Company Registration No. 03206855 (England and Wales)

SANDAL PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

SANDAL PLC

COMPANY INFORMATION

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

SANDAL PLC

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2017

The Board of Sandal plc, the designer, developer and manufacturer of electronic products announces its full year results for the year to 31 May 2017.

Fair review of the business

The year under review saw a number of significant achievements:

- Energenie MiHome product range expanded and sales increased by 154%
- Energenie MiHome Radiator Valve production successfully moved from UK to China resulting in material cost reductions
- Contract signed with Momit for the development and production of a smart room thermostat

Turnover increased by 13.7% in the year mainly as a result of the sales increase of Energenie MiHome products but also due to higher than expected revenue by the PowerConnections division. The Energenie MiHome range achieved its first listings and promotions with High Street retail at Argos, Bunnings (formerly Homebase) and Sainsbury where an initial six week promotion sold out within two weeks. The Company maintained its investment in marketing of Energenie MiHome, increasing attendance at exhibitions but switching focus from consumer shows to installer/wholesaler trade shows supporting the strategy outlined in 2016.

During the year there has been an over 350% increase in the number of Energenie MiHome Gateway Hubs in the market whilst the number of devices attached to these Gateway Hubs has grown by nearly 475%. This demonstrates that consumers are adding devices to their Hub after their initial purchase and reinforces the strategy of selling entry level bundles as an initial route to market. The Directors are confident that there is significant sales potential from both new and existing customers.

Development expenditure continued during the year focusing on new products, technology and integrations with the major platforms. We also have used our application programming interfaces (“APIs”) to provide data streaming capability which will enable the Company to derive a recurring income stream from B2B customers.

The Company has returned to profit for the year with £7,838 (2016 loss £81,494) This included £218,408 (2016 £242,972) of general marketing activities plus non capitalised development costs of £15,585 (2016 £26,600).

Since the year end the Company has announced successful integrations with Google Home, Control 4 and are a launch partner with the new Amazon V3 API.

Future Developments

The Directors will continue to expand Energenie MiHome within the resources internally generated and those obtained through capital markets, where necessary. Product development focus will be on selected new products to broaden the Energenie MiHome range and the introduction of two way communications on switches and sockets.

Strategy

The Company’s strategy is to continue to grow Energenie MiHome into what is an expanding smart home space. This will be with new and existing products both into the UK whilst also looking to expand into Europe using the distribution network of Exertis, Energenie MiHome’s distribution partner. The Company will also pursue other strategic partnerships in addition to those already in trial stage with Howz /EDF and Samsung.

Principal risks and uncertainties

The Company operates in a competitive market with changing technologies. We are always reviewing our product and technology offering in our development programme. The Integration with major systems providers is seen as a counter balance to this risk.

Exchange Rate Risks

The Company seeks to internal hedge this risk by buying and selling in US Dollars wherever possible.

On behalf of the board

Mr A J Tadd
Director
4 October 2017

SANDAL PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2017

The directors present their annual report and financial statements for the year ended 31 May 2017.

Principal activities
The principal activities of the Company in the year under review was the sale and distribution of electrical connection products.

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

Mr A J Tadd
Mr O J Tadd
Mr T Rodger

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

An interim dividend was paid amounting to £0 (2016 £0). The directors do not recommend payment of a final dividend.

Post reporting date events
Share Options
As at the 28th July 2017 several members of the management team were given some share options, some based on performance and options previously granted lapsed. This is a post balance sheet event and full details are on Sandal Plc website address: http://sandal-plc.co.uk/share-info.html.

Auditor
In accordance with the company's articles, a resolution proposing that Whitley Stimpson Limited be reappointed as auditor of the company will be put at a General Meeting.

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, the directors individually 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 auditor is aware of that information.

On behalf of the board

Mr A J Tadd
Director
4 October 2017

SANDAL PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2017

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SANDAL PLC

We have audited the financial statements of Sandal Plc for the year ended 31 May 2017 set out on pages 7 to 31. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 2017 and of its profit 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 matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our 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 (CONTINUED)

TO THE MEMBERS OF SANDAL PLC

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.

Date:4 October 2017

Jonathan Walton FCA FCCA (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 2017

	Notes	2017 £	2016 £
Turnover	**3**	3,745,780	3,295,766
Cost of sales		(2,360,757)	(2,155,047)
Gross profit		1,385,023	1,140,719
Administrative expenses		(1,493,715)	(1,367,882)
Other operating income		-	2,184
Operating loss	**4**	(108,692)	(224,979)
Interest receivable and similar income	**5**	133	164
Interest payable and similar expenses	**6**	(26,662)	(42,724)
Loss before taxation		(135,221)	(267,539)
Tax on loss	**8**	143,059	185,645
Profit/(loss) for the financial year	**27**	7,838	(81,894)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

SANDAL PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2017

	2017 £	2016 £
Profit/(loss) for the year	7,838	(81,894)
Other comprehensive income		
Currency translation differences	-	12,072
Total comprehensive income for the year	7,838	(69,822)

SANDAL PLC

BALANCE SHEET

AS AT 31 MAY 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Goodwill	**11**		10,500		16,250
Other intangible assets	**11**		194,593		83,682
Total intangible assets			205,093		99,932
Tangible assets	**15**		195,406		215,189
Investments	**12**		101		101
			400,600		315,222
Current assets					
Stocks	**14**	915,367		736,031	
Debtors - deferred tax	**21**	23,357		65,927	
Debtors - other	**16**	932,148		808,391	
Cash at bank and in hand		162,442		343,203	
		2,033,314		1,953,552	
Creditors: amounts falling due within one year	**18**	(1,272,716)		(1,067,764)	
Net current assets			760,598		885,788
Total assets less current liabilities			1,161,198		1,201,010
Creditors: amounts falling due after more than one year	**19**		(139,566)		(230,445)
Provisions for liabilities	**25**		(27,246)		(30,257)
Net assets			994,386		940,308
Capital and reserves					
Called up share capital	**23**		329,978		324,660
Share premium account	**24**		162,860		121,938
Profit and loss reserves	**27**		501,548		493,710
Total equity			994,386		940,308

The financial statements were approved by the board of directors and authorised for issue on 4 October 2017 and are signed on its behalf by:

Mr A J Tadd
Director

Company Registration No. 03206855

SANDAL PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 June 2015		323,470	111,826	563,532	998,828
Year ended 31 May 2016:					
Loss for the year		-	-	(81,894)	(81,894)
Other comprehensive income:					
Currency translation differences		-	-	12,072	12,072
Total comprehensive income for the year		-	-	(69,822)	(69,822)
Issue of share capital	**23**	1,190	10,112	-	11,302
Balance at 31 May 2016		324,660	121,938	493,710	940,308
Year ended 31 May 2017:					
Profit and total comprehensive income for the year		-	-	7,838	7,838
Issue of share capital	**23**	5,318	40,922	-	46,241
Balance at 31 May 2017		329,978	162,860	501,548	994,386

SANDAL PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2017

	Notes	£	2017 £	£	2016 £
Cash flows from operating activities					
Cash absorbed by operations	**32**		(192,657)		(18,100)
Interest paid			(26,662)		(42,724)
Income taxes refunded			178,719		37,386
Net cash outflow from operating activities			(40,600)		(23,438)
Investing activities					
Purchase of intangible assets		(128,630)		(104,593)	
Purchase of tangible fixed assets		(49,669)		(37,323)	
Proceeds from other investments and loans		1,012		(1,209)	
Interest received		133		164	
Net cash used in investing activities			(177,154)		(142,961)
Financing activities					
Proceeds from issue of shares		46,241		11,302	
Repayment of bank loans		(76,949)		170,538	
Payment of finance leases obligations		(19,881)		(19,773)	
Net cash (used in)/generated from financing activities			(50,589)		162,067
Net decrease in cash and cash equivalents			(268,343)		(4,332)
Cash and cash equivalents at beginning of year			343,203		347,535
Cash and cash equivalents at end of year			74,860		343,203
Relating to:					
Cash at bank and in hand			162,442		343,203
Bank overdrafts included in creditors payable within one year			(87,582)		-

1 Accounting policies

Company information

Sandal Plc is a private company limited by shares incorporated in England and Wales. The registered office is Claremont House, Deans Court, Bicester, Oxon, OX26 6BW.

1.1 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.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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.

1.3 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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 professional 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.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1 Accounting policies **(Continued)**

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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.

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

Patents	10% on cost
Development Costs	10% and 20% on cost

1.6 Tangible fixed assets

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

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

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

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.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 creditors, bank loans, loans from fellow group companies and preference shares 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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 that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though 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.

1 Accounting policies (Continued)

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies **(Continued)**

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

1.16 Foreign exchange

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 stering 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 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.

3 Turnover and other revenue

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

	2017	2016
	£	£
Turnover analysed by class of business		
Sales	3,745,780	3,295,766

	2017	2016
	£	£
Other significant revenue		
Interest income	133	164

3 Turnover and other revenue (Continued)

	2017	2016
	£	£
Turnover analysed by geographical market		
UK	2,202,667	2,139,843
Europe	1,125,417	884,263
Rest of the world	417,696	271,660
	3,745,780	3,295,766

4 Operating loss

	2017	2016
Operating loss for the year is stated after charging:	£	£
Exchange losses	30,700	32,846
Research and development costs	20,238	29,611
Fees payable to the company's auditor for the audit of the company's financial statements	18,250	12,000
Depreciation of owned tangible fixed assets	68,642	60,552
Depreciation of tangible fixed assets held under finance leases	-	15,499
Loss on disposal of tangible fixed assets	812	-
Amortisation of intangible assets	23,469	34,919
Cost of stocks recognised as an expense	2,150,964	1,994,966
Operating lease charges	6,906	8,513

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £30,700 (2016 - £32,846).

5 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	113	148
Other interest income	20	16
Total income	133	164

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	113	148

6 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	1,891	3,726
Other interest on financial liabilities	24,771	38,998
	26,662	42,724

7 Employees

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

	2017	2016
	Number	Number
Administration staff and Management	19	16

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	747,809	623,546
Pension costs	36,719	36,683
	784,528	660,229

8 Taxation

	2017	2016
	£	£
Current tax		
Adjustments in respect of prior periods	(182,616)	(111,917)
Deferred tax		
Origination and reversal of timing differences	(3,012)	(7,801)
Previously unrecognised tax loss, tax credit or timing difference	42,569	(65,927)
Total deferred tax	39,557	(73,728)
Total tax credit	(143,059)	(185,645)

8 Taxation (Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Loss before taxation	(135,221)	(267,539)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	(27,044)	(53,508)
Tax effect of expenses that are not deductible in determining taxable profit	6,532	(11,675)
Unutilised tax losses carried forward	(20,345)	60,114
Adjustments in respect of prior years	(89,014)	(111,917)
Permanent capital allowances in excess of depreciation	5,284	(10,141)
Depreciation on assets not qualifying for tax allowances	-	15,210
Amortisation on assets not qualifying for tax allowances	4,094	-
Research and development tax credit	(62,124)	-
Deferred tax adjustment	39,558	(73,728)
Taxation credit for the year	(143,059)	(185,645)

9 Earnings per share

	2017 Number	2016 Number
Weighted average number of ordinary shares for basic earnings per share	16,498,901	16,313,902
- Weighted average number outstanding share options	1,950,635	1,162,500
Weighted average number of ordinary shares for diluted earnings per share	18,449,536	17,476,402

Earnings	**£**	**£**
Continuing operations		
Profit/loss for the period from continued operations	7,838	(81,994)
Less non-controlling interests	-	-
Earnings for basic and diluted earnings per share being net profit attributable to equity shareholders of the company for continued operations	7,838	(81,994)

Basic earnings pence per share		
From continuing operations	0.000475	(0.005026)
	0.000475	(0.005026)
Diluted earnings pence per share		
From continuing operations	0.000424	(0.004692)
	0.000424	(0.004692)

10 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	199,889	193,317
Company pension contributions to defined contribution schemes	33,233	33,000
	233,122	226,317

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

11 Intangible fixed assets

	Goodwill	Patents	Development Costs	Total
	£	£	£	£
Cost				
At 1 June 2016	140,000	13,715	171,464	325,179
Additions - separately acquired	-	-	128,630	128,630
At 31 May 2017	140,000	13,715	300,094	453,809
Amortisation and impairment				
At 1 June 2016	123,750	13,713	87,784	225,247
Amortisation charged for the year	5,750	-	17,719	23,469
At 31 May 2017	129,500	13,713	105,503	248,716
Carrying amount				
At 31 May 2017	10,500	2	194,591	205,093
At 31 May 2016	16,250	2	83,680	99,932

12 Fixed asset investments

	2017	2016
	£	£
Unlisted investments	101	101

13 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	620,889	615,243
Equity instruments measured at cost less impairment	101	101
Carrying amount of financial liabilities		
Measured at amortised cost	1,393,476	1,277,876

Factored Debt

Trade debtors include factored debts amounting to £477,394 (2016: £449,720). The facility is currently being utilised for £87,582.

14 Stocks

	2017	2016
	£	£
Work in progress	158,362	18,628
Finished goods and goods for resale	757,005	717,403
	915,367	736,031

15 Tangible fixed assets

	Leasehold improvements	Tooling	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 June 2016	75,203	658,449	27,335	113,758	38,339	913,084
Additions	180	41,724	-	7,765	-	49,669
Disposals	-	-	-	(1,160)	-	(1,160)
At 31 May 2017	75,383	700,173	27,335	120,363	38,339	961,593
Depreciation and impairment						
At 1 June 2016	42,252	537,902	21,238	81,672	14,829	697,893
Depreciation charged in the year	4,953	38,984	2,438	12,708	9,559	68,642
Eliminated in respect of disposals	-	-	-	(348)	-	(348)
At 31 May 2017	47,205	576,886	23,676	94,032	24,388	766,187
Carrying amount						
At 31 May 2017	28,178	123,287	3,659	26,331	13,951	195,406
At 31 May 2016	32,950	120,547	6,096	32,086	23,510	215,189

15 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017	2016
	£	£
Plant and machinery	9,794	13,711
Fixtures, fittings & equipment	25,274	29,162
Motor vehicles	19,543	27,236
	54,611	70,109
Depreciation charge for the year in respect of leased assets	15,499	9,398

16 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	615,000	603,118
Corporation tax recoverable	107,117	103,218
Other debtors	53,004	49,594
Prepayments and accrued income	157,027	52,461
	932,148	808,391
Deferred tax asset (note 21)	23,357	65,927
	955,505	874,318

Trade debtors disclosed above are measured at amortised cost.

17 Subsidiaries

Details of the company's subsidiaries at 31 May 2017 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	% Held Indirect
Energenie Limited	UK	Dormant Company	Ordinary Shares	100.00	
Powerbreaker Connections PTY	Austrailia	Dormant Company	Ordinary Shares	95.00	

17 Subsidiaries **(Continued)**

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	**Profit/(Loss)**	**Capital and Reserves**
	£	**£**
Energenie Limited		100
Powerbreaker Connections PTY		1

18 Creditors: amounts falling due within one year

	Notes	**2017 £**	**2016 £**
Bank loans and overdrafts	**20**	170,309	80,494
Obligations under finance leases	**22**	11,697	19,878
Trade creditors		998,695	878,993
Other taxation and social security		18,806	20,333
Accruals and deferred income		73,209	68,066
		1,272,716	1,067,764

19 Creditors: amounts falling due after more than one year

	Notes	**2017 £**	**2016 £**
Bank loans and overdrafts	**20**	139,566	218,748
Obligations under finance leases	**22**	-	11,697
		139,566	230,445

20 Loans and overdrafts

	2017 £	**2016 £**
Bank loans	222,293	299,242
Bank overdrafts	87,582	-
	309,875	299,242
Payable within one year	170,309	80,494
Payable after one year	139,566	218,748

20 Loans and overdrafts **(Continued)**

Within the loans £222,293 (2016: £299,243) are secured by a floating charge on all assets of the company.

The bank loans amounting to £222,293 (2016: £299,243) are also secured by personal guarantee from the director A J Tadd.

One of the bank loans amounting to £186,260 (2016: £231,922) is also secured by personal guarantee from the director O J Tadd.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
ACAs	27,246	30,257	-	-
Tax losses	-	-	23,357	65,927
	27,246	30,257	23,357	65,927

Movements in the year:	2017 £
Liability/(Asset) at 1 June 2016	(35,670)
Charge to profit or loss	39,559
Liability at 31 May 2017	3,889

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances and taxable losses that are expected to mature within the same period.

22 Finance lease obligations

Future minimum lease payments due under finance leases:	2017 £	2016 £
Within one year	11,697	19,879
In two to five years	-	11,696
	11,697	31,575

22 Finance lease obligations **(Continued)**

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
16,498,900 Ordinary Shares of 2p each	329,978	324,660
	329,978	324,660

Reconciliation of movements during the year:

	Ordinary Number
At 1 June 2016	16,313,902
Issue of fully paid shares	184,999
At 31 May 2017	16,498,901

During the year 184,999 ordinary shares of £0.02 each were allotted and fully paid, for cash consideration, at a premium, to provide additional working capital.

Share Options

On 28th July 2017, the company issued share options to three individuals. At the time of admission to the ISDX (now NEX), share options existed, but were based on raising capital higher than that achieved, so those two options have been replaced with two new ones for the same number of shares, but at a higher price. These are:

Mr O Tadd – 581,250 in three tranches at 29.5p per share

Mr A Smith – 581,250 in three tranches at 29.5p per share (under an EMI scheme)

Options were also granted to Mr C Howlett for 788,135 shares at 29.5p per share (under an EMI scheme)

EMI options have a 10 year shelf life from the date of grant.

24 Share premium account

	2017 £	2016 £
At beginning of year	121,938	111,826
Issue of new shares	40,922	10,112
At end of year	162,860	121,938

During the year, 184,999 ordinary shares were issued at a premium of £0.23 and this is included in the share premium account. Deducted from this are the costs of issuing the new share capital.

25 Provisions for liabilities

		2017 £	2016 £
Deferred tax liabilities	**21**	27,246	30,257
		27,246	30,257

26 Retirement benefit schemes

Defined contribution schemes

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.

The charge to profit or loss in respect of defined contribution schemes was £36,719 (2016 - £36,683).

27 Profit and loss reserves

	2017 £	2016 £
At the beginning of the year	493,710	563,532
Profit/(loss) for the year	7,838	(81,894)
Currency translation differences	-	12,072
At the end of the year	501,548	493,710

28 Directors' transactions

Mr A J Tadd has a director's current account through which various transactions have been processed. The overall movement during the year is summarised below. This is an interest free loan, with full repayment made within nine months of the year end date. It is included in other debtors at the balance sheet date.

28 Directors' transactions **(Continued)**

Description	% Rate	Opening balance £	Amounts repaid £	Closing balance £
Mr A J Tadd -	-	1,209	(1,012)	197
		1,209	(1,012)	197

29 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:

	2017 £	2016 £
Within one year	31,114	31,114
Between two and five years	38,847	66,079
	69,961	97,193

30 Related party transactions

Transactions with 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, who own 24% shares in Sandal Plc. Greenbrook Electrical Plc purchased goods totalling £61,078 (2016 £51,796) from Sandal Plc during the year and had a balance owing to Sandal Plc of £9,491 (2016: £11,657) at the year end and is included in trade debtors.

Energenie Ltd is a wholly owned subsidiary of Sandal Plc. The company was dormant during the year and therefore did not have any transactions with Sandal Plc during the year and the prior year.

31 Controlling party

The ultimate controlling party by virtue of his majority shareholding is the Director Mr A Tadd.

32 Cash generated from operations

	2017	2016
	£	£
For the year after tax:	7,838	(81,894)
Adjustments for:		
Taxation credited	(143,059)	(185,645)
Finance costs	26,662	42,724
Investment income	(133)	(164)
Loss on disposal of tangible fixed assets	812	-
Amortisation and impairment of intangible assets	23,469	34,919
Depreciation and impairment of tangible fixed assets	68,642	76,051
Foreign exchange gains on cash equivalents	-	12,072
Movements in working capital:		
(Increase)/decrease in stocks	(179,336)	3,917
(Increase) in debtors	(120,870)	(29,265)
Increase in creditors	123,318	109,185
Cash absorbed by operations	(192,657)	(18,100)