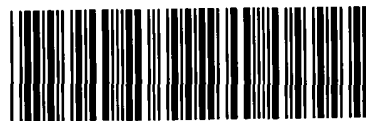


SAS Holdings Limited
Registered number: 01697448
Annual report and financial statements
Year ended 31 December 2016

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**SAS HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

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**SAS HOLDINGS LIMITED
DIRECTORS AND ADVISORS**

Directors

S McElhinney
E A McElhinney
H E O Balfour
G McRae
R C Altman
A Gammon
P J Smith

Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director
Chief Executive
Director
Director

Head Office and Registered Office

SAS Holdings Limited
31 Suttons Business Park
Reading
Berkshire
RG6 1AZ

Tel: +44 (0)118 929 0900

Registered Number

01697448

Principal Subsidiary Company Website

www.sasint.co.uk

Principal Bankers

Royal Bank of Scotland
Corporate Banking Centre
Abbey Gardens
4 Abbey Street
Reading
Berkshire
RG1 3BA

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

**SAS HOLDINGS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their Strategic Report on the group and company for the year ended 31 December 2016.

REVIEW OF BUSINESS

The directors are satisfied with the group's turnover and operating profit achieved during 2016. The result for the year was a profit of £5.9m (2015: £2.9m) and an operating profit of £7.3m (2015: £3.7m). The directors consider that the Group has performed well and enjoyed success in export markets.

On 26 February 2016, SAS International Limited transferred certain assets, liabilities and trade to a wholly owned subsidiary, SAS Direct and Partitioning Limited. SAS Direct and Partitioning Limited was disposed of on 5 March 2016.

GENERAL

In all of the group's operating sites product safety, employee health and safety, and environmental care are important elements in the development of the group's strategy. The group seeks to protect the environment by limiting the environmental impact of operations, meeting the requirements of legislation and training employees on environmental health and safety concerns. A trading subsidiary, SAS International Limited is accredited to ISO 9001, 14001 and 18001.

In order to remain competitive in the future economic environment the group will further focus efforts around product design, productivity and cost reductions in manufacturing.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors believe that the group's activities expose it to a number of risks, mainly around raw material pricing risk and economic uncertainty. Raw materials prices fluctuate and it is not always possible to pass directly any increases to the end customer due to contractual or competitors pricing policies. The group's financial strength allows flexibility for it to deal with raw material price fluctuations. Also the general economic environment continues to provide challenges to the business, as large projects tend to get delayed in times of economic uncertainty.

The financial risks that the group's operations are exposed to include price, credit, liquidity and cash flow risks. The Board of directors sets policies that seek to limit any adverse financial effects of these risks and these policies are implemented by the group's Finance Department. The group has standard policies which set out specific guidance on how credit risk is managed, including the use of credit insurance. Liquidity risk is managed through an assessment of working capital requirements to ensure the group has sufficient funds available for operations and planned expansions. Foreign currency risk through trading in export markets in foreign currency is managed through forecasting and forward foreign currency contracts. No hedge accounting is applied.

The group deals with other potential risks to its business as follows:

- Capital expenditure is maintained at a high level to enable the group to provide its customers with the required products and service levels, and to keep ahead of its competitors.
- Ongoing investment in the research and development of new products and development of new geographic markets.
- Key personnel are retained using performance related incentive schemes.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the nature of the group's activities, the Board considers the level of agreed and prospective sales orders, the trends of raw material prices and the direct labour content of manufactured product cost to be key performance indicators. These are kept under regular review by the Board and appropriate action taken as required.

NON FINANCIAL KEY PERFORMANCE INDICATORS

Among the non-financial key performance indicators, the directors review the "cost of quality" in detail which detail customer complaints, reasons for credit notes raised and also provides a broad measure of customer satisfaction.

SAS HOLDINGS LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

CURRENT TRADING AND OUTLOOK

Whilst the directors are considering the result of the United Kingdom European Referendum on 23 June 2016 and its impact on the group's trading in its United Kingdom and overseas markets, the development and introduction of new products together with continued diversification into overseas markets all have potential and the group is well placed to take advantage of the opportunities.

This report was reviewed by the Board and signed on its behalf by:



S McElhinney

Director

Date ~~27~~ September 2017

SAS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their Directors' report and the audited consolidated financial statements of the group and company for the year ended 31 December 2016. All amounts disclosed in the financial statements are rounded to the nearest £'000.

PRINCIPAL ACTIVITIES

The principal activity of the group and its principal subsidiaries during the year was the design, manufacture and installation of ceiling systems, partitioning and other building products. The group also provides project management services on construction projects.

REVIEW

The directors are satisfied with the turnover and operating profit achieved during 2016. The results of the group are shown on page 9.

FUTURE DEVELOPMENTS

Future developments are deemed to be of strategic importance to the group and as such have been outlined within the Strategic Report. The directors continue to consider the result of the United Kingdom European Referendum held on 23 June 2016 and its impact on the group's trading in the United Kingdom and overseas markets.

DIVIDENDS

The directors recommended the payment of a dividend of £900,000 (equivalent to £5.409 per ordinary share) for the year ended 31 December 2016 (2015: £nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, were as follows:

S McElhinney
E A McElhinney
H E O Balfour
G McRae
R C Altman
A Gammon
P J Smith
J M King (resigned 12 November 2016)

FINANCIAL RISK MANAGEMENT

Details of the Company's financial risk management policies can be found within the 'Principal risks and uncertainties' section of the Strategic Report.

THIRD PARTY INDEMNITY PROVISION

The group has made qualifying third party indemnity provisions for the benefit of its directors and these remain in force at the date of this report.

EMPLOYEES

The group supports the principle of equal opportunities. Its policy is that there should be no unfair discrimination on the grounds of sex, religion or race. Equal employment opportunities are available to all persons, including the disabled. The group is committed to providing adequate training and career development to all employees and that for a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interest. Employees are made aware of the financial and economic performance of their business unit and of the group as a whole. Communication with employees continues through briefing groups and corporate newsletter.

SAS HOLDINGS LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

HEALTH AND SAFETY

In all of the group's operating sites product safety, employee health and safety, and environmental care are important elements in the development of the group's strategy. The group seeks to protect the environment by limiting the environmental impact of operations, meeting the requirements of legislation and training employees on environmental health and safety concerns.

BRANCHES OUTSIDE THE UK

During the year, the group operated branches in the United Arab Emirates and Spain.

CHARITABLE DONATIONS

During the year the group made charitable donations of £6,920 (2015: £7,175).

RESEARCH AND DEVELOPMENT

The group encourages research and development investment. Research and development programmes are managed to obtain a balance between improvements to existing products and development of new products. This amounts to £127,000 (2015: £118,000).

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SAS HOLDINGS LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who are directors at the time this Directors' Report is approved have confirmed that:

- so far as that Director is aware, there is no relevant audit information (i.e. information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- that Director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

By Order of the Board



S McElhinney

Director

Date: 27 September 2017

SAS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAS HOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2016

Report on the financial statements

Our opinion

In our opinion, SAS Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's profit and the group's and the company's cash flows 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.

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the Statements of Financial Position as at 31 December 2016;
- the Group Income Statement and Group Statement of Comprehensive Income for the year then ended;
- the Group Cash flow Statement and Company Cash flow Statement for the year then ended ;
- the Group Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

SAS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAS HOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Daniel Dennett (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 27 September 2017

**SAS HOLDINGS LIMITED
GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Note | <u>2016</u> | <u>2015</u> |
|--|------|-----------------|-------------|
| | | £000 | £000 |
| Turnover | 3 | 97,002 | 95,060 |
| Cost of sales | | (65,803) | (60,906) |
| | | <hr/> | <hr/> |
| Gross profit | | 31,199 | 34,154 |
| Distribution costs | | (3,651) | (4,155) |
| Administrative expenses | | (23,210) | (26,325) |
| Profit on disposal of subsidiary | | 2,957 | - |
| | | <hr/> | <hr/> |
| Operating profit | 4 | 7,295 | 3,674 |
| Interest receivable and similar income | 8 | 40 | 26 |
| Interest payable and similar expenses | 9 | (21) | (25) |
| Other finance costs | 10 | (260) | (267) |
| | | <hr/> | <hr/> |
| Profit before taxation | | 7,054 | 3,408 |
| Tax on profit | 11 | (1,152) | (497) |
| | | <hr/> | <hr/> |
| Profit for the financial year | | 5,902 | 2,911 |
| | | <hr/> | <hr/> |
| Profit attributable to: | | | |
| Owners of the parent | | 5,847 | 2,880 |
| Non controlling interest | | 55 | 31 |
| | | <hr/> | <hr/> |
| | | 5,902 | 2,911 |
| | | <hr/> | <hr/> |

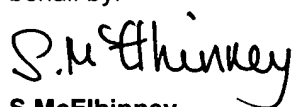
SAS HOLDINGS LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
THE YEAR ENDED 31 DECEMBER 2016

| | | 2016 | 2015 |
|---|------|---------------------|---------------------|
| | Note | £000 | £000 |
| Profit for the financial year | | <u>5,902</u> | <u>2,911</u> |
| Other comprehensive (expense)/income | | | |
| Remeasurement of net defined benefit obligation | 25 | (2,528) | 506 |
| Movement on deferred taxation relating to the pension deficit | 17 | 345 | (270) |
| Currency translation differences | | <u>1,572</u> | <u>(219)</u> |
| Other comprehensive (expense)/income for the year | | <u>(611)</u> | <u>17</u> |
| Total comprehensive income for the year | | <u>5,291</u> | <u>2,928</u> |

SAS HOLDINGS LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

| | | Group | | Company | |
|--|-------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Note | 2016 £'000 | 2015 £'000 | 2016 £'000 | 2015 £'000 |
| Fixed assets | | | | | |
| Intangible assets | 12 | 397 | 417 | - | - |
| Tangible assets | 13 | 32,786 | 32,517 | 2,396 | 1,782 |
| Investments | 14 | - | - | 21,162 | 21,162 |
| | | <u>33,183</u> | <u>32,934</u> | <u>23,558</u> | <u>22,944</u> |
| Current assets | | | | | |
| Inventories | 15 | 11,250 | 17,699 | - | - |
| Debtors: amounts falling due within one year | 16 | 23,903 | 19,292 | 472 | 364 |
| Debtors: amounts falling due in after more than one year | 16 | 971 | 665 | 14 | 14 |
| Cash at bank and in hand | | 13,015 | 5,650 | 1,305 | 2,136 |
| | | <u>49,139</u> | <u>43,306</u> | <u>1,791</u> | <u>2,514</u> |
| Creditors: amounts falling due within one year | 18 | (20,004) | (20,646) | (3,848) | (1,741) |
| | | <u>29,135</u> | <u>22,660</u> | <u>(2,057)</u> | <u>773</u> |
| Net current assets/(liabilities) | | 29,135 | 22,660 | (2,057) | 773 |
| Total assets less current liabilities | | 62,318 | 55,594 | 21,501 | 23,717 |
| Creditors: amounts falling due after more than one year | 19 | (265) | (218) | - | - |
| Post employment benefits | 25 | (9,215) | (6,929) | - | - |
| | | <u>52,838</u> | <u>48,447</u> | <u>21,501</u> | <u>23,717</u> |
| Net assets | | 52,838 | 48,447 | 21,501 | 23,717 |
| Capital and reserves | | | | | |
| Called-up share capital | 21 | 166 | 166 | 166 | 166 |
| Share premium account | | 170 | 170 | 170 | 170 |
| Capital redemption reserve | | 4,622 | 4,622 | 4,622 | 4,622 |
| Retained earnings | | 47,685 | 43,366 | 16,543 | 18,759 |
| | | <u>52,643</u> | <u>48,324</u> | <u>21,501</u> | <u>23,717</u> |
| Equity attributable to owners of parent | | 52,643 | 48,324 | 21,501 | 23,717 |
| Non-controlling interests | | 195 | 123 | - | - |
| Total equity | | 52,838 | 48,447 | 21,501 | 23,717 |

The notes on pages 16 to 38 are an integral part of these financial statements. The financial statements on pages 9 to 38 were approved and authorised for issue by the Board of Directors on 27 September 2017 and were signed on its behalf by:



S McElhinney
Director
SAS Holdings Limited
Registered Number: 01697448

SAS HOLDINGS LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

| | <u>Called-up share capital</u> £'000 | <u>Share premium account</u> £'000 | <u>Capital re- demption reserve</u> £'000 | <u>Retained earnings</u> £'000 | <u>Non - controlling interests</u> £'000 | <u>Total equity</u> £'000 |
|---|---|---|--|---------------------------------------|---|----------------------------------|
| At 1 January 2016 | 166 | 170 | 4,622 | 43,366 | 123 | 48,447 |
| Profit for the financial year | - | - | - | 5,847 | 55 | 5,902 |
| Other comprehensive (expense)/income for the year | - | - | - | (628) | 17 | (611) |
| Total comprehensive income for the year | - | - | - | 5,219 | 72 | 5,291 |
| Dividends | - | - | - | (900) | - | (900) |
| Total transactions with owners recognised directly in equity | - | - | - | (900) | - | (900) |
| At 31 December 2016 | 166 | 170 | 4,622 | 47,685 | 195 | 52,838 |

| | <u>Called-up share capital</u> £'000 | <u>Share premium account</u> £'000 | <u>Capital re- demption reserve</u> £'000 | <u>Retained earnings</u> £'000 | <u>Non - controlling interest</u> £'000 | <u>Total equity</u> £'000 |
|--|---|---|--|---------------------------------------|--|----------------------------------|
| At 1 January 2015 | 228 | 60 | 4,560 | 45,505 | 96 | 50,449 |
| Profit for the financial year | - | - | - | 2,880 | 31 | 2,911 |
| Other comprehensive income/(expense) for the year | - | - | - | 21 | (4) | 17 |
| Total comprehensive income for the year | - | - | - | 2,901 | 27 | 2,928 |
| Premium on shares issued in the year | - | 110 | - | - | - | 110 |
| Purchase of own shares | - | - | - | (5,040) | - | (5,040) |
| Transfer on purchase of own shares | (62) | - | 62 | - | - | - |
| Total transactions with owners, recognised directly in equity | (62) | 110 | 62 | (5,040) | - | (4,930) |
| At 31 December 2015 | 166 | 170 | 4,622 | 43,366 | 123 | 48,447 |

SAS HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

| | <u>Called up share capital</u> £'000 | <u>Share premium account</u> £'000 | <u>Capital redempt- ion reserve</u> £'000 | <u>Retained earnings</u> £'000 | <u>Total equity</u> £'000 |
|---|---|---|--|---|--|
| At 1 January 2016 | 166 | 170 | 4,622 | 18,759 | 23,717 |
| Loss for the financial year | - | - | - | (1,316) | (1,316) |
| Dividends | - | - | - | (900) | (900) |
| Total transactions with owners, recognised directly in equity | - | - | - | (900) | (900) |
| At 31 December 2016 | 166 | 170 | 4,622 | 16,543 | 21,501 |

| | <u>Called up share capital</u> £'000 | <u>Share premium account</u> £'000 | <u>Capital redempt- ion reserve</u> £'000 | <u>Retained earnings</u> £'000 | <u>Total equity</u> £'000 |
|--|---|---|--|---|--|
| At 1 January 2015 | 228 | 60 | 4,560 | 24,477 | 29,325 |
| Loss for the financial year | - | - | - | (678) | (678) |
| Premium on shares issued in the year | - | 110 | - | - | 110 |
| Purchase of own shares | - | - | - | (5,040) | (5,040) |
| Transfer on purchase of own shares | (62) | - | 62 | - | - |
| Total transactions with owners recognised directly in equity | (62) | 110 | 62 | (5,040) | (4,930) |
| At 31 December 2015 | 166 | 170 | 4,622 | 18,759 | 23,717 |

**SAS HOLDINGS LIMITED
GROUP CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | 2016 £'000 | 2015 £'000 |
|---|---------------|----------------|
| <u>Cash flows from operating activities</u> | | |
| Profit for the financial year | 5,902 | 2,911 |
| Adjustments for: | | |
| Depreciation of fixed assets | 2,423 | 2,409 |
| Amortisation of intangibles | 106 | 107 |
| Profit on disposal of tangible fixed assets | (10) | - |
| Deferred credit on grant | (8) | (8) |
| Profit on disposal of subsidiary | (2,957) | - |
| Other exchange movements | 370 | (217) |
| Net interest receivable | (19) | (1) |
| Other finance costs | 260 | 267 |
| Taxation expense | 1,152 | 497 |
| Change in creditors | 1,259 | 827 |
| Change in debtors | (6,582) | 2,561 |
| Change in inventories | 4,252 | (3,920) |
| Cash from operations | 6,148 | 5,433 |
| Taxation paid | (892) | (529) |
| Contribution to SAS Pension Plan | (502) | (490) |
| Net cash generated from operating activities | 4,754 | 4,414 |
| <u>Cash flows from investing activities</u> | | |
| Interest received | 40 | 26 |
| Purchase of fixed assets | (1,921) | (1,706) |
| Purchase of intangible fixed assets | (73) | (171) |
| Proceeds from sale of fixed assets | 18 | 9 |
| Proceeds from the sale of subsidiary | 5,986 | - |
| Dividends paid | (900) | - |
| Net cash generated from/(used in) investing activities | 3,150 | (1,842) |
| <u>Cash flows from financing activities</u> | | |
| Interest paid | (21) | (25) |
| Repayments under finance lease and hire purchase agreements | (518) | (477) |
| Purchase of own shares | - | (5,040) |
| Net cash used in financing activities | (539) | (5,542) |
| Net increase/(decrease) in cash and cash equivalents | 7,365 | (2,970) |
| Cash and cash equivalents at the start of the year | 5,650 | 8,620 |
| Cash and cash equivalents at the end of the year | 13,015 | 5,650 |
| <u>Cash and cash equivalents comprise</u> | | |
| Cash at bank and in hand | 13,015 | 5,650 |

SAS HOLDINGS LIMITED
COMPANY CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (1,316) | (678) |
| Adjustments for: | | |
| Depreciation of fixed assets | 74 | 35 |
| Net interest receivable | (16) | (8) |
| Taxation credit | (306) | - |
| Change in creditors | 1,546 | 478 |
| Change in debtors | 71 | 188 |
| | <hr/> | <hr/> |
| Net cash generated from operating activities | 53 | 15 |
| | <hr/> | <hr/> |
| Cash flows from investing activities | | |
| Interest received | 16 | 8 |
| Dividends paid | (900) | - |
| | <hr/> | <hr/> |
| Net cash (used in)/generated from investing activities | (884) | 8 |
| | <hr/> | <hr/> |
| Cash flows from financing activities | | |
| Purchase of own shares | - | (5,040) |
| | <hr/> | <hr/> |
| Net cash generated from/(used in) financing activities | - | (5,040) |
| | <hr/> | <hr/> |
| Net decrease in cash and cash equivalents | (831) | (5,017) |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the start of the year | 2,136 | 7,153 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the year | 1,305 | 2,136 |
| | <hr/> | <hr/> |
| Cash and cash equivalents comprise | | |
| Cash at bank and in hand | 1,305 | 2,136 |
| | <hr/> | <hr/> |

**SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 GENERAL INFORMATION

SAS Holdings Limited ('the group') designs and manufactures ceiling systems and other building products. The group has manufacturing plants in the United Kingdom and sells to the United Kingdom, Europe, the Middle East and the rest of the World.

The company is incorporated and domiciled in the United Kingdom. The address of the registered office is 31 Suttons Business Park, Reading, Berkshire, RG6 1AZ. SAS Holdings Limited is a private company, limited by shares.

Statement of compliance

The group and company financial statements of SAS Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by measuring certain financial assets and liabilities at fair value through the income statement in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to pay its debts as they fall due. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries on an acquisition accounting basis. The results of subsidiaries and businesses acquired are incorporated in the consolidated financial statements from the date of their acquisition and those disposed of are excluded from their date of disposal. Uniform accounting policies are adopted throughout the group and all intra-group transactions are eliminated on consolidation.

Exemption from the disclosure of a parent company income statement

SAS Holdings Limited, as a parent company of the group has taken exemption from disclosure of its individual income statement under Companies Act 2006 s408.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions.

Related party disclosures

The company does not disclose transactions with members of the same group that are wholly owned in accordance with paragraph 33.1 (a).

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION (continued)

A summary of the principal accounting policies of the company, which have been applied consistently, are as follows:

Foreign currency translation

Functional and presentational currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items are measured at historical cost and translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Revenue recognition

Revenue, which excludes value added tax, trade discounts and returns, represents the invoiced value of goods supplied during the financial year, and includes the sales value of long term contracts relevant to their state of completion.

The group bases its estimate of returns on historical results, taking into consideration the type of customers, the type of transaction and the specifics of each arrangement.

Revenue is recognised when the risks and rewards of ownership to the goods has been transferred to a customer. The transfer arises on despatch and acceptance of the goods by a customer. Revenue is recognised in respect of long term contracts based on amounts certified by valuers.

The group recognises revenue from the sale of goods when all the following conditions are satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recognised using the effective interest rate method.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION (continued)

Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

The amount charged to the Income Statement in respect of these pension costs is the contribution payable in the year. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

(iii) Defined benefit pension plan

For the defined benefit scheme, any increase in the present value of the liabilities of the scheme expected to arise from the current service of employees in the year is charged to operating profit. The expected return on the scheme's assets and the expected increase during the year in the present value of the scheme's liabilities are included as other finance income or costs as appropriate. Actuarial gains and losses are recognised in other comprehensive income. Pension scheme assets, to the extent they are recoverable, and pension scheme liabilities, are recognised in the statement of financial position and represent the difference between the market value of scheme assets and the present value of scheme liabilities, net of deferred taxation. Pension scheme liabilities are determined on an actuarial basis using the projected unit method and are discounted at a rate using the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Annual bonus plan

The group operates an annual bonus plan for employees. An expense is recognised in the Income Statement when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group's subsidiaries operate and generate taxable income.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION (continued)

Taxation (continued)

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- (i) The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- (ii) Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- (iii) Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Intangible assets

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Under the FRS 102 section 18 and 19, goodwill arising on acquisitions has been capitalised and written off over its useful economic life of 5 years, being the period expected to benefit. The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the Income Statement.

Software costs

Software costs and other associated costs are initially recognised at cost. After recognition, software is measured at cost less accumulated amortisation and any accumulated impairment losses. An impairment of software would have been deemed to have happened if the value in use was less than the carrying value.

As required by FRS 102, computer software is disclosed within the other intangibles category and is accordingly included. Software is amortised on a straight line basis which is reflected within 'administrative expenses' in the Income Statement over its useful economic life of 5 years.

Tangible assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Freehold land is stated at cost and not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

| | |
|---|--------------|
| Freehold buildings | 50 years |
| Long-term leasehold buildings | 50 years |
| Plant, equipment, fixtures and fittings | 4 - 20 years |
| Motor vehicles | 4 – 5 years |

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION (continued)

Tangible assets (continued)

Short-term leasehold property is depreciated over the period of the lease. Plant under construction is depreciated from the date the plant is commissioned.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Income Statement.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

Investments

Investments are stated at cost less amounts written off and provisions for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Long-term contracts

Work in progress on long-term contracts is stated at total costs incurred, net of amounts transferred to Income Statement in respect of work carried out to date, less foreseeable losses and applicable payments on account. Profits on contracts are only taken when the results of the contract can reasonably be foreseen. Where turnover on contracts exceeds payments on account an "amounts recoverable on contracts" is established and separately disclosed within debtors.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION (continued)

Cash and cash equivalents

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

Provisions and contingencies

i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

ii) Provision is not made for future operating losses

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

iii) Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

The company only enters into basic financial assets, including trade and other debtors and cash and bank balances. These are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the Income Statement.

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.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION (continued)

Financial instruments

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and balances due to from fellow group companies, 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.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and 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.

Offsetting

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the Statement of Changes in Equity.

Related party transactions

The group discloses transactions with related parties which are not wholly owned with the same group.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income Statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In applying the accounting policies detailed above, decisions sometimes have to be made as to the likely outcome of future events. Those judgements and estimates made in preparing the financial statements are based on historical experience and assumptions that the directors believed were reasonable in the circumstances.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

(ii) Inventory provisioning

The company manufactures and sells ceilings systems and other building products. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of the inventory and associated provision.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(iv) Long term contracts

The calculation of long term contract balances included in the financial statements are based on a number of factors, including estimates of cost to complete and the remaining revenues for each contract. These estimates, together with costs incurred and revenues earned to date in assessing the profitability of long term contracts. The estimates include a degree of inherent uncertainty. During the year, management assess long term contract balances, on a project by project basis, to ensure balances are included in accordance with the stated accounting policy. The reviews have not resulted in the need for any adjustments to long term contracts amounts at the year end.

3 TURNOVER

The group's turnover and profit before taxation is derived from one class of business and the net assets of the group reside predominantly within the United Kingdom.

An analysis of turnover by geography is given below:

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|-------------------|----------------------|----------------------|
| United Kingdom | 68,116 | 75,600 |
| Europe | 7,672 | 5,428 |
| Middle East | 7,561 | 10,642 |
| Rest of the World | 13,653 | 3,390 |
| | <hr/> 97,002 | <hr/> 95,060 |

Turnover by nature is:

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|---------------------|----------------------|----------------------|
| Sale of goods | 67,689 | 69,852 |
| Long term contracts | 29,313 | 25,208 |
| | <hr/> 97,002 | <hr/> 95,060 |

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|---|----------------------|----------------------|
| Depreciation of tangible fixed assets: | | |
| - owned | 2,383 | 2,064 |
| - held under hire purchase and finance lease agreements | 40 | 345 |
| Amortisation of goodwill | 27 | 25 |
| Amortisation of other intangible fixed assets | 79 | 82 |
| Impairment of inventory (included in cost of sales) | 35 | (89) |
| Impairment of trade debtors | 570 | 54 |
| Operating lease rentals – land and buildings | 670 | 999 |
| Operating lease rentals – plant and machinery | 400 | 380 |
| Operating lease rentals – other | 55 | 40 |
| Deferred grant income released | (8) | (8) |
| Research and development | 127 | 118 |
| Gain on foreign currency translation | (1,146) | (215) |
| Inventory recognised as an expense | 46,876 | 44,414 |
| Profit on sale of subsidiary undertaking | (2,957) | - |

Administrative expenses include £1,127,000 loss (2015:£26,000 loss) on derivative financial instruments.

5 EMPLOYEE INFORMATION

The average monthly number of employees during the year, including executive and non-executive directors was:

| | <u>2016</u> Number | <u>2015</u> Number |
|----------------|-----------------------|-----------------------|
| Administration | 303 | 376 |
| Production | 497 | 465 |
| | <u>800</u> | <u>841</u> |

The employment costs of all employees included above were:

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|-----------------------|----------------------|----------------------|
| Wages and salaries | 27,803 | 25,597 |
| Social security costs | 2,621 | 2,501 |
| Pension costs | 1,261 | 1,404 |
| | <u>31,685</u> | <u>29,502</u> |

6 DIRECTORS' REMUNERATION

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|---|----------------------|----------------------|
| Directors: | | |
| Aggregate emoluments | 1,876 | 939 |
| Company pension contributions to money purchase schemes | 139 | 99 |
| | <u>2,015</u> | <u>1,038</u> |

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

6 DIRECTORS' REMUNERATION (continued)

The number of directors to whom retirement benefits are accruing under money purchase pension schemes and defined benefit pension schemes were 3 (2015: 5) and 2 (2015: 2) respectively.

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|--|----------------------|----------------------|
| Highest paid director: | | |
| Aggregate emoluments | 1,111 | 316 |
| Company pension contributions to a money purchase scheme | 90 | 23 |
| | <hr/> 1,201 | <hr/> 339 |
| | <hr/> <hr/> | <hr/> <hr/> |

The highest paid director did not accrue retirement benefits under the defined benefit scheme in the current year nor the previous year.

7 AUDITORS' REMUNERATION

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|--|----------------------|----------------------|
| Fees payable to the company's auditors for the audit of the company's financial statements | 15 | 18 |
| Fees payable to the company's auditors and its associates for other services: | | |
| - the audit of the company's subsidiaries, pursuant to legislation | 65 | 95 |
| - tax services | 23 | 23 |
| - all other services | 1 | 1 |
| Fees in respect of the SAS Pension Plan : | | |
| -audit | 8 | 8 |
| | <hr/> 112 | <hr/> 145 |
| | <hr/> <hr/> | <hr/> <hr/> |

8 INTEREST RECEIVABLE AND SIMILAR INCOME

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|--|----------------------|----------------------|
| Interest receivable and similar income | 40 | 26 |
| | <hr/> <hr/> | <hr/> <hr/> |

9 INTEREST PAYABLE AND SIMILAR EXPENSES

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|------------------------|----------------------|----------------------|
| Bank overdraft | 2 | - |
| Finance lease interest | 19 | 25 |
| | <hr/> 21 | <hr/> 25 |
| | <hr/> <hr/> | <hr/> <hr/> |

10 OTHER FINANCE COSTS

| | <u>2016</u> £'000 | <u>2015</u> £'000 |
|--|----------------------|----------------------|
| PENSIONS | | |
| Interest on defined benefit pension scheme's liabilities | 724 | 690 |
| Expected return on the defined benefit pension scheme's assets | (464) | (423) |
| | <hr/> 260 | <hr/> 267 |
| | <hr/> <hr/> | <hr/> <hr/> |

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11 TAX ON PROFIT

(a) Tax expense included in the Income Statement

| | <u>2016</u> | <u>2015</u> |
|---|--------------|--------------|
| | £'000 | £'000 |
| Current taxation | | |
| United Kingdom corporation tax on profits for the year | 642 | 347 |
| Corporation tax adjustments in respect of prior periods | - | (31) |
| | <u>642</u> | <u>316</u> |
| Foreign tax | 471 | 391 |
| Total current tax | <u>1,113</u> | <u>707</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 97 | 14 |
| Adjustments in respect of prior periods | 1 | (112) |
| Changes in tax rates | (59) | (112) |
| Total deferred tax | <u>39</u> | <u>(210)</u> |
| Tax on profit | <u>1,152</u> | <u>497</u> |

(b) Reconciliation of tax charge

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

| | <u>2016</u> | <u>2015</u> |
|---|--------------|-------------|
| | £'000 | £'000 |
| Profit before tax | 7,054 | 3,408 |
| Profit before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%) | 1,411 | 690 |
| Effects of: | | |
| Expenditure not deductible for tax purposes | (470) | 149 |
| Adjustments in respect of prior periods | 1 | (143) |
| Overseas profits taxed at different rates than the standard rate of tax in the UK | (48) | (87) |
| Changes in tax rates | (60) | (112) |
| Tax losses not recognised | 318 | - |
| Total tax | <u>1,152</u> | <u>497</u> |

The standard rate of corporation tax in the UK was 20% throughout the year under review. Accordingly, the company's profits for this accounting period are taxed at 20% which is the effective rate (2015: 20.25%).

Factors that may affect future tax charges:

The UK Corporation tax rate which will reduce to 19% from 1 April 2017 and 17% from 1 April 2020.. Accordingly, the deferred tax balance has been calculated using a rate of 17%.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

12 INTANGIBLE ASSETS

| Group | Goodwill £'000 | Software costs £'000 | Total £'000 |
|---------------------------------|---------------------------------|---|------------------------------|
| Cost | | | |
| At 1 January 2016 | 3,652 | 1,115 | 4,767 |
| Additions | - | 73 | 73 |
| Exchange adjustment | 25 | - | 25 |
| At 31 December 2016 | 3,677 | 1,188 | 4,865 |
| Accumulated amortisation | | | |
| At 1 January 2016 | 3,579 | 771 | 4,350 |
| Charge for year | 27 | 79 | 106 |
| Exchange adjustment | 12 | - | 12 |
| At 31 December 2016 | 3,618 | 850 | 4,468 |
| Net book value | | | |
| At 31 December 2016 | 59 | 338 | 397 |
| At 31 December 2015 | 73 | 344 | 417 |

The net book value for goodwill arose on the acquisition of SAS International Australia Pty Limited.

13 TANGIBLE ASSETS

| Group | Freehold land and buildings £'000 | Long leasehold land and buildings £'000 | Short leasehold land and buildings £'000 | Plant and equipment £'000 | Motor Vehicles £'000 | Total £'000 |
|---------------------------------|--|--|---|--|---|------------------------------|
| Cost | | | | | | |
| At 1 January 2016 | 21,768 | 5,822 | 1,886 | 30,799 | 1,829 | 62,104 |
| Additions | - | - | 15 | 2,506 | - | 2,521 |
| Disposals | - | - | - | (20) | (44) | (64) |
| Transfer from work in progress | - | - | - | 901 | - | 901 |
| Group transfer | - | - | (522) | (93) | (1,260) | (1,875) |
| Exchange adjustment | 28 | - | - | 22 | 19 | 69 |
| At 31 December 2016 | 21,796 | 5,822 | 1,379 | 34,115 | 544 | 63,656 |
| Accumulated depreciation | | | | | | |
| At 1 January 2016 | 3,393 | 1,681 | 873 | 22,516 | 1,124 | 29,587 |
| Charge for year | 441 | 130 | 144 | 1,644 | 64 | 2,423 |
| Disposals | - | - | - | (19) | (37) | (56) |
| Group transfer | - | - | (390) | (53) | (667) | (1,110) |
| Exchange adjustment | 2 | - | - | 12 | 12 | 26 |
| At 31 December 2016 | 3,836 | 1,811 | 627 | 24,100 | 496 | 30,870 |
| Net book value | | | | | | |
| At 31 December 2016 | 17,960 | 4,011 | 752 | 10,015 | 48 | 32,786 |
| At 31 December 2015 | 18,375 | 4,141 | 1,013 | 8,283 | 705 | 32,517 |

SAS HOLDINGS LIMITED
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13 TANGIBLE ASSETS (continued)

The net book value of plant and machinery includes £1,155,000 (2015: £1,607,000) of assets held under finance leases and hire purchase contracts.

Included within the above is £465,000 (2015: £827,000) of plant and equipment on which no depreciation has been charged as the assets had not been brought into use as at 31 December 2016.

The group's banking facilities are secured by way of a fixed and floating charge over all the assets of the company.

| Company | Freehold land and buildings £'000 | Motor Vehicles £'000 | Total £'000 |
|-------------------------------------|--|-------------------------------------|------------------------|
| Cost | | | |
| At 1 January 2016 | 2,066 | 22 | 2,088 |
| Group transfer | 774 | - | 774 |
| At 31 December 2016 | 2,840 | 22 | 2,862 |
| Accumulated depreciation | | | |
| At 1 January 2016 | 284 | 22 | 306 |
| Group transfer | 86 | - | 86 |
| Charge for year | 74 | - | 74 |
| At 31 December 2016 | 444 | 22 | 466 |
| Net book value | | | |
| At 31 December 2016 | 2,396 | - | 2,396 |
| At 31 December 2015 | 1,782 | - | 1,782 |

14 INVESTMENTS

| Company | Shares in subsidiary undertakings £'000 |
|---|--|
| Cost | |
| At 1 January 2016 and 31 December 2016 | 25,541 |
| Provision for impairment | |
| At 1 January 2016 and 31 December 2016 | (4,379) |
| Net book amount | |
| At 31 December 2015 and 31 December 2016 | 21,162 |

The directors are of the opinion that that the carrying value of the investments is supported by their net assets.

SAS HOLDINGS LIMITED
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14 INVESTMENTS (continued)

Details of the subsidiary undertakings are shown below:

| Entity | Country of incorporation/ Registered office | Proportion of voting rights and share capital held | Principal Activity |
|---|--|--|--|
| SAS International Limited | England and Wales 31 Suttons Business Park Reading Berkshire RG6 1AZ | 100% ordinary | Design, manufacture and installation of suspended ceilings, partitioning and other building products; Providing project management services on construction projects. |
| SAS Building Factors Ireland Limited | Republic of Ireland Century House Harold's Cross Road Dublin 6 W | 90% ordinary | Providing project management services on construction projects in Ireland. |
| SAS International Australia Pty Limited * | Australia Level 2 93 Bathurst Street Sydney NSW 2000 | 100% ordinary | Distribution of suspended ceilings, partitioning and other building products. |
| SAS International Hong Kong Limited * | Hong Kong Room 601 Yue Xiu Building 160-174 Lockhart Road Wanchai | 100% ordinary | Distribution of suspended ceilings, partitioning and other building products. |
| Avanti Partitioning Products Limited ** | England and Wales | 100% ordinary | Dormant |
| SAS Access Flooring Services Limited ** | England and Wales | 100% ordinary | Dormant |
| SAS Newco Limited ** | England and Wales | 100% ordinary | Dormant |

* Investment is held by SAS International Limited.

** The dormant subsidiaries have the same registered office as the SAS International Limited .

On 26 February 2016, the SAS International Limited transferred certain of its assets, liabilities and trade to a wholly owned subsidiary, SAS Direct and Partitioning Limited. SAS Direct and Partitioning Limited was disposed of on 5 March 2016.

15 INVENTORIES

| | Group | |
|--------------------------------------|---------------|---------------|
| | 2016 | 2015 |
| | £'000 | £'000 |
| Raw materials and consumables | 6,132 | 5,550 |
| Work in progress | 360 | 5,073 |
| Finished goods and goods for re-sale | 4,758 | 7,076 |
| | 11,250 | 17,699 |

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £570,000 (2015: £535,000).

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16 DEBTORS

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year | | | | |
| Trade debtors | 16,127 | 14,972 | 101 | 128 |
| Amounts recoverable on contracts | 5,862 | 2,573 | - | - |
| Corporation tax recoverable | 306 | 143 | 306 | 127 |
| Other taxation and social security | 5 | 227 | 5 | 8 |
| Other debtors | 432 | 242 | 51 | 39 |
| Prepayments and accrued income | 1,171 | 1,135 | 9 | 62 |
| | 23,903 | 19,292 | 472 | 364 |
| Amounts falling due after more than one year | | | | |
| Deferred tax (note 17) | 971 | 665 | 14 | 14 |
| | 971 | 665 | 14 | 14 |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

17 DEFERRED TAXATION

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | £'000 | £'000 | £'000 | £'000 |
| Deferred tax excluding that relating to the pension liability | (596) | (582) | 14 | 14 |
| Deferred tax on the pension liability | 1,567 | 1,247 | - | - |
| Total deferred tax | 971 | 665 | 14 | 14 |

The movements on the deferred tax balances are as follows:

| | <u>2016</u> | <u>2015</u> |
|--|--------------------|--------------------|
| | £'000 | £'000 |
| At 1 January | 665 | 725 |
| (Charged)/credit to the Income Statement | (39) | 210 |
| Credit/(charged) to other comprehensive income | 345 | (270) |
| At 31 December | 971 | 665 |

SAS HOLDINGS LIMITED
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17 DEFERRED TAXATION (continued)

Deferred tax comprises:

| | Group | | Company | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | £'000 | £'000 | £'000 | £'000 |
| Accelerated capital allowances | (682) | (745) | 14 | 14 |
| Other timing differences | 86 | 163 | - | - |
| Deferred tax on the pension liability | 1,567 | 1,247 | - | - |
| | <u>971</u> | <u>665</u> | <u>14</u> | <u>14</u> |

There are no unused tax losses or tax credits.

The group's net deferred tax asset expected to reverse in the next 12 months is £43,000 creditor (2015: £86,000 creditor). This primarily relates to the reversal of timing differences on fixed assets offset by expected tax deductions on other timing differences.

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 11,087 | 11,760 | - | - |
| Amounts owed to group undertakings | - | - | 3,728 | 1,666 |
| Finance leases | 418 | 383 | - | - |
| Corporation tax payable | 763 | 506 | - | - |
| Other taxation and social security | 1,334 | 778 | - | - |
| Other creditors | 539 | 384 | - | - |
| Derivative financial instruments | 1,127 | 95 | - | - |
| Accruals and deferred income | 4,736 | 6,740 | 120 | 75 |
| | <u>20,004</u> | <u>20,646</u> | <u>3,848</u> | <u>1,741</u> |

Included within other creditors is an amount of £67,000 (2015: £74,000) in respect of contributions payable to the defined contribution pension scheme.

Finance leases were secured over the assets being financed.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| Group | <u>2016</u> <u>£'000</u> | <u>2015</u> <u>£'000</u> |
|---|---|---|
| Finance leases | 265 | 218 |
| Minimum finance lease payments are as follows: | | |
| In one year or less | 418 | 390 |
| In more than one year but not more than two years | 237 | 170 |
| In more than two years but not more than five years | 47 | 49 |
| | 702 | 609 |
| Less: finance charge | (19) | (8) |
| Carrying amount of liability | 683 | 601 |

The finance leases primarily relate to a press machine and various software costs which are leased from a specialist leasing company. The remaining lease terms are less than one year, less than two years and less than three years respectively. At the end of the lease terms the company will own the assets.

20 FINANCIAL INSTRUMENTS

The group and company's financial instruments may be analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | <u>2016</u> <u>£'000</u> | <u>2015</u> <u>£'000</u> | <u>2016</u> <u>£'000</u> | <u>2015</u> <u>£'000</u> |
| Financial assets | | | | |
| Financial assets that are debt instruments measured at amortised cost | 23,455 | 24,942 | 1,777 | 2,500 |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | 15,823 | 20,769 | 3,848 | 1,741 |
| Financial liabilities that are measured at fair value through the Income Statement - derivative financial instruments | 1,127 | 95 | - | - |

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts recoverable under contracts, inter-company debtors, other taxation and social security, corporation tax, other debtors and prepayments.

Financial liabilities measured at amortised cost comprise the bank overdraft, finance leases, trade creditors, inter-company creditors, corporation tax, other taxation and social security, other creditors and accruals.

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2016, the outstanding contracts all mature before 31 March 2018 (2015: 30 November 2016). The company is committed to sell €1,000,000, US\$2,845,000 and HK\$79,826,660 and received a fixed sterling amount.

SAS HOLDINGS LIMITED
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20 FINANCIAL INSTRUMENTS (continued)

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:EURO, GBP:USD and GBP:HKD.

The company has no interest rate derivative financial instruments (2015: none).

21 CALLED-UP SHARE CAPITAL

| | Group and Company | |
|--|--------------------------|--------------------|
| | <u>2016</u> | <u>2015</u> |
| | £'000 | £'000 |
| Allotted, called up and fully paid: | | |
| 166,396 (2015: 166,396) ordinary shares of £1 each | 166 | 166 |
| 35,497 (2015: 35,497) A ordinary shares of 1p each | - | - |
| 19,969 (2015: 19,969) B ordinary shares of 1p each | - | - |
| | <hr/> | <hr/> |
| | 166 | 166 |
| | <hr/> | <hr/> |

The ordinary shares of £1 each carry a right to dividends and the holders of these shares have the right to receive notice of and to attend, speak and vote at all general meetings of the company, with each share carrying one vote. On return of capital on liquidation or capital reduction or any other exit, the surplus of assets after payment of its liabilities shall be applied to the ordinary shareholders as follows;

- firstly, any surplus up to a predetermined hurdle shall be distributed between the ordinary shareholders; and then
- any amount in excess of the predetermined hurdle shall be distributed between the ordinary, A and B shareholders, as if they were one class of shares in proportion to the aggregate number of fully paid shares held.

A and B shareholders do not carry a right to dividends and the holders of these shares have do not have the right to receive notice of, attend, speak and vote at all general meetings of the company.

There are no restrictions on the distributions of dividends and the repayment of capital except as noted above on the A and B ordinary shares.

| | Group and Company | |
|--|--------------------------|--------------------|
| | <u>2016</u> | <u>2015</u> |
| | £'000 | £'000 |
| Dividends | | |
| Total dividends paid (£5.409 per ordinary share) | 900 | - |
| | <hr/> | <hr/> |

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

22 CAPITAL COMMITMENTS

Commitments for future capital expenditure not provided for in the financial statements:

| | 2016 £'000 | Group 2015 £'000 |
|------------|-----------------------------|---|
| Contracted | - | 162 |

The group had no other off balance sheet commitments.

23 OPERATING LEASE COMMITMENTS

The group had lease payments under non-cancellable operating leases as set out below:

| | 2016 £'000 | 2015 £'000 |
|----------------------------|-----------------------------|-----------------------------|
| On leases expiring: | | |
| Within one year | 658 | 1,154 |
| Between two and five years | 810 | 1,755 |
| After five years | 108 | 225 |
| | 1,576 | 3,134 |

24 CONTINGENT LIABILITIES

At 31 December 2016 the group had no contingent liabilities (2015: £nil).

The group operates a "pooling" arrangement for treasury management. There was no overdraft position in any parts of the group at 31 December 2016 (2015: £nil)

25 POST EMPLOYMENT BENEFITS

The group operates four pension schemes, three defined contribution schemes and one defined benefit scheme.

Defined contribution schemes

The pension cost of the defined contribution schemes, which represents contributions payable by the group, amounted to £758,000 (2015: £914,000) in the year. Included in creditors is £67,000 (2015: £74,000) in respect of contributions payable to the scheme.

SAS HOLDINGS LIMITED
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25 POST EMPLOYMENT BENEFITS (continued)

Defined benefits scheme

The SAS Group operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 December 2012 and updated to 31 December 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are show below.

The most recent actuarial valuation showed a deficit of £6,387,000. The company has agreed with the trustees that it will eliminate the deficit over a period of 9 years and 4 months from 1 January 2017 to 30 April 2026 by the payment of annual contributions of £510,000; increasing by 3% every year from 1 January 2017, in respect of the deficit. In addition and in accordance with the actuarial valuation, the group has agreed with the trustees that it will meet expenses of the scheme and levies to the Pension Protection Fund.

Present values of the defined benefit obligation, fair values of assets and defined benefit asset/(liability)

| | 2016 £'000 | 2015 £'000 | 2014 £'000 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Fair value of plan assets | 13,613 | 11,861 | 11,641 |
| Present value of defined benefit obligation | (22,828) | (18,790) | (19,299) |
| Deficit in plan | (9,215) | (6,929) | (7,658) |
| Unrecognised surplus | - | - | - |
| Defined benefit liability to be recognised | (9,215) | (6,929) | (7,658) |
| Deferred tax | 1,567 | 1,247 | 1,532 |
| Net defined liability to be recognised | (7,648) | (5,682) | (6,126) |

Reconciliation of opening and closing balances of the defined benefit obligation

| | 2016 £'000 | 2015 £'000 |
|---|-----------------------------|-----------------------------|
| Defined benefit obligation at the start of the year | 18,790 | 19,299 |
| Interest expense | 724 | 690 |
| Actuarial losses/(gains) | 3,753 | (910) |
| Benefits paid and expenses | (439) | (289) |
| Defined benefit obligation at the end of the year | 22,828 | 18,790 |

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25 POST EMPLOYMENT BENEFITS (continued)

Defined benefits scheme (continued)

Reconciliation of opening and closing balances of the fair value of plan assets

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Fair value of scheme assets at start of the year | 11,861 | 11,641 |
| Interest income | 464 | 423 |
| Actuarial gains/(losses) | 1,225 | (404) |
| Contributions by employer | 502 | 490 |
| Benefits paid and expenses | (439) | (289) |
| Fair value of scheme assets at year end | 13,613 | 11,861 |

The actual return on the scheme assets over the year ending 31 December 2016 was £1,689,000 (2015: £19,000).

Defined benefit costs recognised in profit or loss

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Net interest cost (note 10) | 260 | 267 |
| Defined benefit costs recognised in the Income Statement | 260 | 267 |

Defined benefit costs recognised in other comprehensive income

| | 2016 £'000 | 2015 £'000 |
|---|----------------|---------------|
| Return on plan assets (excluding amounts in net interest cost) | 1,225 | (404) |
| Experience gains and losses arising on the plan liabilities: gain | 921 | - |
| Effect of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities : (loss)/gain | (4,674) | 910 |
| Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – (loss)/gain | - | - |
| Total amount recognised in other comprehensive income: (loss)/gain | (2,528) | 506 |

SAS HOLDINGS LIMITED
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25 POST EMPLOYMENT BENEFITS (continued)

Defined benefits scheme (continued)
Assets

| | 2016 £'000 | 2015 £'000 | 2014 £'000 |
|--------------------------|---------------|---------------|---------------|
| UK Equities | - | 1,814 | 2,027 |
| Overseas equities | 3,176 | 3,498 | 3,321 |
| Corporate Bonds | 2,912 | 4,449 | 4,043 |
| Diversified Growth Funds | 4,291 | - | - |
| Cash | 1,019 | 2,100 | 1,528 |
| Indexed Linked Bonds | 2,215 | - | 722 |
| Total assets | 13,613 | 11,861 | 11,641 |

None of the fair values of the assets shown above include any of the company's own financial instruments or any property occupied by, or other asset used by, the company.

Assumptions

The major assumptions used by the actuary are shown below:

| | 2016 % per annum | 2015 % per annum | 2014 % per annum |
|---|---------------------|---------------------|---------------------|
| Discount rate | 2.70 | 3.90 | 3.60 |
| Inflation (RPI) | 3.40 | 3.20 | 3.10 |
| Inflation (CPI) | 2.50 | 2.30 | 2.20 |
| Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less. | 2.50 | 2.30 | 2.20 |
| Allowance for pension payment increases | | | |
| Allowance for pension in payment increases of RPI or 5% p.a. if less. | 3.40 | 3.20 | 3.10 |
| Allowance for pension in payment increases of CPI or 3% p.a. if less. | 2.50 | 2.30 | 2.20 |
| Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a. | 3.70 | 3.50 | 3.40 |
| Allowance for commutation of pension for cash at retirement | No allowance | No allowance | No allowance |

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25 POST EMPLOYMENT BENEFITS (continued)

Defined benefits scheme (continued)

The mortality assumptions adopted at 31 December 2016 imply the following life expectancies:

| | Life expectancy at age 65 (Years) |
|-------------------------|--|
| Male retiring in 2016 | 22.4 |
| Female retiring in 2016 | 24.5 |
| Male retiring in 2036 | 24.6 |
| Female retiring in 2036 | 26.8 |

The best estimate of contributions to be paid by the group to the scheme for the year commencing 1 January 2017 is £510,000.

26 RELATED PARTY TRANSACTIONS

Key management personnel include all executive directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the company was £712,664 (2015: £1,567,712). Directors' remuneration is disclosed in note 6.

The group is exempt from disclosing related party transactions with other parties that are wholly owned within the group.

During the year the group made sales of £2,057,000 (2015 : £1,510,000) to SAS Building Factors Ireland Limited, a company that is 90% owned by the Company. At the year end, SAS Building Factors Ireland Limited owed the company £195,245 (2015 £83,479). The amount is unsecured and interest free.

27 CONTROLLING PARTY

The Company is owned by number of private shareholders. By virtue of their interests in the share capital of the group the directors consider the McElhinney family to be the ultimate controlling party.

The smallest and largest group which consolidates the results of the group is that headed by SAS Holdings Limited. The consolidated financial statements of SAS Holdings Limited are available from 31 Suttons Business Park, Reading, Berkshire, RG6 1AZ.