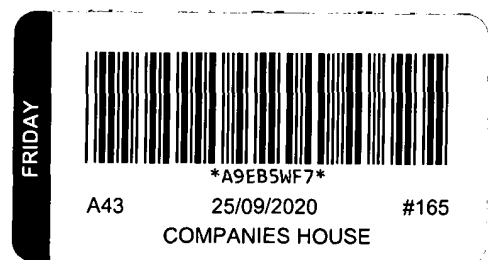


SAS Holdings Limited
Registered number: 01697448
Annual report and financial statements
Year ended 31 December 2019



**SAS HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019**

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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 H Gammon
P J Smith
R C Lenney

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

Head Office and Registered Office

SAS Holdings Limited
28 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

BDO LLP
Bridgewater House
Finzels Reach
Counterslip
Bristol
BS1 6BX

**SAS HOLDINGS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their Strategic Report on the group and company for the year ended 31 December 2019.

REVIEW OF BUSINESS

The directors are satisfied with the group's turnover and operating profit achieved during 2019. The result for the year was a profit of £5,302k (2018: £6,595k) and an operating profit of £6,212k (2018: £8,605k). The directors consider that the group has performed adequately.

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, the group continually focuses on product development, 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 economic uncertainty and the competitive environment.

The general economic environment and uncertainty over how Brexit and COVID-19 may impact the economic landscape, provide challenges to the business. However, our broad range of products and customers, specification led pipeline and our commitment to seek new opportunities globally, ensure we maximise our potential of winning new business.

We keep existing competitors and consolidation in the market under review. Offering innovative, design led products enables us to differentiate. We continue to invest in research and development and in new production equipment to keep costs down and maintain barriers to new entrants.

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:

- Management regularly reviews sourcing of raw materials and potential price increases, to ensure gross margin is protected.
- Key personnel are retained using performance related incentive schemes and the group invests for the long term through apprenticeships and other training.

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 health and safety statistics across the group and details of any incidents, details of new product launches, major project milestones and completions, as well as staff headcount by operating site including diversity statistics.

**SAS HOLDINGS LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

CURRENT TRADING AND OUTLOOK

The directors are continually assessing and responding to the risks faced by the group, including responding to the recent COVID-19 pandemic.

The initial impact of COVID-19 was a delay in customers progressing with orders, as many construction sites paused activities. There were no problems with access to raw materials, as we had good stocks in place to mitigate any 2019 Brexit related risk. We reacted early to take proactive measures in the workplace to reduce infection risk and these measures are under constant review.

Currently, construction sites have reopened and we are able to service all demand. The extent of continued or further disruption, due to COVID-19, cannot be estimated at this time. However, the Group has always maintained a strong balance sheet with sufficient cash to protect business continuity from sudden economic impacts.

We have a strong order book, significant capacity and continue to develop our international business, giving us a strong platform to perform as a level of trading normality returns.

The directors are also monitoring the ongoing uncertainty from the United Kingdom leaving the European Union's Customs Union and Single Market. The group continues to develop and introduce new products together with continuing diversification into overseas markets all having potential and the group is well placed to take advantage of the opportunities.

OUR COMMITMENT TO SECTION 172

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders and other matters in their decision making. The directors continue to have regard to the interests of the group's employees and other stakeholders, the impact of its activities on the community, the environment and the group's reputation for good business conduct when making decisions. In this context, acting in good faith and fairly, the directors consider what is most likely to promote the success of the group for its members in the long term. It is explained below how the Board and management engage with stakeholders.

The directors are fully aware of their responsibilities to promote the success of the group in accordance with section 172 of the Companies Act 2006. To ensure the group was operating in line with good corporate practice, all directors are aware of the scope and application of section 172.

PRINCIPAL DECISIONS

SAS International Inc

Our subsidiary in the United States of America recruited a number of personnel during the year and commenced trading in order for us to develop revenue streams in North America.

Systèmes Acoustiques Spéciaux SAS

A new subsidiary was incorporated during the year to further develop our business in France.

Approved the payment of dividends

As noted in the 31 December 2018 financial statements, a final dividend of £2,000,000 was declared and paid. On 18 May 2020, the Board resolved to pay a dividend of £1,500,000 in respect of the 2019 year. This was paid on 22 May 2020.

SAS HOLDINGS LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

OUR COMMITMENT TO SECTION 172 (continued)

The group's stakeholders:

Stakeholders	How we engaged	Key topics of engagement in 2019	Main impact of engagement
Shareholders We owe fiduciary duties to our shareholders.	<p>As disclosed in note 27 to the financial statements, the Company is owned by a number of private shareholders.</p> <p>These shareholders have appointed a shareholder representative.</p> <p>There are independent non executive directors appointed to the Board.</p>	<p>Matters discussed at the Board which would impact shareholders include:</p> <ul style="list-style-type: none"> • Long term business plan • 2020 budget • Distributions • Capital Expenditure • Future development projects • Tender for audit services 	<p>The appointment of BDO LLP as auditors of the group.</p> <p>Discussion at the Board of matters including strategy, governance and, performance.</p>
Workforce Our employees are key to the success of our business. Their safety and well being are our top priorities. We engage with our workforce to ensure we are fostering an environment that they are happy to work in and that best supports their well being.	<p>We communicate with employees every day through:</p> <ul style="list-style-type: none"> • Team meetings • Announcements through email or notice board publications <p>In 2019, management conducted focused events including:</p> <ul style="list-style-type: none"> • Becoming accredited as a Living Wage Employer • Pension workshops • Generating individual development plans • Training 	<ul style="list-style-type: none"> • Business performance and development • Personal development • Key personnel changes • Changes to the group's pension scheme 	<p>The workforce are made aware of changes in the business that affect them directly and indirectly.</p> <p>The group is an Accredited Living Wage Employer</p>

SAS HOLDINGS LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

OUR COMMITMENT TO SECTION 172 (continued)

The group's stakeholders (continued):

Stakeholders	How we engaged	Key topics of engagement in 2019	Main impact of engagement
Customers Our customers provide the revenue to invest in our people and business and pay distributions to our shareholders.	We organise frequent executive and management level telephone and face to face meetings with customers.	<ul style="list-style-type: none"> Contract performance Keeping customers informed of operational issues 	We maintained and strengthened key customer relationships in 2019, protecting the long term profile of the group.
Suppliers Providing us with essential goods and services, suppliers ensure we can operate our business efficiently and effectively.	We engage with our suppliers through our dedicated purchasing team through face to face and telephone meeting with suppliers.	<ul style="list-style-type: none"> Price of goods and services Managing disputes and addressing quality issues 	We maintained and strengthened key supplier relationships in 2019, protecting the long term profile of the group.
Pension Trustees The Group is responsible for the day to day administration of the Scheme and for ensuring that the Scheme is funded.	The Group has representation on the Pension Scheme's Board of Trustees.	<ul style="list-style-type: none"> Appointment of Scheme Administrators Three year Triennial valuation 	<ul style="list-style-type: none"> A tender process for Scheme administrators was carried out during the year. The results of the latest triennial valuation are due in 2020.

APPROVAL

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



A H Gammon
 Director
 Date: 24 July 2020

**SAS HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their Directors' Report and the audited consolidated financial statements of the group and company for the year ended 31 December 2019. 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 2019. The results of the group are shown on page 12.

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 impact of the COVID-19 pandemic and 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.

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the COVID-19 outbreak has escalated to a global pandemic. The impact of this on the financial statements has been considered up to the date of signing. No further adjustments are considered necessary in respect of this matter.

DIVIDENDS

On 18 May 2020, the directors recommended the payment of a final dividend of £1,500,000 (equivalent to £9.01 per ordinary share) for the year ended 31 December 2019 (2018: £2,000,000).

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 H Gammon
P J Smith
R C Lenney (appointed 2 January 2020)

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. These were in force throughout the financial year and remain in force at the date of this report.

**SAS HOLDINGS LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

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 a branch in the United Arab Emirates.

CHARITABLE DONATIONS

During the year the group made charitable donations of £1,757 (2018: £9,413).

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 £110,000 (2018: £174,000).

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' 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 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 company and of the profit or loss of the group and 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**SAS HOLDINGS LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

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

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

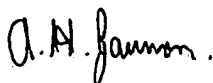
- so far as that director is aware, there is no relevant audit information (i.e. information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- that director has taken all steps that they ought to have taken as a director in 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, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. BDO LLP have indicated their willingness to continue in office.

By Order of the Board



A H Gammon
Director
Date: 24 July 2020

SAS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SAS HOLDINGS LIMITED

Opinion

We have audited the financial statements of SAS Holdings Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Statements of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Cashflow Statement, the Company Cashflow Statement and the 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 Financial Reporting Standard 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 Group's and of the Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and 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 Group or 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 and financial statements, 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.

SAS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SAS HOLDINGS LIMITED (CONTINUED)

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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

- 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; 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 on pages 7 and 8, 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 Group's and 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 Group or 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:

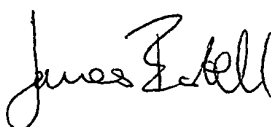
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SAS HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SAS HOLDINGS LIMITED
(CONTINUED)**

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.



James Eastell (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol, UK
24 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**SAS HOLDINGS LIMITED
GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	<u>2019</u>	<u>2018</u>
		£'000	£'000
Turnover	3	97,881	99,650
Cost of sales		(62,304)	(62,076)
Gross profit		35,577	37,574
Distribution costs		(4,455)	(3,796)
Administrative expenses		(24,910)	(25,173)
Operating profit	4	6,212	8,605
Interest receivable and similar income	8	35	10
Interest payable and similar expenses	9	-	(21)
Other finance costs	10	(204)	(193)
Profit before taxation		6,043	8,401
Tax on profit	11	(741)	(1,806)
Profit for the financial year		5,302	6,595
Profit attributable to:			
Owners of the parent		5,199	6,476
Non controlling interest		103	119
		5,302	6,595

The notes on pages 19 to 41 are an integral part of these financial statements.

SAS HOLDINGS LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	£'000	£'000
Profit for the financial year		<u>5,302</u>	<u>6,595</u>
Other comprehensive income/(expense)			
Remeasurement of net defined benefit obligation	24	898	85
Movement on deferred taxation relating to the pension deficit	17	(153)	(14)
Currency translation differences		<u>(46)</u>	<u>868</u>
Other comprehensive income for the year		<u>699</u>	<u>939</u>
Total comprehensive income for the year		<u>6,001</u>	<u>7,534</u>

The notes on pages 19 to 41 are an integral part of these financial statements.

SAS HOLDINGS LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12	422	270	-	-
Investment properties	13	859	873	626	626
Tangible assets	13	30,739	29,754	891	-
Investments	14	-	-	21,162	21,162
		32,020	30,897	22,679	21,788
Current assets					
Inventories	15	9,850	10,898	-	-
Debtors: amounts falling due within one year	16	22,902	29,315	2,015	1,052
Debtors: amounts falling due in after more than one year	16	644	640	9	-
Cash at bank and in hand		21,408	12,675	1,028	-
		54,804	53,528	3,052	1,052
Creditors: amounts falling due within one year	18	(13,549)	(13,916)	(54)	(7,868)
Net current assets/(liabilities)		41,255	39,612	2,998	(6,816)
Total assets less current liabilities		73,275	70,509	25,677	14,972
Provisions for liabilities	17	-	-	-	(96)
Post employment benefits	24	(6,309)	(7,544)	-	-
Net assets		66,966	62,965	25,677	14,876
Capital and reserves					
Called-up share capital	20	166	166	166	166
Share premium account		170	170	170	170
Capital redemption reserve		4,622	4,622	4,622	4,622
Retained earnings		61,900	57,606	20,719	9,918
Equity attributable to owners of parent		66,858	62,564	25,677	14,876
Non-controlling interests		108	401	-	-
Total equity		66,966	62,965	25,677	14,876

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. The profit for the financial year was £12,801k (2019 891k loss).

The notes on pages 19 to 41 are an integral part of these financial statements. The financial statements on pages 12 to 41 were approved and authorised for issue by the Board of Directors on 24 July 2020 and were signed on its behalf by:

A. H. Gammon

A H Gammon
 Director - SAS Holdings Limited
 Registered Number: 01697448

SAS HOLDINGS LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	<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 2019	166	170	4,622	57,606	401	62,965
Profit for the financial year	-	-	-	5,199	103	5,302
Other comprehensive income for the year	-	-	-	726	(27)	699
Total comprehensive income for the year	-	-	-	5,925	76	6,001
Dividends	-	-	-	(2,000)	-	(2,000)
Minority dividend waived	-	-	-	369	(369)	-
Total transactions with owners recognised directly in equity	-	-	-	(1,631)	(369)	(2,000)
At 31 December 2019	166	170	4,622	61,900	108	66,966

	<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 2018	166	170	4,622	53,196	277	58,431
Profit for the financial year	-	-	-	6,476	119	6,595
Other comprehensive income for the year	-	-	-	934	5	939
Total comprehensive income for the year	-	-	-	7,410	124	7,534
Dividends	-	-	-	(3,000)	-	(3,000)
Total transactions with owners, recognised directly in equity	-	-	-	(3,000)	-	(3,000)
At 31 December 2018	166	170	4,622	57,606	401	62,965

The notes on pages 19 to 41 are an integral part of these financial statements.

SAS HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	<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 2019	166	170	4,622	9,918	14,876
Profit for the financial year	-	-	-	12,801	12,801
Dividends	-	-	-	(2,000)	(2,000)
Total transactions with owners, recognised directly in equity	-	-	-	(2,000)	(2,000)
At 31 December 2019	166	170	4,622	20,719	25,677

	<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 2018	166	170	4,622	13,809	18,767
Loss for the financial year	-	-	-	(891)	(891)
Dividends	-	-	-	(3,000)	(3,000)
Total transactions with owners, recognised directly in equity	-	-	-	(3,000)	(3,000)
At 31 December 2018	166	170	4,622	9,918	14,876

The notes on pages 19 to 41 are an integral part of these financial statements.

**SAS HOLDINGS LIMITED
GROUP CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018 (Restated)
	£'000	£'000
Cash flows from operating activities		
Profit for the financial year	5,302	6,595
Adjustments for:		
Depreciation and impairment of fixed assets	2,274	2,991
Amortisation of intangibles	36	72
Loss on disposal of tangible fixed assets	-	245
Deferred credit on grant	(8)	(8)
Other exchange movements	(33)	867
Loss on derivative financial instruments	55	139
Net interest (receivable)/payable	(35)	11
Difference between pension expense and cash movement	(337)	(327)
Taxation expense	741	1,806
Change in creditors	110	(686)
Change in debtors	6,325	(3,655)
Change in inventories	1,048	(1,070)
Cash from operations	15,478	6,980
Taxation paid	(1,273)	(2,949)
Net cash generated from operating activities	14,205	4,031
Cash flows from investing activities		
Interest received	35	10
Purchase of fixed assets	(3,259)	(2,748)
Purchase of intangible fixed assets	(188)	-
Proceeds from sale of fixed assets	-	1,380
Net cash used in investing activities	(3,412)	(1,358)
Cash flows from financing activities		
Interest paid	-	(21)
Repayments under finance lease and hire purchase agreements	(60)	(255)
Dividends paid	(2,000)	(3,000)
Net cash used in financing activities	(2,060)	(3,276)
Net increase/(decrease) in cash and cash equivalents	8,733	(603)
Cash and cash equivalents at the start of the year	12,675	13,278
Cash and cash equivalents at the end of the year	21,408	12,675
Cash and cash equivalents comprise		
Cash at bank and in hand	21,408	12,675

The notes on pages 19 to 41 are an integral part of these financial statements.

**SAS HOLDINGS LIMITED
COMPANY CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £'000	2018 (Restated) £'000
<u>Cash flows from operating activities</u>		
Profit/(loss) for the financial year	12,801	(891)
Adjustments for:		
Loss on sale of investment properties	-	245
Income from fixed asset investments	(13,122)	
Net interest receivable	(31)	(9)
Taxation credit	(194)	(159)
Change in creditors	553	161
Change in debtors	835	(15)
Net cash generated from / (used in) operating activities	842	(668)
<u>Cash flows from investing activities</u>		
Interest received	31	9
Proceeds from the sale of investment properties	-	1,380
Dividends received	4,000	-
Net cash from investing activities	4,031	1,389
<u>Cash flows from financing activities</u>		
Dividends paid	(2,000)	(3,000)
Net cash used in financing activities	(2,000)	(3,000)
Net increase/(decrease) in cash and cash equivalents	2,873	(2,279)
Cash and cash equivalents at the start of the year	(1,845)	434
Cash and cash equivalents at the end of the year	1,028	(1,845)
<u>Cash and cash equivalents comprise</u>		
Cash at bank and in hand	1,028	-
Bank overdraft	-	(1,845)

The notes on pages 19 to 41 are an integral part of these financial statements.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 28 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.

The comparative Group and Company Cash Flow Statements have been restated to classify dividends paid as financing activities. There is no impact on profit or total equity as a consequence of this restatement.

Going concern

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

Subsequent to the balance sheet date, the COVID-19 outbreak has escalated to a global pandemic. The directors have considered the impact on the group's and company's forecasts and projections and after taking into account reasonably possible changes in forecasts have concluded that the group and company should be able to pay its debts as they fall due and that the group and company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion the directors have considered the following factors:

The ability to operate UK manufacturing facilities:

Following a 2-day closure of our sites we were able to reopen all UK manufacturing sites having due regard to the availability of workers to operate the facilities and robust plans to ensure the health and safety of workers.

In addition, management have reviewed back-office resources and procedures to ensure the group can function remotely, continue to pay employees and suppliers and issue sales invoices. Office based staff can operate remotely with full access to the network and IT systems. The group has contacted key customers to ensure that they have sufficient resilience in place to process invoices and make payments.

**SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)**

1 GENERAL INFORMATION (continued)

Going concern (continued)

Reduction in customer demand:

The business has been operating in a lockdown situation for a number of weeks. Whilst we have seen falls in customer demand in some markets, this now seems to have stabilised such that the current run rate and most recent projections show continued profitability of the company and group.

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).

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.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

1 GENERAL INFORMATION (continued)

Foreign currency translation (continued)

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 stage of completion with reference to 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.

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.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

1 GENERAL INFORMATION (continued)

Employee benefits (continued)

(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. The SAS Pension was closed to new members in 2002.

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.

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.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

1 GENERAL INFORMATION (continued)

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.

Investment properties

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. Investment properties whose fair value can be measured reliably are measured at fair value. Any surplus or deficit on revaluation is recognised in the income statement for the year.

Tangible assets

Tangible fixed assets are stated at historical cost less 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, other than investment properties	50 years
Long-term leasehold buildings	50 years
Plant, equipment, fixtures and fittings	4 - 20 years
Motor vehicles	4 – 5 years

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.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

1 GENERAL INFORMATION (continued)

Tangible assets (continued)

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.

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.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

1 GENERAL INFORMATION (continued)

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.

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.

ii) 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 group'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.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and balances due to 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.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

1 GENERAL INFORMATION (continued)

Financial instruments (continued)

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 within 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 2019
(CONTINUED)

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 are considered 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.

(v) Defined benefit pension scheme

The net debt or surplus disclosed is sensitive to movements in the related actuarial assumptions. In particular the discount rate, inflation and mortality. Further details are disclosed in note 24 to the financial statements.

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>2019</u> £'000	<u>2018</u> £'000
United Kingdom	67,877	71,081
Europe	10,505	8,887
Middle East	10,251	4,999
Rest of the World	9,248	14,683
	<hr/> 97,881	<hr/> 99,650

Turnover by nature is:

	<u>2019</u> £'000	<u>2018</u> £'000
Sale of goods	78,476	63,982
Long term contracts	19,405	35,668
	<hr/> 97,881	<hr/> 99,650

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	<u>2019</u> £'000	<u>2018</u> £'000
Depreciation of tangible fixed assets:		
- owned	2,274	2,416
- held under hire purchase and finance lease agreements	-	61
Impairment of property, plant and equipment	-	514
Amortisation of goodwill	-	28
Amortisation of other intangible fixed assets	36	44
Loss on sale of investment properties	-	245
Impairment of inventory (included in cost of sales)	(90)	(408)
Impairment of trade debtors	83	18
Operating lease rentals – land and buildings	794	645
Operating lease rentals – plant and machinery	391	286
Operating lease rentals – other	52	38
Deferred grant income released	(8)	(8)
Research and development	110	174
Gain on foreign currency translation	(75)	(539)
	<u> </u>	<u> </u>

5 EMPLOYEE INFORMATION

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

	<u>2019</u> Number	<u>2018</u> Number
Administration	360	351
Production	420	435
	<u> </u>	<u> </u>
	780	786
	<u> </u>	<u> </u>

The employment costs of all employees included above were:

	<u>2019</u> £'000	<u>2018</u> £'000
Wages and salaries	27,675	26,666
Social security costs	2,678	2,719
Pension costs	1,743	1,558
	<u> </u>	<u> </u>
	32,096	30,943
	<u> </u>	<u> </u>

6 DIRECTORS' REMUNERATION

	<u>2019</u> £'000	<u>2018</u> £'000
Directors:		
Aggregate emoluments	965	947
Company pension contributions to money purchase schemes	65	64
	<u> </u>	<u> </u>
	1,030	1,011
	<u> </u>	<u> </u>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

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 (2018: 3) and 2 (2018: 2) respectively.

	<u>2019</u> £'000	<u>2018</u> £'000
Highest paid director:		
Aggregate emoluments	331	325
Company pension contributions to a money purchase scheme	-	-
	<u>331</u>	<u>325</u>

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

7 AUDITOR'S REMUNERATION

	<u>2019</u> £'000	<u>2018</u> £'000
Fees payable to the company's auditor for the audit of the company's financial statements	15	15
Fees payable to the company's auditor and its associates for other services:		
- the audit of the company's subsidiaries, pursuant to legislation	75	67
- tax services	25	25
- all other services	1	1
Fees in respect of the SAS Pension Plan:		
-audit	9	8
	<u>117</u>	<u>116</u>

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2019</u> £'000	<u>2018</u> £'000
Interest receivable and similar income	35	10

9 INTEREST PAYABLE AND SIMILAR EXPENSES

	<u>2019</u> £'000	<u>2018</u> £'000
Bank overdraft	-	15
Finance lease interest	-	6
	<u>-</u>	<u>21</u>

10 OTHER FINANCE COSTS

	<u>2019</u> £'000	<u>2018</u> £'000
Pensions		
Interest on defined benefit pension scheme's liabilities	502	499
Expected return on the defined benefit pension scheme's assets	(298)	(306)
	<u>204</u>	<u>193</u>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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11 TAX ON PROFIT

(a) Tax expense included in the Income Statement

	<u>2019</u>		<u>2018</u>
	£'000	£'000	£'000
Current taxation			
United Kingdom corporation tax on profits for the year	700		821
Corporation tax adjustments in respect of prior periods	(59)		131
	<hr/>	<hr/>	
Foreign tax		641	952
		257	928
Total current tax		<hr/>	<hr/>
		898	1,880
Deferred tax			
Origination and reversal of timing differences		190	(69)
Adjustments in respect of prior periods		(347)	(15)
Changes in tax rates		-	10
Total deferred tax		<hr/>	<hr/>
		(157)	(74)
Tax on profit		<hr/>	<hr/>
		741	1,806

(b) Reconciliation of tax charge

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19.25%). The differences are explained below:

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Profit before tax	6,043	8,401
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2018 :19%)	<hr/>	<hr/>
	1,148	1,596
Effects of:		
Expenditure not deductible for tax purposes	105	140
Adjustments in respect of prior periods	(406)	141
Overseas profits taxed at different rates than the standard rate of tax in the UK	(47)	(90)
Changes in tax rates	-	(106)
Tax losses not recognised	-	125
Overseas tax losses utilised	(59)	-
Total tax	<hr/>	<hr/>
	741	1,806

The standard rate of corporation tax in the UK was 19% for the year under review. Accordingly, the group's profits for this accounting period are taxed at 19% which is the effective rate (2018: 19%).

SAS HOLDINGS LIMITED
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12 INTANGIBLE ASSETS

Group	Goodwill	Development costs	Software costs	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	3,825	-	1,266	5,091
Additions	-	44	144	188
Exchange adjustment	(5)	-	-	(5)
At 31 December 2019	3,820	44	1,410	5,274
Accumulated amortisation				
At 1 January 2019	3,825	-	996	4,821
Charge for year	-	-	36	36
Exchange adjustment	(5)	-	-	(5)
At 31 December 2019	3,820	-	1,032	4,852
Net book value				
At 31 December 2019	-	44	378	422
At 31 December 2018	-	-	270	270

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

13 TANGIBLE ASSETS

Group	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Plant and equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2019	24,578	2,028	1,373	36,330	413	64,722
Additions	1,063	657	-	1,539	-	3,259
Disposals	-	-	(1,251)	(226)	(74)	(1,551)
Reclassification	-	(712)	-	712	-	-
Exchange adjustment	-	-	-	(2)	(1)	(3)
At 31 December 2019	25,641	1,973	122	38,353	338	66,427
Accumulated depreciation						
At 1 January 2019	6,153	-	1,373	27,042	400	34,968
Charge for year	469	30	-	1,762	13	2,274
Disposals	-	-	(1,251)	(226)	(74)	(1,551)
Exchange adjustment	-	-	-	(2)	(1)	(3)
At 31 December 2019	6,622	30	122	28,576	338	35,688
Net book value						
At 31 December 2019	19,019	1,943	-	9,777	-	30,739
At 31 December 2018	18,425	2,028	-	9,288	13	29,754

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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13 TANGIBLE ASSETS (continued)

None of the net book value of plant and machinery are held under finance leases (2018 £528,000) at the year end.

Included within the above is £1,284,000 (2018: £300,000) of plant and equipment on which no depreciation has been charged as the assets had not been brought into use as at 31 December 2019.

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

Company	<u>Freehold property</u> £'000	<u>Motor vehicles</u> £'000	<u>Total</u> £'000
Cost			
At 1 January 2019	-	22	22
Additions	891	-	891
Disposals	-	(22)	(22)
At 31 December 2019	891	-	891
Accumulated depreciation			
At 1 January 2019	-	22	22
Charge for year	-	-	-
Disposals	-	(22)	(22)
At 31 December 2019	-	-	-
Net book value			
At 31 December 2019	891	-	891
At 31 December 2018	-	-	-
Investment properties comprise:		<u>Group</u> £'000	<u>Company</u> £'000
Valuation			
At 1 January 2019		873	626
Exchange adjustment		(14)	-
At 31 December 2019		859	626

The fair value of investment properties has been determined by the directors, based on the methodology used in the last formal valuation carried out by a recognised qualified professional valuer in 2017. This resulted in neither a surplus or deficit for the year.

14 INVESTMENTS

Company	<u>Shares in subsidiary undertakings</u> £'000
Cost	
At 1 January 2019 and 31 December 2019	25,541
Provision for impairment	
At 1 January 2019 and 31 December 2019	(4,379)
Net book amount	
At 31 December 2018 and 31 December 2019	21,162

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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14 INVESTMENTS (Continued)

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

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 28 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	Distribution of suspended ceilings, partitioning and other building products.
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.
SAS International Inc.*	USA The Yard 246 5 th Avenue New York 10001	100% ordinary	Distribution of suspended ceilings, partitioning and other building products.
Systèmes Acoustiques Spéciaux SAS*	France 33, rue du Renard 75004 Paris	100% ordinary	Distribution of suspended ceilings, partitioning and other building products.

* Investment is held by SAS International Limited.

15 INVENTORIES

	Group	
	2019	2018
	£'000	£'000
Raw materials and consumables	5,374	5,709
Work in progress	178	259
Finished goods and goods for re-sale	4,298	4,930
	<hr/>	<hr/>
	9,850	10,898
	<hr/>	<hr/>

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 £461,000 (2018: £551,000).

SAS HOLDINGS LIMITED
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16 DEBTORS

	Group		Company	
	2019	2018	2019	2018
Amounts falling due within one Year	£'000	£'000	£'000	£'000
Trade debtors	16,985	14,800	-	12
Amounts recoverable on contracts	3,268	10,365	-	-
Amounts owed by group undertakings	-	-	1,861	-
Corporation tax recoverable	-	88	90	152
Other taxation and social security	288	-	-	-
Other debtors	810	2,896	52	876
Prepayments and accrued income	1,551	1,166	12	12
	<u>22,902</u>	<u>29,315</u>	<u>2,015</u>	<u>1,052</u>
Amounts falling due after more than one year				
Deferred tax (note 17)	644	640	9	-
	<u>644</u>	<u>640</u>	<u>9</u>	<u>-</u>

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

17 DEFERRED TAXATION

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Deferred tax excluding that relating to the pension liability	(429)	(642)	9	(96)
Deferred tax on the pension liability	1,073	1,282	-	-
	<u>644</u>	<u>640</u>	<u>9</u>	<u>(96)</u>
Total deferred tax	644	640	9	(96)

The movements on the deferred tax balances are as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
At 1 January	640	580	(96)	(103)
Credit/(charged) to the Income Statement	157	74	105	7
Charged to other comprehensive income	(153)	(14)	-	-
	<u>644</u>	<u>640</u>	<u>9</u>	<u>(96)</u>
At 31 December	644	640	9	(96)

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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17 DEFERRED TAXATION (continued)

Deferred tax comprises:	Group		Company	
	<u>2019</u> £'000	<u>2018</u> £'000	<u>2019</u> £'000	<u>2018</u> £'000
Accelerated capital allowances	(502)	(729)	9	(96)
Other timing differences	73	87	-	-
Deferred tax on the pension liability	1,073	1,282	-	-
	<u>644</u>	<u>640</u>	<u>9</u>	<u>(96)</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 £190,000 creditor (2018: £44,000). 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>2019</u> £'000	<u>2018</u> £'000	<u>2019</u> £'000	<u>2018</u> £'000
Bank overdraft	-	-	-	1,845
Trade creditors	7,105	9,725	-	-
Payments on account	1,008	-	-	-
Amounts owed to group undertakings	-	-	-	5,799
Finance leases	-	60	-	-
Corporation tax payable	227	691	-	-
Other taxation and social security	2,097	1,510	5	153
Other creditors	185	103	-	-
Derivative financial instruments	55	-	-	-
Accruals and deferred income	2,872	1,827	49	71
	<u>13,549</u>	<u>13,916</u>	<u>54</u>	<u>7,868</u>

Included within other creditors is an amount of £129,000 (2018: £116,000) 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 FINANCIAL INSTRUMENTS

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

	Group		Company	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at fair value through income statement	-	-	-	-
Financial assets that are debt instruments measured at amortised cost	21,063	28,061	1,913	900
	<hr/>	<hr/>	<hr/>	<hr/>
Financial liabilities				
Financial liabilities measured at amortised cost	11,170	11,715	49	6,023
Financial liabilities that are measured at fair value through the Income Statement - derivative financial instruments	55	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Financial assets measured at amortised cost comprise trade debtors, amounts recoverable under contracts, inter-company debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise finance leases, trade creditors, inter-company creditors, other creditors and accruals.

The group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2019, the outstanding contracts all mature before 24 November 2020 (2018: None). The group is committed to sell €2,845,000, US\$2,394,000 and AUD\$2,137,000 and receive a fixed sterling amount.

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:AUD.

The group has no interest rate derivative financial instruments (2018: none).

20 CALLED-UP SHARE CAPITAL

	<u>Group and Company</u>	
	<u>2019</u>	<u>2018</u>
	£'000	£'000
Allotted, called up and fully paid:		
166,396 (2018: 166,396) ordinary shares of £1 each	166	166
31,060 (2018: 31,060) A ordinary shares of 1p each	-	-
19,969 (2018: 19,969) B ordinary shares of 1p each	-	-
	<hr/>	<hr/>
	166	166
	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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20 CALLED-UP SHARE CAPITAL (continued)

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>2019</u>	<u>2018</u>
	£'000	£'000
Dividends		
Total dividends paid £12.02 per ordinary share (2018: £18.03 per ordinary share)	2,000	3,000
	<u> </u>	<u> </u>

21 CAPITAL COMMITMENTS

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

	Group	
	<u>2019</u>	<u>2018</u>
	£'000	£'000
Contracted	-	-
	<u> </u>	<u> </u>

The group had no other off balance sheet commitments.

22 OPERATING LEASE COMMITMENTS

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

	<u>2019</u>	<u>2018</u>
	£'000	£'000
On leases expiring:		
Within one year	769	482
Between two and five years	2,362	2,358
After five years	4,426	5,060
	<u> </u>	<u> </u>
	7,557	7,900
	<u> </u>	<u> </u>

**SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
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23 CONTINGENT LIABILITIES

At 31 December 2019 the group had no contingent liabilities (2018: £nil).

The group operates a "pooling" arrangement for treasury management.

24 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 £1,743,000 (2018: £1,558,000) in the year. Included in creditors is £129,000 (2018: £116,000) in respect of contributions payable to the scheme.

Defined benefit scheme

The SAS Group operates the SAS Pension Plan, a UK registered trust based pension scheme that provides defined benefit. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the Plan in accordance with the Plan's Trust Deed and Rules, which sets out their powers. The Trustees of the Plan are required to act in the best interests of the beneficiaries of the Plan.

There are two categories of pension scheme members:

- Deferred members: former active members of the Plan and not yet in receipt of a pension; and
- Pensioner members: in receipt of a pension.

Future funding obligation

The Trustees are required to carry out an actuarial valuation every three years. The last actuarial valuation of the Plan was performed by the Scheme Actuary for the Trustees as at 31 December 2015. This valuation revealed a shortfall of £6,387,000. In respect of the deficit of the Plan as at 31 December 2015, the Company has agreed to pay £510,000 pa for 9 years 4 months.

The actuarial valuation of the Plan as at 31 December 2018 is due to be completed this year. A new schedule of contributions is expected to be agreed following this may change the contribution level or end date.

The group therefore expects to pay £557,291 to the Plan during the accounting year beginning 31 December 2020.

Assumptions

The results of the most recent formal actuarial valuation as at 31 December 2018 have been updated to 31 December 2019 by a qualified independent actuary. The assumptions used were as follows:

Significant assumptions

	<u>2019</u> %	<u>2018</u> %
Discount rate	1.9	2.8
RPI inflation	2.8	3.3
CPI inflation	2.1	2.4
	<u> </u>	<u> </u>

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(CONTINUED)

24 POST EMPLOYMENT BENEFITS (continued)

Defined benefits scheme (continued)

Assumptions (continued)

Other actuarial assumptions

	<u>2019</u> %	<u>2018</u> %
Pension increases:		
CPI max 3% pa	1.9	2.0
RPI min 3% pa, max 5% pa	3.4	3.7
RPI max 5% pa	2.8	3.1
CPI max 5% pa	2.1	2.4
Revaluation of deferred pensions in excess of GMP	2.1	2.4

Mortality assumptions

	<u>2019</u> %	<u>2018</u> %
Mortality (pre-retirement)	Nil	Nil
Mortality (post-retirement)	102%S3PMA/ 110%S3PFA CMI_2018 (1.25%)	100%S2PMA/ 100%S2PFA CMI_2017 (1.25%)

	<u>2019</u>		<u>2019</u>
	Males	Females	Males
For an individual aged 65 in 2019	21.6	23.3	22.0
At age 65 for an individual aged 45 in 2019	22.9	24.8	23.4

Reconciliation of Plan assets and defined benefit obligations

	<u>Assets</u> £'000	<u>Defined Benefit</u> <u>Obligation</u> £'000	<u>Net position</u> £'000
At 1 January 2019	10,567	(18,111)	(7,544)
Benefits paid:			
Pensions	(346)	346	-
Transfers	(37)	37	-
Employer contributions	541	-	541
Interest income/(cost)	298	(502)	(204)
Remeasurement gains/(losses)			
Actuarial gains/(losses)			
Change of basis	-	(1,879)	(1,879)
Experience	-	1,501	1,501
Return on assets excluding interest income	1,276		1,276
At 31 December 2019	12,299	(18,608)	(6,309)

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(CONTINUED)

24 POST EMPLOYMENT BENEFITS (continued)

Defined benefits scheme (continued)

Assets

The fair value of assets of the Plan were:

	<u>2019</u> £'000	<u>2018</u> £'000
Equity linked bonds	3,114	2,361
Corporate bonds	-	1,022
Diversified Growth Funds	5,182	3,982
Diversified Credit Funds	1,673	-
Fixed interest Bonds 2018/ LDI 2019	2,140	2,622
Cash / net current assets	190	580
At 31 December 2019	<u>12,299</u>	<u>10,567</u>

The return on the assets were:

	<u>2019</u> £'000	<u>2018</u> £'000
Interest income	298	306
Return on assets less interest income	1,276	(786)
Total return on assets	<u>1,574</u>	<u>(480)</u>

Reconciliation to the Statement of Financial Position

	<u>2019</u> £'000	<u>2018</u> £'000
Market value of assets	12,299	10,567
Present value of defined benefit obligation	(18,608)	(18,111)
Funded status	<u>(6,309)</u>	<u>(7,544)</u>
Irrecoverable surplus	-	-
Pension asset/(liability) recognised in Statement of Financial Position before deferred tax allowance	<u>(6,309)</u>	<u>(7,544)</u>

Amounts recognised in Income Statement

	<u>2019</u> £'000	<u>2018</u> £'000
Net interest	<u>204</u>	<u>193</u>

Amounts recognised in Group Statement of Comprehensive income

	<u>2019</u> £'000	<u>2018</u> £'000
Actuarial gains/(losses) on defined benefit obligation	(378)	871
Actual return on assets less interest	1,276	(786)
Amounts recognised in Comprehensive Income	<u>898</u>	<u>85</u>

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25 RELATED PARTY TRANSACTIONS

Key management personnel are the executive directors of the company's principal subsidiary, SAS International Limited, 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 £1,434,000 (2018: £1,268,000). 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 £2,077,317 (2018: £2,237,500) to SAS Building Factors Ireland Limited, a company that is 90% owned by the company. At the year end, SAS Holdings Limited was owed by SAS Building Factors Ireland Limited £224,756 (2018: £88,888 creditor) and SAS International Limited owed SAS Building Factors Ireland Limited £154,880 (2018: £18,274). The amount is unsecured and interest free.

Other debtors includes £383,560 (2018: £1,610,168) due from the SAS Pension Scheme. No interest is receivable in respect of this amount. The amount is unsecured and receivable on demand. The amount is unsecured and receivable on demand, and has been repaid since the year end.

26 POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the COVID-19 outbreak has escalated to a global pandemic. The impact of this on the financial statements has been considered up to the date of signing. No further adjustments are considered necessary in respect of this matter.

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 28 Suttons Business Park, Reading, Berkshire, RG6 1AZ.