

**SANDAL PLC**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 MAY 2015**

# SANDAL PLC

## COMPANY INFORMATION

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|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Mr A J Tadd<br>Mr O J Tadd<br>Mr T Rodger (Appointed 2 October 2014)                                      |
| <b>Secretary</b>         | Edwin Coe Secretaries Limited   |
| <b>Company number</b>    | 03206855  |
| <b>Registered office</b> | Claremont House<br>Deans Court<br>Bicester<br>Oxon<br>OX26 6BW  |
| <b>Auditors</b>          | Whitley Stimpson Limited<br>Claremont House<br>Deans Court<br>Bicester<br>Oxon<br>OX26 6BW                |
| <b>Business address</b>  | 5 Harold Close<br>Harlow<br>Essex<br>CM19 5TH   |
| <b>Bankers</b>           | National Westminster Bank Plc<br>Cambridge Kings Parade Branch<br>10 Benet Street<br>Cambridge<br>CB2 3PU |
| <b>Solicitors</b>        | Edwin Coe LLP<br>2 Stone Buildings<br>Lincolns Inn<br>London<br>WC2A 3TH                                  |

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# SANDAL PLC

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# SANDAL PLC

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 MAY 2015*

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The Board of Sandal plc, the designer, developer and manufacturer of electronic products announces its full year results for the year to 31 May 2015.

#### **Review of the business**

The year under review has seen a number of significant achievements:

- Admission of the ordinary shares to ISDX Growth Market raising £120,000
- Turnover increased by 14% (full year equivalent) to £3.3m
- Strong surplus cash resources
- Repeating overheads reduced
- Substantially increased spending on R&D and marketing

In March 2015, the Company obtained a listing on the ISDX market and raised new share capital as part of this process. We have also used this listing to increase the Company's profile across the UK and elsewhere and in support of this, we have increased our advertising and marketing spend by over 50% and continued to invest in our Energenie product range, in particular the home automation MiHome range at a total cost in excess of £285,000.

The costs associated with the Company's admission, together with the budgeted extra spend on product development and marketing means that the Company has posted a loss for the period of £304,805 (2014 profit for the period £53,311). This loss included £290,000 which was spent on the initial development of the MiHome range and £274,000 which was spent on general marketing activities plus a further £123,500 on Professional and legal fees. This expenditure was fully budgeted and forms part of the Company's strategic plan for the development of the MiHome range.

The Company has strong surplus cash resources available to it and the underlying overhead cost base has been reduced. The Company is now poised for continued growth and expansion.

Since the year end, the Company has signed a distribution agreement with Computers Unlimited who will be a major partner for the launch of the MiHome installation products together with a new launch into the Irish Republic through Harvey Norman and Arnotts. Our products are now available at Amazon, Screw Fix, CPC and Argos among others.

The Company has also introduced a 20% discount scheme for shareholders, details of which can be found on the Company's website at [www.sandal-plc.co.uk/reg-info](http://www.sandal-plc.co.uk/reg-info).

As part of the ongoing marketing initiative, the Company showcases its product range at various retail and trade exhibitions throughout the year, details of which can also be found on the Company's website.

#### **Future Developments**

The Directors are seeking to expand the Energenie and MiHome turnover as rapidly as resources allow. As new products become available the distribution channels already opened will be receptive to these products as consumer interest in the Internet of Things continues to gather pace.

#### **Strategy**

The Directors Strategy is to continue to grow the MiHome and Energenie brands through existing products and new product development and access further markets across the globe.

# SANDAL PLC

## STRATEGIC REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 MAY 2015*

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### **Risks**

The principle risks facing the Company are broadly competition and exchange rate movements.

#### Competitive Risks

The Company operates in a competitive market with technology changes which are continually reviewed against the Company's product offering and development programme. Where appropriate changes are made to improve the product range.

#### Exchange Rate Risks

Most of the Company's products are made in the Far East and invoiced in US dollars. The Company seeks to maximise billings in US dollars so as to provide an internal hedge against this exchange rate risk. Where appropriate the Company buys forward to minimise its short term risks.

On behalf of the board

Mr A J Tadd

**Director**

27 October 2015

# SANDAL PLC

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 MAY 2015*

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The directors present their report and financial statements for the year ended 31 May 2015.

#### **Results and dividends**

The results for the year are set out on page 7.

An interim dividend was paid amounting to £0 (2014 £15,000). The directors do not recommend payment of a final dividend.

#### **Directors**

The following directors have held office since 1 June 2014:

Mr A J Tadd

Mr O J Tadd

Mrs S Tadd

Mr T Rodger

(Resigned 31 August 2014)

(Appointed 2 October 2014)

#### **Auditors**

The auditors, Whitley Stimpson Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

# **SANDAL PLC**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MAY 2015***

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### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

### **On behalf of the board**

Date:27 October 2015

Mr A J Tadd

**Director**

# SANDAL PLC

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF SANDAL PLC

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We have audited the financial statements of Sandal Plc for the year ended 31 May 2015 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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



# SANDAL PLC

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF SANDAL PLC

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#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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.

Date: 27 October 2015

**Mr Stephen Payne (Senior Statutory Auditor)**  
**for and on behalf of Whitley Stimpson Limited**

Chartered Accountants  
Statutory Auditor  
Claremont House  
Deans Court  
Bicester  
Oxon  
OX26 6BW

# SANDAL PLC

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2015

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|   |       | Year<br>ended<br>31 May<br>2015<br>£ | Period<br>ended<br>31 May<br>2014<br>£ |
|---|-------|--------------------------------------|--|
|   | Notes |                                      |  |
| Turnover  | 2     | 3,338,526                            | 1,462,785                              |
| Cost of sales   |       | (1,995,662)                          | (903,347)                              |
| <b>Gross profit</b>   |       | 1,342,864                            | 559,438                                |
| Administrative expenses                                     |       | (1,661,389)                          | (526,118)                              |
| Other operating income                                      |       | 1,519                                | 6,333                                  |
| <b>Operating (loss)/profit</b>                              | 3     | (317,006)                            | 39,653                                 |
| Exceptional - warehouse closure costs                       |       | -                                    | 20,000                                 |
| <b>(Loss)/profit on ordinary activities before interest</b> |       | (317,006)                            | 59,653                                 |
| Other interest receivable and similar income                | 4     | 899                                  | 559                                    |
| Interest payable and similar charges                        | 5     | (11,264)                             | (5,981)                                |
| <b>(Loss)/profit on ordinary activities before taxation</b> |       | (327,371)                            | 54,231                                 |
| Tax on (loss)/profit on ordinary activities                 | 6     | 22,566                               | (920)                                  |
| <b>(Loss)/profit for the year</b>                           | 18    | (304,805)                            | 53,311                                 |

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# SANDAL PLC

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

*FOR THE YEAR ENDED 31 MAY 2015*

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|   | Year<br>ended<br>31 May<br>2015<br>£ | Period<br>ended<br>31 May<br>2014<br>£ |
|---|--------------------------------------|--|
| Notes   |                                      |  |
| <b>(Loss)/profit for the financial year</b>                             | (304,805)                            | 53,311                                 |
| Currency translation differences on foreign<br>currency net investments | 2,672                                | 10,710                                 |
| <b>Total recognised gains and losses relating to<br/>the year</b>       | <u>(302,133)</u>                     | <u>64,021</u>                          |

# SANDAL PLC

## BALANCE SHEET

AS AT 31 MAY 2015

|  | Notes | 2015             |                | 2014             |                  |
|--|-------|------------------|----------------|------------------|------------------|
|  |       | £                | £              | £                | £                |
| <b>Fixed assets</b>  |       |                  |                |                  |                  |
| Intangible assets  | 8     |                  | 30,258         |                  | 44,258           |
| Tangible assets  | 9     |                  | 254,008        |                  | 235,532          |
| Investments  | 10    |                  | 101            |                  | 55               |
|  |       |                  | <u>284,367</u> |                  | <u>279,845</u>   |
| <b>Current assets</b>  |       |                  |                |                  |                  |
| Stocks   | 11    | 739,948          |                | 665,352          |                  |
| Debtors  | 12    | 703,385          |                | 483,458          |                  |
| Cash at bank and in hand                                       |       | 347,535          |                | 744,825          |                  |
|  |       | <u>1,790,868</u> |                | <u>1,893,635</u> |                  |
| <b>Creditors: amounts falling due within one year</b>          | 13    | (944,929)        |                | (832,032)        |                  |
| <b>Net current assets</b>                                      |       |                  | <u>845,939</u> |                  | <u>1,061,603</u> |
| <b>Total assets less current liabilities</b>                   |       |                  | 1,130,306      |                  | 1,341,448        |
| <b>Creditors: amounts falling due after more than one year</b> | 14    |                  | (93,421)       |                  | (133,846)        |
| <b>Provisions for liabilities</b>                              | 15    |                  | (38,058)       |                  | (31,938)         |
|  |       |                  | <u>998,827</u> |                  | <u>1,175,664</u> |
| <b>Capital and reserves</b>                                    |       |                  |                |                  |                  |
| Called up share capital  | 17    |                  | 323,470        |                  | 310,000          |
| Share premium account  | 18    |                  | 111,826        |                  | -                |
| Other reserves   | 18    |                  | (1,403)        |                  | (4,075)          |
| Profit and loss account  | 18    |                  | 564,934        |                  | 869,739          |
| <b>Shareholders' funds</b>                                     | 19    |                  | <u>998,827</u> |                  | <u>1,175,664</u> |

Approved by the Board and authorised for issue on 27 October 2015

Mr A J Tadd  
Director

Company Registration No. 03206855

# SANDAL PLC

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2015

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|  | Year<br>ended<br>31 May<br>2015 | Period<br>ended<br>31 May<br>2014 |
|--|---------------------------------|-----------------------------------|
| £  | £                               | £                                 |
| <b>Net cash (outflow)/inflow from operating activities</b>                           | (431,050)                       | 19,198                            |
| <b>Returns on investments and servicing of finance</b>                               |                                 |                                   |
| Interest received  | 899                             | 559                               |
| Interest paid  | (11,264)                        | (5,981)                           |
| <b>Net cash outflow for returns on investments and servicing of finance</b>          | (10,365)                        | (5,422)                           |
| <b>Taxation</b>  | 29,824                          | -                                 |
| <b>Capital expenditure</b>   |                                 |                                   |
| Payments to acquire tangible assets  | (31,305)                        | (9,262)                           |
| Receipts from sales of tangible assets   | 3,700                           | -                                 |
| <b>Net cash (outflow)/inflow for capital expenditure</b>                             | (27,605)                        | (9,262)                           |
| <b>Equity dividends paid</b>   | -                               | (15,000)                          |
| <b>Net cash (outflow)/inflow before management of liquid resources and financing</b> | (439,196)                       | (10,486)                          |
| <b>Financing</b>   |                                 |                                   |
| Issue of ordinary share capital  | 111,826                         | -                                 |
| Other new long term loans  | 9,145                           | 5,608                             |
| Repayment of other long term loans   | (67,768)                        | (33,884)                          |
| Capital element of hire purchase contracts   | (11,268)                        | (1,548)                           |
| <b>Net cash inflow/(outflow) from financing</b>                                      | 41,935                          | (29,824)                          |
| <b>Increase in cash in the year</b>  | (397,261)                       | (40,310)                          |

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# SANDAL PLC

## NOTES TO THE CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MAY 2015

| 1 Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities | 2015             | 2014          |
|--|------------------|---------------|
|  | £                | £             |
| Operating (loss)/profit  | (317,006)        | 39,653        |
| Depreciation of tangible assets  | 68,696           | 29,956        |
| Amortisation of intangible assets  | 14,000           | 7,000         |
| (Profit)/loss on disposal of tangible assets   | (1,476)          | 159           |
| Increase in stocks   | (74,596)         | (126,687)     |
| Increase in debtors  | (221,065)        | (14,227)      |
| Increase in creditors within one year  | 97,725           | 72,634        |
| Net effect of foreign exchange differences   | 2,672            | 10,710        |
| Exceptional item - warehouse closure costs   |                  | 20,000        |
| Other reserve movement   | -                | (20,000)      |
| <b>Net cash (outflow)/inflow from operating activities</b>   | <b>(431,050)</b> | <b>19,198</b> |

| 2 Analysis of net funds           | 1 June 2014           | Cash flow               | Other non-cash changes | 31 May 2015           |
|-----------------------------------|-----------------------|-------------------------|------------------------|-----------------------|
|                                   | £                     | £                       | £                      | £                     |
| Net cash:                         |                       |                         |                        |                       |
| Cash at bank and in hand          | 744,825               | (397,290)               | -                      | 347,535               |
| Bank overdrafts                   | (29)                  | 29                      | -                      | -                     |
|                                   | <u>744,796</u>        | <u>(397,261)</u>        | <u>-</u>               | <u>347,535</u>        |
| Debt:                             |                       |                         |                        |                       |
| Finance leases                    | (18,039)              | 9,349                   | (42,748)               | (51,438)              |
| Debts falling due within one year | (65,409)              | (1,449)                 | -                      | (66,858)              |
| Debts falling due after one year  | (121,919)             | 60,072                  | -                      | (61,847)              |
|                                   | <u>(205,367)</u>      | <u>67,972</u>           | <u>(42,748)</u>        | <u>(180,143)</u>      |
| <b>Net funds</b>                  | <b><u>539,429</u></b> | <b><u>(329,289)</u></b> | <b><u>(42,748)</u></b> | <b><u>167,392</u></b> |

| 3 Reconciliation of net cash flow to movement in net funds | 2015                  | 2014                  |
|--|-----------------------|-----------------------|
|  | £                     | £                     |
| Decrease in cash in the year                               | (397,261)             | (40,310)              |
| Cash outflow from decrease in debt and lease financing     | 67,972                | 29,824                |
| Change in net debt resulting from cash flows               | (329,289)             | (10,486)              |
| New finance lease  | (42,748)              | (19,587)              |
| <b>Movement in net funds in the year</b>                   | <b>(372,037)</b>      | <b>(30,073)</b>       |
| Opening net funds  | 539,429               | 569,502               |
| <b>Closing net funds</b>                                   | <b><u>167,392</u></b> | <b><u>539,429</u></b> |

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MAY 2015

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#### 1 Accounting policies

##### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The directors confirm that they are satisfied that the company has adequate resources to continue in business for the foreseeable future. This has been determined by a review of the forecast budgets and expected trading performance for a period of at least 12 months from the date of approval of the financial statements.

##### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

##### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

##### 1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

##### 1.5 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

##### 1.6 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

##### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                                |               |
|--------------------------------|---------------|
| Leasehold improvements         | 12.5% on cost |
| Tooling                        | 10% on cost   |
| Plant and machinery            | 10% on cost   |
| Fixtures, fittings & equipment | 20% on cost   |
| Motor vehicles                 | 25% on cost   |

##### 1.8 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2015

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#### 1 Accounting policies

##### 1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

##### 1.10 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

##### 1.11 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

##### 1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

##### 1.13 Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into the profit and loss account for the year.

#### 2 Turnover

##### Geographical market

|                   | Turnover         |                  |
|-------------------|------------------|------------------|
|                   | 2015             | 2014             |
|                   | £                | £                |
| UK                | 2,033,707        | 926,355          |
| Europe            | 782,050          | 311,031          |
| Rest of the world | 522,769          | 225,399          |
|                   | <u>3,338,526</u> | <u>1,462,785</u> |



# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2015

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|          |  |                   |                   |
|----------|--|-------------------|-------------------|
| <b>3</b> | <b>Operating (loss)/profit</b>   | <b>2015</b>       | <b>2014</b>       |
|          |  | <b>£</b>          | <b>£</b>          |
|          | Operating (loss)/profit is stated after charging:                                    |                   |                   |
|          | Amortisation of intangible assets  | 14,000            | 7,000             |
|          | Depreciation of tangible assets  | 68,696            | 29,956            |
|          | Loss on disposal of tangible assets  | -                 | 159               |
|          | Loss on foreign exchange transactions  | 15,267            | 10,710            |
|          | Research and development   | 3,635             | -                 |
|          | Operating lease rentals  |                   |                   |
|          | - Plant and machinery  | 4,307             | 916               |
|          | and after crediting:   |                   |                   |
|          | Profit on disposal of tangible assets  | (1,476)           | -                 |
|          | Profit on foreign exchange transactions  | -                 | (10,232)          |
|          |  | <u>          </u> | <u>          </u> |
|          | <b>Auditors' remuneration</b>  |                   |                   |
|          | Fees payable to the company's auditor for the audit of the company's annual accounts | 12,000            | 12,000            |
|          | Other work including taxation  | 700               | 2,010             |
|          |  | <u>          </u> | <u>          </u> |
|          |  | 12,700            | 14,010            |
|          |  | <u>          </u> | <u>          </u> |
| <b>4</b> | <b>Investment income</b>   | <b>2015</b>       | <b>2014</b>       |
|          |  | <b>£</b>          | <b>£</b>          |
|          | Bank interest  | 701               | 559               |
|          | Other interest   | 198               | -                 |
|          |  | <u>          </u> | <u>          </u> |
|          |  | 899               | 559               |
|          |  | <u>          </u> | <u>          </u> |
| <b>5</b> | <b>Interest payable</b>  | <b>2015</b>       | <b>2014</b>       |
|          |  | <b>£</b>          | <b>£</b>          |
|          | On other loans wholly repayable within five years                                    | 9,145             | 5,608             |
|          | Hire purchase interest   | 2,119             | 373               |
|          |  | <u>          </u> | <u>          </u> |
|          |  | 11,264            | 5,981             |
|          |  | <u>          </u> | <u>          </u> |

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# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

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| 6 | Taxation   | 2015<br>£ | 2014<br>£ |
|---|--|-----------|-----------|
|   | <b>Domestic current year tax</b>   |           |           |
|   | U.K. corporation tax   | -         | 112       |
|   | Adjustment for prior years   | (28,687)  | (433)     |
|   | <b>Total current tax</b>   | (28,687)  | (321)     |
|   | <b>Deferred tax</b>  |           |           |
|   | Deferred Tax   | 6,121     | 1,241     |
|   |  | (22,566)  | 920       |
|   | <b>Factors affecting the tax charge for the period</b>   |           |           |
|   | (Loss)/profit on ordinary activities before taxation   | (327,371) | 54,231    |
|   | (Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 20.00%) | (65,474)  | 10,846    |
|   | Effects of:  |           |           |
|   | Non deductible expenses  | 5,809     | 2,871     |
|   | Depreciation add back  | 13,739    | 5,991     |
|   | Capital allowances   | (20,221)  | (7,266)   |
|   | Tax losses utilised  | 66,147    | (8,330)   |
|   | Adjustments to previous periods  | (28,687)  | (433)     |
|   | Other tax adjustments  | -         | (4,000)   |
|   |  | 36,787    | (11,167)  |
|   | <b>Current tax charge for the period</b>   | (28,687)  | (321)     |
|   | The company has estimated losses of £ 303,076 (2014 - £ 25,527) available for carry forward against future trading profits.      |           |           |
| 7 | <b>Dividends</b>   | 2015<br>£ | 2014<br>£ |
|   | Ordinary interim paid  | -         | 15,000    |

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# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2015

#### 8 Intangible fixed assets

|                                 | Patents | Goodwill | Development Costs | Total   |
|---------------------------------|---------|----------|-------------------|---------|
|                                 | £       | £        | £                 | £       |
| <b>Cost</b>                     |         |          |                   |         |
| At 1 June 2014 & at 31 May 2015 | 13,715  | 140,000  | 66,871            | 220,586 |
| <b>Amortisation</b>             |         |          |                   |         |
| At 1 June 2014                  | 13,713  | 95,750   | 66,865            | 176,328 |
| Charge for the year             | -       | 14,000   | -                 | 14,000  |
| At 31 May 2015                  | 13,713  | 109,750  | 66,865            | 190,328 |
| <b>Net book value</b>           |         |          |                   |         |
| At 31 May 2015                  | 2       | 30,250   | 6                 | 30,258  |
| At 31 May 2014                  | 2       | 44,250   | 6                 | 44,258  |

#### 9 Tangible fixed assets

|                       | Leasehold improvements | Tooling | Plant and machinery | Fixtures, fittings & equipment | Motor vehicles | Total    |
|-----------------------|------------------------|---------|---------------------|--------------------------------|----------------|----------|
|                       | £                      | £       | £                   | £                              | £              | £        |
| <b>Cost</b>           |                        |         |                     |                                |                |          |
| At 1 June 2014        | 35,636                 | 627,398 | 34,085              | 96,086                         | 3,495          | 796,700  |
| Additions             | 33,277                 | 11,150  | -                   | 6,630                          | 38,339         | 89,396   |
| Disposals             | -                      | -       | (6,750)             | -                              | (3,495)        | (10,245) |
| At 31 May 2015        | 68,913                 | 638,548 | 27,335              | 102,716                        | 38,339         | 875,851  |
| <b>Depreciation</b>   |                        |         |                     |                                |                |          |
| At 1 June 2014        | 35,631                 | 446,623 | 21,427              | 55,385                         | 2,102          | 561,168  |
| On disposals          | -                      | -       | (5,400)             | -                              | (2,621)        | (8,021)  |
| Charge for the year   | 2,080                  | 46,019  | 2,775               | 12,025                         | 5,797          | 68,696   |
| At 31 May 2015        | 37,711                 | 492,642 | 18,802              | 67,410                         | 5,278          | 621,843  |
| <b>Net book value</b> |                        |         |                     |                                |                |          |
| At 31 May 2015        | 31,202                 | 145,906 | 8,533               | 35,306                         | 33,061         | 254,008  |
| At 31 May 2014        | 5                      | 180,774 | 12,659              | 40,701                         | 1,393          | 235,532  |

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2015

#### 10 Fixed asset investments

|                                 | <b>Unlisted<br/>investments<br/>£</b> |
|---------------------------------|---------------------------------------|
| <b>Cost</b>                     |                                       |
| At 1 June 2014 & at 31 May 2015 | 101                                   |
| <b>Net book value</b>           |                                       |
| At 31 May 2015                  | 101                                   |
| At 31 May 2014                  | 55                                    |

#### 11 Stocks and work in progress

|                                     | <b>2015<br/>£</b> | <b>2014<br/>£</b> |
|-------------------------------------|-------------------|-------------------|
| Goods in transit                    | 59,779            | 176,472           |
| Finished goods and goods for resale | 680,169           | 488,880           |
|                                     | <u>739,948</u>    | <u>665,352</u>    |

#### 12 Debtors

|                                | <b>2015<br/>£</b> | <b>2014<br/>£</b> |
|--------------------------------|-------------------|-------------------|
| Trade debtors                  | 573,268           | 393,475           |
| Corporation tax                | 28,687            | 29,825            |
| Other debtors                  | 46,944            | 5,694             |
| Prepayments and accrued income | 54,486            | 54,464            |
|                                | <u>703,385</u>    | <u>483,458</u>    |

Trade debtors include factored debts amounting to £393,861 (2014 £302,936). The facility is currently undrawn.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2015

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| 13 Creditors: amounts falling due within one year | 2015           | 2014           |
|---|----------------|----------------|
|   | £              | £              |
| Bank loans and overdrafts                         | 66,858         | 65,438         |
| Net obligations under hire purchase contracts     | 19,864         | 6,112          |
| Trade creditors                                   | 796,470        | 675,943        |
| Taxes and social security costs                   | 16,859         | 27,855         |
| Directors' current accounts                       | -              | 433            |
| Accruals and deferred income                      | 44,878         | 56,251         |
|   | <u>944,929</u> | <u>832,032</u> |
| <br>  |                |                |
| Debt due in one year or less                      | <u>66,858</u>  | <u>65,409</u>  |

Bank loans amounting to £66,858 (2014 £65,409) are secured by a floating charge on all assets of the company.

One of these bank loans amounting to £34,832 (2014: £34,832) is also secured by a personal guarantee from the director A J Tadd.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2015

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| 14 Creditors: amounts falling due after more than one year | 2015<br>£      | 2014<br>£      |
|--|----------------|----------------|
| Other loans  | 61,847         | 121,919        |
| Net obligations under hire purchase contracts              | 31,574         | 11,927         |
|  | <u>93,421</u>  | <u>133,846</u> |
| <b>Analysis of loans</b>                                   |                |                |
| Wholly repayable within five years                         | 128,705        | 187,328        |
|  | <u>128,705</u> | <u>187,328</u> |
| Included in current liabilities                            | (66,858)       | (65,409)       |
|  | <u>61,847</u>  | <u>121,919</u> |
| <b>Loan maturity analysis</b>                              |                |                |
| In more than one year but not more than two years          | 66,858         | 65,409         |
| In more than two years but not more than five years        | 61,846         | 121,919        |
|  | <u>66,858</u>  | <u>65,409</u>  |
| <b>Net obligations under hire purchase contracts</b>       |                |                |
| Repayable within one year                                  | 19,864         | 6,112          |
| Repayable between one and five years                       | 31,574         | 11,927         |
|  | <u>51,438</u>  | <u>18,039</u>  |
| Included in liabilities falling due within one year        | (19,864)       | (6,112)        |
|  | <u>31,574</u>  | <u>11,927</u>  |

Bank loans amounting to £128,705 (2014 £187,328) are secured by a floating charge on all assets of the company.

One of these bank loans amounting to £96,679 (2014: £124,415) is also secured by a personal guarantee from the director A J Tadd.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2015

#### 15 Provisions for liabilities

|                         | <b>Deferred tax liability</b> |
|-------------------------|-------------------------------|
|                         | <b>£</b>                      |
| Balance at 1 June 2014  | 31,937                        |
| Profit and loss account | 6,121                         |
|                         | <hr/>                         |
| Balance at 31 May 2015  | 38,058                        |
|                         | <hr/>                         |

The deferred tax liability is made up as follows:

|                                | <b>2015</b> | <b>2014</b> |
|--------------------------------|-------------|-------------|
|                                | <b>£</b>    | <b>£</b>    |
| Accelerated capital allowances | 38,058      | 31,938      |
|                                | <hr/>       | <hr/>       |

#### 16 Retirement Benefits

|   | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Contributions payable by the company for the year | 67,995      | 12,570      |
|   | <hr/>       | <hr/>       |

#### 17 Share capital

|   | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| <b>Allotted, called up and fully paid</b> |             |             |
| 16,173,500 Ordinary Shares of 2p each     | 323,470     | 310,000     |
|   | <hr/>       | <hr/>       |

During the year 673,500 ordinary shares of £0.02 each were allotted and fully paid, for cash consideration, at a premium, to provide additional working capital.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2015

#### 18 Statement of movements on reserves

|  | Share<br>premium<br>account<br>£ | Other<br>reserves<br>(see below)<br>£ | Profit<br>and loss<br>account<br>£ |
|--|----------------------------------|---------------------------------------|------------------------------------|
| Balance at 1 June 2014                     | -                                | (4,075)                               | 869,739                            |
| Loss for the period                        | -                                | -                                     | (304,805)                          |
| Foreign currency translation differences   | -                                | 2,672                                 | -                                  |
| Premium on shares issued during the period | 111,826                          | -                                     | -                                  |
|  | <u>111,826</u>                   | <u>-</u>                              | <u>-</u>                           |
| Balance at 31 May 2015                     | <u>111,826</u>                   | <u>(1,403)</u>                        | <u>564,934</u>                     |

#### Other reserves

|                              |                |
|------------------------------|----------------|
| Balance at 1 June 2014       | (4,075)        |
| Currency translation reserve | 2,672          |
|                              | <u>-</u>       |
| Balance at 31 May 2015       | <u>(1,403)</u> |

During the year, 673,500 ordinary shares were issued at a premium of £0.17 and this is included in the above share premium account. Deducted from this are the costs of issuing the new share capital.

#### 19 Reconciliation of movements in Shareholders' funds

|  | 2015<br>£        | 2014<br>£        |
|--|------------------|------------------|
| (Loss)/Profit for the financial year               | (304,805)        | 53,311           |
| Dividends  | -                | (15,000)         |
|  | <u>(304,805)</u> | <u>38,311</u>    |
| Other recognised gains and losses                  | 2,672            | 10,710           |
| Proceeds from issue of shares                      | 111,826          | -                |
|  | <u>114,498</u>   | <u>10,710</u>    |
| Net (depletion in)/addition to shareholders' funds | (190,307)        | 49,021           |
| Opening Shareholders' funds                        | 1,175,664        | 1,126,643        |
|  | <u>1,175,664</u> | <u>1,126,643</u> |
| Closing Shareholders' funds                        | <u>985,357</u>   | <u>1,175,664</u> |



# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2015

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| 20 Directors' remuneration                                    | 2015<br>£      | 2014<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 198,381        | 105,589        |
| Company pension contributions to defined contribution schemes | 58,500         | 9,000          |
|   | <u>256,881</u> | <u>114,589</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2014 - 2).

### 21 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

|                      | 2015<br>Number | 2014<br>Number |
|----------------------|----------------|----------------|
| Administration staff | <u>13</u>      | <u>11</u>      |

#### Employment costs

|                     | 2015<br>£      | 2014<br>£      |
|---------------------|----------------|----------------|
| Wages and salaries  | 572,248        | 231,799        |
| Other pension costs | 74,870         | 15,374         |
|                     | <u>647,118</u> | <u>247,173</u> |

### 22 Control

At the year end, the company is under the control of A J Tadd who owns 57% of the issued ordinary shares. The remaining 43% of the shares are owned by Greenbrook Industries Limited Retirement Benefit Scheme (24%), O J Tadd (9%) and other minority shareholders (10%).

# SANDAL PLC

## SCHEDULE OF ADMINISTRATIVE EXPENSES

*FOR THE YEAR ENDED 31 MAY 2015*

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### 23 Related party relationships and transactions

#### Dividends to Directors

The following directors were paid dividends during the year as outlined in the table below:

|             | <b>2015</b> | <b>2014</b> |
|-------------|-------------|-------------|
|             | <b>£</b>    | <b>£</b>    |
| Mr A J Tadd | -           | 8,823       |
| Mr O J Tadd | -           | 1,500       |
|             | <hr/>       | <hr/>       |
|             | -           | 10,323      |
|             | <hr/>       | <hr/>       |

#### Related parties

During the year, the company conducted transactions with Greenbrook Electrical Plc. Greenbrook Electrical Plc are a wholly owned subsidiary of Greenbrook Industries Limited. Greenbrook Industries Limited is under the control of the trustees of Greenbrook Industries Limited Retirement Benefit Scheme. Greenbrook Electrical Plc purchased goods totalling £44,729 (2014 £24,250) from Sandal Plc during the year and had a balance owing to Sandal Plc of £17,967 (2014 £5,876) at the year end.