

Company Registration No. 01471936 (England and Wales)

SLINGCO LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020



SLINGCO LIMITED

COMPANY INFORMATION

Directors	Mrs B Dykins Mr C F Dykins Mr M S Dykins Mr N C Dykins
Secretary	Mrs N C Dykins
Company number	01471936
Registered office	Gateway Business Park New Hall Hey Road Rawtenstall Rossendale BB4 6HR
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

SLINGCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The principal activity of the Company continued to be design, manufacture and global distribution of cable installation and overhead line products into the oil and gas, transmission and distribution and utility markets and design, manufacture and installation of Cablenet products into theatres and schools. The key markets served were US and North America, through Slingco America Inc and UK and Eurasian markets through Slingco Limited.

The key financial and other performance indicators during the year were as follows:

	2020 £	2019 £
Turnover	11,840,196	14,133,067
Operating profit	1,640,768	2,140,319
Number of employees	67	72

Turnover after exchange adjustments reduced by 16% during the year, however on a like for like basis, excluding the sales attributed to our divested business, UK revenue fell by 4%. Sales in the USA reduced by 19%. This was mainly due to the impact of the COVID-19 pandemic which had a major impact on the USA oil and gas industry.

Total operating profits were 23% down on the 2019 result. This was primarily due to the impact of the pandemic. In addition, there was increased staff resourcing to enable further business growth and financial support of our staff throughout the crisis.

During the year the company sold its ramp spares operation. The company recorded a gain in the profit and loss of £571,652 related to the disposal.

Investment in new product development and continuous process and product improvement programs have again been a key focus of the business this financial year and will continue to be so.

The business relocated to a new purpose built 32,000sq ft warehouse and offices in March 2021. This will accommodate our increased production and storage requirements as we look to recruit new members of staff and add new product lines. Our new premises will further strengthen our position in the UK and international markets and prepare us for future growth.

Principal risks and uncertainties

The Company's Leadership Team meets quarterly and evaluates the Company's risk appetite. The principal risks and uncertainties facing the Company are broadly grouped as financial, technological, political and environmental risk.

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak to be a pandemic. The impact on our oil and gas customers was significant as oil prices dropped to unprecedented levels. However, there has been an oil price recovery and the company has seen a rebound in sales to these markets. The situation has been a catalyst to explore other markets and develop new products that will provide a more robust business model in future.

SLINGCO LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial

Like all businesses, the company's operations expose it to a variety of financial risks. Foreign Exchange, Bad Debt and Liquidity to name some. As a global business with export sales responsible for 90% of revenue, a key risk to the business is adverse exchange rate movement.

To mitigate risk and exposure, the company makes use of *spot/movement alerts* and has entered into a currency hedging facility that will mitigate forward exchange risks. The company operates principally in USD, GBP and INR.

Cash flow risk

To manage liquidity risk, the Company took advantage of a CBILS loan. In addition, the job retention scheme offered by the UK government enabled the Company to maintain a skilled and committed workforce. There was also a divestment from non-core activities which resulted in further injection of funds without jeopardising future profitability.

We have a strong relationship with our bankers and if required, there is access to other credit facilities, long term debt and export trade finance arrangements. Liquidity risk will be mitigated by managing cash generation, tight working capital controls and applying debtor day targets throughout the Company.

Technological

The migration to an upgraded and even more robust ERP system is planned for early 2022. This will further improve intercompany connectivity, reinforce the disaster recovery plan and protect other critical operations. Further investment in people and IT infrastructure is planned across the Company to enable us to become a truly data driven business.

Political risk

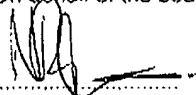
The result of Brexit and ongoing tensions with China have continued to bring an element of uncertainty. The impact these developments will have on the economy, exchange rates, laws, tariffs, trade in general, is unquantifiable. We continue to prepare for all perceived eventualities and this forms part of the quarterly strategic reviews by the Leadership Team.

Future developments and going concern

The COVID-19 epidemic will continue to be the biggest economic driver. As a result, there is a significant increase in economic uncertainty which is affecting business across the globe to a varying degree. The effects of the pandemic have been felt in the period since that date and include ability to travel and social distancing measures.

The directors have carried out thorough review of the businesses trade activities, profitability and cashflows have acknowledged the impacts of COVID-19 on the business and have incorporated this within their consideration of going concern. After making detailed enquiries and forecasting, the Directors have formed a judgment, at the time of approving the financial statements, that there is a strong expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

On behalf of the board



Mr N C Dykins
Director

Date: 29/9/21

SLINGCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £470,870 (2019: £855,737). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs B Dykins
Mr C F Dykins
Mr M S Dykins
Mr N C Dykins

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review of business and financial risk management.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr N C Dykins
Director

Date: 29 Sep 21

SLINGCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report and the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLINGCO LIMITED

Opinion

We have audited the financial statements of Slingco Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLINGCO LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLINGCO LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

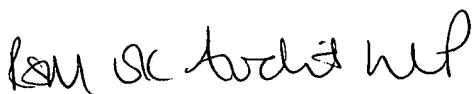
The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations, asked for available correspondence with licensing or regulatory authorities and reviewed meeting minutes from throughout the year.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, reviewing material revenue transactions pre and post year end.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Karen Musgrave (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE
.....6.10.21..

SLINGCO LIMITED

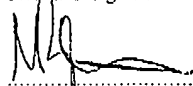
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	11,840,196	14,133,067
Cost of sales		(6,836,566)	(8,646,977)
Gross profit		5,003,630	5,486,090
Administrative expenses		(3,558,818)	(3,362,228)
<i>Analysis of administrative expenses:</i>			
Administrative expenses - non exceptional		(3,427,434)	(3,217,421)
Administrative expenses - exceptional	4	(131,384)	(144,807)
Other operating income	3	195,956	16,457
Operating profit	8	1,640,768	2,140,319
Interest receivable and similar income	10	56	75
Interest payable and similar expenses	11	(16,505)	(56)
Profit/(loss) on disposal of operations	5	571,652	-
Profit before taxation		2,195,971	2,140,338
Tax on profit	12	(212,340)	(295,869)
Profit for the financial year		1,983,631	1,844,469

SLINGCO LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	14		72,349		118,797
Tangible assets	15		419,573		422,440
			<u>491,922</u>		<u>541,237</u>
Current assets					
Stocks	16	5,505,576		6,186,397	
Debtors	17	4,010,721		2,694,506	
Cash at bank and in hand		2,585,562		425,152	
			<u>12,101,859</u>		<u>9,306,055</u>
Creditors: amounts falling due within one year	18	(3,148,067)		(2,779,231)	
Net current assets			<u>8,953,792</u>		<u>6,526,824</u>
Total assets less current liabilities			<u>9,445,714</u>		<u>7,068,061</u>
Creditors: amounts falling due after more than one year	19	(855,002)		-	
Provisions for liabilities	21	(71,810)		(61,920)	
Net assets			<u>8,518,902</u>		<u>7,006,141</u>
Capital and reserves					
Called up share capital	24		100		100
Other reserves	25		5,727		5,727
Profit and loss reserves	25		8,513,075		7,000,314
Total equity			<u>8,518,902</u>		<u>7,006,141</u>

The financial statements were approved by the board of directors and authorised for issue on 29/9/21 and are signed on its behalf by:



Mr N G Dykins
Director

SLINGCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2019		100	5,727	6,011,582	6,017,409
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	1,844,469	1,844,469
Dividends	13	-	-	(855,737)	(855,737)
Balance at 31 December 2019		100	5,727	7,000,314	7,006,141
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	1,983,631	1,983,631
Dividends	13	-	-	(470,870)	(470,870)
Balance at 31 December 2020		100	5,727	8,513,075	8,518,902

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Slingco Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Gateway Business Park, New Hall Hey Road, Rawtenstall, Rossendale, BB4 6HR.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Slingco Holdings Limited. These consolidated financial statements are available from its registered office, Unit 3 Gateway Business Park, New Hall Hey Road, Rawtenstall, Lancashire, BB4 6JG.

Going concern

The COVID-19 epidemic will continue to be the biggest economic driver. As a result, there is a significant increase in economic uncertainty which is affecting business across the globe to a varying degree. The effects of the pandemic have been felt in the period since that date and include ability to travel and social distancing measures.

The directors have carried out thorough review of the businesses trade activities, profitability and cashflows have acknowledged the impacts of COVID-19 on the business and have incorporated this within their consideration of going concern. After making detailed enquiries and forecasting, the Directors have formed a judgment, at the time of approving the financial statements, that there is a strong expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill

Intangible assets are initially measured at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	25% straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and equipment	15% reducing balance
Fixtures and fittings	25% straight line
Office equipment	25% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts due to group undertakings that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the year ended 31 December 2020 related to the government's Coronavirus Job Retention Scheme and Coronavirus Business Interruption Loan Scheme.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

All translation differences are taken to profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following estimates have had the most significant effect on amounts recognised in the financial statements.

Stock

Stock is valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

Key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Research and development

The directors have made judgements when considering whether research and development expenditure meets the criteria for capitalisation. During the year research and development costs were expensed.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	11,573,274	13,976,595
Contract sales	266,922	156,472
	<u>11,840,196</u>	<u>14,133,067</u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

	2020	2019
	£	£
Other revenue		
Interest income	56	75
Grants received	185,915	-
Net rents receivable	10,041	16,457
	<u> </u>	<u> </u>

Turnover analysed by geographical market

	2020	2019
	£	£
United Kingdom	1,350,820	1,402,962
Rest of Europe	394,815	224,980
United States of America	10,094,561	12,505,125
	<u> </u>	<u> </u>
	<u>11,840,196</u>	<u>14,133,067</u>

4 Exceptional items

	2020	2019
	£	£
Expenditure		
Correction of intercompany balances	-	144,807
Dilapidations provision	97,775	-
Redundancy costs	33,609	-
	<u> </u>	<u> </u>
	<u>131,384</u>	<u>144,807</u>

During the prior year the company undertook a review of the intercompany ledgers. The costs noted above related to historic differences that were written off. These costs were deemed exceptional as they are one off in nature and are not expected to be repeated.

During the year the company recognised a dilapidations provision relating to the exit from a premises. This cost has been deemed exceptional as it is one off in nature and is not expected to be repeated.

During the year the company undertook a redundancy programme. These costs have been deemed as exceptional as they are one off in nature and are not expected to be repeated.

5 Profit or loss on disposal of operations

During the year the company sold its ramp spares operation. The company recorded a gain in the profit and loss of £571,652 related to the disposal.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees

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

	2020 Number	2019 Number
Manufacturing	26	34
Admin	26	25
Sales	6	5
Management	9	8
	<u>67</u>	<u>72</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,659,878	1,227,152
Social security costs	210,012	174,558
Pension costs	41,228	34,698
	<u>1,911,118</u>	<u>1,436,408</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>30,575</u>	<u>46,761</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 0 (2019 - 0).

8 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange differences	114,215	233,276
Research and development costs	470,919	215,309
Government grants	(185,915)	-
Depreciation of owned tangible fixed assets	95,915	80,645
Loss/(profit) on disposal of tangible fixed assets	343	(444)
Amortisation of intangible assets	55,118	48,656
Operating lease charges	<u>56,465</u>	<u>60,000</u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Auditor's remuneration	2020	2019
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	22,000	20,000
	<u> </u>	<u> </u>
10 Interest receivable and similar income	2020	2019
	£	£
Interest income		
Interest on bank deposits	56	75
	<u> </u>	<u> </u>
11 Interest payable and similar expenses	2020	2019
	£	£
Interest on bank overdrafts and loans	10,738	56
Other interest	5,767	-
	<u> </u>	<u> </u>
	16,505	56
	<u> </u>	<u> </u>
12 Taxation	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	203,750	286,302
Adjustments in respect of prior periods	(1,300)	(1,090)
	<u> </u>	<u> </u>
Total current tax	202,450	285,212
	<u> </u>	<u> </u>
Deferred tax		
<i>Origination and reversal of timing differences</i>	2,606	14,139
Changes in tax rates	7,284	-
Adjustment in respect of prior periods	-	(3,482)
	<u> </u>	<u> </u>
Total deferred tax	9,890	10,657
	<u> </u>	<u> </u>
Total tax charge	212,340	295,869
	<u> </u>	<u> </u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	2,195,971	2,140,338
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	417,234	406,664
Tax effect of expenses that are not deductible in determining taxable profit	11,421	34,401
Tax effect of income not taxable in determining taxable profit	(106,714)	-
Adjustments in respect of prior years	(1,300)	(1,090)
Research and development tax credit	(222,300)	-
Deferred tax adjustments in respect of prior years	-	(3,482)
Adjustment in research and development tax credits	-	(138,961)
Chargeable Gains/Loss	106,714	-
Adjust deferred tax to closing rate	7,285	(1,663)
Taxation charge for the year	212,340	295,869

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax (note 22) has been calculated at 19% which was the tax rate substantively enacted at 31 December 2020. The effect of remeasuring deferred tax to 25% would increase recognised deferred tax liabilities at 31 December 2020 to £94,487.

13 Dividends

	2020 £	2019 £
Final paid	470,870	855,737

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Intangible fixed assets

	Software £
Cost	
At 1 January 2020	224,419
Additions - internally developed	8,670
At 31 December 2020	<u>233,089</u>
Amortisation	
At 1 January 2020	105,622
Amortisation charged for the year	55,118
At 31 December 2020	<u>160,740</u>
Carrying amount	
At 31 December 2020	<u>72,349</u>
At 31 December 2019	<u>118,797</u>

15 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2020	699,217	147,538	149,244	125,214	1,121,213
Additions	99,725	1,970	13,696	-	115,391
Disposals	-	-	-	(39,301)	(39,301)
At 31 December 2020	<u>798,942</u>	<u>149,508</u>	<u>162,940</u>	<u>85,913</u>	<u>1,197,303</u>
Depreciation					
At 1 January 2020	387,805	134,069	128,697	48,202	698,773
Depreciation charged in the year	50,867	3,692	24,792	16,564	95,915
Eliminated in respect of disposals	-	-	-	(16,958)	(16,958)
At 31 December 2020	<u>438,672</u>	<u>137,761</u>	<u>153,489</u>	<u>47,808</u>	<u>777,730</u>
Carrying amount					
At 31 December 2020	<u>360,270</u>	<u>11,747</u>	<u>9,451</u>	<u>38,105</u>	<u>419,573</u>
At 31 December 2019	<u>311,412</u>	<u>13,469</u>	<u>20,547</u>	<u>77,012</u>	<u>422,440</u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Stocks

	2020	2019
	£	£
Work in progress	33,191	34,196
Finished goods and goods for resale	5,472,385	6,152,201
	<u>5,505,576</u>	<u>6,186,397</u>

There was an impairment loss of £33,914 (2019: £256,089 reversal of impairment loss) recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

17 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	305,529	345,239
Amounts owed by group undertakings	1,463,297	2,039,268
Other debtors	2,101,906	214,722
Prepayments and accrued income	139,989	95,277
	<u>4,010,721</u>	<u>2,694,506</u>

18 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans	20	94,998	-
Trade creditors		1,128,440	1,213,878
Corporation tax		482,075	660,247
Other taxation and social security		103,562	44,045
Other creditors		1,127,779	470,386
Accruals and deferred income		211,213	390,675
		<u>3,148,067</u>	<u>2,779,231</u>

19 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Bank loans	20	855,002	-
		<u>855,002</u>	<u>-</u>
Amounts included above which fall due after five years are as follows:			
Payable by instalments		94,998	-
		<u>94,998</u>	<u>-</u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Borrowings

	2020 £	2019 £
Bank loans	950,000	-
Payable within one year	94,998	-
Payable after one year	855,002	-

The bank loans are secured by a fixed and floating charge over all the property or undertaking of the company. More details of this are included within note 27.

The bank loans are partially guaranteed by the UK Government under the Coronavirus Business Interruption (CBILS) Scheme.

The CBILS is repayable in 60 monthly instalments of £15,833 commencing 13 months after the first draw down of the facility. Interest is charged at a variable rate of 1.69% over Bank of England base rate.

21 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	22	71,810	61,920

22 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	74,160	62,451
Short term timing differences	(2,350)	(531)
	<u>71,810</u>	<u>61,920</u>
Movements in the year:		2020 £
Liability at 1 January 2020		61,920
Charge to profit or loss		9,890
Liability at 31 December 2020		<u>71,810</u>

The deferred tax liability set out above is expected to reverse within 12 months. More details on tax rates can be found in note 12.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	41,228	34,698

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end the company had £24,736 (2019: £6,424) of pension contributions outstanding.

24 Share capital

	2020	2019	2020	2019
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

25 Reserves

Other reserves

The other reserve is a capital redemption reserve. This reserve consists of the nominal value of shares redeemed by the company.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	11,769	15,594
Between one and five years	2,402	14,171
	<u>14,171</u>	<u>29,765</u>

27 Financial commitments, guarantees and contingent liabilities

The company had a charge dated 14 July 2020, in favour of National Westminster Bank PLC. The charge contained a fixed and floating charge over all the property or undertaking of the company.

28 Events after the reporting date

Subsequent to the year end, the company vacated their existing premises and entered into a new lease agreement for a premises at Gateway Business Park New Hall Hey Road, Rawtenstall, Rossendale.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

29 Related party transactions

The company has taken advantage of the provisions within FRS 102 paragraph 33.1A from disclosing transactions with entities which are a wholly owned part of the group.

Included within creditors at the year end are amounts of £198,212 (2019: £183,637) owed to the directors of the company. The movements relate to deposits and withdrawals.

Included within debtors at the year end are amounts of £nil (2019: £16,607) owed by the directors to the company. The movements relate to repayments.

Included within creditors at the year end is an amount of £385,133 (2019: £218,637) owed to entities related by common control. The movement in the year relates to further amounts borrowed by the company.

Included within debtors at the year end is an amount of £618,443 (2019: £1,500) owed by entities related by common control. The movement in the year relates to amounts loaned by the company.

Included within debtors at the year end is an amount of £1,322,149 (2019: £nil) owed by the company pension scheme. The movement in the year relates to amounts loaned by the company.

The company paid rent of £60,000 (2019: £60,000) to the company pension scheme. The rent is set at an open market rate.

30 Ultimate controlling party

The company is wholly owned subsidiary of Slingco Holdings Limited, a company registered in England and Wales.

The ultimate controlling party at the year end is the directors by virtue of their majority shareholding in the parent company.

Copies of the group accounts for the parent company may be obtained from Companies House.