

Company Registration No. 01471936 (England and Wales)

SLINGCO LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



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	Station Road Facit Lancashire OL12 8LJ
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 2019

The directors present the strategic report for the year ended 31 December 2019.

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 UK and Eurasian markets through this company.

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

	2019 £	2018 £
Turnover	14,133,067	11,805,427
Operating profit	2,140,319	2,511,569
Number of employees	72	70

Total operating profits were slightly below 2018. This was primarily due to further investments in R&D and exchange rate movements. In addition, there was increased staff resourcing to enable further business growth and incentives to encourage staff retention.

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

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 has been significant as oil prices dropped to unprecedented levels. However, the company has a diversified portfolio of products across other business sectors that are affected to a lesser degree. The situation has been a catalyst to explore other markets and develop new products that will provide a more robust business model in future.

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 forward contracts and spot/movement alerts and automatic trades. The company operates principally in USD, GBP and INR.

Cash flow risk

To manage liquidity risk, the company has taken advantage of a post year end CBILS loan in the UK and PPP assistance in the USA. In addition, the job retention scheme offered by the UK government has enabled Slingco Ltd to maintain a skilled and committed workforce. There has also been 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.

SLINGCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Technological

The migration to a more robust and sophisticated system ERP system is complete and further investment in IT infrastructure is planned throughout our global operations in 2021. This will improve intercompany connectivity, reinforce the disaster recovery plan and protect other critical operations.

Political risk

The results of the US presidential elections and the failure of the UK government and the EU to agree a trade deal 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: 23/12/2020

SLINGCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

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

Results and dividends

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

Ordinary dividends were paid amounting to £855,737. The directors do not recommend payment of a further dividend.

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.

Post reporting date events

Subsequent to the year end, the COVID-19 pandemic has impacted the operations of the company. This is considered to be a non-adjusting post balance sheet event given the timing which resulted in a global pandemic being declared by the World Health Organisation on 11 March 2020. The directors have considered the ongoing impact of the COVID-19 pandemic and relevant disclosure has been made within the strategic report and going concern accounting policy. The directors have also considered the impact to the assets and liabilities at the year end and concluded no impairment is needed.

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.

SLINGCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board



Mr N C Dykins
Director

Date: 23/12/2020

SLINGCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 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 a summary of 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 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 and the directors' report.

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

- adequate accounting records have not been kept, 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 5, 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.

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.

Karen Musgrave

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

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23 December 2020

SLINGCO LIMITED


STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	14,133,067	11,805,427
Cost of sales		(8,646,977)	(6,976,158)
Gross profit		5,486,090	4,829,269
Administrative expenses		(3,362,228)	(2,344,067)
<i>Analysis of administrative expenses:</i>			
Administrative expenses - non exceptional		(3,217,421)	(2,344,067)
Administrative expenses - exceptional	3	(144,807)	-
Other operating income		16,457	26,367
Operating profit	7	2,140,319	2,511,569
Interest receivable and similar income	9	75	-
Interest payable and similar expenses	10	(56)	(2,663)
Profit before taxation		2,140,338	2,508,906
Tax on profit	11	(295,869)	(344,319)
Profit for the financial year		1,844,469	2,164,587

SLINGCO LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	13		118,797		115,082
Tangible assets	14		422,440		350,302
			<u>541,237</u>		<u>465,384</u>
Current assets					
Stocks	15	6,186,397		4,514,640	
Debtors	16	2,694,506		2,732,346	
Cash at bank and in hand		425,152		993,054	
			<u>9,306,055</u>		<u>8,240,040</u>
Creditors: amounts falling due within one year	17	(2,779,231)		(2,564,857)	
Net current assets			<u>6,526,824</u>		<u>5,675,183</u>
Total assets less current liabilities			<u>7,068,061</u>		<u>6,140,567</u>
Creditors: amounts falling due after more than one year	18		-		(71,895)
Provisions for liabilities	19		(61,920)		(51,263)
Net assets			<u>7,006,141</u>		<u>6,017,409</u>
Capital and reserves					
Called up share capital	22		100		100
Other reserves	23		5,727		5,727
Profit and loss reserves	23		7,000,314		6,011,582
Total equity			<u>7,006,141</u>		<u>6,017,409</u>

The financial statements were approved by the board of directors and authorised for issue on 23/12/2020 and are signed on its behalf by:


 Mr N C Dykins
 Director

SLINGCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2018		100	5,727	4,474,841	4,480,668
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	2,164,587	2,164,587
Dividends	12	-	-	(627,846)	(627,846)
Balance at 31 December 2018		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	12	-	-	(855,737)	(855,737)
Balance at 31 December 2019		100	5,727	7,000,314	7,006,141

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 Station Road, Facit, Lancashire, OL12 8LJ.

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;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

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, Station Road, Facit, Rochdale, Lancashire OL12 8LJ.

Going concern

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak to be a pandemic. 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 through review of the businesses trade activities, profitability and cashflows considering and the directors 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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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 2019

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 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 2019

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 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.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

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, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

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.

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.

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. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Key sources of estimation uncertainty

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.

Critical judgements

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:

	2019	2018
	£	£
Turnover analysed by class of business		
Sale of goods	13,976,595	11,307,691
Contract sales	156,472	497,736
	<u>14,133,067</u>	<u>11,805,427</u>
	2019	2018
	£	£
Other revenue		
Interest income	75	-
Grants received	-	1,065
Net rents receivable	16,457	23,564
	<u>16,532</u>	<u>24,629</u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue (Continued)

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	1,402,962	1,659,635
Rest of Europe	224,980	361,743
United States of America	12,505,125	9,784,049
	<u>14,133,067</u>	<u>11,805,427</u>

4 Exceptional costs

	2019	2018
	£	£
Correction of intercompany balances	<u>144,807</u>	<u>-</u>

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

5 Employees

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

	2019	2018
	Number	Number
Manufacturing	34	35
Admin	25	22
Sales	5	6
Directors (including non-statutory operational directors)	8	7
	<u>72</u>	<u>70</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,227,152	788,016
Social security costs	174,558	146,854
Pension costs	34,698	56,932
	<u>1,436,408</u>	<u>991,802</u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6	Directors' remuneration	2019	2018
		£	£
	Remuneration for qualifying services	46,761	39,753
		<u> </u>	<u> </u>
7	Operating profit	2019	2018
	Operating profit for the year is stated after charging/(crediting):	£	£
	Exchange losses/(gains)	233,276	(27,963)
	Research and development costs	215,309	93,920
	Government grants	-	(1,065)
	Depreciation of owned tangible fixed assets	80,645	67,324
	(Profit)/loss on disposal of tangible fixed assets	(444)	2,024
	Amortisation of intangible assets	48,656	40,453
	Operating lease charges	60,000	66,968
		<u> </u>	<u> </u>
8	Auditor's remuneration	2019	2018
	Fees payable to the company's auditor and its associates:	£	£
	For audit services		
	Audit of the financial statements of the company	20,000	13,000
		<u> </u>	<u> </u>
9	Interest receivable and similar income	2019	2018
		£	£
	Interest income		
	Interest on bank deposits	75	-
		<u> </u>	<u> </u>
10	Interest payable and similar expenses	2019	2018
		£	£
	Interest on bank overdrafts and loans	56	-
	Other interest on financial liabilities	-	2,663
		<u> </u>	<u> </u>
		56	2,663
		<u> </u>	<u> </u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	286,302	377,694
Adjustments in respect of prior periods	(1,090)	(43,435)
Total current tax	<u>285,212</u>	<u>334,259</u>
Deferred tax		
Origination and reversal of timing differences	14,139	10,060
Adjustment in respect of prior periods	(3,482)	-
Total deferred tax	<u>10,657</u>	<u>10,060</u>
Total tax charge	<u>295,869</u>	<u>344,319</u>

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:

	2019 £	2018 £
Profit before taxation	<u>2,140,338</u>	<u>2,508,906</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	406,664	476,692
Tax effect of expenses that are not deductible in determining taxable profit	34,401	15,689
Adjustments in respect of prior years	(1,090)	(43,435)
Effect of change in corporation tax rate	-	(1,184)
Deferred tax adjustments in respect of prior years	(3,482)	-
Adjustment in research and development tax credits	(138,961)	(103,443)
Adjust deferred tax to closing rate	(1,663)	-
Taxation charge for the year	<u>295,869</u>	<u>344,319</u>

12 Dividends

	2019 £	2018 £
Final paid	<u>855,737</u>	<u>627,846</u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

13 Intangible fixed assets

	Software £
Cost	
At 1 January 2019	172,048
Additions - separately acquired	52,371
At 31 December 2019	<u>224,419</u>
Amortisation and impairment	
At 1 January 2019	56,966
Amortisation charged for the year	48,656
At 31 December 2019	<u>105,622</u>
Carrying amount	
At 31 December 2019	<u>118,797</u>
At 31 December 2018	<u>115,082</u>

14 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2019	562,234	147,538	132,036	138,120	979,928
Additions	136,983	-	17,208	13,998	168,189
Disposals	-	-	-	(26,904)	(26,904)
At 31 December 2019	<u>699,217</u>	<u>147,538</u>	<u>149,244</u>	<u>125,214</u>	<u>1,121,213</u>
Depreciation and impairment					
At 1 January 2019	355,418	130,925	106,170	37,113	629,626
Depreciation charged in the year	32,387	3,144	22,527	22,587	80,645
Eliminated in respect of disposals	-	-	-	(11,498)	(11,498)
At 31 December 2019	<u>387,805</u>	<u>134,069</u>	<u>128,697</u>	<u>48,202</u>	<u>698,773</u>
Carrying amount					
At 31 December 2019	<u>311,412</u>	<u>13,469</u>	<u>20,547</u>	<u>77,012</u>	<u>422,440</u>
At 31 December 2018	<u>206,816</u>	<u>16,613</u>	<u>25,866</u>	<u>101,007</u>	<u>350,302</u>

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

15 Stocks

	2019	2018
	£	£
Raw materials and consumables	-	1,000,833
Work in progress	34,196	64,072
Finished goods and goods for resale	6,152,201	3,449,735
	<u>6,186,397</u>	<u>4,514,640</u>

The reversal of an impairment loss of £256,089 (2018: £469,507 impairment charge) was recognised in cost of sales against stock during the period due to an over-provision on slow-moving and obsolete stock in the previous year.

16 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	345,239	265,309
Amounts owed by group undertakings	2,039,268	2,257,574
Other debtors	214,722	112,904
Prepayments and accrued income	95,277	96,559
	<u>2,694,506</u>	<u>2,732,346</u>

17 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	1,213,878	830,437
Corporation tax	660,247	584,825
Other taxation and social security	44,045	40,904
Other creditors	470,386	389,923
Accruals and deferred income	390,675	718,768
	<u>2,779,231</u>	<u>2,564,857</u>

18 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Other creditors	-	71,895
	<u>-</u>	<u>71,895</u>

The other creditors falling due after more than one year are secured over the assets of the business.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	20	61,920	51,263

20 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	62,451	51,333
Tax losses	-	(70)
Short term timing differences	(531)	-
	<u>61,920</u>	<u>51,263</u>

Movements in the year:

	2019 £
Liability at 1 January 2019	51,263
Charge to profit or loss	10,657
Liability at 31 December 2019	<u>61,920</u>

The deferred tax liability set out above is expected to reverse within 12 months.

21 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	34,698	56,932

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 £6,424 (2018: £5,797) of pension contributions outstanding.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

22 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
	<u><u>100</u></u>	<u><u>100</u></u>

23 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.

24 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:

	2019	2018
	£	£
Within one year	15,594	11,692
Between one and five years	14,171	17,387
	<u>29,765</u>	<u>29,079</u>
	<u><u>29,765</u></u>	<u><u>29,079</u></u>

25 Financial commitments, guarantees and contingent liabilities

The company had a charge dated 29 March 2016, in favour of AJ Bell Trustees Limited. The charge contained a fixed and floating charge over all the property or undertaking of the company. The charge was satisfied post year end.

26 Events after the reporting date

Subsequent to the year end, the COVID-19 pandemic has impacted the operations of the company. This is considered to be a non-adjusting post balance sheet event given the timing which resulted in a global pandemic being declared by the World Health Organisation on 11 March 2020. The directors have considered the ongoing impact of the COVID-19 pandemic and relevant disclosure has been made within the strategic report and going concern accounting policy. The directors have also considered the impact to the assets and liabilities at the year end and concluded no impairment is needed.

SLINGCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

27 Related party transactions

Included within creditors at the year end are amounts of £183,637 (2018: £130,613) owed to the directors of the company. The movements relate to deposits and withdrawals.

Included within debtors at the year end are amounts of £16,607 (2018: £Nil) owed by the directors to the company. The movements relate to deposits and withdrawals.

Included within creditors at the year end is an amount of £218,637 (2018: £196,106) 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 £1,500 (2018: £Nil) owed by entities related by common control. The movement in the year relates to amounts loaned by the company.

The company paid rent of £60,000 (2018: £66,968) to the company pension scheme. The rent is set at an open market rate. There was a loan of £Nil (2018: £125,895) from the pension scheme. The movement relates to repayments in the period.

28 Ultimate controlling party

The company is wholly owned subsidiary of Slingco Holdings Limited, a company registered in England and Wales. The directors consider there to be no ultimate controlling party.

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