Safeland plc

Report and financial statements 2020

Registered number: 2012015

Safeland plc
Company information

Directors	Larry Lipman - Managing Director Errol Lipman - Executive Director Edward Young - Non-Executive Director
Company secretary	Keith Malkinson
Registered number	2012015
Registered office	1a Kingsley Way London N2 0FW
Independent auditors	Wisteria Audit Ltd The Grange Barn Pikes End Pinner Middlesex HA5 2EX
Bankers	Lloyds Bank plc Ground floor 10 Gresham Street London EC2V 7AE
Solicitors	Trowers & Hamlins LLP 3 Bunhill Row London EC2A 1AG
Registrars	Link Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU

Safeland plc
Contents

Safeland plc
Group strategic report

The Directors present their strategic report on the affairs of the Company and the Group together with the financial statements for the year ended 31 March 2020.

Principal activities
The principal activities of the Group comprise property trading, property refurbishment (including redevelopment), property investment and property management.

Review of business and future prospects
Group revenue for the year to 31 March 2020 increased to £4.1m (*2019: £2.3m*) primarily due to the sale of a completed development of residential properties for £2.7m. A full year's income from renting residential properties and from the operations at North Downs Golf Club (NDGC) and the Market Walk Shopping Centre (Market Walk), all of which were acquired in the previous year, also contributed to the growth in revenue. The operating loss of £1.3m (*2019: £1.0m*) includes a loss of £0.6m (*2019: £0.1m*) from the fall in the market price of the Group's investment in Safestay PLC due to the direct impact on that business of the Covid-19 crisis.

Gearing at 31 March 2020 increased slightly to 35% (*2019: 31%*). The Group maintains a borrowing facility of £16.5m secured on property assets, of which £6.9m was undrawn at 31 March 2020 (*2019: £6.8m*). This provides the flexibility for the Group to move quickly when property investment and trading opportunities arise.

Net Asset Value (NAV) fell from £19.7m at 31 March 2019 (equivalent to 137p per share) to £17.5m at 31 March 2020 (equivalent to 129p per share) due to the operating losses incurred in the year.

In May 2019, the Company cancelled its admission to trading on AIM of the ordinary shares in the company. Subsequently the number of shares in issue at 31 March 2020 was reduced by 1,237,528 (2018: 125,285) following the buy-back of shares. The Directors continue to consider the acquisition and cancellation of the Company's shares as appropriate if it enhances the value of the remaining shares in issue.

There were no property acquisitions in the year to 31 March 2020. During the year, the Group exchanged contracts for the sale of Market Walk, conditional on the buyer achieving planning permission with completion anticipated after the balance sheet date.

Following the year end, the Group completed on the purchase of a residential property requiring refurbishment in North London and exchanged contracts for the sale of one of its trading properties at a significant profit. The Group continues to explore both development and exit opportunities for NDGC. The Directors will continue to seek out value adding opportunities and are well placed to act swiftly to benefit from these as and when they arise.

As noted in previous years' reports, the Directors consider the property market to continue to be constrained by an economic outlook which is in turn affected by political conditions at home, in the EU and worldwide and which has created a cautious environment, verging on stagnation, which may continue for some time.

The Directors do not propose the payment of a final dividend of (*2019: £nil per share*). During the year, no interim dividend was paid (2018: nil).

Covid-19 impact

The outbreak of Covid-19 at the start of 2020 has had a mixed impact on the business. Activities at NDGC and Market Walk were severely impacted with both businesses suspending activities at the end of March.

Playing golf was one of the first activities to benefit from the Government's relaxation of lockdown restrictions and since mid-May, NDGC has been operating on an increasingly normal basis. Where appropriate, staff have been furloughed and costs have been reduced and with the modified operating model now in place at the club, the Directors are confident the club has made a significant step towards achieving break even in 2021.

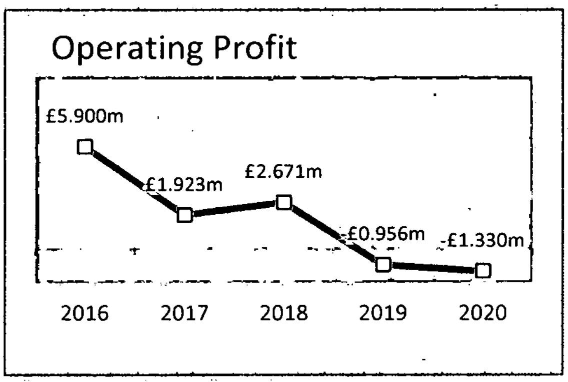
Market Walk has reopened in a modified form in compliance with Government Covid secure guidelines. During the lockdown, a number of tenant licences reached expiry. Despite reducing operating costs where possible, the centre continues to be loss making and this is likely to continue until the agreed sale completes later in 2020.

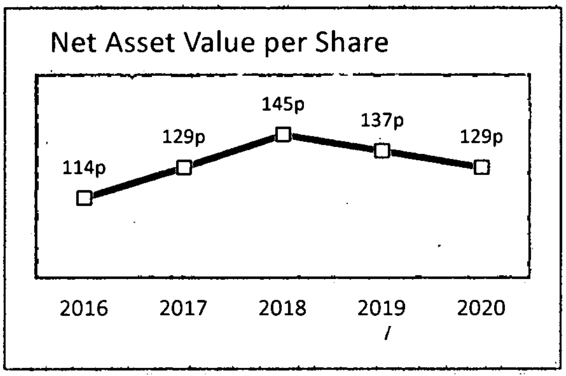
The Group's rental income business has not seen any significant impact from Covid-19.

The Directors have taken the necessary actions to ensure staff are able to work effectively and safely.

Key performance indicators

The Group's key performance indicators are operating profit and net asset value per share as summarised below.





The operating loss of £1.3m in the year to 31 March 2020 arose from a combination of lower levels of property sales and a loss of £0.6m (*2019: £0.1m*) from the fall in the market price of the Group's investment in Safestay PLC due to the direct impact of the Covid-19 crisis on that business.

Net asset value (NAV) per share is calculated by dividing net assets per the consolidated statement of financial position by the number of shares in issue at that date. The NAV decreased from 137p to 129p per share in the year.

Principal risks and uncertainties

The principal risks and uncertainties that could potentially have an impact on the Group's performance are detailed below.

Business risk

The Group operates in the property market, which over the years has always been liable to price fluctuations, dependent upon the state of the UK economy. In the event that there was a drop in the value of property throughout the country, this would obviously affect the properties held by the Group at that time, but would also present an opportunity for buying at distinctly lower levels than exist at present. The Group mitigates the risk of downturns in property values by ensuring diversity within its property portfolio.

It is conceivable that the impact of Covid-19 on Government finances may affect tax rates that exist at present, which would erode the margins that the Group is able to attain on its trades and may adversely impact upon property values.

Over the years, the Group has added value by obtaining change of use of properties. Adverse changes to the planning requirements could affect this methodology.

Financing risk
In order to finance the purchase of properties that the Group trades in, it uses bank loans with variable interest rates that track LIBOR. Increases in the LIBOR rate will adversely affect the profit that the Group is able to make.

The determining factor as to how much the Group is able to spend on acquisition at any one time is limited by cash and there may be times when opportunities are not able to be taken advantage of as all available monies have been allocated elsewhere. Strict financial controls are in operation to ensure that monies cannot be expended above the available limits.

Covid-19 risk
The prevalence of Covid-19 may result in operations at NDGC having to change which may result in reduced income from membership subscriptions and other income sources.

The prevalence of Covid-19 may also result in operations at Market Walk having to change which may include the re-imposition of a local lockdown. Government legislation which protects tenants who have not paid rent from eviction will likely reduce incoming cash flows at the centre in the short term.

The Directors will continue to monitor the financial performance of both NDGC and Market Walk and take the necessary actions to mitigate any impact from Covid-19.

The Group's rental income business is seen as being at less risk from Covid-19.

Approved by the Board of Directors and signed on behalf of the Board.

Larry Lipman
Managing Director
20 August 2020

Safeland plc
Directors' report

The Directors present their report and the financial statements for the year ended 31 March 2020.

Directors
The directors who have served since 1 April 2019 are as follows:

Larry Lipman
Errol Lipman
Edward Young (Non-Executive)

Errol Lipman retires by rotation and being eligible, offers himself for re-election at the Annual General Meeting.

Results, future developments and dividends
The results of the Group are presented in the Group Strategic Report. Further details are shown in the Consolidated Profit and Loss Account on page 10 and the related notes.

The Directors' strategy and plans for the future development of the Group are presented in the Group Strategic Report.

The Directors do not propose a final dividend for the financial year to 31 March 2019 (2018: 1p per share).

Financial instruments
The Group's policy on financial instruments is stated in note 1.20 to these financial statements

Post-balance sheet events
In May 2020, the Group exchanged contracts for the sale of one of its trading properties for £4.0m which completed at the end of August 2020.

In July 2020, the Group acquired a residential property requiring refurbishment in north London for £1.3m. The Directors intend to refurbish the property and offer it for sale.

Political and charitable donations
The Group made no charitable donations (*2019: £10,500*) and no political donations (*2019: £nil*) in the year.

Directors' Responsibilities Statement
The Directors are responsible for preparing the Group Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared both the consolidated financial statements and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Statement of disclosure of information to the auditor
The Directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. The Directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Conflicts of interest
Under the articles of association of the Company and in accordance with the provisions of the Companies Act 2006, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the Company's interests. However, the Directors may authorise conflicts and potential conflicts as they deem appropriate. As a safeguard, only directors who have no interest in the matter being considered will be able to take the relevant decision, and the Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. During the financial year ended 31 March 2020, the Directors have authorised no such conflicts or potential conflicts in accordance with the above procedures.

Going concern
The Directors report that, based on the Group's budgets and financial projections to 31 March 2022 and the expectation the Group's revolving credit facility with Lloyds Bank plc to December 2020 will be renewed and extended, they have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Company and Group have adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the accounts are prepared on the going concern basis.

Auditor

The previous auditors, Grant Thornton LLP, resigned during the year. The newly appointed auditors, Wisteria Audit Ltd, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Larry Lipman
Managing Director
20 August 2020

Independent Auditor's report to the members of Safeland plc

Opinion

We have audited the financial statements of Safeland PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020, which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Consolidated Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act2006.

Basis for opinion

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

Going concern

The financial statements have been prepared on a going concern basis.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Other matter

We have reported separately on the parent company financial statements of Safeland PLC for the year ended 31 March 2020. That report includes details of the parent company key audit matters; how we applied the concept of materiality in planning and performing our audit; and an overview of the scope of our audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Andrew Millet BA MBA FCA
Senior Statutory Auditor

For and on behalf of Wisteria Audit Ltd Statutory Auditor
The Grange Barn Pikes End
Pinner Middlesex HA5 2EX
1 September 2020

Safeland plc
Consolidated profit and loss account

	Note	2020 £000	*2019* *£000*
Turnover		4,112	*2,346*
Cost of sales		(3,580)	*(1,612)*
Gross profit/(loss)		532	*734*
Administrative expenses		(1,351)	*(1,536)*
Other operating income/(expenses)		(534)	*(180)*
Operating loss		(1,353)	*(982)*
Income from interests in associated undertakings		23	*27*
Total operating loss		(1,330)	*(955)*
Interest receivable and similar income	**4**	4	*3*
Interest payable and similar expenses	**5**	(571)	*(566)*
Loss before tax		(1,897)	*(1,518)*
Tax on loss	**6**	213	*(101)*
Loss for the year attributable to the owners of the parent company:		(1,684)	*(1,619)*

The notes on pages 15 to 27 form part of these financial statements.

Safeland plc
Consolidated balance sheet

Registered number: 02012015

	Note	2020 £000	*2019 £000*
Fixed assets			
Tangible assets	**8**	2,769	*2,769*
Other investments	**9**	471	*1,026*
Investment property	**10**	19,555	*19,643*
		22,795	*23,438*
Current assets			
Inventories	**11**	31	*15*
Trading properties	**12**	2,301	*4,505*
Debtors: amounts falling due within one year	**13**	167	*242*
Cash at bank and in hand	**14**	2,116	*2,072*
		4,615	*6,834*
Creditors: amounts falling due within one year	**15**	(9,899)	*(733)*
Net current (liabilities)/assets		(5,284)	*6,101*
Total assets less current liabilities		17,511	*29,539*
Creditors: amounts falling due after more than one year	**16**	-	*(9,713)*
Provisions for liabilities			
Deferred tax	**18**	(14)	*(92)*
Net assets		17,497	*19,734*
Capital and reserves			
Called up share capital	**19**	677	*739*
Capital redemption reserve		166	*104*
Shared based payment reserve		354	*354*
Profit and loss account		16,301	*18,537*
		17,498	*19,734*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 August 2020

Larry Lipman
Director

The notes on pages 15 to 27 form part of these financial statements.

Safeland plc
Consolidated changes in equity for the year ended 31 March 2020

	Called up share capital £000	Capital redemption reserve £000	Investment revaluation reserve £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2018	745	98	(186)	354	20,548	21,559
Comprehensive income for the year:						
Loss for the year	-	-	-	-	(1,619)	(1,619)
Revaluation of available for sale investments	-	-	186	-	(186)	-
Total comprehensive income for the year	-	-	186	-	(1,805)	(1,619)
Dividends: equity capital	-	-	-	-	(149)	(149)
Purchase of own shares	(6)	6	-	-	(57)	(57)
Total transactions with owners	(6)	6	-	-	(206)	(206)
At 31 March 2019	739	104	-	354	18,537	19,734
Comprehensive income for the year						
Loss for the year	-	-	-	-	(1,684)	(1,684)
Total Comprehensive Income	-	-	-		(1,684)	(1,684)
Purchase of own shares	(62)	62	-	-	(552)	(552)
Total transactions with owners	(62)	62	-	-	(552)	(552)
At 31 March 2020	677	166	-	354	16,301	17,498

The notes on pages 15 to 27 form part of these financial statements.

Safeland plc
Consolidated statement of cash flows

	2020 £000	*2019 £000*
Cash flows from operating activities		
Loss for the financial year	(1,684)	*(1,620)*
Adjustments for:		
Depreciation of tangible assets	68	*73*
Interest paid	571	*566*
Interest received	(4)	*(4)*
(Increase) in inventories	(16)	*(15)*
Decrease/(increase) in debtors	75	*(203)*
Decrease in trading properties	2,204	*513*
(Decrease)/increase in creditors	(440)	*117*
Income from interest in associates	(23)	*(27)*
Loss on sale of investment property	-	*27*
Profit on sale of investments	-	*(16)*
Corporation tax received	-	*25*
Loss on revaluation of listed investments	578	*159*
Loan fees amortisation	69	*-*
Net cash generated from operating activities	1,398	*(405)*
Cash flows from investing activities		
Purchase of tangible fixed assets	(68)	*(58)*
Sale of tangible fixed assets	-	*55*
Investment property additions	-	*(1,525)*
Sale of investment properties	88	*5,816*
Purchase of listed investments	-	*(400)*
Sale of investments	-	*56*
Acquisitions of trade and assets	-	*(1,050)*
Dividends received	-	*27*
Net cash from investing activities	20	*2,921*
Cash flows from financing activities		
Purchase of ordinary shares	(552)	*(57)*
Repayment of loans	(255)	*(743)*
Dividends paid	-	*(149)*
Interest paid	(571)	*(566)*
Interest received	4	*3*
Net cash used in financing activities	(1,374)	*(1,512)*

Safeland plc
Consolidated statement of cash flows

	2020	*2019*
	£000	*£000*
Net increase in cash and cash equivalents	44	*1,004*
Cash and cash equivalents at beginning of year	2,072	*1,068*
Cash and cash equivalents at the end of year	2,116	*2,072*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,116	*2,072*

The notes on pages 15 to 27 form part of these financial statements.

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries (the Group) as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 April 2020.

1.3 Going concern

The consolidated financial statements have been prepared on a going concern basis.

1.4 Functional and presentation currency

The Group's functional and presentational currency is GBP.

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is stated net of VAT and comprises rental income, proceeds from sales of trading properties, trading income and other income.

Rental income from investment and trading properties leased out under operating leases is recognised in the Consolidated Profit and Loss Account. on a straight-line basis over the term of the lease. Rent reviews are recognised when such reviews have been agreed with tenants. Lease incentives are recognised as an integral part of the net consideration for the use of the property and amortised on a straight-line basis over term of lease, or the period to the first tenant break, if shorter.

Sales of trading properties are recognised on completion of a contact. This reflects the point of transfer of risks and rewards when a trading property is sold.

Trading income for North Downs Golf Club is recognised on a straight-line basis over the term in respect of membership subscriptions and as received for other sales.

Other income is recognised as received.

1.6 Interest income

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

1.7 Finance costs

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

1.8 Borrowing costs

All borrowing costs are recognised in the Consolidated Profit and Loss Account in the year in which they are incurred.

1.9 Pensions

The Group operates a defined contribution plan for its employees. The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

1.10 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.11 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, at the following rates.

Freehold & long leasehold properties	2% straight-line basis
Motor vehicles	25% reducing balance
Office equipment	20% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

Repairs and maintenance costs are expensed as incurred.

1.12 Investment properties

Investment properties are those properties that are held either to earn rental income or for capital appreciation or both. Investment properties are measured and stated at fair value in the Consolidated Balance Sheet. Valuation surpluses and deficits arising in the year are included in the Consolidated Profit and Loss Account.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the fair value of the asset at the beginning of the period and is recognised in the Consolidated Profit and Loss Account. Investment properties developed by the Group are transferred from current assets at cost with the gain or loss on valuation being recorded in the Consolidated Profit and Loss Account.

Investment properties may be freehold properties or leasehold properties. For leasehold properties, the associated leasehold obligations, if material, are accounted for as finance lease obligations.

1.13 Other investments – listed companies

Investments in listed companies and are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account.

1.14 Other investments - associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

Interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Profit and Loss Account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

1.15 Trading properties

Properties held for development and resale are classified as trading properties and are shown at the lower of cost and net realisable value. Cost comprises purchase price, acquisition costs and direct expenditure. Net realisable value comprises the estimated sales price less selling costs and cost to complete.

1.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Profit and Loss Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Consolidated Balance Sheet.

1.20 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each balance sheet date for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.21 Dividends

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

1.22 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Profit and Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Profit and Loss Account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Profit and Loss Account is charged with fair value of goods and services received.

1.23 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating leases are recognised in the Consolidated Profit and Loss Account on a straight-line basis over the life of the lease.

2 Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the consolidated financial statements are described in the accounting policies and are summarised below:

Investment and trading property valuations - the estimation of fair value of investment properties and the net realisable value of trading is based on Directors' valuations and is inherently subjective. Where the market has transaction volumes lower than average, the subjectivity around the valuations is more acute.

3 Auditors' remuneration

	2020	***2019***
	£000	***£000***
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	47	*75*

During the year, the auditor's remuneration for non-audit services was £12,650.

4 Interest receivable and similar income

	2020	***2019***
	£000	***£000***
Other interest receivable	4	*3*

5 Interest payable and similar expenses

	2020	*2019*
	£000	*£000*
Loan interest payable	571	*566*

6 Tax

	2020	*2019*
	£000	*£000*
Corporation tax		
Current tax on profits for the year	-	-
Adjustments to prior year	(135)	*20*
Deferred tax charge	(78)	*81*
Total current tax (credit)/charge	(213)	*101*

Factors affecting tax charge for the year

The (credit)/charge for the year can be reconciled to the loss per the Consolidated Profit and Loss Account as follows:

	2020	*2019*
	£000	*£000*
Loss on ordinary activities before tax	(1,897)	*(1,519)*
Tax credit at the UK corporation tax rate of 19% (*2019: 19%*)	(360)	*(289)*
Effects of:		
Income not taxable	(5)	(11)
Expenses not deductible for tax purposes	52	*69*
Capital allowances for year (in excess of)/less than depreciation	8	-
Tax on gains on disposal of investment properties	-	*128*
Unrelieved tax losses carried forward	305	*103*
Group tax charge for the year	-	-

Factors that may affect future tax charges:

The Group has tax losses of £7,063,000 (*2019: £5,456,000*) which are available for offset against future trading profits. No deferred tax asset has been recognised in the financial statements due to the uncertainty as to the timing of the reversal. If the losses are utilised in future periods, the tax charge will be reduced.

7 Employees

The average monthly number of employees (included executive directors) during the year was:

	2020 Number	*2019 Number*
Sales	13	*12*
Administration	8	*8*
Operations	5	*5*
	26	*25*

The costs incurred in respect of employees (including executive directors) were:

	2020 £000	*2019 £000*
Wages and salaries	950	*769*
Social security costs	106	*96*
Other employment costs	15	*23*
	1,071	*88*

Staff costs are included within the following consolidated income statement:

	2020 £000	*2019 £000*
Cost of sales	267	*93*
Administrative expenses	804	*795*
	1,071	*888*

8 Tangible fixed assets

	Freehold & long leasehold properties £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost or valuation				
At 1 April 2019	2,810	95	165	3,070
Additions	56	-	12	68
At 31 March 2020	2,866	95	177	3,138
Depreciation				
At 1 April 2019	150	44	107	301
Charge for the year on owned assets	41	13	14	68
At 31 March 2020	191	57	121	369
Net book value				
At 31 March 2020	2,675	38	56	2,769
At 31 March 2019	*2,660*	*51*	*58*	*2,769*

9 Other investments

	Investment in associate £000	Listed investments £000	Total £000
Cost or valuation			
At 1 April 2019	127	899	1,026
Share of associates	23	-	23
Revaluation	-	(578)	(578)
	150	321	471

Investment in associate
The Group owns 50% of the ordinary share capital of Grafton Insurance Services Ltd ("Grafton"), a company incorporated in England. Grafton is accounted for as an associate as the Group exercises significant influence over Grafton but does not have joint control.

Investment in listed companies
The Group owns 2,597,334 shares (*2019: 2,597,334 shares*) in Safestay plc representing 4.02% (*2019: 4.02%*) of the issued share capital. At both year-ends, the shares were restated at market value of 12.0p (2020) and 34.0p (2019).

The Group owns 5,119 (*2019: 5,119*) ordinary equity shares in Palace Capital plc representing 0.04% (*2019: 0.04%*) of the issued share capital. At both year-ends, the shares were restated at market value of 178p (2020) and 290p (2019).

10 Investment property

	Freehold investment property £000
Valuation	
At 1 April 2019	19,643
Disposal	(88)
At 31 March 2020	19,555

Investment property consists of residential properties located in North London and the Market Walk Shopping Centre in Northampton. The methodology to value these properties is to compare historical comparable market transactions less a percentage reduction to reflect the limitation of restrictive tenancies where appropriate. No deferred tax provision is recognised as the revaluations undertaken to date have been taxed.

The company has pledged investment properties with a carrying value of £16,090,000 (*2019: £16,090,000*) to secure banking facilities granted to the company.

11 Inventories

	2020 £000	*2019 £000*
Stock held for resale	31	*15*
	31	*15*

12 Trading Properties

	2020 £000	*2019 £000*
Properties held for resale	2,301	*4,505*
	2,301	*4,505*

The Group has pledged properties for resale with a carrying value of £2,301,000 (*2019: £4,505,000*) to secure banking facilities granted to the Group. Properties for resale were reviewed for impairment as at 31 March 2020.

13 Debtors: amounts falling due within one year

	2020 £000	*2019 £000*
Trade debtors	39	*103*
Other debtors	92	*106*
Prepayments and accrued income	36	*33*
	167	*242*

14 Cash and cash equivalents

	2020	*2019*
	£000	*£000*
Cash at bank and in hand	2,116	*2,072*
	2,116	*2,072*

15 Creditors: amounts falling due within one year

	2020	*2019*
	£000	*£000*
Bank loans	9,528	-
Trade creditors	135	*190*
Corporation tax	2	*165*
Other tax and social security	26	*30*
Other creditors	35	*100*
Accruals and deferred income	173	*248*
	9,899	*733*

Included in other creditors is an amount due in respect of pension contributions of £2,000.

16 Creditors: amounts falling due after more than one year

	2020	*2019*
	£000	*£000*
Bank loans	-	*9,713*
	-	*9,713*

17 Loans

	2020	*2019*
	£000	*£000*
Amounts falling due within one year		
Bank loans	9,528	-
Amounts falling due 1-2 years		
Bank loans	-	*9,713*
	-	*9,713*
	9,528	*9,713*

There were no breaches of bank covenants as at 31 March 2020 or 31 March 2019.

All of the Group's bank loans and overdrafts disclosed above comprise borrowings in GBP.

The bank loans are secured on investment, trading and fixed asset properties with carrying values of £19,966,000 (*2019: £22,205,000*). The Group has undrawn committed borrowing facilities as at 31 March 2019 of £6,926,000 (*2019: £6,671,000*).

At 31 March 2020, the Group had a £16,500,000 (2018: £16,500,000) revolving credit facility with Lloyds Bank plc ("the Bank"), secured on certain properties owned by the Group. The facility was based on LIBOR plus a fixed margin. As at 31 March 2020, a notional amount of the loan of £12,735,000 (2018: £12,735,000) was capped at 3% interest.

18 Deferred tax

	£000
At 1 April 2019	92
Credited to profit or loss	(78)
At31 March 2020	14

The deferred tax balance comprises:

	2020	***2019***
	£000	***£000***
Accelerated capital allowances	14	*92*

No deferred tax asset has been recognised in relation to trading losses due to uncertainty over the timing of reversal. The Group has losses totalling £7,063,000 (*2019: £5,456,000*) before offset of deferred tax on revaluation surplus that may be available for future utilisation.

19 Share capital

	2020		***2019***	
	Number	**£000**	***Number***	***£000***
Allotted, called up and fully paid				
Ordinary shares of 5p each	13,544,567	677	*14,782,095*	*739*

During the year, the Company bought back and cancelled a total of 1,237,533 shares (*2019: 125,285 shares*) in two tranches at a total cost of £552,000 (*2019: £57,000*) including broker's fees, reducing the nominal value of shares by £62,000 (*2019: £6,000*), which is reflected in these financial statements as a capital redemption reserve. The Directors consider that the acquisition and cancellation of these shares will enhance the value of each of the remaining shares in issue.

20 Share based payments

No new share options were granted in the year. The Company has previously granted share options to subscribe for ordinary shares of 5p as follows:

Grant date	**Exercise price per share**	**Period within which options are exercisable**	**Number of share options outstanding**	
			2020	***2019***
28/09/2011	9.25p	28/009/2014 to 27/09/2021	14,477,675	*14,477,675*
			14,477,675	*14,477,675*

The share options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is three years from the date of grant and the share price must be a minimum of 11.25p. The options are forfeited if the employee leaves the Group before the options vest.

Details of these share options are summarised in the table below

	2020		*2019*	
	Number of share options	Weighted average exercise price	*Number of share options*	*Weighted average exercise price*
Outstanding at the beginning and end of the year	14,477,675	9.25p	*14,477,675*	*9.25p*
Exercisable at the end of the year	14,477,675	9.25p	*14,477,675*	*9.25p*

A share-based payment charge in relevant years was calculated using the Monte Carlo model to calculate the fair value of the share options.

21 Related party transactions

Larry Lipman owns a leasehold property, the freehold of which is owned by the Group. During the year, the Group invoiced £nil (*2019: £nil*) in respect of ground rent on this property. The Group manages a portfolio of properties owned by Larry Lipman. The Group received fees of £nil (*2019: £nil*) from Mr Lipman in the year.

Safeland Plc holds shares in Safestay Plc with a fair value of £321,000 (*2019: £899,000*). Larry Lipman is a director and chairman in Safestay Plc.

22 First time adoption of FRS 102

This is the first year that the Group has presented its results under FRS 102. The last financial statements under IFRS were for the year ended 31 March 2019. There are no transitional adjustments arising from the first time adoption of FRS 102.

23 Post-balance sheet events

In May 2020, the Group exchanged contracts for the sale of one of its trading properties for £4.0m with completion expected at the end of August 2020.

In July 2020, the Group acquired a residential property requiring refurbishment in north London for £1.3m. The Directors intend to refurbish the property and offer it for sale.

Independent Auditor's report to the members of Safeland plc

Opinion

We have audited the parent financial statements of Safeland PLC (the 'Company') for the year ended 31 March 2020, which comprise the company Profit and Loss Account, the company Balance Sheet, the company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the parent financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 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 Act2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the parent financial statements and our Auditors' Report thereon. Our opinion on the parent financial statements does not cover the other information and, except to the extent otherwiseexplicitly stated in our report, we do not express any form of assurance conclusionthereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the parent financial statements are prepared is consistent with the parent financial statements; and
- 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 material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement on page 5, the Directors are responsible for the preparation of the parent financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent financial statements.

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

Other matter
We have reported separately on the group financial statements of Safeland Plc for the year ended 31 March 2020. That report includes details of the group key audit matters; how we applied the concept of materiality in planning and performing our audit; and an overview of the scope of our audit.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Andrew Millet BA MBA FCA
Senior Statutory Auditor

For and on behalf of Wisteria Audit Ltd Statutory Auditor
The Grange Barn Pikes End
Pinner Middlesex HA5 2EX
1 September 2020

Safeland plc
Company balance sheet

Registered number: 0202015

	Note	2020 £000	*2019 £000*
Fixed assets			
Tangible assets	5	1,626	*1,669*
Other investments	6	411	*990*
Investments property	7	10,900	*10,900*
		12,937	*13,559*
Current assets			
Trading properties	8	-	*2,247*
Debtors	9	6,664	*907*
Cash at bank and in hand	10	1,829	*2,028*
		8,493	*5,182*
Creditors: amounts falling due within one year	11	(10,804)	*(4,961)*
Net current (liabilities)/assets		(2,311)	*221*
Total assets less current liabilities		10,626	*13,780*
Creditors: amounts falling due after more than one year	12		*(9,713)*
Provisions for liabilities			
Deferred tax	14	(14)	*(14)*
Net assets		10,612	*4,053*
Capital and reserves			
Called up share capital	15	677	*739*
Capital redemption reserve		166	*104*
Share based payment reserve		354	*354*
Profit and loss account		9,415	*2,856*
		10,612	*4,053*

The parent company has taken advantage of section 408 (3) of the companies Act 2006 and consequently a profit and loss account for the Company alone has not been presented or delivered to the Registrar of Companies. The profit for the year was £7,111,000 (*2019: £2,104,000).*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 August 2020

Larry Lipman
Director

The notes on pages 33 to 44 form part of these financial statements.

Safeland plc
Company statement of changes in equity for the year ended 31 March 2020

	Called up share capital £000	Capital redemption reserve £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2018	745	98	354	958	2,155
Comprehensive income for the year					
Profit for the year	-	-	-	2,104	2,104
Total comprehensive income	-	-	-	2,104	2,104
Dividends: Equity capital				(149)	(149)
Purchase of own shares	(6)	6	-	(57)	(57)
Transactions with owners	(6)	6	-	(206)	(206)
At 1 April 2019	739	104	354	2,856	4,053
Comprehensive income for the year					
Profit for the year	-	-	-	7,111	7,111
Total comprehensive income	-	-	-	7,111	7,111
Purchase of own shares	(62)	62	-	(552)	(552)
Transactions with owners	(62)	62	-	(552)	(552)
At 31 March 2020	677	166	354	9,415	10,612

The notes on pages 33 to 44 form part of these financial statements.

General information

Safeland PLC is engaged in property owning and development activities and also acts as the holding company of the Safeland PLC Group. The address of its registered office is 1A Kingsley Way, London, N2 0FW.

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 1.21).

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS102. Therefore these financial statements do not include:

- A statement of cash flows and related notes
- Presentation of comparative information in respect of property, plant and equipment, intangible assets, and investment property.
- Disclosure of key management personnel compensation
- Disclosures in respect of financial instruments (other than disclosures required forrecording financial instruments at fair value)
- Disclosures in relation to non-current assets held for sale and discontinuedoperations
- Certain disclosures in relation to accounting policies, changes in accounting estimates and errors
- Certain related party disclosures

The following principal accounting policies have been applied:

1.2 Going concern

The financial statements have been prepared on a going concern basis.

1.3 Functional and presentation currency

The Company's functional and presentational currency is GBP.

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is stated net of VAT and comprises rental income, proceeds from sales of trading properties, trading income and other income.

Rental income from investment and trading properties leased out under operating leases is recognised in the Profit and Loss Account on a straight-line basis over the term of the lease. Rent reviews are recognised when such reviews have been agreed with tenants. Lease incentives are recognised as an integral part of the net consideration for the use of the property and amortised on a straight-line basis over term of lease, or the period to the first tenant break, if shorter.

Sales of trading properties are recognised on completion of a contract. This reflects the point of transfer of risks and rewards when a trading property is sold.

Other income is recognised as received.

1.5 Interest income

Interest income is recognised in Profit and Loss Account using the effective interest method.

1.6 Finance costs

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

1.7 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

1.8 Pensions

The Company operates various defined contribution plans for its employees. The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.9 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that theywill be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair valuesof assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.10 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, at the following rates.

Freehold & long leasehold properties	2% straight-line basis
Motor vehicles	25% reducing balance
Office equipment	20% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

Repairs and maintenance costs are expensed as incurred.

1.11 Investment properties

Investment properties are those properties that are held either to earn rental income or for capital appreciation or both. Investment properties are measured and stated at fair value in the Balance Sheet. Valuation surpluses and deficits arising in the year are included in the Profit and Loss Account.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the fair value of the asset at the beginning of the period and is recognised in the Profit and Loss Account. Investment properties developed by the Company are transferred from current assets at cost with the gain or loss on valuation being recorded in the Profit and Loss Account.

Investment properties may be freehold properties or leasehold properties. For leasehold properties, the associated leasehold obligations, if material, are accounted for as finance lease obligations.

1.12 Other investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in associates are measured at cost less accumulated impairment.

Investments in listed companies are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in Profit and Loss Account.

1.13 Trading properties

Properties held for development and resale are classified as trading properties and are shown at the lower of cost and net realisable value. Cost comprises purchase price, acquisition costs and direct expenditure. Net realisable value comprises the estimated sales price less selling costs and cost to complete.

1.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each balance sheet date for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.19 Dividends

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

1.20 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to Profit or Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, Profit or Loss Account is charged with fair value of goods and services received.

1.21 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating leases are recognised in the Profit and Loss Account on a straight-line basis over the life of the lease.

2 Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Investment and trading property valuations - the estimation of fair value of investment properties and the net realisable value of trading properties is based on Directors' valuations and is inherently subjective. Where the market has transaction volumes lower than average, the subjectivity around the valuations is more acute.

Amounts due from group undertakings - the recoverability of the amounts due from group undertakings is based on the Director's judgement as to the valuation of the subsidiaries' net asset values which includes the valuation of the subsidiaries' investment and trading properties.

3 Auditors' remuneration

	2020 £000	*2019 £000*
Fees payable to the Company's auditor for the audit of the annual financial statements	20	*36*

During the year, the auditor's remuneration for non-audit services was £4,500.

4 Employees

The average monthly number of employees (included executive directors) during the year was:

	2020 Number	*2019 Number*
Sales	3	*3*
Administration	4	*4*
	7	*7*

The costs incurred in respect of employees (including executive directors) were:

	2020 £000	*2019 £000*
Wages and salaries	628	*654*
Social security costs	87	*90*
Other employment costs	4	*2*
	719	*746*

5 Tangible fixed assets

	Freehold & long leasehold properties £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 April 2019	1,760	95	111	1,966
Additions	-	-	8	8
At 31 March 2020	1,760	95	119	1,974
Depreciation				
At 1 April 2019	150	44	103	297
Charge for the year on owned assets	35	13	3	51
At 31 March 2020	185	57	106	348
Net book value				
At 31 March 2020	1,575	38	13	1,626
At 31 March 2019	*1,610*	*51*	*8*	*1,669*

6 Other investments

	Subsidiary companies £000	Associates £000	Listed companies £000	Total £000
Cost or valuation				
At 1 April 2019	1	90	899	990
Disposals	(1)	-	-	(1)
Revaluations	-	-	(578)	(578)
At 31 March 2020	-	90	321	411

Subsidiary Companies

The investment in subsidiary companies comprises wholly owned subsidiaries of the Company which are all incorporated in England and Wales. The subsidiary undertakings of the Company, which are located at the registered office address shown on the page 33 are set out below.

Name	Principal activity	Holding
CFC 29 Ltd	Property investment	100%
CFC 35 Ltd	Property trading and development	100%
CFC 52 Ltd	Property investment	100%
Ivygate Developments Ltd	Property investment	100%
Safegolf Ltd	Golf club	100%
Safeland Active Management Ltd	Property management	100%
Safeland Investments Ltd	Property investment	100%

In addition, the following companies, incorporated in Great Britain and registered in England and Wales, were wholly owned dormant subsidiaries at 31 March 2020.

CFC 36 Ltd
CFC 37 Ltd
CFC 47 Ltd
Cloverdale Estates Ltd Daisyglade Ltd
Dunsford Commercial Ltd Hollychain 1 Ltd
Hollychain 2 Ltd
Hollychain 3 Ltd
Hollychain 4 Ltd
Hollychain 5 Ltd
Hollychain 7 Ltd
Hollychain 8 Ltd
Hollychain 9 Ltd
Hollychain 11 Ltd
Hollychain 13 Ltd Icebath Ltd
Millpark Property Company Ltd Placeadmit Ltd
Pullpower Ltd
Raglan Hotel Management Company 2013 Ltd Safeland (Ground Rents) Ltd
THFC 59 Ltd
Triangle Estates Ltd

Associates

The investment in associates comprises 50% of the issued share capital of Grafton Insurance Services Limited ("Grafton"), a Company incorporated in England.

Listed investments

The Company owns 2,597,334 shares (*2019: 2,597,334 shares*) in Safestay plc representing 4.02% (*2019: 4.02%*) of the issued share capital. At both year-ends, the shares were restated at market value of 12.0p (2020) and 34.0p (2019).

The Company owns 5,119 (*2019: 5,119*) ordinary equity shares in Palace Capital plc representing 0.04% (*2019: 0.04%*) of the issued share capital. At both year-ends, the shares were restated at market value of 178p (2020) and 290p (2019).

Other Investments

The Company owns 4,535,005 income units and 4,535,005 capital units in the Safeland Active Management Unit Trust. The Directors estimate that the market value of these units is £nil (*2019: £nil*).

7 Investment property

	Freehold investment property £000
Valuation	
At 1 April 2019	10,900
At 31 March 2020	10,900

Investment property consists of a residential property located in North London which has been valued by the Directors. The methodology to value this property is to compare historical comparable market transactions less a percentage reduction to reflect the limitation of restrictive tenancies where appropriate. No deferred tax provision is recognised as the revaluations undertaken to date have been taxed.

The Company has pledged investment properties with a carrying value of £10,900,000 (*2019: £10,900,000*) to secure banking facilities granted to the Group.

8 Trading properties

	2020 £000	*2019 £000*
Properties held for resale	-	*2,247*
	-	*2,247*

The Company has pledged investment properties with a carrying value of £nil (*2019: £2,247,000*) to secure banking facilities granted to the Group.

9 Debtors: amounts falling due within one year

	2020 £000	*2019 £000*
Trade debtors	9	-
Amounts owed by group undertakings	6,595	*759*
Other debtors	41	*139*
Prepayments and accrued income	19	*9*
	6,664	*907*

10 Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	1,829	2,028
	1,829	2,028

11 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Bank loans	9,528	-
Trade creditors	46	81
Amounts due to group undertakings	1,128	4,674
Corporation tax	2	2
Other tax and social security	21	24
Other creditors	1	1
Accruals and deferred income	78	179
	10,804	4,961

Included in other creditors is an amount due in respect of pension contributions of £1,000.

12 Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Bank loans	-	9,713
	-	9,713

13 Loans

	2020	2019
	£000	£000
Amounts falling due within one year		
Bank loans	9,523	-
Amounts falling due 1-2 years		
Bank loans	-	9,713
	-	9,713
	9,523	9,713

There were no breaches of bank covenants as at 31 March 2020 or 31 March 2019.

All of the Group's bank loans and overdrafts disclosed above comprise borrowings in GBP.

The bank loans are secured on investment, trading and fixed asset properties owned by the Company and the Group with carrying values of £19,966,000 (*2019: £22,205,000*). The Group has undrawn committed borrowing facilities as at 31 March 2019 of £6,926,000 (*2019: £6,671,000*).

At 31 March 2020, the Group had a £16,500,000 (*2018: £16,500,000*) revolving credit facility with Lloyds Bank plc ("the Bank"), secured on certain properties owned by the Group. The facility was based on LIBOR plus a fixed margin. As at 31 March 2020, a notional amount of the loan of £12,735,000 (*2019: £12,735,000*) was capped at 3% interest.

14 Deferred tax

	£000
At 1 April 2019	14
At31 March 2020	14

The deferred tax balance comprises:

	2020	***2019***
	£000	***£000***
Accelerated capital allowances	14	*14*

No deferred tax asset has been recognised in relation to trading losses due to uncertainty over the timing of reversal. The Group has losses totalling £7,063,151 (*2019: £5,456,337*) before offset of deferred tax on revaluation surplus that may be available for future utilisation.

15 Share capital

	2020		***2019***	
	Number	**£000**	***Number***	***£000***
Allotted, called up and fully paid				
Ordinary shares of 5p each	13,544,567	677	*14,782,095*	*739*

During the year, the Company bought back and cancelled a total of 1,237,533 shares (*2019: 125,285 shares*) in two tranches at a total cost of £552,000 (*2019: £57,000*) including broker's fees, reducing the nominal value of shares by £62,000 (*2019: £6,000*), which is reflected in these financial statements as a capital redemption reserve. The Directors consider that the acquisition and cancellation of these shares will enhance the value of each of the remaining shares in issue.

16 Share based payments

Details of share based payments are disclosed in note 20 to the consolidated financial statements.

17 Related party transactions

The Company has taken advantage of the exemption permitted in FRS 102 not to disclose transactions with its wholly owned subsidiaries.

Safeland Plc holds shares in Safestay Plc with a fair value of £321,000 (*2019: £899,000*). Larry Lipmanis a director and chairman in Safestay Plc.

18 Post-balance sheet events

In July 2020, the Company acquired a residential property requiring refurbishment in north London for £1.3m. The Directors intend to refurbish the property and offer it for sale.