

Company Registration No. 03206855 (England and Wales)

**SANDAL PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2018**

# SANDAL PLC

## COMPANY INFORMATION

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<b>Directors</b>	Mr R Green Mr D Munting Mr T Rodger (Chairman) Mr A J Tadd Mr O J Tadd	(Appointed 30 April 2018) (Appointed 30 April 2018)
<b>Secretary</b>	Edwin Coe Secretaries Limited	
<b>Company number</b>	03206855	
<b>Registered office</b>	Claremont House Deans Court Bicester Oxfordshire OX26 6BW	
<b>Auditor</b>	Whitley Stimpson Limited Claremont House 1 Market Square Bicester Oxfordshire OX26 6AA	
<b>Business address</b>	5 Harold Close The Pinnacles Harlow Essex CM19 5TH	
<b>Bankers</b>	National Westminster Bank Plc Cambridge Kings Parade Branch 10 Benet Street Cambridge CB2 3PU	
<b>Solicitors</b>	Edwin Coe LLP 2 Stone Buildings Lincoln's Inn London WC2A 3TH	

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# SANDAL PLC

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# SANDAL PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MAY 2018

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The Board of Sandal plc, the designer, developer and manufacturer of electronic products announces its full year results for the year to 31 May 2018.

#### **Fair review of the business**

Energenie MiHome achieved turnover growth of 71% taking this division past £1m annual turnover for the first time and positioning it to become the future core of Sandal. Since the year end there has been continued growth in the number of gateways and devices attached against the same period last year, in what is traditionally a quiet period.

The Energenie MiHome range continued to achieve new listings in retail with Target Components, Wickes, Grahams Plumbers Merchants and Robert Dyas amongst these. The Company maintained its investment in marketing of Energenie MiHome continuing its focus on the installer/wholesaler in readiness of the launch of its installation service in the current financial year.

The Energenie MiHome product range was enhanced by the launch of its two gang and dimmer light switches, thermostat and unique clicker switch. This now gives a complete product range suitable for the installation market which is well positioned to take advantage of the growth as the market moves from a DIY early adopter market to the "done for me" market. The network of stockists in the electrical wholesale and plumber's merchant markets is being extended to make Energenie MiHome products readily available to installers. The appointment of Pitacs to distribute to the independent plumbers merchants is an important part of increasing distribution and further distributors for these channels are actively being sought so that the stockist network can be expanded as quickly as possible. Since the year end the Company has set up its fixed price installation service which will be managed by Icon Heating Solutions Limited using a network of registered installers.

During the year there has been a 144% 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 194%. At the year end this stood at 4.33 devices per system up from 3.67 in May 2017. This continues to demonstrate 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 particularly as the market moves from an early adopter stage to a "done for me" installer market.

The Directors see the continual integration with market leading voice systems like Amazon and Google as a major driver to the growth of the market so development with these partners is a key part of the strategy and Sandal has been invited by both companies to development conferences.

There was a small decrease in turnover of 3.3% in the year mainly as a result of the sales decrease in the PowerConnections division against the previous year's abnormally high divisional turnover. The Company reduced its operating loss to £84,181 (2017 £108,692) despite the slightly reduced turnover and an exceptional stock impairment charge of £72,219. These negative aspects were offset by increase in gross margin to 40.6% (2017 37.0%). There was a less than 1% increase in administration overheads which included £232,072 (2017 £218,408) of general marketing activities, non-capitalised development costs of £20,584 (2017 £15,585) and depreciation and amortisation costs of £188,434 (2017 £92,111).

Development expenditure continued to focus on new products, technology and integrations with major platforms like Amazon and Google whose voice assistant products are growing the market for smart home. The heating range is being developed to meet the new Boiler Plus regulations for the coming heating season whilst a focus on reducing unit costs is aimed at attracting a greater share of the increasing Smart Home market.

# SANDAL PLC

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### Principal risks and uncertainties

#### Risks

##### Competitive Risks

The Company operates in a competitive market with changing technologies. The Directors 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.

#### Development and performance

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 and whilst also looking to expand into Europe using the distribution network of Exertis, Energenie MiHome's distribution partner.

Product development focus will be on selected new products to broaden the Energenie MiHome range creating greater use with Amazon and Google products both in the UK and abroad. In addition, the launch of a monthly subscription service which is expected to generate a recurring revenue stream is being actively explored. The Company will also pursue other strategic partnerships in addition to those already in trial stages with Howz /EDF and Samsung.

This strategy is likely to require additional capital to enable the Energenie MiHome brand to reach what the Directors believe is its full potential in this market sector. Accordingly the Board will continue to review available options for raising both equity and debt to enable its execution.

On behalf of the board



Mr A J Tadd

Director

10/10/18

# SANDAL PLC

## DIRECTORS' REPORT

*FOR THE YEAR ENDED 31 MAY 2018*

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The directors present their annual report and financial statements for the year ended 31 May 2018.

### 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 R Green	(Appointed 30 April 2018)
Mr D Munting	(Appointed 30 April 2018)
Mr T Rodger (Chairman)	
Mr A J Tadd	
Mr O J Tadd	

### Results and dividends

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

There was no interim dividend paid, and the Directors do not recommend payment of a final dividend, (2017 £nil).

### 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

Date: 10/10/18

# SANDAL PLC

## DIRECTORS' RESPONSIBILITIES STATEMENT

*FOR THE YEAR ENDED 31 MAY 2018*

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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.

# SANDAL PLC

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDAL PLC

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### Opinion

We have audited the financial statements of Sandal Plc (the 'company') for the year ended 31 May 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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.

# SANDAL PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SANDAL PLC

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Jonathan Walton FCA FCCA (Senior Statutory Auditor)**  
**for and on behalf of Whitley Stimpson Limited**

Date: 10th October 2018

Chartered Accountants  
Statutory Auditor  
Claremont House  
1 Market Square  
Bicester  
Oxon  
OX26 6AA

# SANDAL PLC

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2018

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	Notes	2018 £	2017 £
Turnover	3	3,620,565	3,745,780
Cost of sales		(2,149,221)	(2,360,757)
<b>Gross profit</b>		<b>1,471,344</b>	<b>1,385,023</b>
Administrative expenses		(1,502,257)	(1,493,715)
Other operating income		18,951	-
Profit/(loss) on disposal of operations	7	(72,219)	-
<b>Operating loss</b>	4	<b>(84,181)</b>	<b>(108,692)</b>
Interest receivable and similar income	5	41	133
Interest payable and similar expenses	6	(58,593)	(26,662)
<b>Loss before taxation</b>		<b>(142,733)</b>	<b>(135,221)</b>
Tax on loss	8	29,539	143,059
<b>(Loss)/profit for the financial year</b>		<b>(113,194)</b>	<b>7,838</b>

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

The notes on pages 15 to 34 form part of these financial statements.

# SANDAL PLC

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MAY 2018*

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	2018	2017
	£	£
<b>(Loss)/profit for the year</b>	(113,194)	7,838
<b>Other comprehensive income</b>		
Revaluation of tangible fixed assets	202,255	-
<b>Total comprehensive income for the year</b>	<u>89,061</u>	<u>7,838</u>

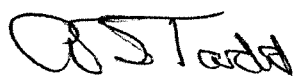
# SANDAL PLC

## BALANCE SHEET

AS AT 31 MAY 2018

	Notes	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Goodwill	10		7,500		10,500
Other intangible assets	10		571,857		194,593
Total intangible assets			579,357		205,093
Tangible assets	11		357,870		195,406
Investments	12		101		101
			937,328		400,600
<b>Current assets</b>					
Stocks	16	768,752		915,367	
Debtors - deferred tax	21	9,259		23,357	
Debtors - other	17	750,901		932,148	
Cash at bank and in hand		50,761		162,442	
		1,579,673		2,033,314	
<b>Creditors: amounts falling due within one year</b>	18	(1,045,429)		(1,272,716)	
<b>Net current assets</b>			534,244		760,598
<b>Total assets less current liabilities</b>			1,471,572		1,161,198
<b>Creditors: amounts falling due after more than one year</b>	19		(579,683)		(139,566)
<b>Provisions for liabilities</b>	30		(59,693)		(27,246)
<b>Net assets</b>			832,196		994,386
<b>Capital and reserves</b>					
Called up share capital	26		312,737		329,978
Share premium account	27		161,609		162,860
Revaluation reserve	24		202,255		-
Capital redemption reserve	25		17,241		-
Profit and loss reserves	28		138,354		501,548
<b>Total equity</b>			832,196		994,386

The financial statements were approved by the board of directors and authorised for issue on 10/10/18 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 2018

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 June 2016</b>		324,660	121,938	-	-	493,710	940,308
<b>Year ended 31 May 2017:</b>							
Profit and total comprehensive income for the year		-	-	-	-	7,838	7,838
Issue of share capital	26	5,318	40,922	-	-	-	46,240
<b>Balance at 31 May 2017</b>		329,978	162,860	-	-	501,548	994,386
<b>Year ended 31 May 2018:</b>							
Loss for the year		-	-	-	-	(113,194)	(113,194)
Other comprehensive income:							
Revaluation of tangible fixed assets		-	-	202,255	-	-	202,255
Total comprehensive income for the year		-	-	202,255	-	(113,194)	89,061
Own shares acquired		-	-	-	-	(250,000)	(250,000)
Redemption of shares	26	(17,241)	-	-	17,241	-	-
Other		-	(1,251)	-	-	-	(1,251)
<b>Balance at 31 May 2018</b>		312,737	161,609	202,255	17,241	138,354	832,196

# SANDAL PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2018

	Notes	£	2018 £	£	2017 £
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	35		294,061		(192,657)
Interest paid			(58,593)		(26,662)
Income taxes refunded			107,116		178,719
			<u>          </u>		<u>          </u>
<b>Net cash inflow/(outflow) from operating activities</b>			342,584		(40,600)
<b>Investing activities</b>					
Purchase of intangible assets		(504,361)		(128,630)	
Purchase of tangible fixed assets		(18,548)		(49,669)	
Proceeds from other investments and loans		(71)		1,012	
Interest received		41		133	
		<u>          </u>		<u>          </u>	
<b>Net cash used in investing activities</b>			(522,939)		(177,154)
<b>Financing activities</b>					
Proceeds from issue of shares		-		46,241	
Redemption of shares		(1,250)		-	
Purchase of company shares		(250,000)		-	
Repayment of borrowings		3,136		-	
Proceeds of new loans		500,000		-	
Repayment of loans		(83,930)		(76,949)	
Payment of finance leases obligations		(11,700)		(19,881)	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from/(used in) financing activities</b>			156,256		(50,589)
			<u>          </u>		<u>          </u>
<b>Net decrease in cash and cash equivalents</b>			(24,099)		(268,343)
Cash and cash equivalents at beginning of year			74,860		343,203
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			50,761		74,860
			<u>          </u>		<u>          </u>
<b>Relating to:</b>					
Cash at bank and in hand			50,761		162,442
Bank overdrafts included in creditors payable within one year			-		(87,582)
			<u>          </u>		<u>          </u>

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2018

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### 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 pound (£).

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 it is probable will be recovered.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### 1 Accounting policies

(Continued)

#### 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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset 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. Significant judgements and estimations have been made by the Directors in order to compute the amount of capitalised intangible development costs and these are shown in note 9 of the financial statements.

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.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### 1 Accounting policies

(Continued)

#### 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 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.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### 1 Accounting policies

(Continued)

#### 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.

#### 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.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

---

### 1 Accounting policies

(Continued)

#### 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 through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### Derecognition of financial liabilities

Financial liabilities are derecognised when 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.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### 1 Accounting policies

(Continued)

#### 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 sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into the profit and loss account for the year.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 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:

	2018	2017
	£	£
<b>Turnover analysed by class of business</b>		
Sales	3,620,565	3,745,780
	<u>3,620,565</u>	<u>3,745,780</u>
	2018	2017
	£	£
<b>Other significant revenue</b>		
Interest income	41	133
	<u>41</u>	<u>133</u>
	2018	2017
	£	£
<b>Turnover analysed by geographical market</b>		
UK	2,361,204	2,202,667
Europe	833,174	1,125,417
Rest of the world	426,187	417,696
	<u>3,620,565</u>	<u>3,745,780</u>

### 4 Operating loss

	2018	2017
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(2,534)	30,700
Research and development costs	25,401	20,238
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	18,250
Depreciation of owned tangible fixed assets	58,337	68,642
(Profit)/loss on disposal of tangible fixed assets	-	812
Amortisation of intangible assets	130,097	23,469
Cost of stocks recognised as an expense	1,980,251	2,150,964
Operating lease charges	7,293	6,906
	<u>7,293</u>	<u>6,906</u>

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 4 Operating loss (Continued)

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 £2,534 (2017 - £30,700).

### 5 Interest receivable and similar income

	2018	2017
	£	£
<b>Interest income</b>		
Interest on bank deposits	41	113
Other interest income	-	20
	<u>41</u>	<u>133</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>41</u>	<u>113</u>
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### 6 Interest payable and similar expenses

	2018	2017
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	504	1,891
Other interest on financial liabilities	58,088	24,771
	<u>58,592</u>	<u>26,662</u>
<b>Other finance costs:</b>		
Other interest	1	-
	<u>58,593</u>	<u>26,662</u>

### 7 Exceptional costs/(income)

	2018	2017
	£	£
	<u>72,219</u>	<u>-</u>

During the period the Directors took the decision to cease activities in two of Energenie's product ranges so that resources can be concentrated on MiHome. The disposal of this end of line stock resulted in a one off cost of £72,219.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2018

### 8 Taxation

	2018 £	2017 £
<b>Current tax</b>		
Adjustments in respect of prior periods	(76,085)	(182,616)
<b>Deferred tax</b>		
Origination and reversal of timing differences	32,447	(3,012)
Previously unrecognised tax loss, tax credit or timing difference	14,099	42,569
Total deferred tax	46,546	39,557
Total tax credit	(29,539)	(143,059)

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:

	2018 £	2017 £
Loss before taxation	(142,733)	(135,221)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(27,119)	(27,044)
Tax effect of expenses that are not deductible in determining taxable profit	8,473	6,532
Unutilised tax losses carried forward	(4,921)	(20,345)
Adjustments in respect of prior years	(6,856)	(89,014)
Permanent capital allowances in excess of depreciation	30,266	5,284
Amortisation on assets not qualifying for tax allowances	24,380	4,094
Research and development tax credit	(59,927)	(62,124)
Deferred tax adjustment	6,165	39,558
Taxation credit for the year	(29,539)	(143,059)

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2018

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<b>9 Earnings per share</b>	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for basic earnings per share	15,636,833	16,498,901
- Weighted average number outstanding share options	2,050,635	1,950,635
	<hr/>	<hr/>
Weighted average number of ordinary shares for diluted earnings per share	17,687,468	18,449,536
	<hr/> <hr/>	<hr/> <hr/>
<b>Earnings</b>	<b>£</b>	<b>£</b>
<b>Continuing operations</b>		
Loss/profit for the period from continued operations	(113,194)	7,838
Less non-controlling interests	-	-
	<hr/>	<hr/>
Earnings for basic and diluted earnings per share being net profit attributable to equity shareholders of the company for continued operations	(113,194)	7,838
	<hr/> <hr/>	<hr/> <hr/>
<b>Basic earnings pence per share</b>		
From continuing operations	(0.007239)	0.000475
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
<b>Diluted earnings pence per share</b>		
From continuing operations	(0.006399)	0.000424
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 10 Intangible fixed assets

	Goodwill	Patents	Development Costs	Total
	£	£	£	£
<b>Cost</b>				
At 1 June 2017	140,000	13,715	300,094	453,809
Additions - internally developed	-	-	504,361	504,361
At 31 May 2018	140,000	13,715	804,455	958,170
<b>Amortisation and impairment</b>				
At 1 June 2017	129,500	13,713	105,503	248,716
Amortisation charged for the year	3,000	-	127,097	130,097
At 31 May 2018	132,500	13,713	232,600	378,813
<b>Carrying amount</b>				
At 31 May 2018	7,500	2	571,855	579,357
At 31 May 2017	10,500	2	194,591	205,093

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2018

11 Tangible fixed assets		Leasehold improvements		Tooling	Plant and machinery		Fixtures, Motor vehicles & fittings & equipment		Total
		£	£		£	£	£	£	
	<b>Cost</b>								
	At 1 June 2017	75,382	27,335	700,173	27,335	120,363	38,339	961,592	
	Additions	8,746	-	-	-	9,802	-	18,548	
	Revaluation	-	-	202,255	-	-	-	202,255	
	At 31 May 2018	84,128	27,335	902,428	27,335	130,165	38,339	1,182,395	
	<b>Depreciation and impairment</b>								
	At 1 June 2017	47,206	23,676	576,886	23,676	94,032	24,388	766,188	
	Depreciation charged in the year	5,122	2,438	30,220	2,438	11,051	9,506	58,337	
	At 31 May 2018	52,328	26,114	607,106	26,114	105,083	33,894	824,525	
	<b>Carrying amount</b>								
	At 31 May 2018	31,800	1,221	295,322	1,221	25,082	4,445	357,870	
	At 31 May 2017	28,178	3,659	123,287	3,659	26,331	13,951	195,406	

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 11 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.

	2018 £	2017 £
Plant and machinery	-	9,794
Fixtures, fittings & equipment	-	25,274
Motor vehicles	-	19,543
	<u>-</u>	<u>54,611</u>
Depreciation charge for the year in respect of leased assets	-	15,499

### 12 Fixed asset investments

	2018 £	2017 £
Unlisted investments	101	101

#### Movements in fixed asset investments

	Investments other than loans £
<b>Cost or valuation</b>	
At 1 June 2017 & 31 May 2018	101
<b>Carrying amount</b>	
At 31 May 2018	101
At 31 May 2017	101

### 13 Employees

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

	2018 Number	2017 Number
Administration staff and Management	19	19

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2018

### 13 Employees (Continued)

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	518,170	747,809
Pension costs	24,001	36,719
	<u>542,171</u>	<u>784,528</u>

### 14 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	104,076	199,889
Company pension contributions to defined contribution schemes	18,124	33,233
	<u>122,200</u>	<u>233,122</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 2).

### 15 Financial instruments

	2018	2017
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	585,898	620,889
Equity instruments measured at cost less impairment	101	101
	<u>586,000</u>	<u>621,000</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,598,823	1,393,476
	<u>1,598,823</u>	<u>1,393,476</u>

#### Factored Debt

Trade debtors include factored debts amounting to £411,984 (2017: £477,394).

### 16 Stocks

	2018	2017
	£	£
Work in progress	-	158,362
Finished goods and goods for resale	768,752	757,005
	<u>768,752</u>	<u>915,367</u>

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 17 Debtors

	2018	2017
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	586,979	615,000
Corporation tax recoverable	76,085	107,117
Other debtors	26,035	53,004
Prepayments and accrued income	61,802	157,027
	<u>750,901</u>	<u>932,148</u>
Deferred tax asset (note 21)	9,259	23,357
	<u>760,160</u>	<u>955,505</u>

Trade debtors disclosed above are measured at amortised cost.

### 18 Creditors: amounts falling due within one year

	Notes	2018	2017
		£	£
Bank loans and overdrafts	20	58,680	170,309
Obligations under finance leases	23	-	11,697
Other borrowings	20	3,136	-
Trade creditors		846,086	998,695
Other taxation and social security		26,289	18,806
Accruals and deferred income		111,238	73,209
		<u>1,045,429</u>	<u>1,272,716</u>

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

	Notes	2018	2017
		£	£
Bank loans and overdrafts	20	579,683	139,566

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 20 Loans and overdrafts

	2018 £	2017 £
Bank loans	638,363	222,293
Bank overdrafts	-	87,582
Other loans	3,136	-
	<u>641,499</u>	<u>309,875</u>
Payable within one year	61,816	170,309
Payable after one year	<u>579,683</u>	<u>139,566</u>

One of the bank loans amounting to £135,550 (2017: £186,260) is also secured by personal guarantee from the director A J Tadd.

Within the loan amount is £500,000 upon which interest accrues at 7% per annum on a daily basis and is payable quarterly in arrears. The loan will commence repayment on a quarterly basis from 31st August 2021.

### 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:

	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
<b>Balances:</b>				
ACAs	59,693	27,246	-	-
Tax losses	-	-	9,259	23,357
	<u>59,693</u>	<u>27,246</u>	<u>9,259</u>	<u>23,357</u>
<b>Movements in the year:</b>				2018 £
Liability at 1 June 2017				3,889
Charge to profit or loss				46,545
Liability at 31 May 2018				<u>50,434</u>

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.

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 22 Subsidiaries

Details of the company's subsidiaries at 31 May 2018 are as follows:

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

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
	£	£
Energenie Limited		100
Powerbreaker Connections PTY		1

### 23 Finance lease obligations

	2018	2017
	£	£
Future minimum lease payments due under finance leases:		
Within one year	-	11,697

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.

### 24 Revaluation reserve

	2018	2017
	£	£
At beginning of year	-	-
Revaluation surplus arising in the year	202,255	-
At end of year	202,255	-

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 25 Capital redemption reserve

	2018 £	2017 £
At beginning of year	-	-
Transfers	17,241	-
At end of year	<u>17,241</u>	<u>-</u>

### 26 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
15,636,833 Ordinary Shares of 2p each	312,737	329,978
	<u>312,737</u>	<u>329,978</u>

#### Reconciliation of movements during the year:

	Ordinary Number
At 1 June 2017	16,498,901
Shares bought back by the company	(862,068)
At 31 May 2018	<u>15,636,833</u>

#### 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 two tranches at 29.5p per share

Mr A Smith – 581,250 in two 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)

On the 27th April 2018 share options were granted to Mr R Green for 100,000 shares at 28p per share.

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

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

### 27 Share premium account

	2018 £	2017 £
At beginning of year	162,860	121,937
Issue of new shares	-	40,923
Costs of share buy-back	(1,251)	
	<u>161,609</u>	<u>162,860</u>

### 28 Profit and loss reserves

	2018 £	2017 £
At the beginning of the year	501,548	493,710
(Loss)/profit for the year	(113,194)	7,838
Own shares acquired	(250,000)	-
	<u>138,354</u>	<u>501,548</u>

### 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:

	2018 £	2017 £
Within one year	27,202	31,114
Between two and five years	7,973	38,847
	<u>35,175</u>	<u>69,961</u>

### 30 Provisions for liabilities

		2018 £	2017 £
Deferred tax liabilities	21	59,693	27,246
		<u>59,693</u>	<u>27,246</u>

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### 31 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 £	Closing balance £
Mr A J Tadd -	-	197	71	268
		<u>197</u>	<u>71</u>	<u>268</u>
		<u><u>197</u></u>	<u><u>71</u></u>	<u><u>268</u></u>

### 32 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 £24,001 (2017 - £36,719).

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### 33 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 25% shares in Sandal Plc. Greenbrook Electrical Plc purchased goods totalling £87,305 (2017: £61,078) from Sandal Plc during the year and had a balance owing to Sandal Plc of £17,218 (2017: £9,491) at the year end and is included in trade debtors. During the year a loan was made from Greenbrook Industries Ltd for £500,000 to the company which is included within other creditors due more than one year.. No repayments were made during the period and interest is payable at 7% per annum.

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.

### 34 Controlling party

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

# SANDAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2018

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### 35 Cash generated from operations

	2018 £	2017 £
For the year after tax:	(113,194)	7,838
<b>Adjustments for:</b>		
Taxation credited	(29,539)	(143,059)
Finance costs	58,593	26,662
Investment income	(41)	(133)
(Gain)/loss on disposal of tangible fixed assets	-	812
Amortisation and impairment of intangible assets	130,097	23,469
Depreciation and impairment of tangible fixed assets	58,337	68,642
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	146,619	(179,336)
Decrease/(increase) in debtors	150,286	(120,870)
(Decrease)/increase in creditors	(107,097)	123,318
<b>Cash generated from/(absorbed by) operations</b>	<u>294,061</u>	<u>(192,657)</u>