18 October 2016

SANDAL PLC
("Sandal" or the "Company")

**Annual results for the year ended 31 May 2016**

The Board of Sandal plc, the designer, developer and manufacturer of electronic products announces its full year results for the year to 31 May 2016.

The loss per share at 31 May 2016 was (0.5)p. The loss per share at 31 May 2015 was (1.86)p.

A copy of annual report for the period ended 31 May 2016 will shortly be available to review and download from the Company's website www.sandal-plc.co.uk.

The following information has been extracted from the Company's audited accounts for the year to 31 May 2016.

## Strategic Report

**Fair review of the business**

The year under review has a number of significant achievements:

- The continued expansion of the MiHome product range and sales
- Ongoing reduction of repeating overheads
- Maintaining marketing expenditure to support the MiHome brand

Turnover remained stable as the business largely withdrew from the Energenie Xtra's product range and replaced this turnover with sales of MiHome. The Company continued its investment in marketing of MiHome as it seeks to continue to grow the awareness of its brand and its ability to integrate with other systems.

Development expenditure continued during the year at a lower level but with the focus shifting to integration with other major systems providers such as Nest, Samsung Smart Things and Amazon. Because of the growing commercial success of MiHome, the Company has decided to capitalise this development expenditure in accordance with FRS 102.

Despite the stable turnover levels, the Company has reduced its loss for the year to £81,894 (2015 £304,807). This included £242,972 of general marketing activities plus non capitalised development costs of £26,600. The Directors are cautiously confident that the business will return to profit in 2017.

Since the year end there has been turnover growth of 22% compared with the same period in 2015 and this bodes well for achieving our profit objective for 2017. Importantly the Company has announced successful integrations with Nest's Learning Thermostat and Amazon Echo. The Directors are of the view that these integrations will considerably enhance earnings in future years as the IOT ("Internet of Things") Home Automation market grows.

In addition, the Company also announced its first distribution arrangements in the highly important Electrical Wholesale market with Denman's Electrical Wholesale. The Electrical and Plumbing wholesale markets are where the Directors see significant growth opportunities in the coming years as well as in new build and social care.

**Future Developments**

The Directors will continue to expand Energenie and MiHome within the resources internally generated and those obtained through capital markets. They expect that growth from integration with Nest and Amazon will provide both short and long term growth along with the Wholesale and Social Care markets where the Company will be a hardware provider.

**Strategy**

The Directors will continue with their strategy to grow MiHome into the expanding nascent market of IOT Home Automation with existing and new products. The Company will continue to integrate with other systems e.g. Apple Homekit etc as the Directors see this as an important strategy to maximising sales opportunities.

**Principal risks and uncertainties**
Risks

Competitive Risks
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. The recent sterling devaluation against the US Dollar has been successfully managed.

## Directors' Report

The directors present their annual report and financial statements for the year ended 31 May 2016.

**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**
An interim dividend was paid amounting to £0 (2015 £0). The directors do not recommend payment of a final dividend.

**Post reporting date events**
After the balance sheet date, there were several share transactions to have occurred. On 1st July 2016, 130,000 ordinary shares were cancelled. Also, on 5th October 2016, Greenbrook Industries Limited acquired 974,455 ordinary shares at no premium. Consequently, the ultimate controlling party by virtue of his majority shareholding is still the Director Mr A Tadd, and the related party Greenbrook Industries Limited holding is 24%.

**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.

## Directors' responsibilities statement

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;
- 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.

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2016**

| | Notes | 2016<br>£ | 2015<br>£ |
|---|---|---|---|
| Turnover | 3 | 3,295,765 | 3,338,525 |
| Cost of sales | | (2,155,047) | (1,995,662) |
| **Gross profit** | | 1,140,718 | 1,342,863 |
| Administrative expenses | | (1,367,881) | (1,661,390) |
| Other operating income | | 2,184 | 1,519 |
| **Operating loss** | 4 | (224,979) | (317,008) |
| Interest receivable and similar income | 7 | 164 | 899 |
| Interest payable and similar charges | 8 | (42,724) | (11,264) |
| **Loss before taxation** | | (267,539) | (327,373) |
| Taxation | 9 | 185,645 | 22,566 |
| **Loss for the financial year** | | (81,894) | (304,807) |

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

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2016

| | 2016 £ | 2015 £ |
| --- | --- | --- |
| **Loss for the year** | (81,894) | (304,807) |
| **Other comprehensive income** | | |
| Currency translation differences | 12,072 | 2,672 |
| **Total comprehensive income for the year** | (69,822) | (302,135) |

## BALANCE SHEET AS AT 31 MAY 2016

| | Notes | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
| --- | --- | --- | --- | --- | --- |
| **Fixed assets** | | | | | |
| Goodwill | **10** | | 16,250 | | 30,250 |
| Other intangible assets | **10** | | 83,682 | | 8 |
| Total intangible assets | | | 99,932 | | 30,258 |
| Tangible assets | **11** | | 215,189 | | 254,008 |
| Investments | **12** | | 101 | | 101 |
| | | | 315,222 | | 284,367 |
| **Current assets** | | | | | |
| Stocks | **15** | 736,031 | | 739,948 | |
| Debtors - deferred tax | **22** | 65,927 | | - | |
| Debtors - other | **16** | 808,391 | | 703,386 | |
| Cash at bank and in hand | | 343,203 | | 347,535 | |
| | | 1,953,552 | | 1,790,869 | |
| **Creditors: amounts falling due within one year** | **17** | (1,067,764) | | (944,929) | |
| **Net current assets** | | | 885,788 | | 845,940 |
| **Total assets less current liabilities** | | | 1,201,010 | | 1,130,307 |
| **Creditors: amounts falling due after more than one year** | **18** | | (230,445) | | (93,421) |
| **Provisions for liabilities** | **22** | | (30,257) | | (38,058) |
| **Net assets** | | | 940,308 | | 998,828 |
| **Capital and reserves** | | | | | |
| Called up share capital | **24** | | 324,660 | | 323,470 |
| Share premium account | **25** | | 121,938 | | 111,826 |
| Profit and loss reserves | | | 493,710 | | 563,532 |
| **Total equity** | | | 940,308 | | 998,828 |

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2016

| | Notes | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|---|---|---|---|---|---|
| **Balance at 1 June 2014** | | 310,000 | - | 865,667 | 1,175,667 |
| **Year ended 31 May 2015:** | | | | | |
| Loss for the year | | - | - | (304,807) | (304,807) |
| Other comprehensive income: | | | | | |
| Currency translation differences | | - | - | 2,672 | 2,672 |
| Total comprehensive income for the year | | | | (302,135) | (302,135) |
| Issue of share capital | **24** | 13,470 | 111,826 | - | 125,296 |
| **Balance at 31 May 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 | **24** | 1,190 | 10,112 | - | 11,302 |
| **Balance at 31 May 2016** | | 324,660 | 121,938 | 493,710 | 940,308 |

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2016

| | Notes | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash absorbed by operations | **30** | | (18,100) | | (431,051) |
| Interest paid | | | (42,724) | | (11,264) |
| Income taxes refunded | | | 37,386 | | 29,825 |
| **Net cash outflow from operating activities** | | | (23,438) | | (412,490) |
| **Investing activities** | | | | | |
| Purchase of intangible assets | | (104,593) | | - | |
| Purchase of tangible fixed assets | | (37,323) | | (89,396) | |
| Proceeds on disposal of tangible fixed assets | | - | | 3,700 | |
| Proceeds on disposal of fixed asset investments | | - | | (46) | |
| Proceeds from other investments and loans | | (1,209) | | - | |
| Interest received | | 164 | | 899 | |
| **Net cash used in investing activities** | | | (142,961) | | (84,843) |
| **Financing activities** | | | | | |
| Proceeds from issue of shares | | 11,302 | | 125,296 | |
| Repayment of bank loans | | 170,538 | | (58,624) | |
| Payment of finance leases obligations | | (19,773) | | 33,400 | |
| **Net cash generated from financing activities** | | | 162,067 | | 100,072 |
| **Net decrease in cash and cash equivalents** | | | (4,332) | | (397,261) |
| Cash and cash equivalents at beginning of year | | | 347,535 | | 744,796 |
| **Cash and cash equivalents at end of year** | | | 343,203 | | 347,535 |

## 1 Accounting policies

### Company information

Sandal Plc is a 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 on 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.

### 1.5 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.

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 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 and cash equivalents 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 statement of financial position 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 publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**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 receipts 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.

**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.

**1.15 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:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| **Turnover** | | |
| Sales | 3,295,765 | 3,338,525 |

| | | |
|---|---|---|
| **Other significant revenue** | | |
| Interest income | 164 | 899 |

**Turnover analysed by geographical market**

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |

| | | |
|---|---|---|
| UK | 2,139,843 | 2,033,706 |
| Europe | 884,263 | 782,050 |
| Rest of the world | 271,659 | 522,769 |
| | 3,295,765 | 3,338,525 |

## 4 Operating loss

| Operating loss for the year is stated after charging/(crediting): | 2016<br>£ | 2015<br>£ |
|---|---|---|
| Exchange losses | 32,846 | 15,267 |
| Research and development costs | 29,611 | 37,718 |
| Fees payable to the company's auditor for the audit of the company's financial statements | 12,000 | 12,000 |
| Depreciation of owned tangible fixed assets | 60,552 | 59,298 |
| Depreciation of tangible fixed assets held under finance leases | 15,499 | 9,398 |
| Profit on disposal of tangible fixed assets | | (1,476) |
| Amortisation of intangible assets | 34,919 | 14,000 |
| Cost of stocks recognised as an expense | 1,994,966 | 1,871,628 |
| Operating lease charges | 8,513 | 4,307 |

## 5 Employees

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

| | 2016<br>Number | 2015<br>Number |
|---|---|---|
| Administration staff and Management | 16 | 13 |

Their aggregate remuneration comprised:

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| Wages and salaries | 623,546 | 571,248 |
| Pension costs | 36,683 | 64,032 |
| | 660,229 | 635,280 |

## 6 Directors' remuneration

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| Remuneration for qualifying services | 193,317 | 202,344 |
| Company pension contributions to defined contribution schemes | 33,000 | 58,500 |
| | 226,317 | 260,844 |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

## 7 Interest receivable and similar income

| | 2016<br>£ | 2015<br>£ |
|---|---|---|

| | | |
|---|---|---|
| **Interest income** | | |
| Interest on bank deposits | 148 | 701 |
| Other interest income | 16 | 198 |
| Total income | 164 | 899 |

Investment income includes the following:

| | | |
|---|---|---|
| Interest on financial assets not measured at fair value through profit or | 148 | 701 |

## 8 Interest payable and similar charges

| | 2016 £ | 2015 £ |
|---|---|---|
| **Interest on financial liabilities measured at amortised cost:** | | |
| Interest on finance leases and hire purchase contracts | 3,726 | 2,119 |
| Other interest on financial liabilities | 38,998 | 9,145 |
| | 42,724 | 11,264 |

## 9 Taxation

| | 2016 £ | 2015 £ |
|---|---|---|
| **Current tax** | | |
| Adjustments in respect of prior periods | (111,917) | (28,687) |
| **Deferred tax** | | |
| Origination and reversal of timing differences | (7,801) | 6,121 |
| Previously unrecognised tax loss, tax credit or timing difference | (65,927) | - |
| Total deferred tax | (73,728) | 6,121 |
| Total tax charge | (185,645) | (22,566) |

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

| | 2016 £ | 2015 £ |
|---|---|---|
| Loss before taxation | (267,539) | (327,373) |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%) | (53,508) | (65,475) |
| Tax effect of expenses that are not deductible in determining taxable profit | (11,675) | 5,810 |
| Unutilised tax losses carried forward | 60,114 | 66,147 |
| Adjustments in respect of prior years | (111,917) | (28,687) |
| Permanent capital allowances in excess of depreciation | (10,141) | (20,221) |
| Depreciation on assets not qualifying for tax allowances | 15,210 | 13,739 |
| Deferred tax adjustment | (73,728) | 6,121 |
| Tax expense for the year | (185,645) | (22,566) |

## 10 Intangible fixed assets

| | Goodwill | Patents | Development Costs | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cost** | | | | |
| At 1 June 2015 | 140,000 | 13,715 | 66,871 | 220,586 |
| Additions - | - | - | 104,593 | 104,593 |
| At 31 May 2016 | 140,000 | 13,715 | 171,464 | 325,179 |
| **Amortisation and impairment** | | | | |
| At 1 June 2015 | 109,750 | 13,713 | 66,865 | 190,328 |
| Amortisation | 14,000 | - | 20,919 | 34,919 |
| At 31 May 2016 | 123,750 | 13,713 | 87,784 | 225,247 |
| **Carrying amount** | | | | |
| At 31 May 2016 | 16,250 | 2 | 83,680 | 99,932 |
| At 31 May 2015 | 30,250 | 2 | 6 | 30,258 |

## 11 Tangible fixed assets

| | Leasehold improvements | Tooling | Plant and machinery | Fixtures, fittings & equipment | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost** | | | | | | |
| At 1 June 2015 | 68,913 | 638,548 | 27,335 | 102,716 | 38,339 | 875,851 |
| Additions | 6,290 | 19,901 | - | 11,042 | - | 37,233 |
| At 31 May 2016 | 75,203 | 658,449 | 27,335 | 113,758 | 38,339 | 913,084 |
| **Depreciation and impairment** | | | | | | |
| At 1 June 2015 | 37,711 | 492,645 | 18,801 | 67,409 | 5,278 | 621,844 |
| Depreciation charged in the year | 4,542 | 45,257 | 2,438 | 14,263 | 9,551 | 76,051 |
| At 31 May 2016 | 42,253 | 537,902 | 21,239 | 81,672 | 14,829 | 697,895 |
| **Carrying amount** | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| At 31 May 2016 | 32,950 | 120,547 | 6,096 | 32,086 | 23,510 | 215,189 |
| At 31 May 2015 | 31,202 | 145,906 | 8,533 | 35,306 | 33,061 | 254,008 |

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

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| 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 |

## 12 Fixed asset investments

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Unlisted investments | 101 | 101 |

**Movements in fixed asset investments**

| | Investments other than loans |
|---|---|
| | £ |
| **Cost or valuation** | |
| At 1 June 2015 & 31 May 2016 | 101 |
| **Carrying amount** | |
| At 31 May 2016 | 101 |
| At 31 May 2015 | 101 |

## 13 Subsidiaries

Details of the company's subsidiaries at 31 May 2016 are as follows:

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

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 |
|---|---|---|
| | £ | £ |
| Powerbreaker Connections PTY | - | 100 |
| Energenie Limited | - | 1 |

## 14 Financial instruments

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| **Carrying amount of financial assets** | | |
| Debt instruments measured at amortised cost | 615,243 | 578,800 |
| Equity instruments measured at cost less impairment | 101 | 101 |
| **Carrying amount of financial liabilities** | | |
| Measured at amortised cost | 1,209,810 | 976,613 |

Factored Debt
Trade debtors include factored debts amounting to £449,720 (2015: £393,861). The facility is currently undrawn.

## 15 Stocks

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Work in progress | 18,628 | 59,779 |
| Finished goods and goods for resale | 717,403 | 680,169 |
| | 736,031 | 739,948 |

## 16 Debtors

| | 2016 | 2015 |
|---|---|---|
| **Amounts falling due within one year:** | £ | £ |
| Trade debtors | 603,118 | 573,269 |
| Corporation tax recoverable | 103,218 | 28,687 |
| Other debtors | 49,594 | 46,944 |
| Prepayments and accrued income | 52,461 | 54,486 |
| | 808,391 | 703,386 |
| Deferred tax asset (note 22) | 65,927 | - |
| | 874,318 | 703,386 |

Trade debtors disclosed above are measured at amortised cost.

## 17 Creditors: amounts falling due within one year

| | | 2016 | 2015 |
|---|---|---|---|
| | **Notes** | £ | £ |
| Bank loans and overdrafts | **19** | 80,494 | 66,858 |
| Obligations under finance leases | **20** | 19,878 | 19,864 |
| Trade creditors | | 878,993 | 796,470 |
| Other taxation and social security | | 20,333 | 16,859 |
| Accruals and deferred income | | 68,066 | 44,878 |
| | | 1,067,764 | 944,929 |

## 18 Creditors: amounts falling due after more than one year

| | 2016 | 2015 |
|---|---|---|

| | Notes | £ | £ |
|---|---|---|---|
| Bank loans and overdrafts | **19** | 218,748 | 61,846 |
| Obligations under finance leases | **20** | 11,697 | 31,575 |
| | | 230,445 | 93,421 |

## 19 Loans and overdrafts

| | 2016 £ | 2015 £ |
|---|---|---|
| Bank loans | 299,242 | 128,704 |
| Payable within one year | 80,494 | 66,858 |
| Payable after one year | 218,748 | 61,846 |

The long-term loans amounting to £299,243 (2015: £128,705) are secured by a floating charge on all assets of the company.

Two of the bank loans amounting to £299,243 (2015: £96,679) are also secured by personal guarantee from the director A J Tadd.

One of the bank loans amounting to £231,922 (2015: Nil) is also secured by personal guarantee from the director O J Tadd.

## 20 Finance lease obligations

| Future minimum lease payments due under finance leases: | 2016 £ | 2015 £ |
|---|---|---|
| Within one year | 19,879 | 19,864 |
| In two to five years | 11,696 | 31,575 |
| | 31,575 | 51,439 |

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.

## 21 Provisions for liabilities

| | | 2016 £ | 2015 £ |
|---|---|---|---|
| Deferred tax liabilities | **22** | 30,257 | 38,058 |
| | | 30,257 | 38,058 |

## 22 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:

| | Liabilities 2016 | Liabilities 2015 | Assets 2016 | Assets 2015 |
|---|---|---|---|---|
| **Balances:** | £ | £ | £ | £ |

| | | | | |
|---|---|---|---|---|
| Accelerated capital allowances | 30,257 | 38,058 | - | - |
| Tax losses | - | - | 65,927 | - |
| | 30,257 | 38,058 | 65,927 | - |

| **Movements in the year:** | **2016**<br>**£** |
|---|---|
| Liability at 1 June 2015 | 38,058 |
| Credit to profit and loss | (73,728) |
| Liability/(Asset) at 31 May 2016 | (35,670) |

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.

## 23 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 and loss in respect of defined contribution schemes was £36,683 (2015 - £64,032).

## 24 Share capital

| | **2016**<br>**£** | **2015**<br>**£** |
|---|---|---|
| **Ordinary share capital** | | |
| **Authorised** | | |
| 20,000,000 Ordinary Shares of 2p each | 400,000 | 400,000 |
| **Issued and fully paid** | | |
| 16,233,000 Ordinary Shares of 2p each | 324,660 | 323,470 |
| **Authorised** | | |
| 100,000 Preference Shares of £1 each | 100,000 | 100,000 |

**Reconciliation of movements during the year:**

| | **Ordinary**<br>**Number** |
|---|---|
| At 1 June 2015 | 16,173,500 |
| Issue of fully paid shares | 59,480 |
| At 31 May 2016 | 16,232,980 |

During the year 59,480 ordinary shares of £0.02 each were allotted and fully paid, for cash consideration, at a premium, to provide additional working capital.

## 25 Share premium account

During the year, 59,480 ordinary shares were issued at a premium of £0.17 and this is included in the share premium account. Deducted from this are the costs of issuing the new share capital.

## 26 Operating lease commitments

**Lessee**

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

| | 2016 £ | 2015 £ |
|---|---|---|
| Within one year | 31,114 | 27,688 |
| Between two and five years | 66,079 | 77,633 |
| | 97,193 | 105,321 |

## 27 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 £68,241 (2015 £44,729) from Sandal Plc during the year and had a balance owing to Sandal Plc of £14,771 (2015 £17,967) 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.

## 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.

| Description | % Rate | Opening Balance £ | Amounts Advanced £ | Interest Charged £ | Amounts Repaid £ | Closing Balance £ |
|---|---|---|---|---|---|---|
| Mr A J Tadd - Directors loan account | - | - | 2,659 | - | (1,450) | 1,209 |
| | | - | 2,659 | - | (1,450) | 1,209 |

## 29 Controlling party

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

## 30 Cash generated from operations

| | 2016 £ | 2015 £ |
|---|---|---|
| Loss for the year after tax | (81,894) | (304,807) |
| **Adjustments for:** | | |
| Taxation credited | (185,645) | (22,566) |
| Finance costs | 42,724 | 11,264 |
| Investment income | (164) | (899) |

| | | |
|---|---|---|
| Gain on disposal of tangible fixed assets | - | (1,476) |
| Amortisation and impairment of intangible assets | 34,919 | 14,000 |
| Depreciation and impairment of tangible fixed assets | 76,051 | 68,696 |
| Foreign exchange gains on cash equivalents | 12,072 | 2,672 |
| **Movements in working capital:** | | |
| Decrease/(increase) in stocks | 3,917 | (74,596) |
| (Increase) in debtors | (29,265) | (221,064) |
| Increase in creditors | 109,185 | 97,725 |
| **Cash absorbed by operations** | (18,100) | (431,051) |

**31 Reconciliations on adoption of FRS 102**

**Reconciliation of equity**

| | **1 June 2014** | **31 May 2015** |
|---|---|---|
| | **£** | **£** |
| Equity as reported under previous UK GAAP and under FRS 102 | 1,175,667 | 998,828 |

**Reconciliation of profit or loss**

| | **2015** |
|---|---|
| | **£** |
| Profit or loss as reported under previous UK GAAP and under FRS 102 | (304,807) |


Enquiries:

| | | |
|---|---|---|
| Sandal Plc | Alan Tadd (CEO)<br>Oliver Tadd (Director) | 01279 422022 |
| Daniel Stewart & Company (Corporate Adviser) | Peter Shea<br>Asha Chotai | 0207 776 6550 |
| MB Communications | Maxine Barnes | 07860 489571 |


Note to Editors:

Sandal plc commenced business in 1996 and designs, develops and manufactures consumer electronics products. Its business is divided into two distinct product groups, PowerConnections, a long established wholesaler and reseller of a successful and patented range of converter plugs and power cables, and Energenie, which sells a newer product range that includes energy saving products, portable charging devices and the new MiHome range of products aimed at the "Home Automation" and "Internet of Things" marketplace.

PowerConnections is a supplier to customers, in the UK and abroad, of single-phase electrical connection products. The products are manufactured in three partner factories in the Far East and have distributors worldwide for its range of patented converter plugs. The Company's product portfolio consists of International Power Leads, Rewireable Plugs, Converters and Connectors. These products are stocked in the Far East, Australia and UK.

Energenie offers Eco and electrical, travel and energy saving products for homes and offices, reducing energy usage and the Home Automation sector. It has store listings for its current products with several large retailers including Homebase, Maplin, Amazon, Screwfix, Toolstation and ASDA.

The new range of MiHome home automation products makes the remote operation of everyday household appliances and energy monitoring more accessible to consumers due to better affordability and simplicity of control through smartphone and tablet connectivity.