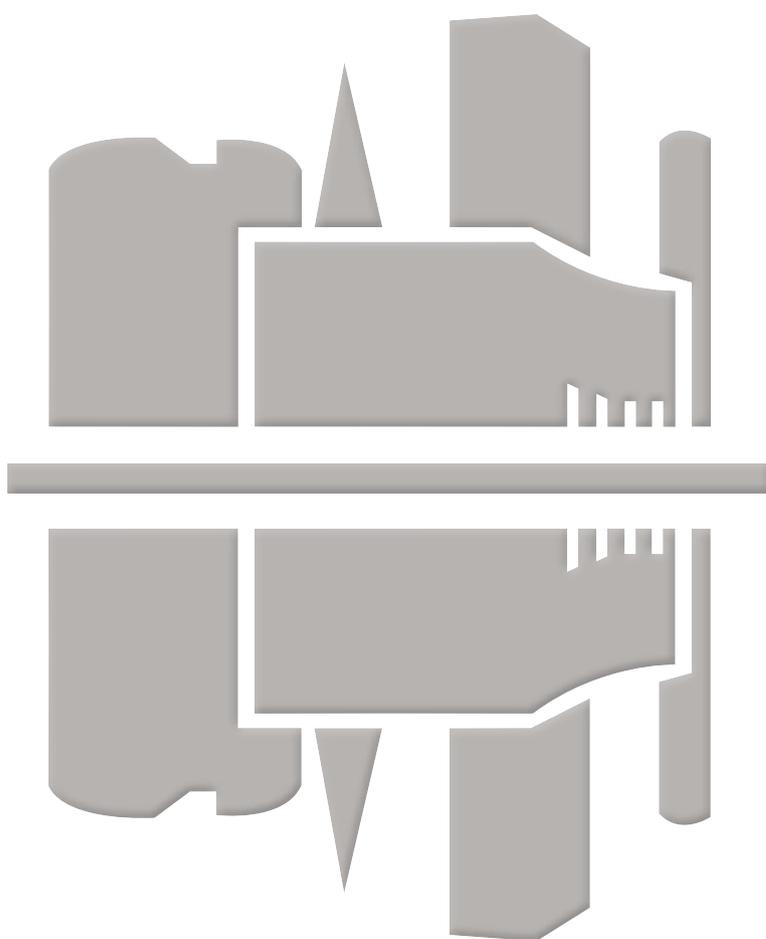


# Report & Financial Statements 2016



Safeland plc

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# Managing Director's Statement

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## Significant progress

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### Key achievements

I am pleased to report a successful year to 31 March 2016, with a significant increase in turnover and profit. The year brought considerable sadness too, however, as our Chairman Ray Lipman passed away in June 2015. Ray – my father – co-founded the Group and led it for many years.

In the prior year, we were able to make a first distribution to shareholders for more than a decade, and we were pleased to continue this new trend with an interim dividend of 1.5p for the half-year to 30 September 2015. No final dividend is proposed.

In November 2014 we exchanged on the sale of 31 residential units in Wimbledon for a total of £10.23m, of which the first block of 17 flats was completed and sold in July 2015; the remaining flats were completed and sold in the year to 31 March 2016 and are reflected in these results.

Just before Christmas 2015, the Group agreed the purchase of a substantial detached freehold house in London, N2, for £6.225 million in cash, funded from existing bank facilities and its own cash reserves, with the acquisition being completed on 31 March 2016. The property is being refurbished.

Since the balance sheet date, a detached house in Golders Green, London NW11, which was bought by the Group in 2014, has been split into two semi-detached houses, both of which were sold.

Planning permission has recently been received for the conversion into 18 apartments of a hotel in Muswell Hill, London N10, owned by the Group. The hotel recently ceased trading and is now under refurbishment.

During the year, we participated in a placing of shares by Safestay plc, acquiring 1,070,864 new shares in Safestay at a cost of £663,935, bringing our total holding to 1,420,864 shares, being 4.3% of the issued share capital of Safestay.

There were two purchases of own shares for cancellation during the year: 1,160,800 shares at 57p per share on 1 October 2015, and 130,000 shares at 60p per share on 17 November 2015. The directors considered that the acquisition and cancellation of these shares would enhance the value of the remaining shares in issue.

# Managing Director's Statement

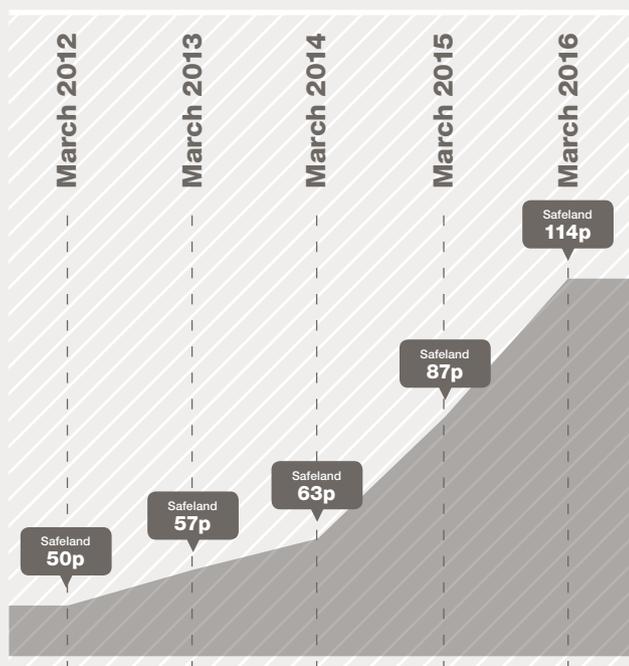
## Financial review

Group revenue for the year to 31 March 2016 of £21.1 million comprises sales of development properties, rental income, management fees, and hotel revenue from the north London hotel (now closed), and was significantly in excess of the £10.3 million in the year to 31 March 2015. We increased gross profit from £2.8 million to £7.1 million though operating profit fell from £6.9 million in the year to 31 March 2015 to £5.9 million in the year to 31 March 2016.

## Significant increase in turnover and profit

The value of our trading stock has increased from £12.7 million at 31 March 2015 (as restated) to £14.8 million at 31 March 2016. The statement of financial position shows gearing at 31 March 2016 of 45%, reduced from 54% at 31 March 2015.

## Net asset value per share



## Share price



Net assets – our total balance sheet value or NAV – rose from £14.8 million at 31 March 2015 (equivalent to 87p per share) to £17.7 million equivalent to 114p per share at 31 March 2016 – a 29% year-on-year increase, albeit with fewer shares in issue following buyback and cancellation of shares in the year.

Total shareholder returns decreased from 150.2% in the year ended 31 March 2015 to 16.0% in the year to 31 March 2016, as the year to 31 March 2015 included the benefit of the sale of Chandos Tennis Club and the dividend in specie from Safestay.

## Outlook

We have entered an extremely volatile environment, and shareholders should be aware that as an opportunistic trading and investment company, turnover and profit flow can fluctuate significantly.

We shall continue to monitor the market closely and, as always, seek to take advantage of any opportunities as they arise.



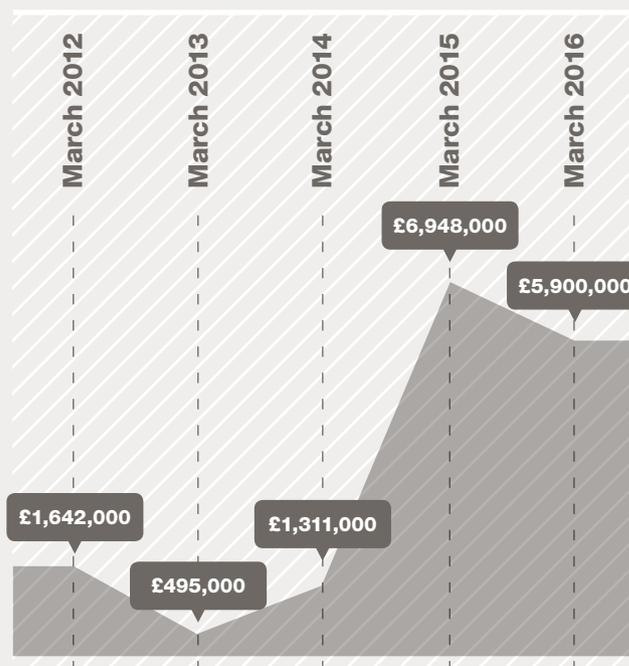
**Larry Lipman**  
Managing Director

22 August 2016

## Total shareholder return



## Operating profit



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# Strategic Report

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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 2016

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## Principal activities

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

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## Review of business and future prospects

The Group's key achievements and financial review are detailed in the Managing Director's statement. The results for the year are set out in detail on page 14.

An interim dividend of 1.5p per share (totalling £233,400) was paid by the Company during the year to 31 March 2016. No final dividend is proposed.

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## Key performance indicators

The Group's key performance indicators are net asset value per share and total shareholder return and are detailed in the financial review section of the Managing Director's Statement.

The directors were pleased to see the increase in the share price from 50p to 56.5p in the year to 31 March 2016 which, together with dividends, gave a shareholder return of 16.0%, down from 150.2% in the year to 31 March 2015 for the reasons stated on the previous page.

Net asset value 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. Total shareholder return measures the return to shareholders from share price movements supplemented by other returns such as dividends.

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## Principal risks and uncertainties

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

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### Business risk

Safeland 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 Safeland 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.

An assessment of the eventual value of four houses in a development to be constructed has been made by the directors using their knowledge of the current property market in the relevant geographic area and their assessment of that market over the period to completion of the development. That value has been discounted to a present-day value using a discount rate which comprises the weighted average cost of capital.

It is conceivable that the impending exit of the UK from the EU may affect tax rates that exist at present, which could erode the margins that Safeland is able to attain on its trades, and may adversely impact upon property values.

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

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### Financial risk

In order to finance the purchase of properties that Safeland trades in, it uses bank loans with variable interest rates that track LIBOR. Increases in the LIBOR rate will adversely affect the profit that Safeland is able to make. This has been partially mitigated by the use of interest rate swaps and caps.

The determining factor as to how much Safeland is able to buy 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.

Financial risk management policies are described in note 27 to these financial statements.

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



**Larry Lipman**  
Managing Director

22 August 2016

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## Officers and Professional Advisers



**Larry Glenn Lipman**  
Managing Director

**Mr L G Lipman** (aged 59) is the Managing Director of Safeland plc with many years' experience in the property business. His primary responsibility is that of negotiating acquisitions and disposals and liaising with various professionals.



**Errol Alan Lipman**  
Executive Director

**Mr E A Lipman** (aged 57) is an Executive Director whose primary responsibility is dealing with the Group's residential portfolio and the numerous residential agents.



**Edward George Young**  
Non-Executive Director

**Mr E G Young** (aged 73) qualified as a solicitor in 1968 after graduating from University College London and has extensive experience in commercial property law and practice.

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### Nominated Adviser and Broker

Stockdale Securities  
Beaufort House  
15 Botolph Street  
London EC3A 7BB

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### Corporate Solicitors

Dechert LLP  
160 Queen Victoria Street  
London EC4V 4QQ

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### Auditor

Grant Thornton UK LLP  
Grant Thornton House  
Melton Street  
Euston Square  
London NW1 2EP

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### Bankers

Lloyds Bank plc  
Ground floor  
10 Gresham Street  
London EC2V 7AE

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### Registrars

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

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### Company Secretary

David Mark Beveridge  
(appointed 11 April 2016)

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### Registered Office

1a Kingsley Way  
London N2 0FW

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### Company Number

2012015

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# Directors' Report

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The directors present their report and financial statements for the year ended 31 March 2016

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## Directors

The directors who have served since 1 April 2015 were as follows:

**Raymond Lipman** (passed away 9 June 2015)

**Larry Lipman**

**Errol Lipman**

**Colin Stone** (resigned 13 November 2015)

**Edward Young** (non-executive)

The board wish to record its thanks to Colin Stone for his service to the Group.

Edward Young retires by rotation and being eligible offers himself for re-election at the Annual General Meeting.

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## Directors' interests in shares

The directors who were in office at 31 March 2016 had the following beneficial interests in the ordinary shares of the Company during the year and at the year-end:

	At 31 March 2016 Number of 5p ordinary shares	At 31 March 2015 Number of 5p ordinary shares
Larry Lipman	261,128	261,128
Errol Lipman	692,442	692,442

Mr L G Lipman and Mr E A Lipman each own one-third of the share capital of Safeland Holdings (2008) Corporation ("SHC"), a corporation incorporated in Panama. SHC owned 10,854,386 (2015: 10,854,386) ordinary shares in the company, representing 69.76% (2015: 64.41%) of the Company's shares in issue as at 31 March 2016.

There have been no changes in the directors' interests in shares since the year end.

The Directors are considered to be the key management personnel of the Group. No Director has yet benefitted from any increase in the value of share capital since issuance of options, as no options have yet been exercised.

Following the death of Raymond Lipman on 9 June 2015, under the terms of the share option scheme, his executors did not exercise the share options granted to him, and these options have expired.

# Directors' Report

Directors' interests in options over the equity share capital of the company at 31 March 2016 were as follows:

	At 31 March 2015	Granted	Lapsed	At 31 March 2016	Exercise price	Exercisable from	Exercisable to
Larry Lipman	8,094,054	-	-	8,094,054	9.25p	28/09/2014	27/09/2021
Errol Lipman	6,383,621	-	-	6,383,621	9.25p	28/09/2014	27/09/2021

## Other substantial shareholdings

Apart from the shareholdings of the directors, as at 31 March 2016, the Company had been notified of the following shareholding which constitutes three per cent or more of the total issued ordinary shares of the Company.

	Ordinary shares of 5p each	
	Fully Paid Number	Percentage %
Safeland Holdings (2008) Corporation	10,854,386	69.76

## Financial instruments

The Group's policy on financial instruments is stated in note 27 to these financial statements.

## Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report, Strategic 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. The directors are required to prepare consolidated accounts under International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws 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 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.

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## 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 2016, the directors have authorised no such conflicts or potential conflicts in accordance with the above procedures.

Directors had loan accounts with the company during the year. Any such loans were repaid after the year-end.

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## Statement of disclosure of information to the auditor

- So far as each of the directors currently in office is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the directors has taken all the steps that ought to have been taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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## Auditor

In accordance with section 489(4) of the Companies Act 2006 a resolution to approve the reappointment of Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

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



**Larry Lipman**  
Managing Director  
22 August 2016

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# Directors' Remuneration Report

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## Introduction

This report describes how the Board has applied the principles of good governance relating to directors' remuneration during the year ended 31 March 2016.

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## Corporate governance statement

The Company was not required to comply with the UK Corporate Governance Code in 2015/16 as an AIM-listed company.

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## Remuneration Committee

The duties of the Remuneration Committee are performed by the board as a whole. The Committee determines on behalf of the shareholders, the Company's policy for the level of remuneration for the executive directors.

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## Remuneration policy on executive directors' remuneration

Executive remuneration packages are designed to attract, motivate and retain directors of the high calibre required and to reward them for enhancing value to shareholders. The performance measurement of both executive and non-executive directors and the determination of their annual remuneration package is undertaken by the Committee.

There are three main elements of the remuneration package for executive directors and senior managers:

1. Basic salary is determined by the Remuneration Committee at the beginning of each year and when an individual changes position or responsibility. Appropriate salary levels are set by reference to the performance, experience and responsibilities of each individual concerned and having regard to the prevailing market conditions.
2. Performance-related bonuses are assessed annually and are based on a combination of individual and corporate performances during the preceding financial year. During the current year under review and prior years the directors did not receive a bonus.
3. Share options

The remuneration package for executive directors also includes benefits in kind such as cars, fuel and health insurance.

It is the Company's policy that its executive directors may take up outside directorships where it is considered that the appointment would not impinge on their employment with the Company. Individuals may retain any remuneration received from such services.

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## Directors' service contracts

Mr L G Lipman and Mr E A Lipman hold rolling service contracts that expired in August 2013 but continue thereafter unless 12 months' written notice is given. Mr C M Stone held a rolling service contract until his resignation on 13 November 2015. Mr E G Young holds a rolling service contract dated 20 May 2008 with a notice period of three months.

The directors' service contracts contain no provision for fixed termination payments.

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## Share price

The Company has a single class of ordinary shares listed on the AIM market of the London Stock Exchange. High and low prices for the year were 66.00p and 50.00p respectively (2015: 57.50p and 32.00p) and the market price of the shares at 31 March 2016 was 56.50p (2015: 50.00p).

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## Directors' emoluments

The emoluments of the directors of the Company for the year ended 31 March 2016 were as follows:

Name	Salary and Fees £'000	Benefits in kind £'000	2016 Total £'000	Salary and Fees £'000	Benefits in kind £'000	2015 Total £'000
<b>Other executive directors</b>						
R Lipman	25	16	41	100	48	148
L G Lipman	171	47	218	117	53	170
E A Lipman	171	51	222	117	46	163
C M Stone	83	1	84	120	4	124
<b>Non-executive directors</b>						
E G Young	15	-	15	15	-	15
	465	115	580	469	151	620

In the year ended 31 March 2016, the Company paid employers' national insurance of £56,000 on the salaries and fees of the directors (2015: £58,000) and Class 1A national insurance of £16,000 (2015: £21,000).

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



**Larry Lipman**  
Managing Director

22 August 2016

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# Corporate Governance

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## Directors

During the year ended 31 March 2016 the Group was controlled by its Board of Directors which consisted of three executive directors (of whom the chairman passed away in June 2015, reducing executive directors to two) and one non-executive director. Mr L G Lipman is managing director.

Each member of the Board is subject to the re-election provisions of the Articles of Association, which requires them to offer themselves for re-election at least once every three years. In the event of a proposal to appoint a new director, this would be discussed at a full Board meeting, with each member being given the opportunity to meet the individual concerned prior to any formal decision being taken.

Due to the small size of the Board, it is considered inappropriate to establish a Nomination Committee. Consequently, these duties are performed by the Board as a whole.

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## Independent non-executive director

Mr E G Young acts as the company's independent non-executive director. Mr Young is available to meet shareholders on request and to ensure that the Board is aware of shareholder concerns not resolved through existing mechanisms for investor communication.

The non-executive director constructively challenges and helps develop proposals on strategy through attendance at Board meetings and regular dialogue with the executive directors. He also ensures that robust internal controls exist and monitors management performance against agreed goals and objectives.

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## Directors' remuneration

The executive directors' remuneration consists of a package of basic salary, benefits in kind and bonuses, which are linked to corporate and individual performance achievements and the levels of each are determined by the Board. The statement of remuneration policy and details of each director's remuneration are set out in the Directors' Remuneration Report.

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## Internal control

The Board is responsible for ensuring that the Group has in place a system of internal control. In this context, control is defined as those policies and processes established to ensure that business objectives are achieved cost effectively, assets and shareholder value are safeguarded, and laws, regulations and policies are complied with. Controls can provide reasonable but not absolute assurance that risks are identified and adequately managed to achieve business objectives and

to minimise material errors, losses and fraud or breaches of laws and regulations. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

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## Going concern

The Directors report that, based on the Group's budgets and financial projections to 31 August 2017, 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.

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## Auditor

The Board is responsible for the relationship with the Group's auditor, the in-depth review of the Group's financial reports, internal controls and any other reports that the Group may circularise. This includes a review of the cost effectiveness of the audit and non-audit services provided to the Group.

The Board monitors the non-audit services being provided to the Group by its external auditors on a regular basis to check that these services do not impair their independence or objectivity. Prior approval of the Board is required for activities which may be perceived to be in conflict with the role of the external auditor.

Details of the amounts paid to the external auditor during the year for audit and other services are set out in the notes to the financial statements.

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.

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



**Larry Lipman**  
Managing Director

22 August 2016

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# Independent Auditors' Report

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## Report of the Independent Auditors to the Members of Safeland plc

We have audited the financial statements of Safeland plc for the year ended 31 March 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes, the company balance sheet and the notes to the company financial statements. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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## Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

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## Opinion on financial statements

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 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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## Opinion on other matter prescribed by the Companies Act 2006

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

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## Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

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## Philip Westerman

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

22 August 2016

# Consolidated Income Statement

Year ended 31 March 2016

	Note	2016 £'000	2015 £'000
<b>Revenue</b>	3	21,116	10,256
Cost of sales	4	(14,003)	(7,495)
<b>Gross profit</b>		7,113	2,761
Administrative expenses	5	(1,287)	(1,570)
Gain on revaluation of investment properties		42	225
(Loss)/profit on disposal of investment property		(33)	5,272
Profit on disposal of investment in jointly-controlled entity		-	209
Share of profit of jointly-controlled entity		-	11
Dividend from investment		13	11
Share of results of associate	15	23	29
<b>Operating profit</b>		5,871	6,948
Finance income	6	520	167
Finance costs	7	(334)	(403)
<b>Profit before tax</b>		6,057	6,712
Tax	9	(1,522)	(979)
<b>Profit for the financial year attributable to owners of the parent company</b>	8	4,535	5,733
<b>Basic earnings per share</b>	10	27.95p	34.02p
<b>Diluted earnings per share</b>	10	15.45p	15.62p

The revenue and operating result for the year is derived from continuing operations in the United Kingdom.

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# Consolidated Statement of Comprehensive Income

Year ended 31 March 2016

	2016 £'000	2015 £'000
Profit for the year	4,535	5,733
<b>Other comprehensive income</b>		
Fair value (losses)/gains on available-for-sale financial assets	(139)	82
Other comprehensive income for the year, net of tax	(139)	82
<b>Total comprehensive income for the year attributable to owners of the parent company</b>	<b>4,396</b>	<b>5,815</b>

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# Consolidated Statement of Financial Position

Year ended 31 March 2016

Company registration no. 2012015

	Note	2016 £'000	2015 <sup>(1)</sup> £'000
<b>Non-current assets</b>			
Property, plant and equipment	13	1,904	1,981
Investment properties	14	1,123	2,693
Investment in associate	15	121	123
Available-for-sale investments	16	832	307
Trade and other receivables	18	8,503	7,985
<b>Total non-current assets</b>		12,483	13,089
<b>Current assets</b>			
Trading properties	17	14,838	12,748
Trade and other receivables	18	381	364
Cash and cash equivalents	19	2,988	454
<b>Total current assets</b>		18,207	13,566
<b>Total assets</b>		30,690	26,655
<b>Current liabilities</b>			
Bank loans and overdrafts	20	-	1,258
Trade and other payables	21	495	1,762
Corporation tax payable	9	1,450	1,696
<b>Total current liabilities</b>		1,945	4,716
<b>Non-current liabilities</b>			
Bank loans	20	10,927	7,185
Deferred tax liabilities	22	72	-
<b>Total non-current liabilities</b>		10,999	7,185
<b>Total liabilities</b>		12,944	11,901
<b>Net assets</b>		17,746	14,754
<b>Equity</b>			
Share capital	23	778	843
Share-based payment reserve		354	486
Investment revaluation reserve		(52)	87
Capital redemption reserve		65	-
Retained earnings		16,601	13,338
<b>Total equity attributable to owners of the parent company</b>		17,746	14,754

(1) Restated (notes 14 and 17)

These financial statements were approved by the Board of Directors and authorised for issue on 22 August 2016.

Signed on behalf of the Board of Directors:



**Larry Lipman**  
Managing Director

# Consolidated Statement of Changes in Equity

Year ended 31 March 2016

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Investment revaluation reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 April 2014</b>	843	-	-	348	5	9,414	10,610
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	-	5,733	5,733
Revaluation of available-for-sale investments	-	-	-	-	82	-	82
<b>Total comprehensive income</b>	-	-	-	-	82	5,733	5,815
<b>Transactions with owners</b>							
Share-based payment charge for the year	-	-	-	138	-	-	138
Dividend paid						(1,809)	(1,809)
<b>Balance at 31 March 2015</b>	843	-	-	486	87	13,338	14,754
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	-	4,535	4,535
Revaluation of available-for-sale investments	-	-	-	-	(139)	-	(139)
<b>Total comprehensive income</b>	-	-	-	-	(139)	4,535	4,396
<b>Transactions with owners</b>							
Debit relating to equity-settled share-based payments	-	-	-	(132)	-	-	(132)
Dividend paid	-	-	-	-	-	(529)	(529)
Purchase of own shares	(65)	-	65	-	-	(743)	(743)
<b>Total transactions with owners</b>	(65)	-	65	(132)	-	(1,272)	(1,404)
<b>Balance at 31 March 2016</b>	778	-	65	354	(52)	16,601	17,746

# Consolidated Statement of Cash Flows

Year ended 31 March 2016

	Note	2016 £'000	2015 £'000
<b>Operating activities</b>			
Cash inflow/(outflow) from operations	25	2,321	(2,376)
Interest paid		(292)	(403)
Corporation tax paid		(1,695)	(132)
<b>Net cash inflow/(outflow) from operating activities</b>		334	(2,911)
<b>Investing activities</b>			
Interest received		1	1
Purchase of property, plant and equipment		(105)	(2,003)
Purchase of available-for-sale investments		(664)	(175)
Distributions from associate		25	32
Other dividends received		13	-
Proceeds from sale of investment properties		1,637	4,230
Proceeds from sale of property, plant and equipment		82	119
<b>Net cash generated from investing activities</b>		989	2,204
<b>Financing activities</b>			
Purchase of own share capital		(743)	-
Dividends paid to equity shareholders		(529)	-
New loans		3,742	9,258
Loan repayments		(1,259)	(9,100)
<b>Net cash generated from financing activities</b>		1,211	158
<b>Net increase/(decrease) in cash and cash equivalents</b>		2,534	(549)
Cash and cash equivalents at beginning of year	19	454	1,003
<b>Cash and cash equivalents at end of year</b>	19	2,988	454

## 1. ACCOUNTING POLICIES

### Basis of accounting

Safeland plc is listed on the AIM market of the London Stock Exchange and was incorporated and is domiciled in the UK.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

### Going concern

The directors report that, based on the Group's budgets and financial projections to 31 August 2017, they have satisfied themselves that the business is a going concern.

The Group has a loan facility of £12.5m with Lloyds Bank. The ratio of the loan to property valuations is a covenant of the loan facility. If values of the investment and trading properties fall significantly, the Group would breach this covenant. The directors do not expect the value of the Group's property portfolio to fall and as a result do not anticipate breaching this covenant.

Therefore 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 have prepared the accounts on the going concern basis.

### New and Revised Standards

#### Standards in effect in 2016

There were no new standards, amendments and interpretations issued that would be expected to have a material effect on the group.

#### IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective. The Group intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

The directors do not anticipate that adoption of any of the above standards will have a material impact on the financial statements in the future.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

### Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties and certain financial instruments. The principal accounting policies adopted are set out below.

The parent company financial statements present information about the Company as a separate entity and not about its Group. The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and with the Companies Act 2006.

### Basis of consolidation

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. Management has reviewed the control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification as subsidiaries or joint ventures of any of the Group's investees held during the year or the comparative year covered by these financial statements.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally there is a presumption that a majority of voting rights results in control. To support the presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date when the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the Group are eliminated in full on consolidation.

The acquisition or disposal of subsidiaries where property constitutes the only or main asset, are accounted for as property transactions.

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

The Group reports its interests in joint-ventures using the equity method of accounting, except when the investment is classified as held for resale.

Under the equity method, investments in joint-ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint-venture, less any impairment in the value of individual investments. Losses of a joint-venture in excess of the Group's interest in that joint-venture are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint-venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint-venture recognised at the date of acquisition is recognised as goodwill.

## Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors. The operating segments of the business are property trading, property management, hotel operations and property investment.

## Revenue

Revenue is stated net of VAT and comprises rental income, proceeds from sales of trading properties, fees, commissions and other income.

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

Rental income from investment and trading properties leased out under operating leases is recognised in the Income Statement on a straight-line basis over the term of the lease. Contingent rents which comprise turnover rents are recognised as income in the periods in which they are earned. 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.

Revenue in the previous year arising from deferred consideration in the form of four completed houses in a residential development to be undertaken on the site of the Chandos Tennis Club in the next two to three years is based on a valuation by the directors, discounted to a present-day value using the weighted average cost of capital.

Other fees in relation to property management are recognised on a straight-line basis over the term of management contracts.

Hotel revenue comprises revenues from overnight hotel accommodation, banqueting facility hire and sales of food and beverages. All revenues are recognised when the service is provided.

## Freehold property

Freehold property is stated at cost less accumulated depreciation and is depreciated at 2% per annum on a straight-line basis, pro-rated in the year of acquisition.

## Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives on the following annual bases:

Motor vehicles	25% (reducing balance)
Fixtures, fittings and equipment	20% (reducing balance)

## 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 statement of financial position. Valuation surpluses and deficits arising in the period are included in profit or loss.

The gain or loss arising on the disposal of a 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 income statement.

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

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## Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Jointly controlled entities are accounted for using the equity method of accounting. Investments in jointly controlled entities are carried in the consolidated statement of financial position at cost, adjusted by post-acquisition changes to the Group's share of the net assets of the jointly controlled entity, less any impairment in the value of individual investments of the jointly controlled entity.

The Board has assessed that we do not control the joint-ventures and therefore have treated them in accordance with IFRS 11. This assessment is based on the lack of power over the investee and due to the exposure to variable returns from involvement with the investments.

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## Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the consolidated statement of financial position at cost, adjusted by post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments of the associates.

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## Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale.

The investments are recognised initially at fair value plus transaction costs and thereafter carried at fair value with gains and losses taken to other comprehensive income. The gains and losses taken to other comprehensive income are recycled through the income statement on realisation. If there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is removed from equity and recognised in the income statement. The amount removed from equity and recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Impairment losses recognised in the income statement are not reversed through profit or loss.

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## 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.

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## Operating profit

Operating profit is stated before exceptional items, finance income, finance cost and tax.

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## Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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## Borrowings

Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method.

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## Trade receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

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## Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

## Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL) are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For shares classified as available for sale (AFS), a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of its impairment. For all other financial assets, objective evidence of impairment could include:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
  - (i) adverse changes in the payment status of borrowers in the Group (e.g. an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying the minimum monthly amount); or
  - (ii) national or local economic conditions that correlate with defaults on the assets in the Group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil producers, or adverse changes in industry conditions that affect the borrowers in the Group).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## Equity

The total equity attributable to the equity holders of the parent comprises the following:

### Share capital

Share capital represents the nominal value of shares issued.

### Investment revaluation reserve

The investment revaluation reserve arises as fair value gains and losses arise on the Group's available for sale investment portfolio.

### Retained earnings

Retained earnings represent undistributed cumulative earnings.

### Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

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## Share-based payments

The equity settled share-based payment reserve arises as the expense of issuing share-based payments is recognised over time. The reserve will fall as share options vest and are exercised but the reserve may equally rise or might see any reduction offset, as new potentially dilutive share options are issued. Balances relating to share options that lapse after they vest are transferred to retained fair value of employee services determined by reference to transfer of instruments granted.

The Group has applied the requirements of IFRS 2 Share-based payment to share options. The fair value of the share options are determined at the grant date and are expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Monte Carlo model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects on non-transferability, exercise restrictions and behavioural considerations.

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## 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 income statement on a straight-line basis over the life of the lease.

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## Derivative financial instruments

None of the Group's derivative financial instruments are designated as a hedging instrument. The derivative financial instruments are initially recognised at fair value and subsequently re-measured at fair value at the end of each reporting period. Changes in fair value of the derivatives are taken to the income statement.

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## Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised on the basis of tax losses enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

## Critical accounting judgements and key sources of estimation and uncertainty

The fair value of the Group's investment and trading properties is the main area within the financial statements where the Board has exercised significant estimates and judgements. The fair value of the Group's property portfolio is based upon external and directors' valuations and is inherently subjective. Where the market has transaction volumes lower than average, the subjectivity around the valuations is more acute.

### Restatement of stock as investment property

Triangle Estates Limited (TEL) was acquired by the Group on 19 December 2014. It was trading as an investment company on acquisition and in the opinion of the directors has continued to do so. As properties owned by TEL became vacant, the directors decided to sell each of them after undertaking limited works to bring them into an improved state of disposal.

The directors intend to continue holding the remaining property assets within the portfolio as investments for the foreseeable future, and undertook a refurbishment of the ground floor retail unit, from which rent is currently being earned.

At 31 March 2015, the carrying value of the Group's trading properties included an amount of £1.97m that should have been classified as investment properties. This has now been restated for that year ended 31 March 2015 in the comparative figures.

During the year ended 31 March 2016, the Group continued to hold the remaining commercial units and the directors' estimate of the carrying value of these remaining investment properties in TEL at 31 March 2016 was £0.4m.

This is further set out in more detail in notes 14 and 17 to the accounts.

### Investment properties

At 31 March 2016, the carrying value of the Group's investment properties was £1,123,000 (2015: £723,000, restated at £2,693,000). As at 31 March 2016 and 31 March 2015, the investment properties were subject to a valuation exercise. The valuations are performed by the directors of Safeland plc. The increase in fair value of the Group's investment properties during the year is £42,000 (2015: increase of £225,000). Investment property values are subjective. Where there is uncertainty as to the outcome of future planning decisions, future sales values and timings, the directors assess the risk of these outcomes when valuing each property.

### Trading properties

At 31 March 2016, the carrying value of the Group's trading properties was £14,838,000 (2015: £12,748,000, restated from £14,718,000). Trading properties are properties acquired or developed and held for sale and are shown at the lower of cost or net realisable value. The cost of trading properties are those costs directly associated with the acquisition and development of a specific site. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sale.

### Determination of fair value of deferred consideration

The fair value of the deferred consideration received for the sale of the Chandos Tennis Club in the year has been based on the value of the original deferred consideration which was due to be received, being £9.2 million. The Directors considered this to be the most appropriate valuation considering the lack of comparable property developments in the area meaning there was no suitable benchmark to use in estimating the value of the four properties which comprise the £9.2 million.

### Discount rate used in estimating the present value of deferred consideration

The discount rate applied to the deferred consideration has been based on an estimation of the weighted average cost of capital of the Group. This calculation includes estimates for the beta value and for the cost of equity of the business.

## 2. OPERATIONAL SEGMENTS

The Group complies with IFRS 8 Operating segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed regularly by the chief operating decision maker, identified as the executive directors, to allocate resources to the segments and to assess their performance.

The segments are defined by the types of product and services which each reportable segment derives its revenue.

The measure of segment result is considered to be the IFRS measure of operating profit before administrative expenses. The Board reviews administrative expenses, finance expenses and tax at Group level and does not allocate these costs to segments.

The information reviewed by the chief operating decision maker, or otherwise regularly provided to the chief operating decision maker does not include information on net assets. The cost to develop this information would be excessive in comparison to the value that would be derived.

All activities are based in the United Kingdom.

The segmental information of the Group's results for the year ended 31 March 2016 was as follows:

	Property trading £'000	Hotel Operation £'000	Property Management £'000	Property investment £'000	Total £'000
<b>Revenue</b>	20,110	848	17	141	21,116
Cost of sales	(13,226)	(777)	-	-	(14,003)
<b>Gross profit</b>	6,884	71	17	141	7,113
Dividend from associate	-	-	13	-	13
Profit on disposal of investment properties	-	-	-	9	9
Share of profit of associate	-	-	23	-	23
<b>Operating profit before administration expense</b>	6,884	71	53	150	7,158
Administrative expenses					(1,287)
Finance income					520
Finance costs					(334)
<b>Profit before tax</b>					6,057

	Property trading <sup>(1)</sup> £'000	Hotel Operation £'000	Property Management £'000	Property investment £'000	Unallocated £'000	Total £'000
<b>Segment assets</b>	23,342	496	-	1,123	5,729	30,690
Segment liabilities	(10,927)	(219)	-	-	(1,798)	(12,944)
<b>Net assets</b>	12,415	277	-	1,123	3,931	17,746
Capital expenditure	-	-	-	-	105	105
<b>Depreciation</b>	-	-	-	-	85	85

(1) Restated

# Notes to the Consolidated Accounts

Year ended 31 March 2016

The segmental information of the Group's results for the year ended 31 March 2015 was as follows:

	Property trading £'000	Hotel Operation £'000	Property Management £'000	Property investment £'000	Total £'000
<b>Revenue</b>	9,144	936	30	146	10,256
Cost of sales	(6,767)	(728)	-	-	(7,495)
<b>Gross profit</b>	2,377	208	30	146	2,761
Share of profit of jointly controlled entity	-	-	11	-	11
Dividend from associate	-	-	11	-	11
Profit on disposal of investment properties	-	-	-	5,272	5,272
Profit on disposal of investment in jointly-controlled entity	-	-	-	209	209
Share of profit of associate	-	-	29	-	29
Gain on revaluation of investment properties	-	-	-	225	225
<b>Operating profit before administration expense</b>	2,377	208	81	5,852	8,518
Administrative expenses					(1,570)
Finance income					167
Finance costs					(403)
<b>Profit before tax</b>					6,712

	Property trading <sup>(1)</sup> £'000	Hotel Operation £'000	Property Management £'000	Property investment £'000	Unallocated £'000	Total £'000
<b>Segment assets</b>	22,703	200	-	723	3,029	26,655
Segment liabilities	(8,443)	(156)	-	-	(3,302)	(11,901)
<b>Net assets</b>	14,260	44	-	723	(273)	14,754
Capital expenditure	-	-	-	-	2,003	2,003
<b>Depreciation</b>	-	-	-	-	62	62

(1) Restated

### 3. REVENUE

	2016 £'000	2015 £'000
Trading property sales	20,110	9,144
Hotel operations	848	936
Rental income from property investment	141	146
Property management income	17	30
	21,116	10,256

#### 4. COST OF SALES

	2016 £'000	2015 £'000
Cost of trading properties sold	13,156	6,644
Hotel operation (including staff costs)	777	728
Selling costs	70	123
	14,003	7,495

#### 5. ADMINISTRATIVE EXPENSES

	2016 £'000	2015 £'000
Staff costs (see note 11)	854	747
Legal and professional fees	243	162
Property costs	60	61
Loss/(profit) on disposal of property, plant and equipment	15	(9)
Depreciation	85	62
Share option (credit)/expenses	(132)	138
Other expenses	162	409
	1,287	1,570

#### 6. FINANCE INCOME

	2016 £'000	2015 £'000
Bank deposit interest	1	1
Unwinding of debtor	519	166
	520	167

The unwinding of a debtor represents the unwinding of the discount on the long-term receivable owing from the sale of the Chandos Tennis Club.

#### 7. FINANCE COSTS

	2016 £'000	2015 £'000
Interest on bank overdrafts and loans	292	393
Amortised loan arrangement fees	42	10
	334	403

# Notes to the Consolidated Accounts

Year ended 31 March 2016

## 8. PROFIT FOR THE FINANCIAL YEAR

	2016 £'000	2015 £'000
Profit for the financial year is arrived at after charging:		
Depreciation on owned assets	85	62
Auditor's remuneration for audit services	64	55

Amounts payable in respect of both audit and non-audit services are set out below:

	2016 £'000	2015 £'000
Fees payable to the auditor for the audit of the company's annual accounts	38	30
Fees payable to the auditor and its related entities for other services:		
The audit of the company's subsidiaries	26	25
Taxation compliance services	47	47
	104	102

The audit fees disclosed in 2016 represent the fees payable for the audit for the year ended 31 March 2016 and the non-audit fees are those incurred in the year.

## 9. TAX

	2016 £'000	2015 £'000
<b>Current tax</b>		
Corporation tax	1,450	1,696
Total current tax	1,450	1,696
Deferred tax	72	(717)
<b>Total tax charge</b>	1,522	979

The charge for the year can be reconciled to the profit per the Consolidated Income Statement as follows:

	2016 £'000	2015 £'000
<b>Profit before tax</b>	6,057	6,712
Tax at the UK corporation tax rate of 20% (2015: 21%)	1,211	1,410
<b>Factors affecting charge for the year</b>		
Capital allowance for the period in excess of/(less than) depreciation	10	(13)
Non-taxable income	(413)	(133)
Non-deductible expenditure	402	42
Loss utilised	-	(771)
Revaluation on investment property	(295)	(767)
Profit on disposal of investment property	(25)	-
Chargeable gain on disposal of investment property	290	1,210
Adjustment in respect of prior years	342	1
<b>Group tax charge</b>	1,522	979

Details of deferred tax liabilities are included in note 22.

The Group has tax losses of approximately £6.0m (2015: £6.9m) 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.

## 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2016 £'000	2015 £'000
Profit for the year attributable to equity holders of the company	4,535	5,733

	2016 Number	2015 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	16,224,288	16,851,180
Effect of dilutive potential ordinary shares	13,138,490	19,865,350
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share</b>	29,362,778	36,716,530

Net asset value at 31 March 2016 was £17,746,000 (2015: £14,754,000), equivalent to 114p per ordinary share (2015:87p), though there were fewer shares in issue at 31 March 2016 than a year previously. The net asset value is taken from the Consolidated Statement of Financial Position on page 16.

# Notes to the Consolidated Accounts

Year ended 31 March 2016

## 11. STAFF COSTS

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

	2016 Number	2015 Number
Sales	3	3
Administration	6	4
Hotel operations	21	21
	30	28

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

	2016 £'000	2015 £'000
Wages and salaries	884	842
Social security costs	86	104
Other employment costs	165	100
<b>Total staff costs</b>	<b>1,135</b>	<b>1,046</b>

Staff costs are included within the following headings on the Consolidated Income Statement:

	2016 £'000	2015 £'000
Cost of sales	281	299
Administrative expenses	854	747
	1,135	1,046

## 12. DIVIDENDS

On 25 September 2015, the Company paid 1.75p as a final dividend for the year to 31 March 2015. On 18 December 2015 the company paid 1.5p per share, totalling £233,400, as an interim dividend for the year to 31 March 2016.

The Directors do not recommend the payment of a final dividend (2015: 1.75p per share, a total of £294,900).

### 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2014	-	215	107	322
Additions	1,762	234	7	2,003
Disposals	-	(204)	-	(204)
At 1 April 2015	1,762	245	114	2,121
Additions	-	103	2	105
Disposals	-	(101)	-	(101)
At 31 March 2016	1,762	247	116	2,125
<b>Depreciation</b>				
At 1 April 2014	-	72	99	171
Charge for the year	9	50	3	62
Disposals	-	(93)	-	(93)
At 1 April 2015	9	29	102	140
Charge for the year	35	49	1	85
Disposals	-	(4)	-	(4)
At 31 March 2016	44	74	103	221
<b>Net book value:</b>				
At 31 March 2016	1,718	173	13	1,904
At 31 March 2015	1,753	216	12	1,981

### 14. INVESTMENT PROPERTIES

	2016 £'000	2015 <sup>(1)</sup> £'000
<b>Fair value</b>		
At 1 April 2015	2,693	5,343
Addition of properties in the year	-	1,970
Disposal of properties in the year	(1,612)	(4,845)
Increase in fair value during the year	42	225
At 31 March 2016	1,123	2,693

(1) Restated

The fair value of the investment properties at 31 March 2016 comprises freehold properties of £665,000 (2015: £2,235,000) and long leasehold properties of £458,000 (2015: £458,000).

The leasehold and freehold investment property have been classified within level 3 of the fair value hierarchy (unobservable inputs).

The investment properties consist of residential property located in North London and have been valued by the Directors. The methodology to value these properties is to compare historical comparable market transactions less a percentage reduction to reflect the limitations of restrictive tenancies. Based on valuations at 31 March 2016, if the percentage reduction was 5% higher or lower and all other variables were held constant, the Group's net profit would increase or decrease immaterially.

# Notes to the Consolidated Accounts

Year ended 31 March 2016

The Group has pledged investment properties with a carrying value of £1,110,000 (2015: £2,673,000) to secure banking facilities granted to the Group.

The fair value of the Group's investment properties at 31 March 2016 had been arrived at on the basis of market value as defined in the Apportionment and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were performed by directors.

Property rental income earned by the Group from its investment properties amounted to £132,000 (2015: £146,000).

Direct operating expenses arose on these properties during the year of £1,000 (2015: £1,000).

The historical cost of investment properties included in the financial statements at 31 March 2016 is £1,081,000 (2015: £2,693,000 as restated) of which £665,000 (2015: £2,148,000 as restated) are freehold and £458,000 (2015: £545,000) are long leasehold properties.

## 15. INVESTMENTS IN ASSOCIATES

The Group owns 50% of Grafton Insurance Services Limited ("Grafton") a company incorporated in the United Kingdom. Grafton is accounted for as an associate as Safeland plc exercises significant influence over Grafton but does not have control. The statutory accounts for Grafton are drawn up to 31 January each year. The accounts to 31 January 2016 have been used to account for Grafton in the Group's accounts and for the disclosures below as, in the opinion of the directors, there is no material difference compared to using accounts to 31 March 2016.

The Group's share of net assets using the equity method of accounting:

	2016 £'000	2015 £'000
1 April	61	54
Share of profit	27	34
Dividends received	(33)	(27)
31 March	55	61

The Group's share of aggregated amounts relating to associates owned at 31 March 2016 extracted from the 31 January 2016 statutory accounts and significant transactions up to 31 March 2016 for Grafton are set out below:

	2016 £'000	2015 £'000
Total assets	225	124
Total liabilities	(171)	(63)
	54	61
Revenue	70	99
Profit for the year attributable to the owners	27	34
Dividends paid	(33)	(27)
	(6)	(7)

The Group recognised £23,000 (2015: £29,000) in the Consolidated Income Statement as its share of the results of this associate, and in its Consolidated Statement of Financial Position carried the investment at £121,000 (2015: £123,000).

## 16. AVAILABLE-FOR-SALE INVESTMENTS

	2016 £'000	2015 £'000
1 April	307	50
Additions	664	175
Fair value (loss)/gain	(139)	82
31 March	832	307

Additions of £664,000 (2015: £175,000) comprise shares in Safestay plc purchased in a placing (2015: purchased in the open market). At both year-ends, the shares were restated at market value, of 54.5p (2016) and 50p (2015).

## 17. TRADING PROPERTIES

	2016 £'000	2015 <sup>(1)</sup> £'000
Properties for resale	14,838	12,748

(1) Restated

The Group has pledged properties for resale with carrying value of £14,838,000 (2015: £12,748,000) to secure banking facilities granted to the Group.

Properties for resale were reviewed for impairment as at 31 March 2016; the Directors are satisfied that no impairment is necessary.

Trading properties are properties acquired or developed and held for sale and are shown at the lower of cost or net realisable value. The cost of trading properties are those costs directly associated with the acquisition and development of a specific site. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sale.

## 18. TRADE AND OTHER RECEIVABLES

	2016 £'000	2015 £'000
Trade receivables	31	32
Other receivables	8,847	8,250
Prepayments and accrued income	6	67
	8,884	8,349

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. Of the other receivables, £8,503,000 (2015: £7,985,000) is deferred consideration on the sale of the Chandos Tennis Club and is shown as a non-current asset.

# Notes to the Consolidated Accounts

Year ended 31 March 2016

## 19. CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash and cash equivalents	2,988	454

All of the Group's cash and cash equivalents at 31 March 2016 and 2015 were in sterling.

The directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

## 20. BANK LOANS

FALLING DUE WITHIN ONE YEAR	2016 £'000	2015 £'000
Bank loans	-	1,258

FALLING DUE AFTER MORE THAN ONE YEAR	2016 £'000	2015 £'000
Bank loans	11,000	7,300
Unamortised borrowing costs	(73)	(115)
	10,927	7,185

	2016 £'000	2015 £'000
The borrowings are repayable as follows:		
In the second to fifth years	11,000	7,300

There were no breaches of bank loan covenants as at 31 March 2016 or 31 March 2015.

All of the Group's bank loans and overdrafts disclosed above comprise borrowings in sterling. Further details of the Group's bank borrowings are disclosed in note 27.

The bank loans are secured on investment and trading properties owned by the Group totalling £15,948,000 (2015: £15,421,000 as restated).

The Group had undrawn committed borrowing facilities as at 31 March 2016 of £1,500,000 (2015: £5,200,000).

## 21. TRADE AND OTHER PAYABLES

	2016 £'000	2015 £'000
Trade payables	192	141
Social security and other taxes	10	41
Other creditors	76	1,351
Accruals and deferred income	217	229
	495	1,762

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

## 22. DEFERRED INCOME TAX LIABILITIES

	Revaluation of investment properties £'000	Total £'000
1 April 2014	717	717
Credit to income statement	(717)	(717)
31 March 2015	-	-
Debit to income statement	72	72
31 March 2016	72	72

From 1 April 2015, the corporation tax rate was reduced to 20%. There was no impact on the deferred tax liability.

No deferred tax asset has been recognised in relation to trading losses due to a high degree of uncertainty over the timing of reversal. The Group has losses totalling £6.0m (2015: £6.9m) that may be available for future utilisation.

## 23. SHARE CAPITAL

	2016 £'000	2015 £'000
<b>Authorised:</b>		
45,750,000 ordinary shares of 5p each	2,288	2,288
<b>Allotted, called up and fully paid:</b>		
15,560,380 (2015: 16,851,180) ordinary shares of 5p each	778	843

During the year, the company bought back and cancelled a total of 1,290,800 shares, in two tranches, at a total cost of £743,000 including brokers' fees, reducing the nominal value of shares by £65,000, which is reflected in these accounts as a capital redemption reserve. The directors considered that the acquisition and cancellation of these shares would enhance the value of the remaining shares in issue.

## 24. SHARE-BASED PAYMENTS

The company has granted share options to subscribe for ordinary shares of 5p each, as follows:

Grant date	Exercise price per share (pence)	Period within which options are exercisable	Number of share options outstanding	
			2016	2015
28/09/2011	9.25	28/09/2014 to 27/09/2021	14,477,675	19,865,350
			14,477,675	19,865,350

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.

# Notes to the Consolidated Accounts

Year ended 31 March 2016

Details of these share options are summarised in the table below:

	2016 Number of share options	2016 Weighted average exercise price	2015 Number of share options	2015 Weighted average exercise price
Outstanding at beginning of year	19,865,350	9.25p	19,865,350	9.25p
Lapsed after death during year	(5,387,675)	9.25p	-	-
Outstanding at end of year	14,477,675	9.25p	19,865,350	9.25p
Exercisable at end of year	14,477,675	9.25p	19,865,350	9.25p

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

## 25. NOTES TO THE CASH FLOW STATEMENT

	2016 £'000	2015 £'000
Profit before tax	6,057	6,712
Adjustments for:		
Depreciation of property, plant and equipment	85	62
Profit on sale of investment in joint venture	-	(209)
Loss on sale of property, plant and equipment	15	(9)
Loss/(gain) on sale of investment properties	33	(5,272)
Revaluation of investment properties	(42)	(225)
Finance costs	334	393
Finance income	(1)	(1)
Unwinding of discount on deferred revenue	(519)	(166)
Share-based payment (credit)/charge	(132)	138
Share of results of jointly-controlled entity	(13)	(11)
Share of results of associate	(23)	(30)
Changes in working capital:		
Decrease/(increase) in trading properties	(2,091)	(2,235)
(Increase) in trade and other receivables	(60)	(1,706)
Increase in trade and other payables	(1,322)	183
Cash inflow/(outflow) from operations	2,321	(2,376)

## 26. RELATED-PARTY TRANSACTIONS

The Group has taken advantage of the exemption contained within IAS 24 – ‘related party disclosures’ from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

The remuneration of the directors, who are the key management personnel of the Group, is set out below.

	2016 £'000	2015 £'000
Directors' emoluments including employer's national insurance	521	527
Benefits in kind	117	151
Share-based payments	-	138
	638	816

Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report.

Mr L G Lipman owns a leasehold property, the freehold of which is owned by the Group. During the year, the Group invoiced £nil (2015: £nil) to Mr L G Lipman in respect of ground rent on this property. The Group manages a portfolio of properties owned by Mr L G Lipman. The Group received commissions of £17,000 (2015: £30,000) from Mr L G Lipman in the year. This amount has been included in revenue.

Balances and transactions between Group companies which have been eliminated on consolidation are not disclosed in this note. Transactions between the Group and other related parties are disclosed below:

Services provided by group companies	2016 £'000	2015 £'000
Services provided to directors	17	17
	17	17

Services provided to directors by the Group are settled upon receipt of invoice.

Loans	2016 £'000	2015 £'000
Loans to directors	71	-
	71	-

Loans are interest-free and repayable on demand and were provided to Mr L Lipman (2015: £nil). Outstanding loans were settled in full on 25 July 2016.

## 27. FINANCIAL INSTRUMENTS

### Capital management

Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus debt.

The Board's policy is to maintain a strong capital base with a view to underpinning investor, creditor and market confidence and sustaining the future development of the business. Capital consists of ordinary shares, other capital reserves and retained earnings. To this end, the Board monitors the Group's performance at both a corporate and individual asset level and sets internal guidelines for interest cover and gearing.

The executive directors monitor the Group's current and projected financial position against these guidelines. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

# Notes to the Consolidated Accounts

Year ended 31 March 2016

	2016 £'000	2015 £'000
<b>Share capital</b>	778	843
Share-based payment reserve	354	486
Investment revaluation reserve	(52)	87
Capital redemption reserve	65	-
Retained earnings	16,601	13,338
Non-current liabilities: bank loans and overdrafts	10,927	7,185

The Group has no externally imposed capital requirements.

## Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 1 to these financial statements and in the tables below:

## Categories of financial instruments

At 31 March 2016, the Group held the following financial assets:

	2016 £'000	2015 £'000
Trade and other receivables	8,884	8,349
Cash and cash equivalents	2,988	454
Loans and receivables	11,872	8,803
Available-for-sale financial assets	832	307
	12,704	9,110

At 31 March 2016, the Group held the following financial liabilities:

	2016 £'000	2015 £'000
Amortised cost		
Bank loans	10,927	8,443
Trade and other payables	2,017	3,458
	12,944	11,901

For 2016 and 2015, all financial liabilities are measured at amortised cost.

The carrying amounts of the Group's bank loans and overdrafts and trade and other payables approximate to their fair value.

## Financial risk management

The Group's financial instruments comprise bank loans and overdrafts, cash and cash equivalents, available-for-sale investments, and various items within trade and other receivables and payables that arise directly from its operations.

The main risks arising from the financial instruments are credit risk, interest rate risk and liquidity risk. The board reviews and agrees policies for managing these risks which are detailed overleaf.

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### Credit risk

The principal credit risk arises from trade receivables which predominately comprise rental debtors and cash balances. These are unsecured but the Group's exposure to tenant default is limited as no tenant accounts for more than 5% of total rental income.

### Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings at variable rate expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group enters into interest rate swaps to manage its cash flow interest rate risk by using floating-to-fixed and capped interest rate swaps. The Group raises borrowings at floating rates and swaps them into fixed or capped rates that are lower than those available if the Group borrowed at fixed rates directly. Under the swaps, the Group agrees with other parties to exchange the difference between fixed contracts and floating-rate interest amounts calculated by reference to an agreed notional amount.

### Liquidity risk

All of the Group's long term borrowings are secured on the Group's property portfolio. If the value of the portfolio were to fall significantly, the Group risk breaching borrowing covenants. The board regularly review the Group's gearing levels, cash flow projections and associated headroom and ensure that excess banking facilities are available for future use.

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## Interest rate risk management

The Group is exposed to interest rate risk on its borrowings, which are at interest rates at 3.1% above the Bank of England base rate as shown in the table below. The Group carefully manages its interest rate risk on an ongoing basis. In May 2015, the Group took out an interest rate instrument to manage its interest rate risk. The directors currently believe that interest rate risk is at an acceptable level.

The interest rates for the Group's borrowings are set out in the table below. All interest rates are at variable rates, unless stated, and the rates disclosed include margins.

	2016 Interest rate %	2016 Borrowings £'000	2015 Interest rate %	2015 Borrowings £'000
	3.69	11,000	3.66	7,300
	-	-	4.24	1,258
		11,000		8,558

A notional amount of £5,000,000 (2015: £5,000,000) has been fixed by an interest rate swap, and the LIBOR rate on a notional amount of £5,000,000 (2015: £5,000,000) has been capped at 3%.

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## Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rates for all borrowings subject to interest charges at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the statement of financial position date was outstanding for the whole year. A 0.25% increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rates.

Based on bank borrowings, at 31 March 2016, if interest rates were 0.25% higher or lower and all other variables were held constant, the Group's net profit would alter immaterially. This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

## Other price risks

The Group has minimal exposure to equity price risk arising from its equity investments. The investments in equity securities present the Group with opportunity for return through dividend income. Equity investments designated as available-for-sale are held for strategic rather than trading purposes and the Group does not actively trade these investments.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

## Credit risk management

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group.

The Group seeks to limit the credit risk on cash at bank by only depositing monies with UK banks that have high credit ratings at AA or above. Other credit risk arises from trade receivables which predominately comprise rental debtors. These are unsecured but the Group's exposure to tenant default is limited as no tenant accounts for more than 5% of total rental income. The Group therefore does not have any significant credit risk exposure to any single counterparty.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

## Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors. The board manages liquidity risk by regularly reviewing the Group's gearing levels, cash flow projections and associated headroom and ensuring that excess banking facilities are available for future use. All of the Group's long term borrowings are secured on the Group's property portfolio.

Included in note 20 is a description of the undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

## Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its all financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay including interest.

2016	In less than 1 year £'000	2-5 years £'000	Total £'000
Variable interest rate borrowings	-	11,000	11,000
	-	11,000	11,000

All of the above loans are at a set interest rate above the Bank of England base rate or LIBOR. The weighted average effective interest rate at 31 March 2016 was 3.69%.

2015	In less than 1 year £'000	2-5 years £'000	Total £'000
Variable interest rate borrowings	1,258	-	1,258
Fixed interest rate borrowings	-	7,300	7,300
	1,258	7,300	8,558

All of the above loans are at a set interest rate above the Bank of England base rate or LIBOR. The weighted average effective interest rate at 31 March 2015 was 3.74%.

On 27 May 2015 the company entered into an interest rate swap with Lloyds Bank capping the interest rate at 3% on £5,000,000 of borrowings.

## Fair value measurements recognised in the statement of financial position

IFRS13 categorises financial assets and liabilities as being valued in three hierarchical levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Available-for-sale investments</b>				
Listed	792	-	-	792
Other	-	-	40	40

2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Available-for-sale investments</b>				
Listed	267	-	-	267
Other	-	-	40	40

There were no transfers between levels in either year. There were no movements in the fair value measurements of level 3 financial assets during either year.

## 28. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2016, the Group had one derivative financial instrument. The LIBOR rate on a notional loan of £5m (2015: £2m) was capped at 3% (2015: 1.5%). The fair value of this financial instrument at 31 March 2016 was £nil (2015: £nil).

At 31 March 2015, the Group had two derivative financial instruments. The LIBOR rate on a notional loan of £2m was swapped to a fixed rate of 0.77% until 24 April 2015.

Neither of these financial instruments at 31 March 2015 or 31 March 2016 were designated as hedging.

## 29. POST-BALANCE SHEET EVENTS

Since the balance sheet date, the Group has made several property sales: a detached house in Golders Green, London NW11, bought in 2014, which has been split into two semi-detached houses, both of which were sold; and a detached house in Hampstead Garden Suburb, London N2, bought after the year-end and refurbished, on which contracts have been exchanged for completion of a sale in September 2016. In addition, planning permission has been received for the conversion into 18 apartments of a hotel in Muswell Hill, London N10, owned by the Group. The hotel recently ceased trading and is now under refurbishment.

# Safeland plc

## Company Statement of Financial Position

31 March 2016

Company registration no. 2012015

Assets	Note	31 March 2016 £'000	31 March <sup>(1)</sup> 2015 £'000
<b>Non-current assets</b>			
Tangible assets	6	1,897	1,974
Subsidiary undertakings	7	1	1
Associated undertakings	8	90	90
Other investments	9	832	308
		2,820	2,373
<b>Current assets</b>			
Stocks	10	6,029	7,198
Debtors	11	3,816	3,837
Cash and cash equivalents		2,730	295
		12,575	11,330
<b>Creditors: amounts falling due within one year</b>	12	(2,347)	(4,048)
<b>Net current assets</b>		10,228	7,282
<b>Total assets less current liabilities</b>		13,048	9,655
<b>Creditors: amounts falling due after more than one year</b>	13	(10,927)	(7,185)
<b>Net assets</b>		2,121	2,470
<b>Capital and reserves</b>			
Share capital	14	778	843
Capital redemption reserve		65	-
Share-based payment reserve		354	486
Profit and loss account		924	1,141
<b>Total equity</b>		2,121	2,470

(1) Restated (note 18)

These financial statements were approved by the Board of Directors and authorised for issue on 22 August 2016.

Signed on behalf of the Board of Directors.



**Larry Lipman**  
Director

The notes on pages 44 to 54 form part of these financial statements.

# Company Statement of Changes in Equity

Year ended 31 March 2016

	Note	Share capital £'000	Share-based payment reserve £'000	Retained earnings/ deficit £'000	Total £'000
<b>Balance at 1 April 2014 as originally stated</b>		843	348	3,824	5,015
Effect of transition to FRS 102	17	-	-	-	-
<b>Restated balance at 1 April 2014</b>		843	348	3,824	5,015
Loss for the year as originally stated		-	-	(874)	(874)
Effect of restatement to FRS 102	17	-	-	-	-
<b>Restated profit for the year and total comprehensive income for the year</b>		-	-	(874)	(874)
Credit relating to equity-settled share-based payments		-	138	-	138
Dividends		-	-	(1,809)	(1,809)
<b>Restated balance at 31 March 2015</b>		843	486	1,141	2,470

	Note	Share capital £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Retained earnings/ deficit £'000	Total £'000
<b>Balance at 1 April 2015</b>		843	-	486	1,141	2,470
Profit for the year		-	-	-	1,055	1,055
<b>Total comprehensive income for the year</b>		-	-	-	1,055	1,055
Credit relating to equity-settled share-based payments		-	-	(132)	-	(132)
Purchase and cancellation of own shares	(65)	65	-	-	(743)	(743)
Dividends		-	-	-	(529)	(529)
<b>Restated balance at 31 March 2016</b>		778	65	354	924	2,121

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Capital redemption reserve	Amount paid for the purchase and cancellation of own shares
Share-based payment reserve	Credit to equity related to share-based payments
Retained earnings/deficit	Cumulative loss/profit of the Company attributable to equity shareholders.

The notes on pages 44 to 54 form part of these financial statements.

## 1. 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 Company is public domiciled, quoted on London's AIM stock exchange and incorporated in England and Wales (registered number 2012015). The address of its registered office is 1A Kingsley Way, London N2 0FW.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. This is the first year in which the financial statements have been prepared under FRS 102. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is set out in note 17.

The financial statements are presented in pounds sterling and all values are rounded to the nearest one thousand pounds except where otherwise indicated.

These financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the measurement of certain financial assets at fair-value through profit and loss.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates; these are described in note 3. It also requires the Company's management to exercise judgement in applying the Company's accounting policies.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented within the consolidated financial statements as the reconciliations for the Group and the parent company would be identical;
- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

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### Tangible assets

Tangible assets, which comprise freehold land and buildings, office equipment and motor vehicles, are stated at cost less accumulated depreciation and impairment losses. Cost of an asset includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

#### Depreciation and residual values

Depreciation is calculated to allocate the depreciable amount to their residual values over their estimated working lives as follows:

Land	not depreciated
Freehold buildings	2 per cent per annum (straight-line basis)
Office equipment	20 per cent per annum (reducing balance)
Motor vehicles	25 per cent per annum (reducing balance)

Residual values and estimated useful lives of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Repairs and maintenance costs are expensed as incurred.

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### **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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### **Investment in subsidiaries**

Investments in subsidiaries are accounted for at cost less impairment in the financial statements.

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### **Investments in associated undertakings**

These investments are stated at transaction price less impairment losses.

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### **Investments in non-quoted equity investments**

These investments are stated at transaction price less impairment losses.

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### **Investments in quoted equity investments**

These investments are stated at market value at the end of the year. Adjustments to market-value in the reporting period are included in profit and loss for the year.

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### **Revenue recognition**

Revenue is measured at the fair-value of consideration received or receivable and represents rentals receivable and the proceeds of the sale of property assets held as inventory, net of value added tax.

Where the consideration receivable in cash or cash equivalents is deferred and the arrangement constitutes a financing transaction, the fair-value of the consideration receivable is measured as the present value of all future receipts using the imputed rate of interest.

The Company recognises revenue when (a) the risks and rewards of ownership have been transferred to the buyer, (b) the Company retains no significant involvement or control over the property or rentals, (c) the amount of revenue can be measured reliably, and (d) it is probable that future economic benefits will flow to the Company.

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### Stock

Stock is stated at the lower of cost, including related transaction costs, and estimated selling price less costs to sell. Stock is recognised as a cost in the period in which the related revenue is recognised.

At the end of each reporting period, stock is assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell.

Where a reversal of a previous impairment is required the impairment charge is reversed, up to the original impairment loss. The reversal is recognised in profit and loss.

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### Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows, discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss. If there is a decrease in the impairment loss arising from an event after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not been previously recognised.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all of the risks and awards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

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### Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method. Fees payable on the establishment of loan facilities are recognised as transaction costs.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently recognised at amortised cost using the effective interest rate method.

Derivatives, including interest rate swaps and forward exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair-value on the date that the financial contract is entered into. Subsequently the derivatives are re-measured at fair-value at the end of each reporting period.

The Company does not designate any derivative as a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right and there is an intention to settle on a net basis or to realise the asset and liability simultaneously.

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### Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts where the right of offset exists. Otherwise bank overdrafts are recognised within borrowings in current liabilities.

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## Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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## Distributions to equity holders

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 statement of changes in equity.

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## Related-party transactions

The company discloses transactions with related parties which are not wholly owned within the group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions.

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## Share-based payments

### Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is measured by use of the Monte Carlo model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects on non-transferability, exercise restrictions and behavioural considerations.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately.

Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the profit and loss account.

The financial effect of awards by the company of options over its equity shares to the employees of subsidiary undertakings are recognised by the parent company in its individual financial statements. In particular the parent company records an increase in its investment in subsidiaries with a credit to equity equivalent to the cost in the subsidiary undertakings.

### Cash-settled transactions

The cost of cash-settled transactions is measured at fair value using an appropriate option pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period a liability is recognised representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in profit or loss for the period.

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### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

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### Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in profit or loss in the year in which it arises.

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### Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the balance sheet date.

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### Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Profit/(loss) for the financial year

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. The Company's post-tax profit for the year was £1,055,000 (2015: a loss of £874,000).

### 3. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements:

- the recoverability of the Company's debtor balances with its subsidiary undertakings.
- the recoverability of the Company's stock at the values stated.
- the recoverability of the Company's tangible fixed assets and freehold property.
- the recoverability of the Company's investments at the values stated.

### 4. EMPLOYEE COSTS INCLUDING DIRECTORS

	31 March 2016 £'000	31 March 2015 £'000
Wages and salaries	644	583
Social security costs	75	90
Other employment costs	118	74
	837	747

### 5. AVERAGE NUMBER OF EMPLOYEES

	31 March 2016 £'000	31 March 2015 £'000
Sales	3	3
Administration	6	4
	9	7

# Notes to the Company Accounts

Year ended 31 March 2016

## 6. TANGIBLE FIXED ASSETS

	Freehold property £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2015	1,760	245	109	2,114
Additions	-	103	2	105
Disposals	-	(101)	-	(101)
<b>At 31 March 2016</b>	<b>1,760</b>	<b>247</b>	<b>111</b>	<b>2,118</b>
<b>Depreciation</b>				
At 1 April 2015	9	29	102	140
Provided in the year	35	49	1	85
Disposals	-	(4)	-	(4)
<b>At 31 March 2016</b>	<b>44</b>	<b>74</b>	<b>103</b>	<b>221</b>
<b>Net book value</b>				
At 31 March 2016	1,716	173	8	1,897
At 31 March 2015	1,751	216	7	1,974

## 7. INVESTMENT IN SUBSIDIARIES

	31 March 2016 £'000
At 1 April 2015 and 31 March 2016	1

The investments in subsidiaries are recorded at cost which is the fair-value of the consideration paid. The investment relates solely to wholly-owned subsidiaries of the Company. The subsidiary undertakings of the Company and the Group are set out below.

### Shares in subsidiary undertakings:

The principal subsidiaries at 31 March 2016 and their principal activities are as follows:

Safeland Active Management Limited	-	Property Fund Management
Safeland Investments Limited	-	Property investment
THFC 58 Limited	-	Property investment
THFC 59 Limited	-	Property investment
CFC 35 Limited	-	Property investment
CFC 29 Limited	-	Property investment
Dunsford Commercial Limited	-	Property investment
Daisyglade Limited	-	Property investment
Cloverdale Estates Limited	-	Property investment
Triangle Estates Limited	-	Property investment

Hollychain 2 Limited	–	Property investment
Raglan Hotel Management Company 2013 Limited	–	Property management

All subsidiaries are incorporated in Great Britain and registered in England and Wales. The share capital of all subsidiaries is wholly-owned by Safeland plc and all subsidiaries operate in the United Kingdom.

In addition, the following companies are or were wholly-owned dormant subsidiaries, incorporated in Great Britain and registered in England and Wales, some of which were dissolved as shown:

CFC 23 Limited (dissolved on 5 July 2016)	Hollychain 8 Limited
CFC 33 Limited (dissolved on 5 July 2016)	Hollychain 9 Limited
CFC 36 Limited	Hollychain 11 Limited
CFC 37 Limited	Hollychain 12 Limited (dissolved on 5 July 2016)
CFC 40 Limited (dissolved on 5 July 2016)	Hollychain 13 Limited
CFC 42 Limited (dissolved on 5 July 2016)	Icebath Limited
CFC 43 Limited (dissolved on 5 July 2016)	Ivygate Developments Limited
CFC 45 Limited (dissolved on 5 July 2016)	Millpark Property Company Limited
CFC 46 Limited (dissolved on 5 July 2016)	Placeadmit Limited
CFC 47 Limited	Safeland (Guilford & Bloomsbury) Limited (dissolved on 5 July 2016)
CFC 48 Limited (dissolved on 5 July 2016)	Safeland Estates Limited (dissolved on 5 July 2016)
CFC 49 Limited (dissolved on 5 July 2016)	Safeland Property Fund Management Limited (dissolved on 5 July 2016)
CFC 50 Limited (dissolved on 5 July 2016)	THFC 54 Limited (dissolved on 5 July 2016)
CFC 51 Limited (dissolved on 5 July 2016)	THFC 55 Limited (dissolved on 5 July 2016)
CFC 52 Limited	THFC 56 Limited (dissolved on 5 July 2016)
CFC 53 Limited (dissolved on 5 July 2016)	THFC 57 Limited
Cornergate Properties Limited (dissolved on 5 July 2016)	Pullpower Limited
Deltamile Limited (dissolved on 5 July 2016)	Frenshar Limited (dissolved on 5 July 2016)
Evebell Limited (dissolved on 5 July 2016)	Avonridge Property Company Limited (dissolved on 5 July 2016)
Hollychain 1 Limited	Rainbow Estates (Gaynes Park) Limited (dissolved on 5 July 2016)
Hollychain 3 Limited	Safeland (Ground Rents) Limited
Hollychain 4 Limited	Saffron Developments Limited
Hollychain 5 Limited	Vistascan Properties Limited (dissolved on 5 July 2016)
Hollychain 6 Limited (dissolved on 5 July 2016)	
Hollychain 7 Limited	

# Notes to the Company Accounts

Year ended 31 March 2016

## 8. INVESTMENT IN ASSOCIATED COMPANIES

	31 March 2016 £'000
At 1 April 2015 and 31 March 2016	90

### Shares in associated undertakings

On 30 July 2011 the Company acquired 50 per cent of the issued share capital of Grafton Insurance Services Limited ("Grafton"), a company incorporated in the United Kingdom, for a cash consideration of £90,000.

## 9. OTHER INVESTMENTS

	Cost £'000	Fair-value £'000	Total £'000
<b>Cost</b>			
At 1 April 2015	40	268	308
Additions	-	664	664
Fair-value loss	-	(140)	(140)
At 31 March 2016	40	792	832

The company owns 1,111,111 ordinary equity shares (representing 2.95% of the issued equity) in Trust Property Management plc. The directors estimate that the fair value of these shares at 31 March 2016 was £40,000 (2015: £40,000).

Additions of £664,000 comprise 1,070,864 ordinary shares in Safestay plc acquired in a placing at 62p per share. The total number of shares held is 1,420,864 representing 4.3% of the issued share capital.

The company owns 5,119 ordinary equity shares (representing 0.04% of the issued equity) in Palace Capital plc. The market value of these shares at 31 March 2016 was £17,000 (2015: £18,000).

The company also 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 at 31 March 2016 was £nil (2015: £nil).

## 10. STOCKS

	31 March 2016 £'000	31 March 2015 £'000
Properties held for resale	6,029	7,198

The Company has pledged properties for resale of £6,029,000 (2015: £7,198,000) to secure banking facilities granted to the Company.

## 11. DEBTORS

	31 March 2016 £'000	31 March 2015 £'000
Amounts owed by Group undertakings	3,587	3,462
Other receivables	229	375
	3,816	3,837

All amounts shown above fall due for payment within one year.

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2016 £'000	31 March 2015 £'000
Trade creditors	65	36
Amounts due to Group undertakings	2,163	3,824
Other taxation and social security	-	24
Other creditors	2	-
Accruals and deferred income	117	164
	2,347	4,048

Amounts due to Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

## 13. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	31 March 2016 £'000	31 March 2015 £'000
Bank loans	10,927	7,185
	10,927	7,185

### Bank loans comprise:

	31 March 2016 £'000	31 March 2015 £'000
Bank loans	11,000	7,300
Unamortised borrowing costs	(73)	(115)
	10,927	7,185

# Notes to the Company Accounts

Year ended 31 March 2016

The bank loans are secured on properties owned by the company and by the Group. Bank loans are repayable as follows:

	31 March 2016 £'000	31 March 2015 £'000
One to two years	-	-
Two to five years	11,000	7,300
Over five years	-	-
	11,000	7,300

## 14. SHARE CAPITAL

	31 March 2016 £'000	31 March 2015 £'000
<b>Authorised</b>		
45,750,000 ordinary shares of 5p each	2,288	2,288
<b>Allotted, called and fully paid</b>		
At 1 April	843	843
Acquired by the Company and cancelled	(65)	-
At 31 March	778	843

The number of shares in issue is disclosed in note 23 of the Consolidated Financial Statements.

## 15. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Company had no operating lease commitments (2015: £nil).

## 16. RELATED-PARTY TRANSACTIONS

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

Mr L Lipman, a director of the Company, had outstanding loans due to the Company of £71,000 (2015: £nil), which were repaid after the year-end.

## 17. TRANSITION TO FRS 102

There were no material adjustments required to the consolidated net liabilities, consolidated income or consolidated other comprehensive income upon adoption of FRS 102.

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# Notice of Annual General Meeting

Year ended 31 March 2016

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 1a Kingsley Way, London N2 0FW on 20 September 2016 at 10.00am to consider, and if thought fit, to pass the following resolutions of which resolutions numbered 1 to 3 will be proposed as ordinary resolutions and of which resolutions numbered 4 to 6 will be proposed as special resolutions:

## Ordinary Business

- 1 That the report of the directors of the Company (the "Directors") and financial statements for the financial year ended 31 March 2016 be received and adopted.
- 2 That Edward Young be re-elected as a director of the Company.
- 3 That Grant Thornton UK LLP be re-elected as auditors of the Group and the Directors be authorised to fix their remuneration.

## Special Business

- 4 That:
  - 4.1 the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate maximum nominal amount of £259,340 provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company to be held in 2017 and 30 September 2017 save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the expiry of such authority and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and
  - 4.2 the authority granted by this resolution shall replace all existing authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company previously granted to the Directors pursuant to section 551 of the Companies Act 2006 (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).
- 5 That:
  - 5.1 the Directors be and are hereby generally and unconditionally empowered pursuant to section 571(1) of the Companies Act 2006 (a) subject to the passing of Resolution 4, to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 4 and (b) to allot equity securities (as defined in section 560(3) of the Companies Act 2006 (sale of treasury shares)) for cash, in either case as if section 561 of the Companies Act 2006 did not apply to such allotment, provided that this power shall be limited to:
    - 5.1.1 the allotment of equity securities in connection with a rights issue, open offer or otherwise in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them and for the purposes of this resolution "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to:
      - (a) holders on the register on a fixed record date of ordinary shares in proportions to their respective holdings; and
      - (b) holders on the register of a fixed record date of other equity securities to the extent expressly required or (if considered appropriate by the Directors) permitted by the rights attached thereto, but subject to such exceptions, exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, treasury shares, record dates, shares represented by depositary receipts, legal or practical problems under the laws of, or the requirements of, any regulatory body or recognised stock exchange or otherwise in any territory; and

# Notice of Annual General Meeting

Year ended 31 March 2016

- 5.1.2 the allotment (otherwise than pursuant to paragraph 5.1.1 above) of equity securities up to an aggregate maximum nominal value of £38,901, and shall (unless previously revoked, varied or renewed by the Company in general meeting) expire on the earlier of the conclusion of the next annual general meeting of the Company to be held in 2017 and 30 September 2017 save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and
- 5.2 all previous unutilised authorities conferred under section 570 of the Companies Act 2006 shall cease to have effect and shall be and are hereby revoked provided that such revocation shall not have retrospective effect.
- 6 That the Company be and is hereby authorised for the purpose of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares in the capital of the Company ("Ordinary Shares"), on such terms and in such manner as the Directors may from time to time determine, provided that:
- 6.1 the maximum number of Ordinary Shares authorised to be purchased is 2,332,500 being such number of Ordinary Shares as represents 14.99 per cent. of the current issued Ordinary Share capital of the Company;
- 6.2 the minimum price (exclusive of any expenses) which may be paid for any Ordinary Share shall be not less than 5 pence, being the nominal value of each Ordinary Share;
- 6.3 the maximum price (exclusive of any expenses) which may be paid for any Ordinary Share shall be not more than the higher of:
- 6.3.1 5 per cent. above the average of the market value for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased; and
- 6.3.2 the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on the Daily Official List of the London Stock Exchange plc at the time the purchase is carried out;
- 6.4 unless previously renewed, varied or revoked, this authority shall expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2017 and 30 September 2017; and
- 6.5 the Company may make a contract to purchase Ordinary Shares under this authority before its expiry which will or may be executed wholly or partly thereafter and may make a purchase of Ordinary Shares in pursuance of any such contract as if such authority had not expired.

By order of the Board



**Mark Beveridge**  
Company Secretary  
22 August 2016

Registered Office  
1A Kingsley Way  
London N2 0FW

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## NOTES

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

1. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.
2. If you have sold or transferred all your ordinary shares in the Company, please send this document and the enclosed form of proxy to the stockbroker, or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.
3. A shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote instead of that shareholder. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share held by the appointing shareholder.
4. To be effective, the relevant proxy form must be completed and lodged with the Company's registrar, Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 48 hours before the meeting together with the original of any power of attorney or other authority under which the form of proxy is signed. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. Completion and return of the relevant proxy form enclosed herewith will not prevent a shareholder from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his/her discretion. Your proxy will vote (or abstain from voting) as he/she thinks fit in relation to any other matter which is put before the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) no later than 48 hours before the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

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# Notice of Annual General Meeting

Year ended 31 March 2016

8. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the Register of Members of the Company at close of business on 18 September 2016 (or if the Annual General Meeting is adjourned, members entered on the Register of Members of the Company not later than 48 hours before the time fixed for the adjourned Annual General Meeting) shall be entitled to attend, speak and vote at the Annual General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Register of Members of the Company after close of business on 18 September 2016 shall be disregarded in determining the rights of any person to attend, speak or vote at the Meeting.
9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
10. Copies of the service agreements of the Executive Directors and the letters of appointment of the Non-Executive Director will be available for inspection at the Company's registered office during normal business hours on any week day (but not at weekends or on public holidays) up to and including the date of the Annual General Meeting. Copies of all the above mentioned documents will also be available on the date of the Annual General Meeting at the place of the meeting for 15 minutes prior to the meeting until its conclusion.
11. Except as provided above, members who have general queries about the meeting should write to the Company Secretary at the address of our registered office. You may not use any electronic address provided either in this notice of Annual General Meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

# Annual General Meeting Proxy Form

Year ended 31 March 2016

**Before completing this form, please read the explanatory notes overleaf**

I/We being a member of the Company appoint the Chairman of the meeting or (see note 4 on the next page)

as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held at 1a Kingsley Way, London N2 0FW on 20 September 2016 at 10.00am and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

RESOLUTIONS	For	Against	Abstain
1. THAT the report of the directors and financial statements for the financial year ended 31 March 2016 be received and adopted.	[ ]	[ ]	[ ]
2. THAT Edward Young be re-elected as a director of the Company.	[ ]	[ ]	[ ]
3. THAT Grant Thornton UK LLP be re-elected as auditors of the Group and the directors be authorised to fix their remuneration.	[ ]	[ ]	[ ]
4. THAT the directors be authorised to allot shares pursuant to section 551 of the Companies Act 2006.	[ ]	[ ]	[ ]
5. THAT section 561 of the Companies Act 2006 be disapplied.	[ ]	[ ]	[ ]
6. THAT the Company be authorised to purchase its own shares pursuant to section 701 of the Companies Act 2006.	[ ]	[ ]	[ ]

Signature ..... Date .....

Shareholder name .....

Shareholder address .....

.....

.....

Please return the proxy form in the reply-paid envelope provided.

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## EXPLANATORY NOTES TO THE PROXY FORM

1. A shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote instead of that shareholder. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share held by the appointing shareholder.
2. To be effective, this form and the power of attorney or other authority, if any, under which it is signed must be lodged with the Company's registrars at Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the meeting. In the case of a corporation, this proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised.
3. In the case of joint holders, the vote of the first name on the register who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders.
4. If you wish to appoint as your proxy someone other than the Chairman of the meeting, delete the words "the Chairman of the meeting" and insert the name of your chosen proxy in the space provided in the first box. If the proxy is being appointed in relation to part of your holding only, please enter in the box next to the proxy's name the number of shares in relation to which they are authorised to act as your proxy. If this box is left blank, they will be authorised in respect of your full voting entitlement. A proxy need not be a member of the Company.
5. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Company's registrar, Capita Asset Services, on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open from 9.00 am to 5.30 pm Monday to Friday) or you may copy this form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Multiple proxy appointments should be returned together in the same envelope.
6. Any alteration should be initialled by the person signing this proxy.
7. Please indicate with an "X" in the appropriate boxes how you wish your votes on the resolutions to be cast. Unless otherwise instructed, your proxy may vote or abstain from voting as he/she thinks fit. The "Abstain" option is to enable you to abstain on any particular resolution. A vote abstained will be treated as a vote withheld and is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his/her discretion.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (RA10) no later than 48 hours before the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. You can only appoint a proxy using the procedures set out in these notes and the notes to the Notice of Annual General Meeting. Completion and return of the proxy form will not prevent a shareholder from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. To have the right to attend, speak and vote (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the Register of Members of the Company by no later than close of business on 18 September 2016 or, in the event that the meeting is adjourned, 48 hours prior to the date of the adjourned meeting. Changes to entries on the Register of Members after this time shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.



**Safeland plc**

1a Kingsley Way  
London N2 0FW

**T:** 020 8815 1600

**F:** 020 8815 1601

**[www.safeland.co.uk](http://www.safeland.co.uk)**