keep your business running smoothly.

Our commitment:

We provide our customers with an extensive product range, outstanding service and a fast, efficient delivery.

Directors & 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
Otley Road
Baildon, Shipley
West Yorkshire BD17 7LW
Tel (01274) 535030
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Registered Number
452716

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

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

Solicitors
Squire Sanders (UK) LLP
2 Park Lane
Leeds LS3 1ES

Nominated Advisers & Brokers
Sanlam Securities UK Limited
10 King William Street
London EC4N 7TW

Bank
HSBC Bank 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

Contents

Statement by the Chairman

120 years in business

Following a difficult first half, a quiet summer resulted in full year revenue of £14 6m (2011 £15 2m), operating profit of £360k (2011 633k) and operating profit before exceptional item of £489k (2011 £633k) Profit before tax was £102k (2011 £422k)

The group recorded a net cash inflow from operations of £1 0m (2011 outflow £0 1m), primarily due to the timing of a payment run close to the period end Stock levels remain similar to the prior year and our next day delivery service continues to be valued by our customers Net cash was £2 8m at 31 December 2012 (2011 £2 4m)

The deficit on the defined benefit scheme, which is closed to future accrual increased to £9 8m (31 December 2011 £8 7m) However, due to the impact of higher contributions, a favourable change in financial assumptions together with an actuarial gain due to better than expected return on scheme assets, the deficit reduced from £10 7m at 30 June 2012 The company continues to make monthly payments into the scheme as part of an ongoing pension deficit management plan

The major project to update the enterprise system and integrate the website to our operating system is progressing A supplier has been appointed and all departments are fully involved in the implementation plan Orders received through the website have continued to increase over the year, highlighting the importance of this investment

The trading conditions experienced in the second half have continued into the new financial year and there is no visibility as to the timing of any upturn However, the board continues to invest in the future to ensure that to the extent that market conditions allow, the group can capitalise on its brand awareness

On behalf of the board I wish to thank our loyal employees who continue to serve the company well in difficult times

In view of trading conditions and the IT investment plans, the board recommends a reduced dividend of 15 0p per share (2011 28 0p) The total dividend is therefore 19 0p (2011 32 0p) The record date will be 31 May 2013 and the payment date will be 5 July 2013

J. R. Waterhouse
Non-Executive Chairman
24 May 2013

Committed to Reducing our Carbon Footprint

We continue to work hard to reduce our carbon footprint, and in 2012 for the second year running we won the Business in the Community (BITC) Yorkshire and Humber Long Term Environmental Improvement Award We attained the Gold level in the 2013 Environmental Index and we have also reduced the size of our catalogue by 15% to save paper and increase ease of use

Business Review

Principal activities and business environment

H C Slingsby plc is incorporated and domiciled in the United Kingdom and based in Baildon, West Yorkshire

The group and the company's principal activities are the merchanting 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

As a generalist catalogue company with a wide ranging portfolio we understand the rapidly growing importance of having an intuitive, dynamic website By further developing our web offering during 2013 this will allow us to respond and compete with single product website competitors This will in turn enable us to focus on more targeted and dynamic campaigns to increase the efficiency and relevance to the customer

Our strategy of improving our customer service has been assisted with the continued use of a third party independent review engine This provides our customers with the opportunity to transparently review and give feedback of our products and service level

During these continued challenging times, businesses will aggressively seek to cut the cost of procurement By keeping our focus on providing value, choice, quality and service in our product offering we are in the right place to be chosen by more companies as their Workplace Partner

With our commitment to expand our next day delivery comes the need to maintain our stockholdings in order to meet that pledge This is something our customers expect and demand

The Republic of Ireland marketplace remains challenging, but we continue to provide a strong service level in these demanding times

We believe there is still latent potential demand in this area and our strong and comprehensive offer coupled with an experienced territory manager will gain additional market share

Leveraging our network of key account management personnel, we will further enhance customer penetration and continue to extend our reach within our premium account base via new customer loyalty initiatives and more focused 'concierge style' customer service, enhancing both value and frequency of purchase

The group recognises the importance of social responsibility and the business case for strengthening the customer perception of our brand, we are thus committed to business sustainability Internally, our Environmental Management System is certified to ISO 14001 ensuring compliance to applicable legislation, as well as continued improvement of our impact through management of material, resource and energy usage Frequent review of our product offering and our various routes to market take advantage of developing technologies, increased recycled material content and reduced or improved packaging

The directors believe that the company's strong brand values of quality, reliability and service excellence remain as true today as they have done over the past 120 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

	2012	2011
Sales growth	**(4.2%)**	(8 6%)
Return on capital employed	**3.5%**	9 6%
Return on sales	**0.7%**	2 8%
Gross profit margin	**42.2%**	44 5%

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 revenue

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 allows 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 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 At present the directors do not believe that the group has significant interest rate 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

The developments that resulted from a strategic review are going ahead well The focus of these developments was to extend the e-commerce strategy with a number of major investments designed to give the business state of the art ordering and fulfilment facilities Projects delivered in the last year are

- A major upgrade of the existing catalogue production system to support the new e-commerce solutions,
- Significant investment in enhancing the data within the existing systems,
- A major renewal of existing hardware to efficiently support the new infrastructure
- Customer research project to carry out qualitative market research to provide clear guidance on directing future marketing and sales strategy

The project is continuing with the goal of delivering the remaining items this year These items are

- A new website designed for ease of use and conversion of user browsing into order placement,
- Back office system replacement to improve business process and to provide ease of change to web presentation

The business expects these developments to begin to impact on customer perceptions and behaviour from the end of this year

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 legislation, regulations and standards of quality, 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 ensure we achieve our primary mission of customer satisfaction by supplying the right product at the right time we maintain a Quality Management System fully accredited to the international standards ISO 9001 2008

Active participation at all levels ensures we mitigate our risk within the supply chain as we strive for continuous improvement as required by the standard

Exceptional item

Due to the continued economic downturn and lack of visibility of any upturn in activity levels the group reluctantly made redundancies in the year at a cost of £129,000

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 profits, cash flow and balance sheet

Health and safety

In order to comply with current legislation and more importantly to foresee and control personal injury hazards, the group operates a comprehensive Health and Safely Policy The policy provides for the allocation of resource, completion of risk assessments, and mitigation of risk by the application of appropriate control measures, employee training and maintenance of records Annual review of the policy at board level, supported by quarterly meetings of the Health and Safety committee, ensure that ongoing improvements are realised

Environmental Sustainability

In addition to statutory and regulatory compliance, the group takes pride in it's environmental initiatives which have been recognised by winning prestigious awards for carbon reduction This year, whilst maintaining the same unbeatable content, we have reduced our main catalogue size by some 15% to optimise paper, printing, and distribution

Report of the Directors

The directors are pleased to present their report and audited consolidated financial statements for the year ended 31 December 2012

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are listed on page 1

Principal Activities

The group and the company's principal activities are the merchanting 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 which includes key performance indicators and principal risks and uncertainties is presented on pages 4 to 7

Dividends

The following dividends have been proposed for the 2012 financial year

	£'000
An interim dividend of 4 0p per share (2011 4 0p per share) paid in January 2013 amounted to	40
The directors recommend a final dividend of 15 0p per share (2011 28 0p per share) amounting to	150

Directors' Interests

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

	Number of ordinary shares of 25p each	
	31 December 2012	1 January 2012
J R Waterhouse	**1,000**	1,000
C J Slingsby	**53,886**	53,886
D S Slingsby	**51,167**	51,167
R G Hudson	**3,400**	3,400
L R Wright	**2,000**	2,000

There have been no changes in the directors' shareholdings between 31 December 2012 and 24 May 2013

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 (2011 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 24 May 2013

	Number of ordinary shares of 25p each	Percentage holding
M Chadwick (registered in the name of Goodbody Stockbrokers Nominees Ltd)	80,995	8 1%
J Crowther Jones & Mr T E Jones	54,866	5 5%
J H Ridley	54,302	5 4%
S E Slingsby	51,167	5 1%
M Miller	48,381	4 8%
H Slingsby	47,138	4 7%
P S Allen	38,440	3 8%
K J Williams	37,000	3 7%
S Whittaker	32,500	3 3%
C Bennett (registered in the name of Rock (Nominees) Ltd)	32,000	3 2%
S A Williams	30,835	3 1%
H C Slingsby plc Retirement Benefits Scheme	30,061	3 0%

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 2012 represented 66 days (2011 35 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

Financial Instruments

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

Financial risk management disclosures are included in note 21 to the financial statements

Indemnification of Directors

The company confirms that qualifying third party indemnity 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 This was in place throughout the last financial year and is currently in force

Audit Information

So far as each of the directors are 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 re-appoint PricewaterhouseCoopers LLP as the company's auditors and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting

Corporate Governance

The company's statement on corporate governance is included in the Corporate Governance report on page 10

By order of the board

R. G. Hudson
Company Secretary
24 May 2013

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 record attendances There is a Schedule of Matters specifically reserved for the board's decision There is also an established procedure for all directors to take independent professional advice, if necessary, at the company's expense Additionally all directors have access to the advice and services of the Company Secretary and the company maintains directors' and officers' liability insurance

The board is comprised of the following -

J R Waterhouse	-	Non-Executive director*
D S Slingsby	-	Managing Director*
C J Slingsby	-	Sales Director
R G Hudson	-	Financial Director and Company Secretary
L R Wright	-	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 financial statements

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
24 May 2013

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 have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company and 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 to enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 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 website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

By order of the board

R. G. Hudson
Company Secretary
24 May 2013

Independent Auditors' Report

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 2012 which comprise the Consolidated Income Statement, Statements of Consolidated and Company Comprehensive Income, Statements of Consolidated and Company Changes in Shareholders' Equity, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, Company Cash Flow Statement, Notes to the Cash Flow Statements 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 Statement of Directors' Responsibilities set out on page 11, 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 and express an opinion on 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 opinion, 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 this opinion, 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

In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2012 and 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 Report of the Directors 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

A.f Ahmad

Arif Ahmad (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
24 May 2013

Consolidated Income Statement

for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Revenue	2	**14,558**	15,221
Cost of sales		**(8,433)**	(8,442)
Gross profit		**6,155**	6,779
Distribution costs		**(3,276)**	(3,630)
Administrative expenses		**(2,519)**	(2,516)
Operating profit before exceptional item		**489**	633
Exceptional item	3	**129**	–
Operating profit	6	**360**	633
Finance income	7	**43**	38
Finance costs	8	**(301)**	(249)
Profit before taxation		**102**	422
Taxation	9	**70**	(102)
Profit for the year attributable to equity shareholders		**172**	320
Basic and diluted earnings per share	10	**17 2p**	32 0p

Statements of Consolidated and Company Comprehensive Income

for the year ended 31 December 2012

	Note	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Actuarial loss on pension scheme	23	**(1,339)**	(2,188)	**(1,339)**	(2,188)
Movement in deferred tax relating to retirement benefit obligation	16	**46**	503	**46**	503
Exchange adjustment		**(7)**	(7)	**–**	–
Net expense recognised directly in equity		**(1,300)**	(1,692)	**(1,293)**	(1,685)
Profit for the year		**172**	320	**168**	305
Total recognised expense for the year attributable to equity shareholders		**(1,128)**	(1,372)	**(1,125)**	(1,380)

Statements of Consolidated and Company Changes in Shareholders' Equity

Group	Note	Share capital £'000	Retained earnings £'000	Translation reserve £'000	Total equity £'000
1 January 2011		250	5,890	29	6,169
Profit for the year		–	320	–	320
Other comprehensive expense for the year		–	(1,685)	(7)	(1,692)
Total comprehensive expense for the year		–	(1,365)	(7)	(1,372)
Dividends paid	12	–	(400)	–	(400)
1 January 2012		250	4,125	22	4,397
Profit for the year		–	172	–	172
Other comprehensive expense for the year		–	(1,293)	(7)	(1,300)
Total comprehensive expense for the year		–	(1,121)	(7)	(1,128)
Dividends paid	12	–	(320)	–	(320)
31 December 2012		**250**	**2,684**	**15**	**2,949**

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

Company	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
1 January 2011		250	5,661	5,911
Profit for the year		–	305	305
Other comprehensive expense for the year		–	(1,685)	(1,685)
Total comprehensive expense for the year		–	(1,380)	(1,380)
Dividends paid	12	–	(400)	(400)
1 January 2012		250	3,881	4,131
Profit for the year		–	168	168
Other comprehensive expense for the year		–	(1,293)	(1,293)
Total comprehensive expense for the year		–	(1,125)	(1,125)
Dividends paid	12	–	(320)	(320)
31 December 2012		**250**	**2,436**	**2,686**

Consolidated Balance Sheet

As at 31 December 2012

	Note	2012 £'000	2011 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	**6,358**	6,566
Intangible assets	14	**202**	117
Deferred tax asset	16	**1,419**	1,305
		7,979	7,988
Current assets			
Inventories	17	**2,270**	2,272
Trade and other receivables	18	**2,443**	2,553
Cash and cash equivalents		**2,836**	2,439
		7,549	7,264
Liabilities			
Current liabilities			
Trade and other payables	19	**(2,722)**	(1,995)
Derivative financial instruments	20	**(7)**	–
Current tax liabilities		**(12)**	(122)
		(2,741)	(2,117)
Net current assets		**4,808**	5,147
Non-current liabilities			
Retirement benefit obligation	23	**(9,838)**	(8,738)
Net assets		**2,949**	4,397
Capital and reserves			
Called up share capital	24	**250**	250
Retained earnings		**2,684**	4,125
Translation reserve		**15**	22
Total equity		**2,949**	4,397

The financial statements on pages 14 to 36 were approved by the Board of Directors on 24 May 2013 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 2012

	Note	2012 £'000	2011 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	**6,358**	6,566
Intangible assets	14	**202**	117
Investments in subsidiaries	15	**–**	–
Deferred tax asset	16	**1,419**	1,305
		7,979	7,988
Current assets			
Inventories	17	**2,270**	2,272
Trade and other receivables	18	**2,410**	2,519
Cash and cash equivalents		**2,581**	2,172
		7,261	6,963
Liabilities			
Current liabilities			
Trade and other payables	19	**(2,698)**	(1,964)
Derivative financial instruments	20	**(7)**	–
Current tax liabilities		**(11)**	(118)
		(2,716)	(2,082)
Net current assets		**4,545**	4,881
Non-current liabilities			
Retirement benefit obligation	23	**(9,838)**	(8,738)
Net assets		**2,686**	4,131
Capital and reserves			
Called up share capital	24	**250**	250
Retained earnings		**2,436**	3,881
Total equity		**2,686**	4,131

The financial statements on pages 14 to 36 were approved by the Board of Directors on 24 May 2013 and were signed on its behalf by

D. S. Slingsby
Director

R. G Hudson
Director

H C Slingsby plc
Registered Number 452716

Consolidated Cash Flow Statement

for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
Cash generated from/(used in) operations		**1,041**	(81)
UK corporation tax paid		**(108)**	(265)
Cash generated from/(used in) operating activities		**933**	(346)
Cash flows from investing activities			
Interest received		**40**	34
Purchase of property, plant and equipment	13	**(92)**	(280)
Proceeds from sales of property, plant and equipment		**26**	51
Purchase of intangible assets	14	**(183)**	(33)
Net cash outflow from investing activities		**(209)**	(228)
Cash flows from financing activities			
Equity dividends paid	12	**(320)**	(400)
Net cash outflow from financing activities		**(320)**	(400)
Net increase/(decrease) in cash and cash equivalents		**404**	(974)
Opening cash and cash equivalents		**2,439**	3,420
Exchange differences		**(7)**	(7)
Closing cash and cash equivalents		**2,836**	2,439

Company Cash Flow Statement

for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
Cash generated from/(used in) operations		**1,042**	(89)
UK corporation tax paid		**(104)**	(262)
Cash generated from/(used in) operating activities		**938**	(351)
Cash flows from investing activities			
Interest received		**40**	34
Purchase of property, plant and equipment	13	**(92)**	(280)
Proceeds from sales of property, plant and equipment		**26**	51
Purchase of intangible assets	14	**(183)**	(33)
Net cash used in investing activities		**(209)**	(228)
Cash flows from financing activities			
Equity dividends paid	12	**(320)**	(400)
Net cash outflow from financing activities		**(320)**	(400)
Net increase/(decrease) in cash and cash equivalents		**409**	(979)
Opening cash and cash equivalents		**2,172**	3,151
Closing cash and cash equivalents		**2,581**	2,172

Notes to the Cash Flow Statements

for the year ended 31 December 2012

Cash generated from/(used in) Operations

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Profit before tax	**102**	422	**97**	403
Net finance costs	**258**	211	**258**	211
Depreciation and amortisation	**381**	439	**381**	439
Profit on sale of property, plant and equipment	**(9)**	(11)	**(9)**	(11)
Difference between pension charge and contributions	**(540)**	(360)	**(540)**	(360)
Decrease/(increase) in inventories	**2**	(487)	**2**	(487)
Decrease in trade and other receivables	**114**	679	**127**	681
Increase/(decrease) in trade and other payables	**733**	(974)	**726**	(965)
Cash generated from/(used in) operating activities	**1,041**	(81)	**1,042**	(89)

Notes to the Accounts

1. Accounting Policies

Basis of Preparation

H C Slingsby plc is incorporated and domiciled in the United Kingdom and based in Baildon, West Yorkshire

The group and the company's principal activities are the merchanting 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 principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently to all years presented, are set out below

The financial statements have been prepared in accordance with International 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 on a going concern basis, except for derivative financial instruments which are measured at fair value through profit or loss

Accounting Developments

Impact of new International Financial Reporting Standards – Adopted for 2012

The Group has adopted the following new and amended IFRSs as of 1 January 2012

Amendment to IFRS 7, Financial instruments Transfers of financial assets (effective 1 July 2011)
Amendment to IFRS 1 on hyperinflation and fixed dates (effective 1 July 2011)

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 2013 or later periods, but which the group and company have not early adopted

Amendment to IAS 1, 'Presentation of financial statements' on OCI (effective 1 July 2012)
IFRS 10, 'Consolidated financial statements' (effective 1 January 2014)
IFRS 11, 'Joint arrangements' (effective 1 January 2014)
IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2014)
IFRS 13, 'Fair value measurement' (effective 1 January 2013)
Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1 January 2013)
IAS 19 (revised 2011) 'Employee benefits' (effective January 2013)
IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2014)
IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2014)
Amendments to IFRS 7, 'Financial instruments asset and liability offsetting', (effective 1 January 2013)
Annual improvements 2011 (effective 1 January 2013)
Amendments to IFRS 10, 11 and 12 'Transition guidance' (effective 1 January 2013)

The adoption of the above is not expected to have a significant impact on the financial statements with the exception of IAS 19 (revised 2011) which may materially increase the income statement charge and change the required disclosures in respect of the defined benefit pension scheme

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 2012 using acquisition accounting Subsidiaries are entities over which the group has the power to govern the financial and operating policies The results of subsidiary undertakings acquired during a financial period are included from the effective date of acquisition Intra-Group sales, Intra-Group balances and Intra-Group profits are eliminated fully on consolidation, and consistent accounting policies have been adopted across the group

Notes to the Accounts

1. Accounting Policies (continued)

Exceptional Items

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

Accounting Estimates and Judgements

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

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 year 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 compromises the fair value of the consideration received or receivable from the sale of goods 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

Employee Benefits

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

Defined benefit scheme The pension liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme assets The defined benefit obligation is calculated tri-annually by independent actuaries using the projected unit 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 comprehensive income

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

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases

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

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

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

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at the exchange rates ruling at the end of the financial 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 comprehensive income

1 Accounting Policies (continued)

Property, Plant and Equipment

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

Freehold buildings	— 2% per annum
Equipment	— 10%–33% per annum

Freehold land is not depreciated

Intangible Assets

Intangible assets are stated at cost less accumulated depreciation They are recognised if it is possible 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 on a straight line basis at a rate of 33% per annum

Investments

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

Deferred Taxation

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

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

Inventories

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

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

Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently held at amortised cost less provision for impairment Provisions are made for the difference between the asset's carrying amount and the present value of estimated future cash flows Subsequent recoveries of amounts previously written off are credited to the Income Statement

Trade Catalogues

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

Cash and Cash Equivalents

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

Notes to the Accounts

1. Accounting Policies (continued)

Derivative Financial Instruments

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

Share Capital

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

Dividends

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

Current Taxation

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

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

2 Segmental Reporting

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

	2012 £'000	2011 £'000
Redundancy cost	**129**	–

4. Employee Information

	2012 £'000	2011 £'000
Staff costs for the group during year		
Wages and salaries	**2,655**	2,766
Social security costs	**256**	263
Pension costs (note 23)	**486**	499
	3,397	3,528

The average monthly number of persons employed by the group during the year was

	2012 Number	2011 Number
Selling and distribution	**69**	75
Manufacturing	**12**	14
Administration	**25**	26
	106	115

5. Directors' Remuneration

	2012 £'000	2011 £'000
Aggregate emoluments	**497**	485
Company contributions to money purchase pension scheme	**30**	75
	527	560
Highest paid director		
Aggregate emoluments	**131**	151
Defined benefit scheme accrued pension at end of year	**80**	77

Three directors accrue benefits under a defined contribution pension scheme (2011 three)

6. Operating Profit

Operating profit is stated after (crediting)/charging

	2012 £'000	2011 £'000
Profit on disposal of property, plant and equipment	**(9)**	(11)
Depreciation on property, plant and equipment	**283**	321
Amortisation of intangible asset	**98**	118
Operating lease charges		
— land and buildings	**18**	15
— other	**7**	7
Foreign exchange gains/(losses) on operating activities	**33**	(12)
Services provided by the company's auditors		
Fees payable to the company's auditors for the audit of parent company and consolidated financial statements	**40**	40
Fees payable to the company's auditors for other services		
Other audit services pursuant to legislation		
The audit of company's subsidiaries pursuant to legislation	**6**	6
Other services pursuant to legislation		
Tax services	**8**	8
	54	54

7 Finance Income

	2012 £'000	2011 £'000
Bank interest receivable	**43**	38

Notes to the Accounts

8 Finance Costs

	2012 £'000	2011 £'000
Net retirement benefit obligation finance costs (note 23)	**301**	249
	301	249

9. Taxation

	2012 £'000	2011 £'000
Current year		
UK corporation tax		
– current year	**12**	122
– adjustments in respect of prior years	**(14)**	(42)
	(2)	80
Deferred tax		
UK deferred tax		
– origination and reversal of timing differences	**25**	20
– adjustments in respect of prior years	**(93)**	2
	(68)	22
Total taxation (credit)/charge	**(70)**	102

Factors affecting the tax (credit)/charge for the year

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

	2012 £'000	2011 £'000
Profit before taxation	**102**	422
Tax at the UK corporation tax rate of 24 5% (2011 26 5%)	**25**	112
Expenses not deductible for tax purposes	**12**	30
Adjustments to tax in respect of prior years		
– current year	**(14)**	(42)
– deferred tax (includes a credit of £112,000 in respect of tax rate changes)	**(93)**	2
Tax (credit)/charge for the year	**(70)**	102

The standard rate of tax in the UK changed from 26% to 24% with effect from 1 April 2012 Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24 5% A further reduction to 23% from 1 April 2013 was substantively enacted on 3 July 2012

Further reductions to the UK corporation tax rate have been announced The changes propose to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 These changes had not been subsequently enacted at the Balance Sheet date and therefore are not recognised in these financial statements

The effect of the future changes on the deferred tax balance is not estimated to be significant, except in respect of the deferred tax asset arising on the pension liability

10 Earnings Per Share

Basic earnings per share is based upon earnings of £172,000 (2011 £320,000) and on 1,000,000 (2011 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

11 Profit for the Financial Year

As permitted by Section 408 of the Companies Act 2006, the company has not published its own income statement The result of the company for the financial year was a profit of £168,000 (2011 £305,000)

12. Dividends

	2012 £'000	2011 £'000
Interim dividend paid for the 2011 financial year of 4 0p (2010 5 0p)	**40**	50
Final dividend paid for the 2011 financial year of 28 0p (2010 35 0p)	**280**	350
	320	400

Dividends proposed for the 2012 financial year are set out in the Report of the Directors These will be paid in 2013 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 2011	6,526	2,387	8,913
Additions	68	218	286
Disposals	–	(151)	(151)
1 January 2012	6,594	2,454	9,048
Additions	–	92	92
Disposals	–	(68)	(68)
31 December 2012	**6,594**	**2,478**	**9,072**
Accumulated depreciation			
1 January 2011	497	1,774	2,271
Charge for the year	103	218	321
Disposals	–	(110)	(110)
1 January 2012	600	1,882	2,482
Charge for the year	104	179	283
Disposals	–	(51)	(51)
31 December 2012	**704**	**2,010**	**2,714**
Net book amount			
At 31 December 2012	**5,890**	**468**	**6,358**
At 31 December 2011	5,994	572	6,566
At 31 December 2010	6,029	613	6,642

Depreciation is charged to administrative expenses in the Income Statement

Notes to the Accounts

14. Intangible Assets

Group and Company	IT Software £'000
Cost	
1 January 2011	1,325
Additions	33
1 January 2012	1,358
Additions	183
31 December 2012	**1,541**
Accumulated amortisation	
1 January 2011	1,123
Charge for the year	118
1 January 2012	1,241
Charge for the year	98
31 December 2012	**1,339**
Net book amount	
At 31 December 2012	**202**
At 31 December 2011	117
At 31 December 2010	202

Amortisation is charged to administrative expenses in the Income Statement

15. Investment in Subsidiary

The company's wholly owned subsidiary, Slingsby Mail Order Ltd, 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

16. Deferred Tax

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

Group and Company	**2012 £'000**	2011 £'000
Pension liability	**2,263**	2,272
Short-term timing differences	**(631)**	(726)
Rolled over capital gain	**(213)**	(241)
	1,419	1,305

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

16. Deferred Tax (continued)

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 2011	1,798	(724)	(250)	824
(Charged)/credited to income statement	(29)	(2)	9	(22)
Credited to equity	503	–	–	503
1 January 2012	2,272	(726)	(241)	1,305
(Charged)/credited to income statement	(55)	95	28	68
Credited to equity	46	–	–	46
31 December 2012	**2,263**	**(631)**	**(213)**	**1,419**

17. Inventories

Group and Company	**2012 £'000**	2011 £'000
Raw materials and work in progress	**182**	191
Finished goods and goods for resale	**2,088**	2,081
	2,270	2,272

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 £34,000 (2011 £15,000) The cost of inventories recognised as an expense and included in the group's cost of sales was £8,079,000 (2011 £8,276,000) and £7,708,000 (2011 £7,860,000) for the company

The value of inventory carried at net realised value is £373,000 (2011 £359,000)

18. Trade and Other Receivables

	Group		Company	
	2012 £'000	2011 £'000	**2012 £'000**	2011 £'000
Trade receivables	**1,892**	2,201	**1,843**	2,126
Receivables from subsidiary	**–**	–	**33**	45
Prepayments	**551**	352	**534**	348
	2,443	2,553	**2,410**	2,519

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

Notes to the Accounts

18. Trade and Other Receivables (continued)

Movements on the group and company provisions for impairment of trade receivables are

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
At 1 January	**3**	11	**3**	11
Provision made for impaired receivables	**42**	37	**38**	37
Unused provision reversed	**(16)**	(26)	**(12)**	(26)
Receivables written off during the year as uncollectable	**(26)**	(19)	**(26)**	(19)
At 31 December	**3**	3	**3**	3

Receivables due from subsidiary were not impaired at 31 December 2012 and 31 December 2011 Other receivable balances do not contain impaired assets

At 31 December 2012 group trade receivables of £3,000 (2011 £3,000) and company trade receivables of £3,000 (2011 £3,000) 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

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Up to three months over terms	**2**	1	**2**	1
Over three months over terms	**1**	2	**1**	2
	3	3	**3**	3

At 31 December 2012 group trade receivables of £929,000 (2011 £1,052,000) and company trade receivables of £905,000 (2011 £1,027,000) 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	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Up to three months over terms	**918**	994	**895**	970
Over three months over terms	**11**	58	**10**	57
	929	1,052	**905**	1,027

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	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Pounds sterling	**2,383**	2,478	**2,410**	2,519
Euro	**60**	75	**–**	–
	2,443	2,553	**2,410**	2,519

19. Trade and Other Payables

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Trade payables	**2,077**	1,249	**2,072**	1,245
Other taxation and social security payable	**336**	408	**324**	395
Other payables	**14**	14	**14**	14
Accruals	**295**	324	**288**	310
	2,722	1,995	**2,698**	1,964

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

Group and Company

	Assets		Liabilities	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Forward foreign currency contracts and options	**–**	–	**7**	–

Gains and losses on the carrying value of forward foreign currency contract assets and liabilities are recognised in the income statement The forward foreign currency contracts existing at the year end mature in 2013 They have been valued using year end market data

21. Financial Risk Management

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

Foreign Exchange Risk

The group and company 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 and company'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 and company is exposed to liquidity risk The 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

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 the balance sheet

Notes to the Accounts

22. Capital Risk Management

The capital structure of the group consists of cash and equity 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 Benefits 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

Year ended 31 December 2012

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 2011 and updated to 31 December 2012 by a qualified independent actuary

Reconciliation of the present value of the defined benefit obligation

	2012	2011
	£'000	£'000
Present value of defined benefit obligation at beginning of year	**19,812**	17,998
Interest cost	**915**	956
Actuarial losses on scheme liabilities	**1,616**	1,448
Benefits paid	**(674)**	(590)
Present value of defined benefit obligation at end of year	**21,669**	19,812

Reconciliation of fair value of scheme assets

	2012	2011
	£'000	£'000
Fair value of scheme assets at start of year	**11,074**	11,337
Expected return on scheme assets	**614**	707
Actuarial gain/(loss) on scheme assets	**277**	(740)
Contributions by the company	**540**	360
Benefits paid	**(674)**	(590)
Fair value of scheme assets at end of year	**11,831**	11,074

Amounts to be recognised in the balance sheet

	2012	2011
	£'000	£'000
Present value of funded obligation	**21,669**	19,812
Fair value of scheme assets	**(11,831)**	(11,074)
Net liability in balance sheet	**9,838**	8,738

23. Pension Commitments (continued)

Amounts to be recognised in the income statement

	2012 £'000	2011 £'000
Interest on obligation	**915**	956
Expected return on scheme assets	**(614)**	(707)
Total expense	**301**	249

Total amount recognised in the statement of consolidated income SOCI

	2012 £'000	2011 £'000
Actuarial loss	**1,339**	2,188
Actuarial loss recognised in SOCI	**1,339**	2,188

Cumulative amount of actuarial gains and losses recognised in SOCI

	2012 £'000	2011 £'000
Cumulative loss recognised in SOCI	**7,831**	6,492

	2012 £'000	2011 £'000
Pension cost		
Defined benefit scheme	**311**	269
Defined contribution scheme	**175**	230
	486	499

Scheme assets

	2012 %	2012 £'000	2011 %	2011 £'000
Equities	**56**	**6,625**	61	6,788
Gilts and bonds	**44**	**5,206**	35	3,887
Other	**–**	**–**	4	399
Total scheme assets	**100**	**11,831**	100	11,074
Expected rate of return on scheme assets		**5.30%**		5 58%

At 31 December 2012 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

	2012 £'000	2011 £'000
Company's own financial instruments	**150**	202

Notes to the Accounts

23. Pension Commitments (continued)

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

	2012 £'000	2011 £'000
Actual return on scheme assets	**891**	(33)

Principal actuarial assumptions at the balance sheet date

	2012	2011
Discount rate	**4.30%**	4 70%
Expected return on scheme assets at the end of the year	**5.30%**	5 58%
Price inflation (RPI)	**3.20%**	3 20%
Pension increases		
— Non-Executive pension accrued before 1 January 1992	**0 00%**	0 00%
— Non-Executive pension accrued after 1 January 1992	**3.20%**	3 60%

Mortality Assumption Base mortality table

— Males – standard table SINMA (appropriate to the members' year of birth)

— Females – standard table SINFA (appropriate to the members' year of birth)

A scaling factor of 105% has been applied to the notes under the standard tables An allowance for future improvements has been made in line with the CMI 2009 Core Regulations assuming a long-term annual note of improvement in mortality rates of 1% for men and women

		2012	2011
Retiring today			
	Males	**87 0**	86 5
	Females	**89.4**	88 7
Retiring in 20 years			
	Males	**88.7**	87 9
	Females	**91.4**	90 2

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

The table below provides illustrations of the sensitivities of the liabilities to the assumed changes in the discount rate, inflation assumption and mortality assumption

Change	Increase in liabilities
Discount rate reduced by 0 25%	5 9%
Inflation increased by 0 25%	3 1%
Life expectancy increased by one year	3 3%

23. Pension Commitments (continued)

History of assets, liabilities and actuarial gains and losses

	2012	2011
	£'000	£'000
Present value of defined benefit obligation	**(21,669)**	(19,812)
Fair value of assets	**11,831**	11,074
Deficit	**(9,838)**	(8,738)
Experience gain on scheme liabilities		
Amount (£'000)	**1,616**	1,448
Percentage of the present value of the scheme liabilities	**7%**	7%
Difference between the expected and actual return on scheme assets		
Amount (£'000)	**277**	(740)
Percentage of the present value of the scheme assets	**2%**	(7%)

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

	2012	2011	2010	2009	2008
Group and Company	**£'000**	£'000	£'000	£'000	£'000
Present value of obligations	**(21,669)**	(19,812)	(17,998)	(16,696)	(15,167)
Fair value of scheme assets	**11,831**	11,074	11,337	10,284	9,480
Deficit	**(9,838)**	(8,738)	(6,661)	(6,412)	(5,687)
Experience (losses) and gains on scheme liabilities	**–**	(1)	65	(257)	251
Experience gains and (losses) on scheme assets	**277**	(740)	458	857	(2,366)

The group expects to contribute approximately £540,000 to its defined benefit scheme in the year ending 31 December 2013

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 £175,000 (2011 £230,000) have been charged to operating profit

24. Share Capital

	2012	**2012**	2011	2011
Ordinary shares of 25p	**Number**	**£'000**	Number	£'000
Authorised				
At 1 January and 31 December	**1,200,000**	**300**	1,200,000	300
Allotted, called up and fully paid				
At 1 January and 31 December	**1,000,000**	**250**	1,000,000	250

25. Operating Lease Commitments

At 31 December 2012, the group had the following outstanding future aggregate minimum lease payments under non-cancellable operating leases for land and buildings as follows

	2012	2011
	£'000	£'000
Operating leases commitments		
– within one year	**12**	11
– in more than one year but less than five years	**13**	13

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

Notes to the Accounts

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 5

There were no other transactions with key management

Company — Transactions With Subsidiary
Sales amounting to £371,000 (2011 £418,000) were made by H C Slingsby plc to Slingsby Mail Order Limited

Amounts due from Slingsby Mail Order Limited at 31 December 2012 were £33,000 (2011 £45,000)

Five Year Summary

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Income Statement					
Turnover	**14,588**	15,221	16,652	15,833	19,640
Gross profit	**6,155**	6,779	7,380	6,689	8,501
Operating profit before exceptional item	**489**	633	1,259	707	1,580
Exceptional item	**129**	–	–	592	–
Profit before tax	**102**	422	1,082	1,007	1,606
Profit for the financial year	**172**	320	717	815	830
Earnings per share – basic and diluted	**17 2p**	32 0p	71 7p	81 5p	83 0p
Dividend Per Ordinary Share*					
— Interim	**4 0p**	4 0p	5 0p	4 0p	8 0p
— Final	**15.0p**	28 0p	35 0p	30 0p	42 0p
Cash Flow Statement					
Cash generated by operating activities	**1,041**	(81)	1,344	793	1,646
Balance Sheet					
Net current assets	**4,808**	5,147	5,162	4,732	4,762
Net assets	**2,949**	4,397	6,169	6,153	6,834
Cash and cash equivalents	**2,836**	2,439	3,420	2,778	3,029

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

Notice of Annual General Meeting

Notice is hereby given that the sixty-fifth Annual General Meeting of H C Slingsby plc will be held at the Marriot Hollins Hall Hotel & Country Club, Hollins Hill, Baildon, Shipley, West Yorkshire, BD17 7QW on Friday 21 June 2013 at 10 00 am

You will be asked to consider and vote on the resolutions below

1 To receive the report and financial statements of the company for the year ended 31 December 2012

2 To approve payment of a final dividend in the sum of 15 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 C J Slingsby 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

By order of the board

R G Hudson
Company Secretary
H C Slingsby plc
Registered Office Otley Road, Baildon, Shipley, BD17 7LW
24 May 2013

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 within your overall shareholding 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

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 Road, 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 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 email at ray hudson@slingsby com or by telephone on (01274) 535030

Business system & E-commerce solutions

As part of our ongoing policy to offer a service of the highest quality, we are currently investing in an exciting new business system and E-commerce solution.

The new business system will enable us to streamline our business processes which will allow us to offer an even better service for our customers both on and offline.

Our new E-commerce solution will give our customers a vastly improved user experience through advanced search functionality, improved layout and design, a simplified order process and greater quality product images and information