

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2015
for
S.A.V. United Kingdom Limited**

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S.A.V. United Kingdom Limited

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for the Year Ended 31 December 2015**

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S.A.V. United Kingdom Limited
Company Information
for the Year Ended 31 December 2015

DIRECTORS:

L C Fabricius
J O Hansen

SECRETARY:

L C Fabricius

REGISTERED OFFICE:

Scandia House
Boundary Road
Woking
Surrey
GU21 5BX

REGISTERED NUMBER:

00513621 (England and Wales)

AUDITORS:

RSM UK Audit LLP
(formerly Baker Tilly UK Audit LLP)
Chartered Accountants
Third Floor, One London Square,
Cross Lanes, Guildford
Surrey
GU1 1UN

S.A.V. United Kingdom Limited
Strategic Report
for the Year Ended 31 December 2015

The directors submit their strategic report of S.A.V. United Kingdom Limited (Company Registration No. 00513621) for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of the supply of heating and plumbing systems and the components therein.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's turnover for the year was £18,754,220 (2014: £12,713,414), an increase of 48%. This increase has occurred due to a significant increase in sales of its core FlatStation product. The company has recruited a number of staff and so increased the staff costs as they anticipate continued growth in revenue and other product ranges in 2016.

The company's business has strengthened significantly with net assets increasing from £1,585,757 to £3,086,356.

KEY PERFORMANCE INDICATORS

The company considers its Key Performance Indicators to be turnover and gross profit.

	2015 £	2014 £
Sales	18,754,220	12,713,414
Gross profit	6,494,110	4,350,927
Gross profit margin	34.6%	34.2%

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal financial instruments comprise bank balances, bank loans, inventories, trade debtors, the commercial financing of its invoices and trade creditors. The main purpose of these instruments is to provide funds for the company's operations. Their existence exposes the company to a number of financial risks, which have been considered and are managed as follows:

Credit Risk

The company has a significant and diverse customer base, ranging from large contractors to individual operations. This, combined with undertaking stringent credit checks and the implementation of further safeguards, where necessary, minimises credit risk.

Operational risk:

Operational risk is the risk of a direct or indirect loss resulting from the inadequacies or failures of processes or controls due to technology, staff, organisation or external factors. To monitor and control operational risk, the company maintains a system of comprehensive policies and a control framework which is designed to provide a sound and well-controlled operational environment.

S.A.V. United Kingdom Limited
Strategic Report
for the Year Ended 31 December 2015

Liquidity risk:

Liquidity risk is the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company's strategy to managing liquidity risk is to control its cash flow by utilising commercial financing of its invoices, secured by its book debts. The directors monitor this on a daily basis to maintain the company's cash flow and manage the timing of purchases of inventories.

Price risk:

Price risk is the risk that financial performance of the company will be adversely affected by pricing changes. The company has managed this risk by securing long term contracts with its key suppliers that sets out defined parameters and pricing.

Interest rate risk:

Interest rate risk is the risk that the financial performance of the company will be adversely affected by adverse fluctuations on interest rates being charged to the company on its financial instruments. The company holds a number of bank loans with both variable and fixed rates of interest. The interest rate risk is managed by having two of the loans fixed for the term of the loan, with the other two loans on a variable position, the directors monitor and assess its borrowings and the interest rate charged on an on going basis.

Currency risk:

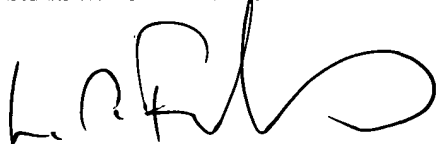
Currency risk is the risk that the financial performance of the company will be adversely affected by adverse fluctuations in foreign currencies used by the company. The company manages its exposure to short term fluctuations in currency with the use of forward exchange contracts to provide certainty over sterling values.

The directors review the principal risks and uncertainties facing the company on a regular basis and ensure systems and policies are continuously updated to reflect any changes, they work in an efficient manner to minimise those risks and help achieve the company's objectives.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out above. After making enquiries, the directors have an expectation that the company's net assets as at 31 December 2015 of £3.1m are more than sufficient to provide adequate resources to continue in operational existence for the foreseeable future. The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

ON BEHALF OF THE BOARD:



.....
L C Fabricius - Director

Date: 13 September 2016.

S.A.V. United Kingdom Limited

**Report of the Directors
for the Year Ended 31 December 2015**

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2015 was £1,014,000.

RESEARCH AND DEVELOPMENT

The group is engaged in ongoing research and development aimed at improving and developing the next generation of Combined Heat & Power (CHP) units and improving the energy efficiency and monitoring systems of heating systems.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

L C Fabricius
J O Hansen

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditor, RSM UK Audit LLP (formerly Baker Tilly UK LLP), has indicated its willingness to continue in office.

ON BEHALF OF THE BOARD:



.....
L C Fabricius - Director

Date: 13 September 2016.

**Report of the Independent Auditors to the Members of
S.A.V. United Kingdom Limited**

We have audited the financial statements of S.A.V. United Kingdom Limited for the year ended 31 December 2015 on pages six to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP

CHRISTOPHER HURREN FCA (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP
(formerly Baker Tilly UK Audit LLP)
Chartered Accountants
Third Floor, One London Square,
Cross Lanes, Guildford
Surrey
GU1 1UN

Date: *23 September 2016*...

S.A.V. United Kingdom Limited

**Statement of Comprehensive Income
for the Year Ended 31 December 2015**

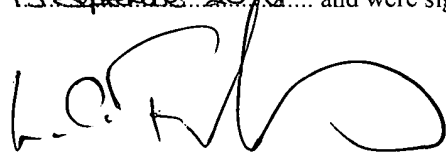
	Notes	31/12/15 £	31/12/14 £
REVENUE	3	18,754,220	12,713,414
Cost of sales		<u>(12,260,110)</u>	<u>(8,362,487)</u>
GROSS PROFIT		6,494,110	4,350,927
Distribution costs		(891,283)	(743,189)
Administrative expenses		<u>(4,685,944)</u>	<u>(4,066,645)</u>
		916,883	(458,907)
Other operating income		<u>1,872,658</u>	<u>2,221,037</u>
OPERATING PROFIT	5	2,789,541	1,762,130
Interest receivable and similar income	6	<u>364,747</u>	<u>12,456</u>
		3,154,288	1,774,586
Interest payable and similar charges	7	<u>(98,749)</u>	<u>(78,092)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,055,539	1,696,494
Tax on profit on ordinary activities	8	<u>(540,940)</u>	<u>(255,228)</u>
PROFIT FOR THE FINANCIAL YEAR		2,514,599	1,441,266
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,514,599</u></u>	<u><u>1,441,266</u></u>

The notes form part of these financial statements

Statement of Financial Position
31 December 2015

	Notes	31/12/15 £	31/12/14 £
FIXED ASSETS			
Property, plant and equipment	10	4,069,149	1,649,418
Investments	11	<u>102,886</u>	<u>102,886</u>
		<u>4,172,035</u>	<u>1,752,304</u>
CURRENT ASSETS			
Inventories	12	1,373,234	1,547,998
Debtors	13	3,947,237	3,577,904
Cash at bank and in hand		<u>1,749,401</u>	<u>1,638,796</u>
		7,069,872	6,764,698
CREDITORS			
Amounts falling due within one year	14	<u>(6,348,274)</u>	<u>(6,227,005)</u>
NET CURRENT ASSETS		<u>721,598</u>	<u>537,693</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,893,633	2,289,997
CREDITORS			
Amounts falling due after more than one year	15	(1,741,524)	(659,427)
PROVISIONS FOR LIABILITIES	19	<u>(65,753)</u>	<u>(44,813)</u>
NET ASSETS		<u>3,086,356</u>	<u>1,585,757</u>
CAPITAL AND RESERVES			
Called up share capital	20	50,000	50,000
Capital redemption reserve	21	10,344	10,344
Retained earnings	21	<u>3,026,012</u>	<u>1,525,413</u>
TOTAL EQUITY		<u>3,086,356</u>	<u>1,585,757</u>

The financial statements were authorised for issue and approved by the Board of Directors on 13 September 2016 and were signed on its behalf by:



.....
L C Fabricius - Director

S.A.V. United Kingdom Limited

**Statement of Changes in Equity
for the Year Ended 31 December 2015**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2014	50,000	1,098,147	10,344	1,158,491
Changes in equity				
Dividends	-	(1,014,000)	-	(1,014,000)
Total comprehensive income	<u>-</u>	<u>1,441,266</u>	<u>-</u>	<u>1,441,266</u>
Balance at 31 December 2014	<u>50,000</u>	<u>1,525,413</u>	<u>10,344</u>	<u>1,585,757</u>
Changes in equity				
Dividends	-	(1,014,000)	-	(1,014,000)
Total comprehensive income	<u>-</u>	<u>2,514,599</u>	<u>-</u>	<u>2,514,599</u>
Balance at 31 December 2015	<u>50,000</u>	<u>3,026,012</u>	<u>10,344</u>	<u>3,086,356</u>

The notes form part of these financial statements

S.A.V. United Kingdom Limited
Notes to the Financial Statements
for the Year Ended 31 December 2015

1. COMPANY INFORMATION

S.A.V. United Kingdom Limited is a company domiciled and incorporated in England. The address of the company's registered office and principal place of business is Scandia House, Boundary Road, Woking, Surrey GU21 5BX.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modifications to a fair value basis on forward exchange contracts

This is the first year in which the financial statements have been prepared under FRS 102. A reconciliation of the transition adjustments are within the supplementary pages at the end of the notes to the financial statements.

The financial statements are presented in Sterling (£).

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Going concern

After reviewing the company's forecasts and projections, 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.

Preparation of consolidated financial statements

The financial statements contain information about S.A.V. United Kingdom Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, SAV Holding (UK) Limited, a company registered in England.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Revenue is stated net of Value Added Tax.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Freehold property - over 50 years
Plant and machinery - over 3 to 5 years
Motor vehicles - over 4 years

Freehold land is not depreciated.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Impairment of fixed assets

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairment losses are recognised in the profit and loss account.

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated normal selling price less further costs expected to be incurred to completion and disposal.

At each reporting date, the company assesses whether inventories are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of inventory over its estimate selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it related to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the quantity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

2. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currency translation

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense in the period in which these are incurred.

The holiday year for the company ends at the reporting date and employees are not entitled to carry forward unused holiday.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairments losses are recognised immediately in profit or loss.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where an arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event accruing after the impairment loss was recognised, are recognised immediately in profit or loss.

Foreign exchange forward contracts

Foreign exchange forward contracts are initially measured at fair value on the date a forward contract is entered into and subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit and loss.

Financial liabilities and equity

Creditors

Creditors which are payable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

2. ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The directors do not consider that there are any accounting estimates used in the preparation of these financial statements that are critical to the entity's circumstances.

Critical areas of judgement

The directors do not consider that there are any areas of judgement used in the preparation of these financial statements that are critical to the entity's circumstances.

3. REVENUE

In the year to 31 December 2015 1% (2014 - 2%) of the company's turnover was to markets outside the United Kingdom.

4. STAFF COSTS

	31/12/15	31/12/14
	£	£
Wages and salaries	2,931,543	2,500,139
Social security costs	334,773	297,747
Other pension costs	<u>203,251</u>	<u>349,308</u>
	<u><u>3,469,567</u></u>	<u><u>3,147,194</u></u>

The average monthly number of employees during the year was as follows:

	31/12/15	31/12/14
Management and administration	9	8
Sales and distribution	<u>53</u>	<u>42</u>
	<u><u>62</u></u>	<u><u>50</u></u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31/12/15	31/12/14
	£	£
Depreciation - owned assets	107,865	91,429
Depreciation - assets on hire purchase contracts	28,461	24,479
Profit on disposal of fixed assets	(2,000)	-
Auditor's remuneration	11,000	11,000
Research and development	120,766	-
Stock - amounts expensed to cost of sales	<u>14,524</u>	<u>112,816</u>
	<u><u>218,528</u></u>	<u><u>409,805</u></u>
Directors' remuneration	80,000	160,000
Directors' pension contributions to money purchase schemes	<u><u>80,000</u></u>	<u><u>160,000</u></u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

5. OPERATING PROFIT - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31/12/15	31/12/14
	£	£
Emoluments etc	116,142	205,391
Pension contributions to money purchase schemes	<u>40,000</u>	<u>80,000</u>

Key management comprises the directors of the Company. The remuneration of key management consists of salary and pension payments only. No other loans or other long term benefits are in place for key management.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	31/12/15	31/12/14
	£	£
Interest receivable	-	12,456
Gain on foreign exchange forward contracts	<u>364,747</u>	<u>-</u>
	<u>364,747</u>	<u>12,456</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	31/12/15	31/12/14
	£	£
Bank interest	93,737	46,519
Hire purchase	5,012	3,470
Loss on foreign exchange forward contracts	<u>-</u>	<u>28,103</u>
	<u>98,749</u>	<u>78,092</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31/12/15	31/12/14
	£	£
Current tax:		
UK corporation tax	520,000	250,518
Deferred tax	<u>20,940</u>	<u>4,710</u>
Tax on profit on ordinary activities	<u>540,940</u>	<u>255,228</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31/12/15 £	31/12/14 £
Profit on ordinary activities before tax	<u>3,055,539</u>	<u>1,696,494</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.250% (2014 - 21.500%)	618,747	364,746
Effects of:		
Expenses not deductible for tax purposes	6,490	7,017
Research and development	(85,595)	(123,895)
Other tax adjustments	<u>1,298</u>	<u>7,360</u>
Total tax charge	<u>540,940</u>	<u>255,228</u>

9. DIVIDENDS

	31/12/15 £	31/12/14 £
Ordinary shares of £1 each		
Interim	<u>1,014,000</u>	<u>1,014,000</u>

Interim dividends of £20.28 per share were paid in the period.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST				
At 1 January 2015	1,567,485	624,030	172,729	2,364,244
Additions	2,363,403	142,936	49,718	2,556,057
Disposals	<u>-</u>	<u>-</u>	<u>(16,560)</u>	<u>(16,560)</u>
At 31 December 2015	<u>3,930,888</u>	<u>766,966</u>	<u>205,887</u>	<u>4,903,741</u>
DEPRECIATION				
At 1 January 2015	91,034	528,608	95,184	714,826
Charge for year	41,396	59,279	35,651	136,326
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(16,560)</u>	<u>(16,560)</u>
At 31 December 2015	<u>132,430</u>	<u>587,887</u>	<u>114,275</u>	<u>834,592</u>
NET BOOK VALUE				
At 31 December 2015	<u>3,798,458</u>	<u>179,079</u>	<u>91,612</u>	<u>4,069,149</u>
At 31 December 2014	<u>1,476,451</u>	<u>95,422</u>	<u>77,545</u>	<u>1,649,418</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

10. PROPERTY, PLANT AND EQUIPMENT - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 January 2015	110,039
Additions	<u>42,626</u>
At 31 December 2015	<u>152,665</u>
DEPRECIATION	
At 1 January 2015	46,933
Charge for year	<u>28,461</u>
At 31 December 2015	<u>75,394</u>
NET BOOK VALUE	
At 31 December 2015	<u>77,271</u>
At 31 December 2014	<u>63,106</u>

Assets held under hire purchase contracts are secured by related assets.

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2015 and 31 December 2015	<u>102,886</u>
NET BOOK VALUE	
At 31 December 2015	<u>102,886</u>
At 31 December 2014	<u>102,886</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Cimberio (CIM) Limited

Country of incorporation: England

Nature of business: Dormant company

	%		
Class of shares:	holding		
Ordinary	50.00		
		31/12/15	31/12/14
		£	£
Aggregate capital and reserves		<u>560,615</u>	<u>560,615</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

12. INVENTORIES

	31/12/15	31/12/14
	£	£
Stocks	<u>1,373,234</u>	<u>1,547,998</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/15	31/12/14
	£	£
Trade debtors	3,311,049	3,080,617
Amounts owed by group undertakings	-	258,632
Other debtors	94,636	79,325
Foreign exchange forward contracts	336,644	-
Prepayments	<u>204,908</u>	<u>159,330</u>
	<u>3,947,237</u>	<u>3,577,904</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/15	31/12/14
	£	£
Bank loans (see note 16)	110,206	52,910
Hire purchase contracts (see note 17)	29,346	25,113
Trade creditors	2,471,130	2,165,007
Amounts owed to group undertakings	1,090,959	615,714
Corporation tax	280,518	250,518
Other taxation and social security costs	647,832	906,672
Other creditors	1,317,746	1,933,920
Foreign exchange forward contracts	-	28,103
Accrued expenses	<u>400,537</u>	<u>249,048</u>
	<u>6,348,274</u>	<u>6,227,005</u>

Included within other creditors is an amount of £244,205 (2014: £1,421,450) which relates to invoice discounting and is secured by a charge over the company's book debts.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31/12/15	31/12/14
	£	£
Bank loans (see note 16)	1,700,099	622,265
Hire purchase contracts (see note 17)	<u>41,425</u>	<u>37,162</u>
	<u>1,741,524</u>	<u>659,427</u>

Included within bank loans are four loans which are repayable by monthly instalments. The loans are secured by way of a fixed charge over the assets of the company.

Outstanding Loan

Amount	Expiring	Interest Rate
413,106	May 2025	3% over base
210,442	January 2026	3.45% over base
662,332	June 2030	5.26% Fixed
524,424	June 2030	5.35% Fixed

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

16. LOANS

An analysis of the maturity of loans is given below:

	31/12/15 £	31/12/14 £
Amounts falling due within one year or on demand:		
Bank loans	<u>110,206</u>	<u>52,910</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>115,531</u>	<u>54,752</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>378,338</u>	<u>175,971</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>1,206,230</u>	<u>391,542</u>

17. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	31/12/15 £	31/12/14 £
Gross obligations repayable:		
Within one year	32,945	28,540
Between one and five years	<u>44,121</u>	<u>39,609</u>
	<u>77,066</u>	<u>68,149</u>
Finance charges repayable:		
Within one year	3,599	3,427
Between one and five years	<u>2,696</u>	<u>2,447</u>
	<u>6,295</u>	<u>5,874</u>
Net obligations repayable:		
Within one year	29,346	25,113
Between one and five years	<u>41,425</u>	<u>37,162</u>
	<u>70,771</u>	<u>62,275</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

18. FINANCIAL INSTRUMENTS

The carrying amount of the company's financial instruments as 31 December were:

	31/12/15 £	31/12/14 £
Financial Assets:		
Debt instruments measured at amortised cost	3,405,685	3,418,574
Measured at fair value through profit or loss	<u>336,644</u>	<u>-</u>
	<u><u>3,742,329</u></u>	<u><u>3,418,574</u></u>
Financial liabilities:		
Measured at amortised cost	5,419,924	5,041,712
Measured at fair value through profit or loss	<u>-</u>	<u>28,103</u>
	<u><u>5,419,924</u></u>	<u><u>5,069,815</u></u>

95% of company purchases relates to transactions conducted in Euros. As a consequence the company uses foreign exchange forward contracts to manage foreign change risk of future transactions and cash flows.

The contracts are based on available market data. The company does not adopt hedge accounting for forward exchange contracts, consequently, fair value gains and losses are recognised in profit and loss.

At the year end, the company was committed to purchasing €12 million at an exchange rate of 1.4034 in monthly instalments of €1 million. The gain arising on this at the year end was £336,644. The total value of outstanding foreign exchange forward contracts that the company has committed to was £8,887,280 (2014: £1,385,189).

19. PROVISIONS FOR LIABILITIES

	31/12/15 £	31/12/14 £
Deferred tax	<u>65,753</u>	<u>44,813</u>
		Deferred tax
		£
Balance at 1 January 2015		44,813
Charge to Statement of Comprehensive Income during year		<u>20,940</u>
Balance at 31 December 2015		<u><u>65,753</u></u>

Deferred tax has arisen due to accelerated capital allowances.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31/12/15 £	31/12/14 £
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

21. RESERVES

Reserves of the company represent the following:

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Retained earnings

The cumulative profit and loss net of distributions to owners.

22. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company during the year and amounted to £203,251 (2014: £349,308).

23. CONTROL

The company's ultimate and immediate parent company is SAV Holding (UK) Limited, a company registered in England. SAV Holding (UK) Limited is controlled by its board of directors.

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Included in other creditors is an amount of £688,974 (2014: £293,041) due to Mr L Fabricius, and an amount of £340,793 (2014: £120,808) due to Mr J Hansen. Both are directors of the company. The maximum overdrawn positions of their loan accounts in the year were £nil and £nil (2014: £347,617 and £210,043) respectively.

25. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions provided and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

At the year end the company owed £560,615 (2014: £560,615) to Cimberio (CIM) Limited ("CIM"), its subsidiary undertaking.

During the year the company made purchases of £810,011 (2014: £969,430) from Cimberio Valve s.a. Suisse and Giacomo Cimberio SPA, companies related by virtue of common interests. At the year end the company owed these companies £234,002 (2014: £274,963).

Administration and distribution expenses of £18,988 (2014: £102,432) were also recharged to FAR United Kingdom Limited ("FAR"), a fellow subsidiary. In addition, the company made purchases of £102,939 (2014: £204,276) from FAR. At the year end SAV United Kingdom Limited owed £122,153 (2014: £53,751) to FAR.

Administration and distribution expenses of £1,853,670 (2014: £2,118,605) were also recharged to E C Power GB Limited ("ECP"), a fellow subsidiary. At the year end SAV United Kingdom Limited owed £406,843 to ECP (2014: £258,632 owed from).

The company invoices customers on behalf of CIM, FAR and ECP. These are treated as sales and trade debtors within the related companies and therefore excluded from sales and trade debtors in the accounts of SAV United Kingdom Limited. At the year end, CIM, FAR and ECP had trade debtors of £Nil, £47,426 and £1,137,122 (2014: £nil, £90,525 and £1,335,372) respectively, relating to amounts invoiced on their behalf by the company.

During the year the company paid contributions of £160,000 (2014: £320,000) into the SAV Directors Pension Scheme. The beneficiaries of the SAV Directors Pension Scheme are Mr & Mrs L Fabricius and Mr & Mrs J Hansen.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

26. **FIRST TIME ADOPTION**

The company has adopted FRS 102 for the year ended 31 December 2015 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption - Foreign exchange forward contracts

Under previous UK GAAP fair value gains/losses on foreign exchange forward contracts were disclosed, but not recognised, in the financial statements. Under FRS 102, these instruments are recognised as assets or liabilities. There were no transitional adjustments to equity or reserves at 1 January 2014. Fair value losses of £28,103 on foreign exchange forward contracts, and the corresponding tax credit of £6,042, were recognised in profit or loss under FRS 102 for the year ended 31 December 2014.

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

- (i) the company equity at the date of transition to FRS 102;
 - (ii) the company equity at the end of the comparative period; and
 - (iii) the company profit or loss for the comparative period reported under previous UK GAAP
- are given below.

S.A.V. United Kingdom Limited

Reconciliation of Equity
1 January 2014
(Date of Transition to FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Property, plant and equipment		1,686,034	-	1,686,034
Investments		<u>102,886</u>	<u>-</u>	<u>102,886</u>
		<u>1,788,920</u>	<u>-</u>	<u>1,788,920</u>
CURRENT ASSETS				
Inventories		1,141,690	-	1,141,690
Debtors		1,886,280	-	1,886,280
Cash at bank and in hand		<u>341,610</u>	<u>-</u>	<u>341,610</u>
		<u>3,369,580</u>	<u>-</u>	<u>3,369,580</u>
CREDITORS				
Amounts falling due within one year		<u>(3,247,359)</u>	<u>-</u>	<u>(3,247,359)</u>
NET CURRENT ASSETS		<u>122,221</u>	<u>-</u>	<u>122,221</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,911,141	-	1,911,141
CREDITORS				
Amounts falling due after more than one year		(712,547)	-	(712,547)
PROVISIONS FOR LIABILITIES		<u>(40,103)</u>	<u>-</u>	<u>(40,103)</u>
NET ASSETS		<u><u>1,158,491</u></u>	<u><u>-</u></u>	<u><u>1,158,491</u></u>
CAPITAL AND RESERVES				
Called up share capital		50,000	-	50,000
Capital redemption reserve		10,344	-	10,344
Other reserves		<u>1,098,147</u>	<u>-</u>	<u>1,098,147</u>
SHAREHOLDERS' FUNDS		<u><u>1,158,491</u></u>	<u><u>-</u></u>	<u><u>1,158,491</u></u>

The notes form part of these financial statements

S.A.V. United Kingdom Limited

Reconciliation of Equity - continued
31 December 2014

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Property, plant and equipment		1,649,418	-	1,649,418
Investments		<u>102,886</u>	<u>-</u>	<u>102,886</u>
		<u>1,752,304</u>	<u>-</u>	<u>1,752,304</u>
CURRENT ASSETS				
Inventories		1,547,998	-	1,547,998
Debtors		3,577,904	-	3,577,904
Cash at bank and in hand		<u>1,638,796</u>	<u>-</u>	<u>1,638,796</u>
		<u>6,764,698</u>	<u>-</u>	<u>6,764,698</u>
CREDITORS				
Amounts falling due within one year		<u>(6,204,944)</u>	<u>(22,061)</u>	<u>(6,227,005)</u>
NET CURRENT ASSETS		<u>559,754</u>	<u>(22,061)</u>	<u>537,693</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,312,058	(22,061)	2,289,997
CREDITORS				
Amounts falling due after more than one year		(659,427)	-	(659,427)
PROVISIONS FOR LIABILITIES		<u>(44,813)</u>	<u>-</u>	<u>(44,813)</u>
NET ASSETS		<u>1,607,818</u>	<u>(22,061)</u>	<u>1,585,757</u>
CAPITAL AND RESERVES				
Called up share capital		50,000	-	50,000
Capital redemption reserve		10,344	-	10,344
Retained earnings		<u>1,547,474</u>	<u>(22,061)</u>	<u>1,525,413</u>
SHAREHOLDERS' FUNDS		<u>1,607,818</u>	<u>(22,061)</u>	<u>1,585,757</u>

The notes form part of these financial statements

S.A.V. United Kingdom Limited

**Reconciliation of Profit
for the Year Ended 31 December 2014**

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
REVENUE	12,713,414	-	12,713,414
Cost of sales	<u>(8,362,487)</u>	<u>-</u>	<u>(8,362,487)</u>
GROSS PROFIT	4,350,927	-	4,350,927
Distribution costs	(743,189)	-	(743,189)
Administrative expenses	(4,066,645)	-	(4,066,645)
Other operating income	<u>2,221,037</u>	<u>-</u>	<u>2,221,037</u>
OPERATING PROFIT	1,762,130	-	1,762,130
Interest receivable and similar income	12,456	-	12,456
Interest payable and similar charges	<u>(49,989)</u>	<u>(28,103)</u>	<u>(78,092)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,724,597	(28,103)	1,696,494
Tax on profit on ordinary activities	<u>(261,270)</u>	<u>6,042</u>	<u>(255,228)</u>
PROFIT FOR THE FINANCIAL YEAR	<u><u>1,463,327</u></u>	<u><u>(22,061)</u></u>	<u><u>1,441,266</u></u>

The notes form part of these financial statements