Safeland

Report & Financial Statements 2022

Company Registration No: 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	02012015
Registered office	1a Kingsley Way London N2 0FW
Independent auditors	BKL Audit LLP 35 Ballards Lane London N3 1XW
Bankers	Lloyds Bank plc 25 Gresham Street London EC2V 7HN
Solicitors	Trowers & Hamlins LLP 3 Bunhill Row London EC2A 1AG
Registrars	Link Group 10th Floor, Central Square 29 Wellington Street Leeds LS1 4DL

Safeland plc

Contents

Group Strategic Report

The Directors present their strategic report on the affairs of the Group and the Company together with the financial statements for the year ended 31 March 2022.

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 2022 was £5.2m (*2021: £5.2m*) and comprised property sales of £3.8m (*2021: £4.0m*) rental income from investment properties of £0.9m (*2021: £0.8m*) and trading income of £0.5m (*2021: 0.4m*). The improvements in rental and trading income reflect the reduced impact of Covid-19 during the year with fewer rental voids and increased activity at North Downs Golf Club (NDGC).

The improving property market enabled the group to undertake more property trading transactions than in the last few years. Two trading properties were bought and sold in the year and the trading properties bought in the previous year were either sold or had sales agreed which completed shortly after the year end, all of which generated a surplus on sale of £0.3m in the year. 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.

The operating profit of £1.1m (*2021: £0.8m*) includes the gain on revaluation of investment properties and a reduction in the market value of the Group's investment in Safestay due to the continued Covid-19 challenges faced by that business.

Market Walk Shopping Centre (Market Walk) continues to be loss making due to reduced occupancy as tenants have not renewed leases at the end of their term. The directors continue to explore sale and development opportunities for Market Walk and remain of the view that disposal or redevelopment continues to be the best routes to securing a profitable outcome.

The Group has a borrowing facility of £13.0m secured on property assets, of which £2.0m was undrawn at 31 March 2022 (*2020: £2.1m*). Together with the Group's cash balance of £3.3m (*2021: 2.*4m), this provides the flexibility for the Group to move quickly when property investment and trading opportunities arise.

During the year, the Group entered into detailed negotiations for the sale of Safegolf Ltd, the owner of NDGC and the Directors are pleased to confirm that this sale completed in May 2022.

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 (*2021: £nil per share*). During the year, no interim dividend was paid (*2021: £nil*).

Key performance indicators
The Group's key financial performance indicators are rental yield, operating profit and net debt as a percentage of investment property value. Non-financial key performance indicator is rental voids.

The directors keep these key performance indicators under regular review and are satisfied with their performance 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 the 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.

The government has announced an increase in the rate of corporation tax to 25% from April 2023 and it is conceivable that the impact of Covid-19 on Government finances may affect other 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 planning regulations 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 the Bank of England base rate. Increases in this rate will adversely affect the profit that the Group is able to make. In order to mitigate this risk, the Group has entered into an interest rate cap arrangement which limits its exposure to increases in interest rates to a maximum of 2%.

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 Directors do not see Covid-19 as presenting a significant risk to the Group's activities and will continue to monitor the financial performance of the Group and take the necessary actions to mitigate any impact from Covid-19.

Group Strategic Report

Continued

Directors' statement of compliance with duty to promote the success of the Group.

The Directors are aware of their requirement to act in the best interests of the following related stakeholders:

Shareholders

The directors are focussed on maximising the Group's long-term profit prospects as well as creating positive cash flow for the Group in the medium to long term.

Customers

The Group's customer base primarily comprises residential property tenants and also includes buyers of trading and investment properties offered for sale. The Group complies with all legislation and best industry practice with regard to its dealings with residential tenants.

Suppliers

The Group has various key supplier relationships which it maintains to ensure the smooth running of the business.

Community and the environment

The Group actively seeks to reduce its environmental impact through adopting best practice.

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

Larry Lipman
Managing Director
5 August 2022

Directors' Report

The Directors present their report and the financial statements for the year ended 31 March 2022.

Directors

The directors who have served since 1 April 2021 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 9 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 2022 (*2021: £nil per share*).

Financial instruments

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

Political and charitable donations

The Group made no charitable donations (*2021: £nil*) and no political donations (*2021: £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.

Director' Report

Continued

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.

Auditor

During the year, Wisteria Audit Ltd resigned and BKL Audit LLP were appointed in their stead.

The auditors have indicated their willingness to continue in office and a resolution that they are 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
5 August 2022

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 2022, which comprise the Group profit and loss account, the Group and Company balance sheets, the Group and Company statement of changes in equity the Group statement of cash flows, 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 2022 and of the Group's 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.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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

Independent Auditor's Report to the members of Safeland plc

- 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.

Responsibilities of directors

As explained more fully 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, 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiring of management and those charged with governance around actual and potential litigation and claims;
- Enquiring of entity staff in finance and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

Independent Auditor's Report to the members of Safeland plc

Continued

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain *solely responsible for our audit opinion.*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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.

M Neville

Myfanwy Neville FCA (Senior Statutory Auditor)
for and on behalf of:

BKL Audit LLP
Chartered Accountants
Statutory Auditor
London

Date: 05/08/2022

Safeland plc

Consolidated profit and loss account

		Year ended 31 March 2022			*Year ended 31 March 2021*		
	Note	Continuing activities £000	Discontinued activities £000	Total £000	*Continuing activities £000*	*Discontinued activities £000*	*Total £000*
Turnover	3	4,663	493	5,156	*4,832*	*416*	*5,248*
Cost of sales		(4,039)	(362)	(4,401)	*(2,976)*	*(306)*	*(3,282)*
Gross profit		**624**	**131**	**755**	***1,856***	***110***	***1,966***
Administrative expenses		(894)	(195)	(1,089)	*(954)*	*(167)*	*(1,121)*
Gain/(loss) on revaluation of investment properties	12	1,610	-	1,610	*(307)*	-	*(307)*
Other operating income/(expenses)	11	(230)	-	(230)	*224*	-	*224*
Operating profit/(loss)		**1,110**	**(64)**	**1,046**	***819***	***(57)***	***762***
Dividend from investment		-	-	-	*5*	-	*5*
Income from interests in associated undertakings		-	11	11	-	*28*	*28*
Total operating profit/(loss)		**1,110**	**(53)**	**1,057**	***824***	***(29)***	***795***
Interest receivable and similar income	6	4	-	4	-	-	-
Interest payable and similar expenses	7	(447)	-	(447)	*(665)*	-	*(665)*
Profit/(loss) before tax		**667**	**(53)**	**614**	***159***	***(29)***	***130***
Tax	8	-	-	-	*16*	-	*16*
Profit/(loss) for the year attributable to the owners of the parent company		**667**	**(53)**	**614**	***175***	***(29)***	***146***

Discontinued activities represent the activities of North Downs Golf Club which was sold after the balance sheet date and the Group's share of the profits of its associated undertaking, Grafton Insurance Services Ltd which was dissolved in March 2022.

The notes on pages 13 to 26 form part of these financial statements.

Safeland plc

Consolidated and company balance sheet

Registered number: 02012015

	Note	Group 31 March 2022 £000	Group *31 March 2021 £000*	Company 31 March 2022 £000	Company *31 March 2021 £000*
Fixed assets					
Tangible assets	**10**	2,763	*2,789*	1,513	*1,550*
Other investments	**11**	404	*694*	404	*635*
Investment property	**12**	20,141	*18,530*	11,500	*10,475*
		23,308	*22,013*	13,417	*12,660*
Current assets					
Inventories	**13**	18	*26*	-	-
Trading properties	**14**	1,172	*3,235*	-	*1,513*
Debtors	**15**	519	*336*	6,290	*6,812*
Cash at bank and in hand	**16**	3,256	*1,934*	2,380	*1,347*
		4,965	*5,531*	8,670	*9,672*
Creditors: amounts falling due within one year	**17**	(505)	*(3,356)*	(912)	*(6,076)*
Net current assets		4,460	*2,175*	7,758	*3,596*
Total assets less current liabilities		27,768	*24,188*	21,175	*16,256*
Creditors: amounts falling due after more than one year	**18**	(10,886)	*(7,920)*	(10,886)	*(7,920)*
Net assets		16,882	*16,268*	10,289	*8,336*
Capital and reserves					
Called up share capital	**20**	677	*677*	677	*677*
Capital redemption reserve	**21**	166	*166*	166	*166*
Shared based payment reserve	**21**	-	*354*	-	*354*
Profit and loss account	**21**	16,039	*15,071*	9,446	*7,139*
		16,882	*16,268*	10,289	*8,336*

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 £1,953,000 (*2021: £900,000).*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 August 2022

Larry Lipman
Director

The notes on pages 13 to 26 form part of these financial statements.

Consolidated and company statement of changes in equity

Group

	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 2020	677	166	354	14,925	16,122
Comprehensive income for the year:					
Profit for the year	-	-	-	146	146
Total comprehensive income for the year	-	-	-	146	146
At 31 March 2021	677	166	354	15,071	16,268
Comprehensive income for the year					
Profit for the year	-	-	-	614	614
Total Comprehensive Income	-	-	-	614	614
Transfers between reserves	-	-	(354)	354	-
At 31 March 2022	677	166	-	16,039	16,882

Company

	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 2020	677	166	354	8,039	9,236
Comprehensive income for the year:					
Loss for the year	-	-	-	(900)	(900)
Total comprehensive income for the year	-	-	-	(900)	(900)
At 31 March 2021	677	166	354	7,139	8,336
Comprehensive income for the year					
Profit for the year	-	-	-	1,953	1,953
Total Comprehensive Income	-	-	-	1,953	1,953
Transfers between reserves	-	-	(354)	354	-
At 31 March 2022	677	166	-	9,446	10,289

The notes on pages 13 to 26 form part of these financial statements.

Safeland plc

Consolidated statement of cash flows

	2022 £000	*2021 £000*
Cash flows from operating activities		
Profit for the financial year	614	*146*
Adjustments for:		
Depreciation of tangible assets	53	*53*
Interest paid	447	*665*
Interest received	(4)	*-*
Decrease/(increase) in inventories	8	*5*
Increase in debtors	(183)	*(169)*
Decrease/(Increase) in trading properties	2,063	*(216)*
Increase/(decrease) in creditors	73	*(1,331)*
Income from investments	(11)	*(33)*
Loss on sale of tangible fixed assets	-	*4*
(Gain)/loss on revaluation of investment properties	(1,610)	*307*
(Profit)/loss on revaluation of listed investments	231	*(224)*
Loan fees amortisation	41	*47*
Net cash generated from operating activities	1,722	*(745)*
Cash flows from investing activities		
Purchase of tangible fixed assets	(27)	*(111)*
Sale of tangible fixed assets		*34*
Additions to investment properties	(1)	*-*
Dividends received	71	*33*
Net cash from investing activities	43	*(44)*
Cash flows from financing activities		
Repayment of loans		*(9,574)*
Loans advanced		*10,845*
Interest paid	(447)	*(664)*
Interest received	4	*-*
Net cash used in financing activities	(443)	*607*
Net increase in cash and cash equivalents	1,322	*(182)*
Cash and cash equivalents at beginning of year	1,934	*2,116*
Cash and cash equivalents at the end of year	3,256	*1,934*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,256	*1,934*

The notes on pages 13 to 26 form part of these financial statements.

Notes to the consolidated and company financial statements

1 Accounting policies

Safeland plc is a company limited by shares incorporated in England and Wales.

The principal place of business is it's Registered Office - 1a Kingsley Way, London, N2 0 FW.

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

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 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.

1.3 Going concern

The Directors have considered the future prospects of the Group based on a forecast covering the period of at least 12 months from the approval of these accounts and have concluded that the Group has sufficient resources to continue trading during that period. As a consequence, 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 in the Consolidated Profit and Loss Account 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 and 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. 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 credit 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 credit 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
Fixtures, fittings and 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 Consolidated 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 gains and losses 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 subsidiary where the Group exercises control over the company through owning a majority of it's issued share capital

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.

Investments in subsidiaries are measured at cost less accumulated impairment.

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 of the expenditure required to settle the obligation at the balance sheet date, 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 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.

3 Turnover

Turnover is analysed as follows:

	2022 £000	*2021 £000*
Property sales	3,730	*4,048*
Rental income	923	*774*
Golf Club trading	503	*426*
	5,156	*5,248*

All of the Group's turnover derives from the UK.

4 Operating profit

Operating profit is stated after charging:

	2022 £000	*2021 £000*
Depreciation of owned assets	53	*53*
Fees payable to the Group's auditor and its associates:		
For the audit of the Group's/Company's annual financial statements	35	*41*
For other services	12	*12*
Key management personnel compensation (including directors' emoluments)	447	*447*

5 Directors' emoluments

	2022 £000	*2021 £000*
Emoluments	447	*447*
Highest paid director:		
Emoluments	213	*213*

6 Interest receivable and similar income

	2022 £000	*2021 £000*
Other interest receivable	4	*-*

7 Interest payable and similar expenses

	2022	*2021*
	£000	*£000*
Loan interest payable	447	*572*
Other interest payable	-	*93*
	447	*665*

8 Tax

	2022	*2021*
	£000	*£000*
Corporation tax		
Current tax on profits for the year	-	-
Adjustments to prior year	-	*2*
Deferred tax charge	-	*14*
Total current tax (credit)/charge	-	*16*

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:

	2022	*2021*
	£000	*£000*
Profit on ordinary activities before tax	614	*130*
Tax charge at the UK corporation tax rate of 19% (*2021: 19%*)	116	*25*
Effects of:		
Income not taxable	(308)	*(49)*
Expenses not deductible for tax purposes	44	*59*
Capital allowances for year /less than depreciation	8	*4*
Utilisation of tax losses brought forward	-	*(39)*
Unrelieved tax losses carried forward	140	-
Group tax charge for the year	-	-

Factors that may affect future tax charges:

The Group has tax losses of £6,873,000 (*2021: £6,856,000*) 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.

Notes to the consolidated and company financial statements

Continued

9 Employees

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

	Group Number		Company Number	
	2022	***2021***	**2022**	***2021***
Sales	13	*13*	3	*3*
Administration	7	*7*	3	*3*
Operations	5	*5*	-	*-*
	25	*25*	6	*6*

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

	Group £000		Company £000	
	2022	***2021***	**2022**	***2021***
Wages and salaries	875	*823*	491	*529*
Social security costs	85	*88*	61	*69*
Other employment costs	9	*8*	2	*2*
	969	*919*	554	*600*

Staff costs are included within the following consolidated income statement:

	Group £000		*Company £000*	
	2022	***2021***	**2022**	***2021***
Cost of sales	280	*258*	-	*-*
Administrative expenses	689	*661*	554	*600*
	969	*919*	554	*600*

10 Tangible fixed assets

Group	Freehold & long leasehold properties £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At 1 April 2021	2,956	198	3,154
Additions	26	1	27
At 31 March 2022	2,982	199	3,181
Depreciation			
At 1 April 2021	231	134	365
Charge for the year on owned assets	39	14	53
At 31 March 2022	270	148	418
Net book value			
At 31 March 2022	2,712	51	2,763
At 31 March 2021	*2,725*	*64*	*2,789*

The Group has pledged freehold properties with a carrying value of £1,505,000 (*2021: £1,540,000*) to secure banking facilities granted to the Group.

Company	Freehold & long leasehold properties £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At 1 April 2021 and 31 March 2022	1,760	119	1,879
Depreciation			
At 1 April 2021	220	109	329
Charge for the year on owned assets	35	2	37
At 31 March 2022	255	111	366
Net book value			
At 31 March 2022	1,505	8	1,513
At 31 March 2021	*1,540*	*10*	*1,550*

11 Other investments

Group	Investment in associate £000	Listed investments £000	Total £000
Cost or valuation			
At 1 April 2021	150	544	694
Share of associates	11	-	11
Dividend received	(71)	-	(71)
Revaluation	(90)	(140)	(230)
At 31 March 2022	-	404	404

Company	Subsidiary companies £000	Investment in associate £000	Listed investments £000	Total £000
Cost or valuation				
At 1 April 2021	-	90	544	634
Revaluation	-	(90)	(140)	(230)
At 31 March 2022	-	-	404	404

Subsidiary Companies
The investment in subsidiary companies comprises wholly owned subsidiaries of the Company which are all incorporated in England and Wales, are located at 1a Kingsley Way, London, N2 0FW and are set out below:

Name	Company No	Principal activity
Subsidiaries which are exempt from audit under S479A of the Companies Act 2006 by way of having received a parent company guarantee under S479C:		
CFC 29 Ltd	05376209	Property investment
CFC 52 Ltd	07268031	Property investment
Ivygate Developments Ltd	05540084	Property investment
Safeland Active Management Ltd	05916161	Property management
Safeland Investments Ltd	02104164	Property investment
THFC 59 Ltd	06008477	Property trading and development
Companies which are not exempt from audit:		
Safegolf Ltd	03818422	Golf club

Dormant companies:
CFC 35 Ltd
CFC 36 Ltd
CFC 37 Ltd
CFC 47 Ltd
Cloverdale Estates Ltd
Dunsford Commercial Ltd
Icebath Ltd
Placeadmit Ltd
Pullpower Ltd
Raglan Hotel Management Company 2013 Ltd
Safeland (Ground Rents) Ltd
Triangle Estates Ltd

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.

During the year, Grafton Insurance Services ceased trading and a final dividend comprising the Group's share of distributable profits was made. Grafton Insurance Services was dissolved from the Register of Companies on 8 March 2022.

Investment in listed companies
The Group owns 2,597,334 shares (*2021: 2,597,334 shares*) in Safestay plc representing 4.02% (*2021: 4.02%*) of the issued share capital. The shares were restated at market value of 15p (*2021: 20.5p*).

The Group owns 5,119 (*2021: 5,119*) ordinary equity shares in Palace Capital plc representing 0.04% (*2021: 0.04%*) of the issued share capital. The shares were restated at market value of 274p (*2021: 236p*).

12 Investment property

	£000	£000
Freehold investment property	**Group**	**Company**
Valuation		
At 1 April 2021	18,530	10,475
Additions	1	-
Revaluations	1,610	525
At 31 March 2022	20,141	11,000

Investment property consists of residential properties located in North London. 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.

The Group has pledged investment properties with a carrying value of £20,100,000 (*2021: £18,490,000*) to secure banking facilities granted to the Group.

13 Inventories

	Group		Company	
	2022	*2021*	2022	*2021*
	£000	*£000*	£000	*£000*
Stock held for resale	18	*26*	-	-
	18	*26*	-	-

14 Trading Properties

	Group		Company	
	2022	*2021*	2022	*2021*
	£000	*£000*	£000	*£000*
Properties held for resale	1,172	*3,235*	-	*1,513*
	1,172	*3,235*	-	*1,513*

Properties for resale were reviewed for impairment as at 31 March 2022.

Notes to the consolidated and company financial statements
Continued

15 Debtors

	Group		Company	
	2022	*2021*	2022	*2021*
	£000	*£000*	£000	*£000*
Trade debtors	20	*5*	14	*9*
Amounts owed by group undertakings	-	-	5,879	*6,566*
Other debtors	316	*269*	277	*225*
Prepayments and accrued income	183	*62*	120	*12*
	519	*336*	6,290	*6,812*

Included in other debtors is an amount of £225,000 (*2021: £225,000*) which is due after more than one year

16 Cash and cash equivalents

	Group		Company	
	2022	*2021*	2022	*2021*
	£000	*£000*	£000	*£000*
Cash at bank and in hand	3,256	*1,934*	2,380	*1,347*
	3,256	*1,934*	2,380	*1,347*

17 Creditors: amounts falling due within one year

	Group		Company	
	2022	*2021*	2022	*2021*
	£000	*£000*	£000	*£000*
Bank loans (note 19)	-	*2,926*	-	*2,926*
Trade creditors	154	*153*	93	*119*
Amounts owed to group undertakings	-	-	734	*2,943*
Other tax and social security	40	*24*	19	*20*
Other creditors	28	*24*	5	*5*
Accruals and deferred income	283	*229*	61	*63*
	505	*3,356*	912	*6,076*

Included in other creditors is an amount due in respect of pension contributions of £1,000 (*2021:- £nil*).

18 Creditors: amounts falling due after more than one year

	2022	*2021*
Group and Company	£000	*£000*
Bank loans (note 19)	10,886	*7,920*
	10,886	*7,920*

Notes to the consolidated and company financial statements

Continued

19 Loans

Group and Company	2022 £000	*2021 £000*
Amounts falling due within one year		
Bank loans	-	*2,926*
Amounts falling due 2-5 years		
Bank loans	10,886	*7,920*
	10,886	*10,846*

There were no breaches of bank covenants as at 31 March 2022 or 31 March 2021.

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

The bank loans are secured on investment and fixed asset properties with carrying values of £21,605,000 (*2021: £19,990,000*). The Group has undrawn committed borrowing facilities of £2,000,000 (*2021: £2,044,000*) as at 31 March 2022.

20 Share capital

Group and Company	2022 Number	2022 £000	*2021 Number*	*2021 £000*
Allotted, called up and fully paid				
Ordinary shares of 5p each	13,544,567	677	*13,544,567*	*677*

21 Reserves

Profit & loss account:
Includes all current period and prior period retained profits and losses.

Capital redemption reserve:
Comprises the nominal value of shares repurchased and cancelled.

Share based payment reserve:
Comprises the value of unexercised share options granted at the balance sheet date.

22 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 2022	*2021*
28/09/2011	9.25p	28/09/2014 to 27/09/2021	-	*14,477,675*
			-	*14,477,675*

The share options have lapsed as at the balance sheet date and the brought forward share based payment reserve has been transferred to profit and loss.

Details of these share options are summarised in the table below

	2022		*2021*	
	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*
Lapsed	(14,477,675)	9.25p	-	-
Exercisable at the end of the year	-	-	*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.

23 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 (*2021: £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 (*2021: £nil*) from Mr Lipman in the year.

Safeland Plc holds shares in Safestay Plc with a fair value of £390,000 (*2021: £532,000*). During the year, the Group received rental income of £63,000 (*2021: nil)* from Safestay Ltd. Larry Lipman is a director and chairman in Safestay Plc.

Included in the Company's other operating income is a dividend received of £90,000 (*2021: £28,000)* from Grafton Insurance Services, an associated company.

24 Events after the balance sheet date

On 11 May 2022, the Group completed the sale of Safegolf Ltd, the owner of North Downs Golf Club (NDGC) for a cash consideration of £233,000. The activities of NDGC are shown as discontinued activities in the current and previous years' income statements.