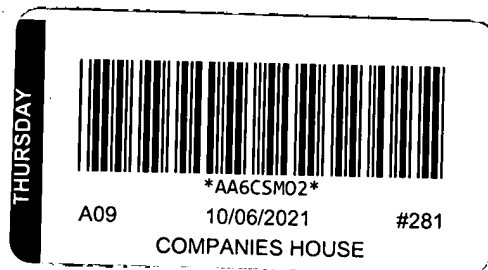


**ESE DIRECT LIMITED**  
**(REGISTERED NUMBER: 01279230)**

**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**



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FOR THE YEAR ENDED 31 DECEMBER 2020**

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**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**DIRECTORS:**

Mr Dominic S Slingsby  
Mr Morgan L Morris

**SECRETARY:**

Mr Morgan L Morris

**REGISTERED OFFICE:**

1 Otley Road  
Baildon  
Shipley  
BD17 7LW

**REGISTERED NUMBER:**

01279230 (England and Wales)

**INDEPENDENT AUDITORS:**

RSM UK Audit LLP  
Central Square  
5<sup>th</sup> Floor  
29 Wellington Street  
Leeds  
LS1 4DL

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2020.

**PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review was that of online and mail order business product sales together with design, supply and installation of storage systems/equipment, partitioning and mezzanine floors.

**REVIEW OF BUSINESS**

During 2020, sales fell by 8% primarily due to the impact of Coronavirus on customer demand. However, lower overheads resulted in operating profit increasing from £0.40m in 2019 to £0.51m in 2020 before management charges of £180,000 (2019: £180,000) from the parent company.

The market remains competitive and we are cautious regarding the outlook. This is particularly the case due to significant uncertainty that remains caused by the Coronavirus. It is unclear as to the impact that the virus will have on demand going forward.

**DIRECTORS**

The directors who have held office during the period from 1 January 2020 to the date of this report are as follows:

Mr Dominic S Slingsby  
Mr Morgan L Morris

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

Charitable donations amounting to £0 (2018 - £0) were paid by the company during the year.

**FINANCIAL INSTRUMENTS**

The company's financial instruments comprise cash 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 company's operations.

In the normal course of its business the 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 ensuring that the company has sufficient cash and borrowing facilities in place.

The company is also exposed to credit risk arising 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 on trade receivables is spread over large numbers of customers. There are no significant concentrations of credit risk.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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), including Financial Reporting Standard FRS101: Reduced Disclosure Framework ("FRS101").

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 those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent;
- c) 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.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

As far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all steps that they ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**INDEMNIFICATION OF DIRECTORS**

The company confirms that qualifying third party indemnity insurance cover has been effected in respect of directors' and officers' liability to protect "insured persons" in respect of liabilities devolving on them for wrongful acts arising in the normal conduct of the business.

**GOING CONCERN**

HC Slingsby PLC, the parent company, has undertaken to provide or procure the provision of such financial assistance as will enable the company to meet its liabilities incurred in the ordinary course of business for a minimum period of at least one year from the date of approval of these financial statements.

The directors have prepared trading and cash flow forecasts for the Group for the period to 31 December 2022. These forecasts indicate that the Group will be able to operate within its banking facilities and meet its liabilities as they fall due. The Board's conclusion in this regard is strengthened by the Group's net cash position at 31 December 2020.

The financial statements have therefore been prepared on a going concern basis which assumes the Group and Company will continue in operation for the foreseeable future.

However, the coronavirus pandemic could have an impact on the Group and Company's financial performance which is not easy to forecast. The impact could be from a significant fall in demand, from customer credit losses (bad debts) or late customer payments. These would restrict the Company's ability to generate operating cashflow and could impact on the ability of the parent company to provide any necessary support.

**INDEPENDENT AUDITOR**

The auditor RSM UK Audit LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

The Report of the Directors has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By order of the board



MORGAN L MORRIS  
Company Secretary  
6th May 2021

**ESE DIRECT LIMITED (REGISTERED NUMBER: 01279230)  
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ESE DIRECT LTD**

**Opinion**

We have audited the financial statements of ESE Direct 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 the 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 101 "Reduced Disclosure Framework" (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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**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 directors' report.

**ESE DIRECT LIMITED (REGISTERED NUMBER: 01279230)**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**ESE DIRECT LTD (continued)**

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 framework that the company operates in and how the company is complying with the legal and regulatory framework;
- 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.

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 101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

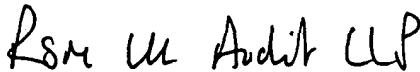
**ESE DIRECT LIMITED (REGISTERED NUMBER: 01279230)**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**ESE DIRECT LTD (continued)**

The audit engagement team identified the risk of management override of controls as the area 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



Michael Thornton (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Central Square  
Fifth Floor  
29 Wellington Street  
Leeds  
LS1 4DL  
6 May 2021



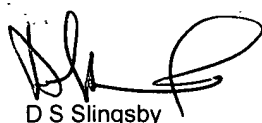
**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020 £	2019 £
	Notes		
<b>Revenue</b>		5,896,774	6,416,232
Cost of sales		<u>(4,226,240)</u>	<u>(4,603,895)</u>
<b>GROSS PROFIT</b>		1,670,534	1,812,337
Administrative expenses		<u>(1,157,984)</u>	<u>(1,416,798)</u>
		512,550	395,359
Other operating income		-	-
Other operating expense		<u>(180,000)</u>	<u>(180,000)</u>
<b>OPERATING PROFIT</b>	3	332,550	215,359
Finance costs	5	<u>(4,066)</u>	<u>(5,587)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INCOME TAX</b>		328,484	209,772
Income tax on ordinary activities	6	<u>(64,317)</u>	<u>(42,788)</u>
<b>PROFIT FOR THE YEAR</b>		<u>264,167</u>	<u>166,984</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>264,167</u>	<u>166,984</u>

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

		2020	2019
		£	£
	Notes		
<b>FIXED ASSETS</b>			
Intangible assets	7	-	-
Property, plant and equipment	8	119,107	169,009
Deferred tax	11	2,234	1,321
		<u>121,341</u>	<u>170,330</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	940,566	975,437
Cash and cash equivalents		<u>1,613,342</u>	<u>1,170,660</u>
		2,553,908	2,146,097
<b>CREDITORS:</b>			
Amounts falling due within one year	10	<u>(933,891)</u>	<u>(805,705)</u>
<b>NET CURRENT ASSETS</b>		<u>1,620,017</u>	<u>1,340,392</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,741,358	1,510,722
<b>NON CURRENT LIABILITIES</b>			
Lease obligations		<u>(32,207)</u>	<u>(65,738)</u>
<b>NET ASSETS</b>		<u>1,709,151</u>	<u>1,444,984</u>
<b>EQUITY</b>			
Called up share capital	13	78,070	78,070
Capital redemption reserve		24,000	24,000
Retained earnings		<u>1,607,081</u>	<u>1,342,914</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>1,709,151</u>	<u>1,444,984</u>

The notes on pages 12 to 19 are an integral part of these financial statements. The financial statements on pages 9 to 19 were authorised for issue by the board of directors on 6th May 2021 and were signed on its behalf by



D S Slingsby



M L Morris

ESE Direct Limited  
Registered no. 01279230

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

	Note	Called Up Share Capital	Capital Redemption Reserve	Retained Earnings	Total
		£	£	£	£
Balance as at 1 January 2019		78,070	24,000	1,175,930	1,278,000
Profit for the year and total comprehensive income for the year		-	-	166,984	166,984
Balance as at 31 December 2019		<u>78,070</u>	<u>24,000</u>	<u>1,342,914</u>	<u>1,444,984</u>
Profit for the year and total comprehensive income for the year		-	-	264,167	264,167
<b>Balance as at 31 December 2020</b>		<u><b>78,070</b></u>	<u><b>24,000</b></u>	<u><b>1,607,081</b></u>	<u><b>1,709,151</b></u>

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

**1. GENERAL INFORMATION**

ESE Direct Limited ('the company') distributes industrial and commercial equipment predominantly within the UK.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 1 Otley Road, Baildon, Shipley, BD17 7LW.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of Preparation**

The financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared under the historical cost convention.

The company's functional and presentational currency is the Pound Sterling. Monetary amounts in these financial statements are rounded to the nearest £.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. Where relevant, equivalent disclosures have been made in the Group accounts of HC Slingsby PLC:

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Disclosure of key management personnel compensation;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:
  - Disaggregated and total revenue from contracts with customers;
  - Explanation of significant changes in contract assets and liabilities;
  - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
  - Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;
  - Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract;
  - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract.
- Comparative narrative information;
- Valuation technique(s) and assumptions used to measure recoverable amounts of assets on which impairment losses are recognised;
- Related party disclosures for transactions with the parent or wholly owned members of the group.
- Financial instrument disclosures, including:
  - Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
  - Income, expenses, gains and losses on financial instruments;
  - Effects of initial application of IFRS 9;
- Comparative period reconciliations for the carrying amounts of intangible and tangible fixed assets;
- Lease maturity analysis of lease liabilities.

The financial statements of the Company are consolidated into the financial statements of HC Slingsby PLC. The consolidated financial statements of HC Slingsby PLC are available from its registered office at 1 Otley Road, Baildon, Shipley, BD17 7LW.

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

**Accounting Developments**

**Going Concern**

The company meets its day-to-day working capital requirements through its cash reserves and borrowing facilities.

The current economic conditions continue to create uncertainty particularly over the level of demand for the company's products. HC Slingsby PLC, the parent company, has undertaken to provide or procure the provision of such financial assistance as will enable the company to meet its liabilities incurred in the ordinary course of business for a minimum period of at least one year from the date of approval of these financial statements.

The directors have prepared trading and cash flow forecasts for the Group for the period to 31 December 2022. These forecasts indicate that the Group will be able to operate within its banking facilities and meet its liabilities as they fall due. The Board's conclusion in this regard is strengthened by the Group's net cash position at 31 December 2020.

The financial statements have therefore been prepared on a going concern basis which assumes the Group and Company will continue in operation for the foreseeable future

However, the coronavirus pandemic could have a short to medium term impact on the Group and Company's financial performance which is not easy to forecast. The impact could be from a significant fall in demand, from customer credit losses (bad debts) or late customer payments. These would restrict the Company's ability to generate operating cashflow and could impact on the ability of the parent company to provide any necessary support.

**Revenue Recognition**

Revenue represents net invoiced sales of goods where this is appropriate. Revenue relating to contract work is recognised as contract activity progresses and the right to consideration is earned. All revenue excludes Value Added Tax.

**Intangible Fixed Assets**

Trademarks and computer software acquired are being amortised on a straight line basis over 3 years.

Amortisation is included within administrative expenses in the Statement of Comprehensive Income.

**Property, Plant and Equipment including depreciation**

Property, plant and equipment is stated at historic cost less accumulated depreciation. Historic cost includes original purchase price and the cost attributable to bringing the assets to their working condition for their intended use.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 10% on cost
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer and website	- 33% on cost

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Company.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated on a straight-line basis over the lease term.

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

**Current and Deferred Income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in shareholder's funds. In this case, the tax is also recognised directly in shareholders' funds.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax 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 income tax asset is realised or the deferred income tax liability settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Pension Costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

**Leases**

On commencement of a contract which gives the Company the right to use assets for a period of time in exchange for consideration, the Company recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease (term is twelve months or less with no option to purchase the lease asset) or a 'low-value' lease (where the underlying asset is £4,000 or less when new).

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The lease term is the non-cancellable period of the lease plus extension periods that the Company is reasonably certain to exercise and termination periods that the Company is reasonably certain not to exercise. Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate and any residual value guarantees.

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss. Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs

**Government Grants**

Grants of a revenue nature are credited to the Statement of Comprehensive Income in the same period as the related expenditure. The company received a grant of £80,000 from Suffolk County Council relating to the creation of 8 jobs. Whilst at 31 December 2020, the related jobs were created the full amount of the grant has not been recognised and is included within other creditors.

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

**Accounting Estimates and Judgements**

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

- Measurement of lease liabilities - in determining the lease term the Company assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events of changes in circumstances occur that are within the lessee's control. When the interest rate implicit in the lease is not readily determinable, the Company estimates the incremental borrowing rate based on its external borrowings secured against similar asset, adjusted for the term of the lease. The Company applied a rate of 5% to all its leases disclosed in note 11, as it represents the Company's expected borrowing rate.

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation - owned assets	21,088	18,316
Amortisation of intangibles	-	2,305
Management charges from holding company	180,000	180,000
Pension costs	14,254	12,978
Inventories recognised as an expense and written down	4,229,378	4,603,089
Auditor's remuneration – audit fee	6,000	6,000

**4. EMPLOYEE INFORMATION**

	2020 £	2019 £
Staff costs for the company during year:		
Wages and salaries	441,947	456,951
Social security costs	39,430	50,179
Other pension costs	14,254	12,978
	<u>495,631</u>	<u>520,108</u>

	2020 Number	2019 Number
The average monthly number of persons employed by the company, including directors during the year was		
Selling and distribution	13	15
Administration	4	4
	<u>17</u>	<u>19</u>

The current directors are remunerated by the parent company HC Slingsby PLC. No director accrued benefits under a defined contribution scheme.

**5. FINANCE COSTS**

	2020 £	2019 £
Interest payable on lease liabilities	<u>4,066</u>	<u>5,587</u>

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

**6. INCOME TAX****Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax on profit for the year	65,230	41,194
Adjustments in respect of prior periods	-	(1)
Total current tax	65,230	41,193
Deferred tax		
Origination and reversal of timing differences	(913)	1,595
Adjustments in respect of prior periods	-	-
Total deferred tax	(913)	1,595
Tax on profit on ordinary activities	<u>64,317</u>	<u>42,788</u>

Factors affecting the tax charge for the year:

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

	2020 £	2019 £
Profit before taxation	328,485	209,772
Tax at the UK corporation tax rate of 19%	62,412	39,857
Utilisation of group losses	-	-
Other	1,905	2,932
Adjustments in respect of prior years		
– current tax	-	(1)
– deferred tax	-	-
Tax charge for the year	<u>64,317</u>	<u>42,788</u>

The company's profits for this accounting period are taxed at an effective rate of 19% (2019: 19%). Deferred tax assets and liabilities are measured at a rate of 17% as at 31 December 2020.

**7. INTANGIBLE ASSETS**

Trademarks  
and Software

£

**COST**

At 1 January 2020	<u>38,342</u>
Additions	-
At 31 December 2020	<u>38,342</u>

**ACCUMULATED AMORTISATION**

At 1 January 2020	38,342
Charge for year	-
At 31 December 2020	<u>38,342</u>

**NET BOOK VALUE**

At 31 December 2020	<u>-</u>
At 31 December 2019	<u>-</u>



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

**8. PROPERTY, PLANT AND EQUIPMENT**

	Short leasehold property £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 January 2020	118,957	40,652	14,919
Additions	-	-	-
Disposals	-	-	-
At 31 December 2020	118,957	40,652	14,919
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2020	72,754	40,647	14,831
Charge for year	10,565	5	66
Eliminated on disposal	-	-	-
At 31 December 2020	83,319	40,652	14,897
<b>NET BOOK VALUE</b>			
At 31 December 2020	35,638	-	22
At 31 December 2019	46,203	5	88

	Motor vehicles £	Computer and Website £	Right-of-use Assets £	Totals £
<b>COST</b>				
At 1 January 2020	20,075	171,909	128,086	494,598
Additions	-	3,889	-	3,889
Disposals	-	-	-	-
At 31 December 2020	20,075	175,798	128,086	498,487
<b>ACCUMULATED DEPRECIATION</b>				
At 1 January 2020	3,346	161,308	32,703	325,589
Charge for year	5,019	5,433	32,703	53,791
Eliminated on disposal	-	-	-	-
At 31 December 2020	8,365	166,741	65,406	379,380
<b>NET BOOK VALUE</b>				
At 31 December 2020	11,710	9,057	62,680	119,107
At 31 December 2019	16,279	10,601	95,383	169,009

HSBC Bank plc holds a charge over all the assets and undertakings of the company as security for any borrowings of the company and/or its holding company HC Slingsby PLC. The carrying amount and depreciation of right-of-use assets all relate to property leases.

**9. TRADE AND OTHER RECEIVABLES**

	2020 £	2019 £
Gross trade debtors	309,586	349,726
Debtors provision	(1,576)	(727)
Other debtors	24,341	18,223
Amounts owed by group undertakings	608,215	608,215
	<u>940,566</u>	<u>975,437</u>

No expected credit loss has been recorded against amounts owed to group undertakings on the basis that the amount could be recovered through the declaration of a dividend.

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

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade creditors	437,552	428,757
Amounts owed to group undertakings	105,772	78,128
Taxation and social security	151,480	124,614
Lease obligations	33,531	31,934
Other creditors	205,556	142,272
	<u>933,891</u>	<u>805,705</u>

**11. DEFERRED TAX ASSET**

	2020 £	2019 £
Deferred tax – Accelerated capital allowances	<u>(2,234)</u>	<u>(1,321)</u>
		Deferred Tax £
Balance as at 1 January 2019		(2,916)
Movement in year		<u>1,595</u>
Balance at 1 January 2020		(1,321)
Movement in year		<u>(913)</u>
Balance at 31 December 2020		<u>(2,234)</u>

**12. CONTINGENT LIABILITY**

The company has guaranteed the overdraft obligations of HC Slingsby PLC. As at 31 December 2020, the overdraft liability of HC Slingsby PLC was £1,506,000.

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

**13. CALLED UP SHARE CAPITAL**

The company has two classes of share, neither having the right to fixed income. Each carries a right to vote at general meetings of the company.

Authorised, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
54,069 (2019:54,069)	Ordinary 'A'	£1	54,069	54,069
24,001 (2019:24,001)	Ordinary 'B'	£1	24,001	24,001
			<u>78,070</u>	<u>78,070</u>

**14. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £14,254 (2019 - £12,978).

**15. RELATED PARTY DISCLOSURES**

As a subsidiary undertaking of HC Slingsby PLC, the company has taken advantage of the exemption under FRS 101 not to disclose transactions with other wholly owned members of the group headed by HC Slingsby PLC.

**16. ULTIMATE CONTROLLING PARTY**

The parent company and ultimate controlling party is HC Slingsby PLC by virtue of its 100% holding in the company's share capital.

HC Slingsby PLC is the parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are drawn up.

Copies of the consolidated financial statements of HC Slingsby PLC are available at the company's registered office, 1 Otley Road, Baildon, Shipley BD17 7LW.