

00513621

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2016
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 2016**

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S.A.V. United Kingdom Limited
Company Information
for the Year Ended 31 December 2016

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)

AUDITOR:

RSM 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 2016

The directors submit their strategic report of S.A.V. United Kingdom Limited (Company Registration No. 00513621) for the year ended 31 December 2016.

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 directors are pleased to report that following the significant growth in revenue of 48% in the prior year the company has maintained that level of turnover with a smaller increase for the year from £18,754,220 to £20,679,339, an increase of 10%.

The company however achieved a lower operating profit of £1,860,946 compared to £2,789,541 in 2015, due to a material reduction in gross profit margins. This arose due to the higher cost of importing goods following the weakening of the pound against the euro as a result of Brexit. Operating costs were also higher due to the continued investment in the business with increased wages and expansion of the business across the UK.

The company's business has strengthened with net assets increasing from £3,086,356 to £3,734,739.

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 2017. The company anticipates further pressure on its gross profit margins in 2017 whilst the pound remains weak against the euro.

The strategic objective of the company continues to be the leading provider of innovative solutions to improve energy efficiency and energy performance in UK buildings.

KEY PERFORMANCE INDICATORS

The company considers its Key Performance Indicators to be turnover, gross profit, net assets and cash.

	2016 £	2015 £
Sales	20,679,339	18,754,220
Gross profit	6,560,333	6,494,110
Gross profit margin	31.7%	34.6%
Net assets	3,734,739	3,086,356
Cash	2,046,046	1,749,401

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal financial instruments comprise bank balances, bank loans, inventories, trade debtors, the commercial financing of its invoices, trade creditors and forward contracts. 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 2016

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 or price pressure from competitors. 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 three 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:

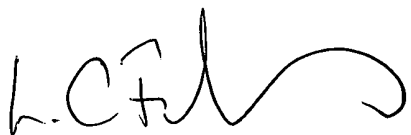
Currency risk is the risk that the financial performance of the company will be adversely affected by adverse fluctuations in foreign currencies used by the company. The company manages its exposure to short term fluctuations in currency with the use of forward exchange contracts to provide certainty 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 2016 of £3.7m and projections for a period of 12 months from the accounts signing date 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: 27/06/2017
.....

S.A.V. United Kingdom Limited

**Report of the Directors
for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2016 was £1,014,000 (2015: £1,014,000) (Note 10).

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 2016 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.

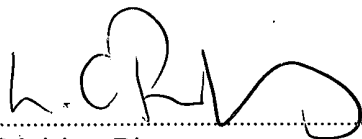
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 auditor is 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 auditor is aware of that information.

AUDITOR

The auditor, RSM UK Audit LLP, has indicated its willingness to continue in office.

ON BEHALF OF THE BOARD:



L C Fabricius - Director

Date: 27/06/2017

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

Opinion on financial statements

We have audited the financial statements on pages 6 to 22. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

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

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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.

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.

RSM UK Audit LLP

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

Date: 4 Jun 2017

S.A.V. United Kingdom Limited

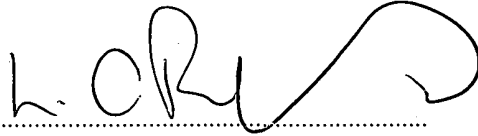
**Statement of Comprehensive Income
for the Year Ended 31 December 2016**

	Notes	31/12/16 £	31/12/15 £
REVENUE	3	20,679,339	18,754,220
Cost of sales		<u>(14,119,006)</u>	<u>(12,260,110)</u>
GROSS PROFIT		6,560,333	6,494,110
Distribution costs		(863,866)	(891,283)
Administrative expenses		<u>(5,210,630)</u>	<u>(4,685,944)</u>
		485,837	916,883
Other operating income		<u>1,375,109</u>	<u>1,872,658</u>
OPERATING PROFIT	5	1,860,946	2,789,541
Loss on disposal of investment	6	<u>(52,886)</u>	<u>-</u>
		1,808,060	2,789,541
Income from shares in group undertakings		230,308	-
Interest receivable and similar income	7	<u>421</u>	<u>364,747</u>
		2,038,789	3,154,288
Interest payable and similar expenses	8	<u>(146,460)</u>	<u>(98,749)</u>
PROFIT BEFORE TAXATION		1,892,329	3,055,539
Tax on profit	9	<u>(229,946)</u>	<u>(540,940)</u>
PROFIT FOR THE FINANCIAL YEAR		1,662,383	2,514,599
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,662,383</u></u>	<u><u>2,514,599</u></u>

Statement of Financial Position
31 December 2016

	Notes	31/12/16 £	31/12/15 £
FIXED ASSETS			
Property, plant and equipment	11	5,936,258	4,069,149
Investments	12	-	102,886
		<u>5,936,258</u>	<u>4,172,035</u>
CURRENT ASSETS			
Inventories	13	2,034,751	1,373,234
Debtors	14	2,990,258	3,947,237
Cash at bank and in hand		<u>2,046,046</u>	<u>1,749,401</u>
		7,071,055	7,069,872
CREDITORS			
Amounts falling due within one year	15	<u>(7,116,350)</u>	<u>(6,348,274)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(45,295)</u>	<u>721,598</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,890,963	4,893,633
CREDITORS			
Amounts falling due after more than one year	16	<u>(2,074,300)</u>	<u>(1,741,524)</u>
PROVISIONS FOR LIABILITIES	20	<u>(81,924)</u>	<u>(65,753)</u>
NET ASSETS		<u>3,734,739</u>	<u>3,086,356</u>
CAPITAL AND RESERVES			
Called up share capital	21	50,000	50,000
Capital redemption reserve	22	10,344	10,344
Retained earnings	22	<u>3,674,395</u>	<u>3,026,012</u>
TOTAL EQUITY		<u>3,734,739</u>	<u>3,086,356</u>

The financial statements on pages 6 to 22 were authorised for issue and approved by the Board of Directors on 27/06/2017 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 2016**

		Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
	Notes				
Balance at 1 January 2015		50,000	1,525,413	10,344	1,585,757
Changes in equity					
Dividends	10	-	(1,014,000)	-	(1,014,000)
Total comprehensive income		-	<u>2,514,599</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>
Changes in equity					
Dividends	10	-	(1,014,000)	-	(1,014,000)
Total comprehensive income		-	<u>1,662,383</u>	-	<u>1,662,383</u>
Balance at 31 December 2016		<u>50,000</u>	<u>3,674,395</u>	<u>10,344</u>	<u>3,734,739</u>

S.A.V. United Kingdom Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

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.

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":

- Exemption from disclosing key management remuneration.
- The requirements of section 7 Statement of Cash Flows.

Going concern

After reviewing the company's forecasts and projections for a period of 12 months from the accounts signing date, 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.

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. Revenue is recognised when it and the associated costs can be reliably measured, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. 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 2016

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, 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 buildings - 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.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

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

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

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

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

2. ACCOUNTING POLICIES - continued

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 other 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 2016

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 2016

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

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by class of business is given below:

	31/12/16	31/12/15
	£	£
Goods	19,586,722	17,739,207
Services	1,085,121	1,007,004
Rent receivable	<u>7,496</u>	<u>8,009</u>
	<u>20,679,339</u>	<u>18,754,220</u>

In the year to 31 December 2016 1% (2015 - 1%) of the company's turnover was to markets outside the United Kingdom.

4. EMPLOYEES AND DIRECTORS

	31/12/16	31/12/15
	£	£
Wages and salaries	3,297,516	2,931,543
Social security costs	411,735	334,773
Other pension costs	<u>158,916</u>	<u>203,251</u>
	<u>3,868,167</u>	<u>3,469,567</u>

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

	31/12/16	31/12/15
Management and administration	10	9
Sales and distribution	<u>60</u>	<u>53</u>
	<u>70</u>	<u>62</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

4. EMPLOYEES AND DIRECTORS - continued

	31/12/16	31/12/15
	£	£
Directors' remuneration	315,344	218,528
Directors' pension contributions to money purchase schemes	<u>50,000</u>	<u>80,000</u>

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:

	31/12/16	31/12/15
	£	£
Emoluments etc	165,599	116,142
Pension contributions to money purchase schemes	<u>25,000</u>	<u>40,000</u>

5. OPERATING PROFIT

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

	31/12/16	31/12/15
	£	£
Depreciation - owned assets	157,907	107,865
Depreciation - assets on hire purchase contracts	26,168	28,461
Profit on disposal of fixed assets	-	(2,000)
Auditor's remuneration	11,000	11,000
Research and development	26,702	120,766
Stock - amounts expensed to cost of sales	13,669,941	11,948,717
Stock - impairment losses recognised in cost of sales	<u>113,444</u>	<u>14,524</u>

6. EXCEPTIONAL ITEMS

	31/12/16	31/12/15
	£	£
Loss on disposal of investment	<u>(52,886)</u>	<u>-</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	31/12/16	31/12/15
	£	£
Interest receivable	421	-
Gain on foreign exchange forward contracts	<u>-</u>	<u>364,747</u>
	<u>421</u>	<u>364,747</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	31/12/16	31/12/15
	£	£
Bank interest	107,164	93,737
Interest on overdue tax	1,904	-
Hire purchase interest	4,352	5,012
Loss on foreign exchange forward contracts	<u>33,040</u>	<u>-</u>
	<u>146,460</u>	<u>98,749</u>

9. TAXATION

Analysis of the tax charge

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

	31/12/16	31/12/15
	£	£
Current tax:		
UK corporation tax	315,000	520,000
Prior year under / (over) provision	<u>(101,225)</u>	<u>-</u>
Total current tax	213,775	520,000
Deferred tax	<u>16,171</u>	<u>20,940</u>
Tax on profit	<u>229,946</u>	<u>540,940</u>

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:

	31/12/16	31/12/15
	£	£
Profit before tax	<u>1,892,329</u>	<u>3,055,539</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	378,466	618,747
Effects of:		
Expenses not deductible for tax purposes	17,799	6,490
Income not taxable for tax purposes	(46,062)	-
Adjustments to tax charge in respect of previous periods	(101,225)	-
Research and development	(105,867)	(85,595)
Other tax adjustments	<u>86,835</u>	<u>1,298</u>
Total tax charge	<u>229,946</u>	<u>540,940</u>

10. DIVIDENDS

	31/12/16	31/12/15
	£	£
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 year.

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
Cost				
At 1 January 2016	3,930,888	766,966	205,887	4,903,741
Additions	<u>1,747,903</u>	<u>287,822</u>	<u>15,459</u>	<u>2,051,184</u>
At 31 December 2016	<u>5,678,791</u>	<u>1,054,788</u>	<u>221,346</u>	<u>6,954,925</u>
Depreciation				
At 1 January 2016	132,430	587,887	114,275	834,592
Charge for year	<u>69,507</u>	<u>85,949</u>	<u>28,619</u>	<u>184,075</u>
At 31 December 2016	<u>201,937</u>	<u>673,836</u>	<u>142,894</u>	<u>1,018,667</u>
Net book value				
At 31 December 2016	<u>5,476,854</u>	<u>380,952</u>	<u>78,452</u>	<u>5,936,258</u>
At 31 December 2015	<u>3,798,458</u>	<u>179,079</u>	<u>91,612</u>	<u>4,069,149</u>

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

	Motor vehicles £
Cost	
At 1 January 2016	152,665
Additions	15,459
Transfer to ownership	<u>(39,538)</u>
At 31 December 2016	<u>128,586</u>
Depreciation	
At 1 January 2016	75,394
Charge for year	26,168
Transfer to ownership	<u>(29,652)</u>
At 31 December 2016	<u>71,910</u>
Net book value	
At 31 December 2016	<u>56,676</u>
At 31 December 2015	<u>77,271</u>

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

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 January 2016	102,886
Disposals	<u>(102,886)</u>
At 31 December 2016	-
Net book value	
At 31 December 2016	-
At 31 December 2015	<u>102,886</u>

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

Cimberio (CIM) Limited

Registered office: Scandia House, Boundary Road, Woking, Surrey GU21 5BX

Nature of business: Dormant company

	%		
Class of shares:	holding	31/12/16	31/12/15
Ordinary	50.00	£	£
Aggregate capital and reserves		<u>-</u>	<u>560,615</u>

During the year Cimberio (CIM) Limited paid a dividend of £460,615 to distribute all of its reserves. The company reduced its share capital from £100,000 to £2 by way of a capital reduction. The remaining two shares were cancelled on 28 November 2016.

13. INVENTORIES

	31/12/16	31/12/15
	£	£
Stocks	<u>2,034,751</u>	<u>1,373,234</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/16	31/12/15
	£	£
Trade debtors	2,800,442	3,311,049
Other debtors	55,428	94,636
Foreign exchange forward contracts	-	336,644
Prepayments	<u>134,388</u>	<u>204,908</u>
	<u>2,990,258</u>	<u>3,947,237</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/16	31/12/15
	£	£
Bank loans (see note 17)	139,169	110,206
Hire purchase contracts (see note 18)	25,440	29,346
Trade creditors	3,067,468	2,471,130
Amounts owed to group undertakings	548,273	1,090,959
Corporation tax	(12,390)	280,518
Other taxation and social security costs	831,789	647,832
Other creditors	2,244,600	1,317,746
Foreign exchange forward contracts	33,040	-
Accrued expenses	<u>238,961</u>	<u>400,537</u>
	<u><u>7,116,350</u></u>	<u><u>6,348,274</u></u>

Included within other creditors is an amount of £1,555,697 (2015: £244,205) which relates to invoice discounting and is secured by a charge over the company's book debts.

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

	31/12/16	31/12/15
	£	£
Bank loans (see note 17)	2,048,568	1,700,099
Hire purchase contracts (see note 18)	<u>25,732</u>	<u>41,425</u>
	<u><u>2,074,300</u></u>	<u><u>1,741,524</u></u>

Included within bank loans are five 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	Expiring	Interest Rate
Amount		
375,634	May 2025	3% over base
194,077	January 2026	3.45% over base
631,182	June 2030	5.26% Fixed
499,714	June 2030	5.35% Fixed
487,130	May 2031	4.87% Fixed

17. LOANS

An analysis of the maturity of loans is given below:

	31/12/16	31/12/15
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>139,169</u>	<u>110,206</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>145,791</u>	<u>115,531</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>478,330</u>	<u>378,338</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

17. LOANS - continued

	31/12/16 £	31/12/15 £
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more than 5 years	<u>1,424,447</u>	<u>1,206,230</u>

18. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	31/12/16 £	31/12/15 £
Gross obligations repayable:		
Within one year	27,966	32,945
Between one and five years	<u>27,071</u>	<u>44,121</u>
	<u>55,037</u>	<u>77,066</u>
Finance charges repayable:		
Within one year	2,526	3,599
Between one and five years	<u>1,339</u>	<u>2,696</u>
	<u>3,865</u>	<u>6,295</u>
Net obligations repayable:		
Within one year	25,440	29,346
Between one and five years	<u>25,732</u>	<u>41,425</u>
	<u>51,172</u>	<u>70,771</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

19. FINANCIAL INSTRUMENTS

The carrying amounts of the company's financial instruments at 31 December were:

	31/12/16 £	31/12/15 £
Financial Assets:		
Debt instruments measured at amortised cost	2,855,870	3,405,685
Measured at fair value through profit or loss	-	336,644
	<u>2,855,870</u>	<u>3,742,329</u>
Financial liabilities:		
Measured at amortised cost	8,276,413	7,078,862
Measured at fair value through profit or loss	33,040	-
	<u>8,309,453</u>	<u>7,078,862</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 €1 million at an exchange rate of 1.1875 in January 2017 and a further €3 million (2015: €12 million) at an exchange rate of 1.1504 (2015: 1.4034) in monthly instalments of €500,000 (2015: €1 million). The loss arising on this at the year end was £33,040 (2015 gain: £336,644). The total value of outstanding foreign exchange forward contracts that the company has committed to was £3,449,866 (2015: £8,887,280).

20. PROVISIONS FOR LIABILITIES

	31/12/16 £	31/12/15 £
Deferred tax	<u>81,924</u>	<u>65,753</u>
		Deferred tax £
Balance at 1 January 2016		65,753
Charge to Statement of Comprehensive Income during year		<u>16,171</u>
Balance at 31 December 2016		<u>81,924</u>

Deferred tax has arisen due to:

	31/12/16 £	31/12/15 £
Accelerated capital allowances	88,532	65,753
Fair value of foreign exchange forward contract	<u>(6,608)</u>	-
	<u>81,924</u>	<u>65,753</u>

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/16 £	31/12/15 £
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.

22. RESERVES

Reserves of the company represent the following:

Capital redemption reserve

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

Retained earnings

The cumulative profit and loss net of distributions to owners.

23. 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 £158,916 (2015: £203,251). The year end liability in respect of the scheme is £10,626 (2015: £11,815).

24. 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.

SAV Holding (UK) Limited is the smallest and largest group for which consolidated accounts including this company are prepared. Copies of the financial statements are available from Companies House, Crown Way, Cardiff CF14 3UZ. The registered address of SAV Holding (UK) Limited is the same as for this company.

25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Included in other creditors is an amount of £404,154 (2015: £688,974) due to Mr L Fabricius, and an amount of £246,578 (2015: £340,793) due to Mr J Hansen. Both are directors of the company. No interest was charged in the period and there is no set repayment date.

S.A.V. United Kingdom Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2016**

26. 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 £nil (2015: £560,615) to Cimberio (CIM) Limited ("CIM"), its subsidiary undertaking.

During the year the company made purchases of £954,525 (2015: £810,011) 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 £278,660 (2015: £234,002).

Administration and distribution expenses of £16,137 (2015: £18,988) were also recharged to FAR United Kingdom Limited ("FAR"), a fellow subsidiary. In addition, the company made purchases of £56,994 (2015: £102,939) from FAR. At the year end S.A.V. United Kingdom Limited owed £197,770 (2015: £122,153) to FAR.

Administration and distribution expenses of £1,358,972 (2015: £1,853,670) were also recharged to E C Power GB Limited ("ECP"), a fellow subsidiary. At the year end S.A.V. United Kingdom Limited owed £349,156 to ECP (2015: £406,843).

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 S.A.V. United Kingdom Limited. At the year end, CIM, FAR and ECP had trade debtors of £Nil, £34,680 and £1,619,901 (2015: £nil, £47,426 and £1,137,122) respectively, relating to amounts invoiced on their behalf by the company.

During the year the company paid contributions of £100,000 (2015: £160,000) into the SAV Directors Pension Scheme. The beneficiaries of the SAV Directors Pension Scheme are Mr & Mrs L Fabricius and Mr & Mrs J Hansen.