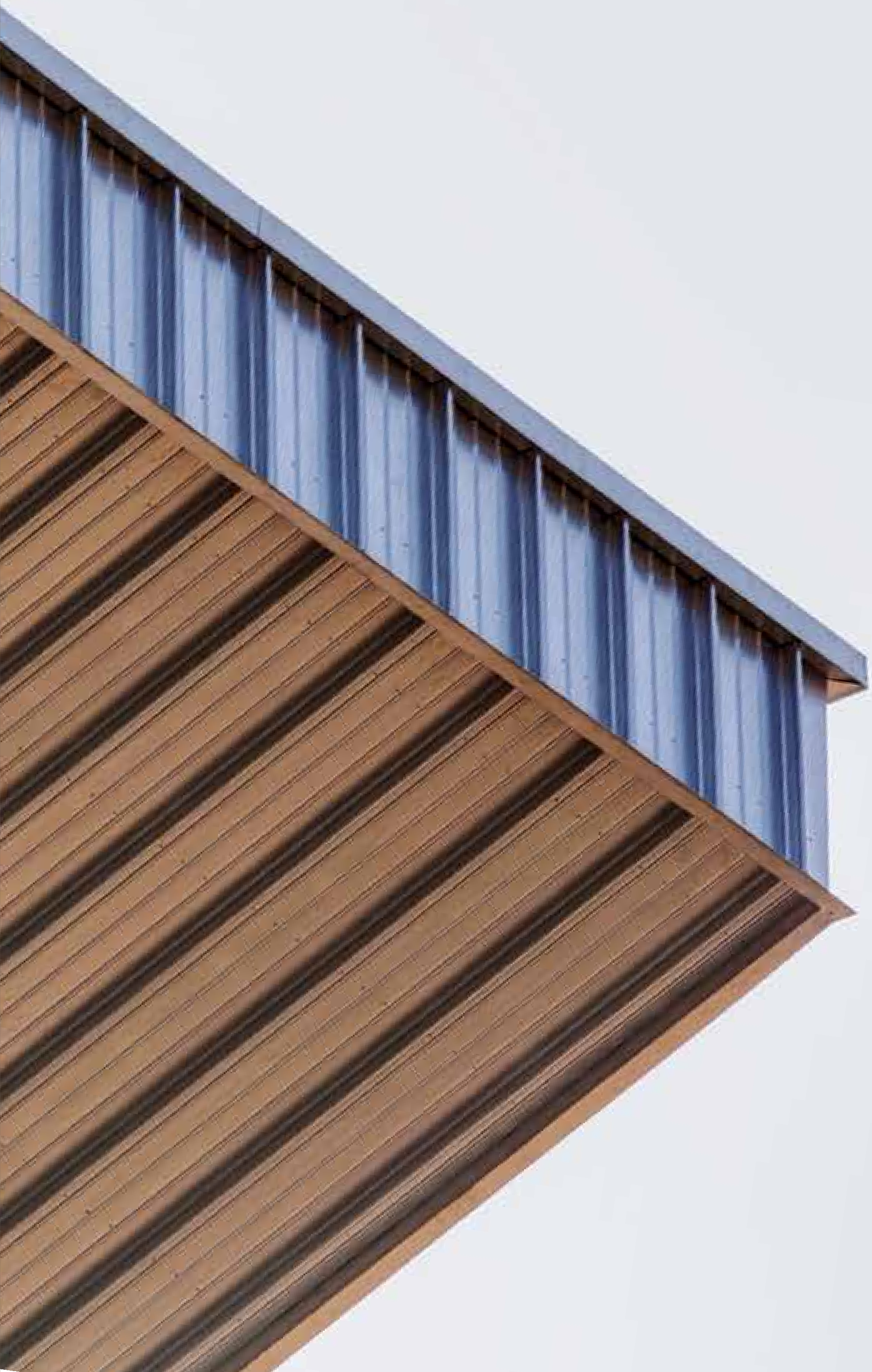
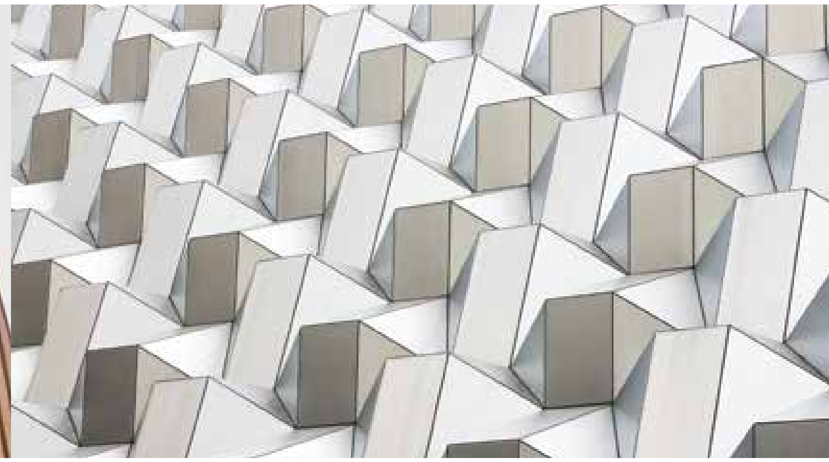
Report & Financial Statements 2017

Safeland plc

“Safeland are specialists in property trading, refurbishment, development and investment.”



"We are pleased to continue the trend of distributing a share of profits to our shareholders by proposing a final dividend of 1p this year"

Managing Director's Statement

Key achievements
I am pleased to report on another successful year, albeit that the year to 31 March 2017 saw lower levels of turnover and profitability than the preceding year.

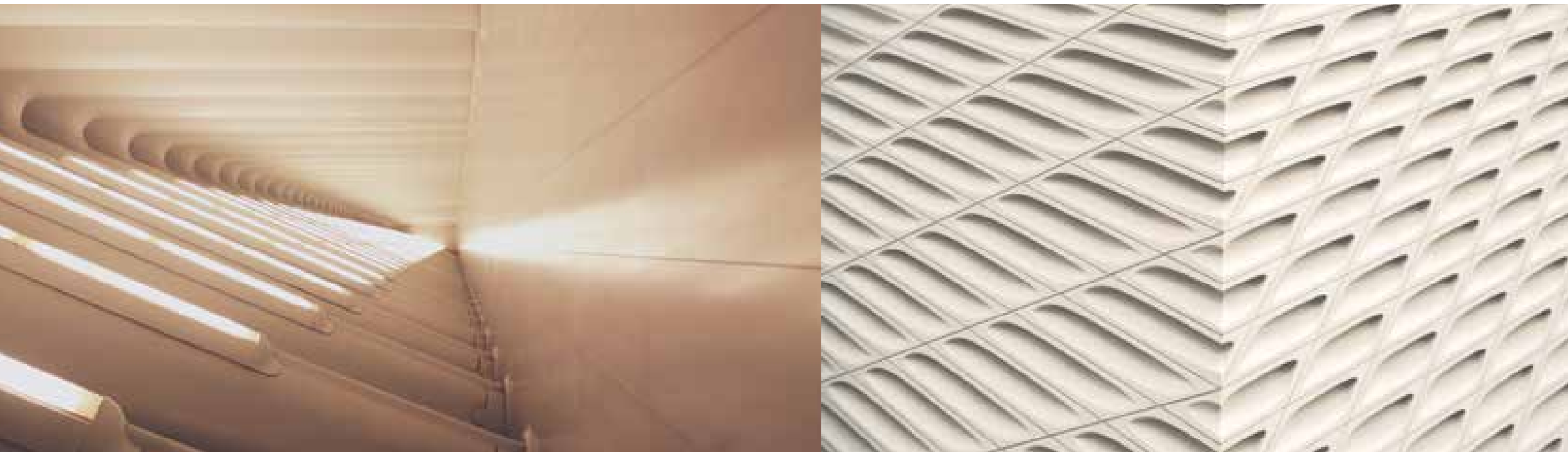
In the year to 31 March 2016, we were able to make an interim distribution of 1.5p per share, and although there was no interim dividend this year, we are pleased to continue the trend of distributing a share of profits to our shareholders by proposing a final dividend of 1p per share (2016: nil).

Having sold 31 residential units in Wimbledon over the preceding year, we subsequently sold the long leasehold ground rents of the development in the year to 31 March 2017, exiting a successful transaction at the site.

We completed the refurbishment of a substantial detached freehold house in London N2, the acquisition of which was announced in my report last year, and I am delighted that the sale of the house was completed profitably.

Last year's report announced the planning permission obtained for the conversion into apartments of a hotel in Muswell Hill, London N10 which had been owned and operated by the group. Trading at the hotel ceased in August 2016 and in September 2016 we commenced construction work to provide basement car parking and 8 one-bed flats, 8 two-bed flats and 2 three-bed flats. We remain on course to complete the building work towards the end of 2017, as announced in our interim results to 30 September 2016. Revenue from the hotel has been shown as discontinued operations.

Other property transactions in the year to 31 March 2017 included the purchase and sale of properties in New Barnet,



Herts; East Finchley, London N2; Wembley, Middlesex; and on a site near our head office in Hampstead Garden Suburb, London N2.

Continuing the theme of purchasing our own shares – in the prior year there had been two transactions totalling 1,290,800 shares – this year we made a further two buy-backs, totalling 193,000 shares. The directors continued to consider that the acquisition and cancellation of these shares would enhance the value of the remaining shares in issue.

Since the balance sheet date, the directors have taken advantage of opportunities to acquire for cancellation several further tranches of shares, totalling another 275,000 shares.

Financial review
Group revenue for the year to 31 March 2017 of £12.9 million comprised sales of development properties, rental income, management fees and (for part of the year) revenue from the Muswell Hill hotel, but was below the £21.1 million reported for the preceding year, in which there was more activity.

Gross profit of £2.46 million was below the £7.1 million for the year to 31 March 2016, and operating profit declined too, from £5.8 million to £1.9 million, reflecting my statement at the half-year that we are extremely selective on transactions until the outlook on the economy in general and the property sector specifically, show signs of strengthening.

Further indicating our cautious views and reduced activity, trading stock has decreased in value from £14.8 million at our 2016 year-end to £9.3 million at 31 March 2017. The Statement of Financial Position shows gearing at 31 March 2017 of 12%, reduced from 45% at 31 March 2016.

I am pleased to report that our net asset value (NAV) rose from £17.7 million (equivalent to 114 pence per share) at 31 March 2016, to £19.9 million (equivalent to 129 pence per share) at 31 March 2017. This is a 13% increase, albeit that for the second consecutive year there were fewer shares in issue at the year-end than 12 months previously, as a result of buy-backs and cancellation.

Due to the fall in share price over the previous year, total shareholder returns for the year decreased by 2.7% (2016: 16% increase).

Outlook
I repeat the statement in the most recent interims and 2016's full-year results, that the market appears to us to be constrained by an economic outlook which in turn is affected by political conditions at home, in the EU, and worldwide, which I believe have combined to create a cautious environment.

This is not stopping us from adding value to existing stock through planning or development, and we remain confident that our skills will enable us to make selective acquisitions and profitable disposals.

Larry Lipman
Managing Director

10 August 2017

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

Strategic Report

The directors present their strategic report on the affairs of the Company and the Group together with the financial statements for the year ended 31 March 2017

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

Review of business and future prospects
The Group's key achievements, financial review and future prospects are detailed in the Managing Director's statement. The results for the year are set out in detail on page 16.

A final dividend of 1p per share (2016: nil) is proposed. During the year, no interim dividend was paid (2016: 1.5p per share)

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 noted a small decrease in the year-end share price from 56.5p to 55p in the year to 31 March 2017 which, in the absence of any dividends paid in the year, gave a negative shareholder return of 2.7%, down from an increase of 16.0% in the year to 31 March 2016.

Net asset value (NAV) per share is calculated by dividing net assets per the consolidated statement of financial position by the number of shares in issue at that date. The NAV increased from 114p to 129p per share this year. Total shareholder return measures the return to shareholders from share price movements supplemented by other returns such as dividends.

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

Business risk
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 was made by the directors using their knowledge of the then 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 would 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.

"A year in which we looked towards maintaining our investments for the future."

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.

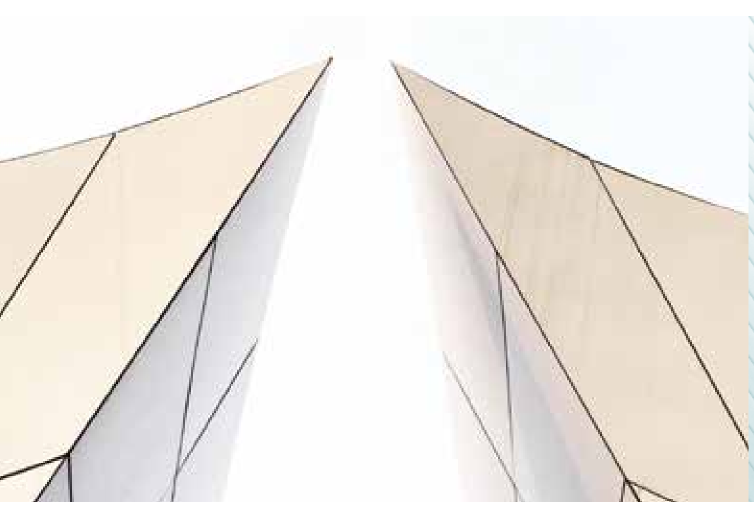
The determining factor as to how much Safeland is able to buy at any one time is limited by cash and there may be times when opportunities are not able to be taken advantage of as all available monies have been allocated elsewhere. Strict financial controls are in operation to ensure that monies cannot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

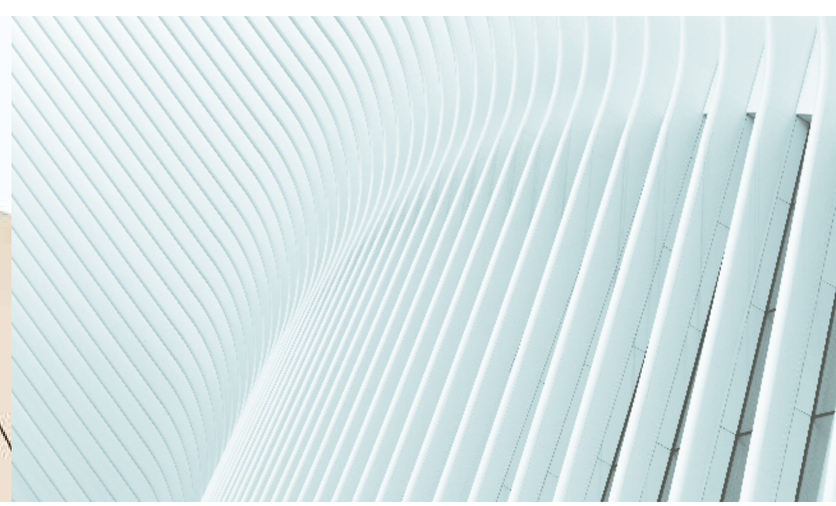
Financial risk management policies are described in note 27 to these financial statements and the accounting policies notes confirm that the Directors consider the company to be a going concern.

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

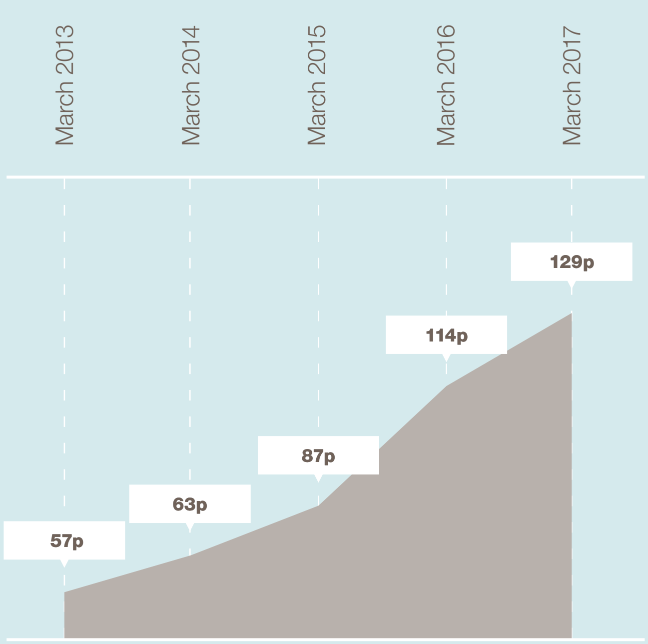
Larry Lipman
Managing Director

10 August 2017

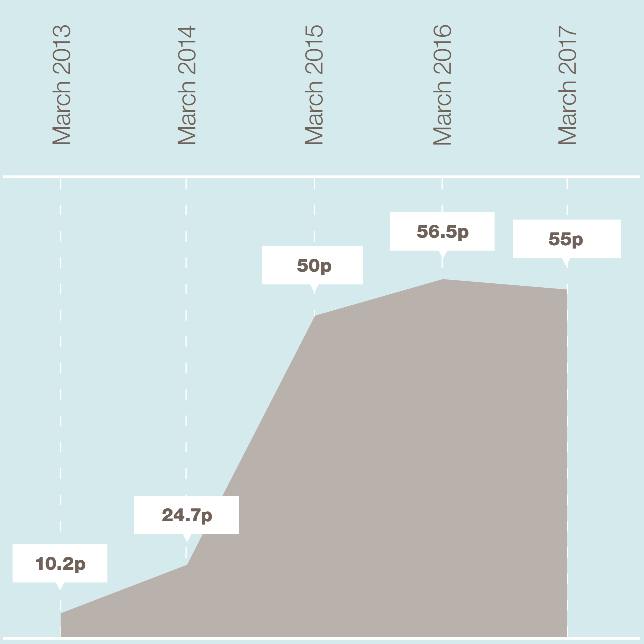




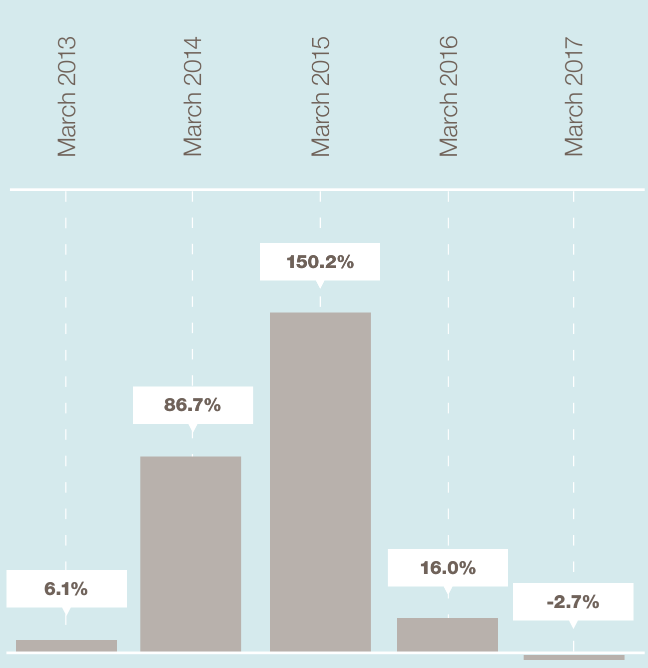
Net Asset Value Per Share



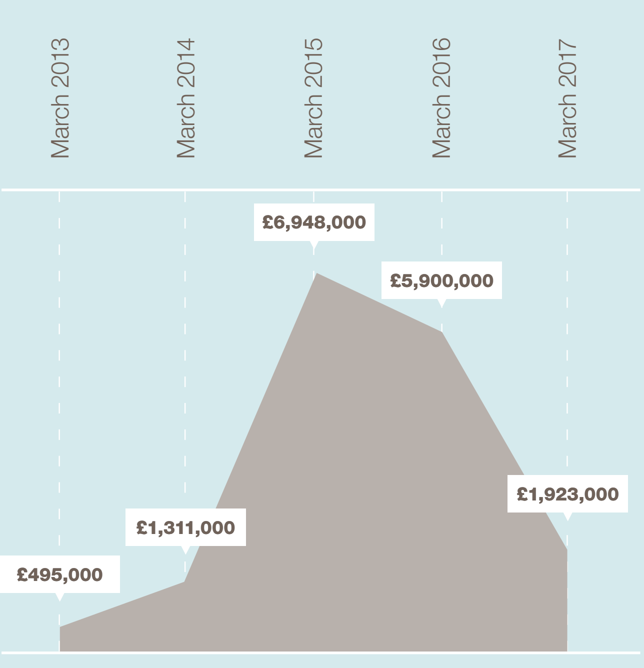
Share Price



Total Shareholder Return



Operating Profit



Officers and Professional Advisers

Directors

Larry Lipman
Managing Director

Errol Lipman
Executive Director

Edward Young
Non-executive Director

Company Secretary
Mark Beveridge
(appointed 11 April 2016)

Registered Office
1a Kingsley Way
London N2 0FW

Company Number
2012015

Nominated Adviser and Broker
Stockdale Securities
Beaufort House
15 Botolph Street
London EC3A 7BB

Corporate Solicitors
Dechert LLP
160 Queen Victoria Street
London EC4V 4QQ

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

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

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

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2017

Results, future developments and dividends
The results of the Group are discussed in the Managing Director's Statement and the Strategic Report. Further details are shown in the consolidated income statement on page 16 and the related notes.

The Directors' strategy and plans for the future development of the Group are set out in the Managing Director's Statement and the Strategic Report.

The Board has proposed a final dividend for the financial year to 31 March 2017 of 1p per share (2016: nil) payable to shareholders on the register on 25 August 2017.

Directors
The directors who have served since 1 April 2016 are as follows:

Larry Lipman
Errol Lipman
Edward Young (non-executive)

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

Directors' interests in shares
The directors who were in office at 31 March 2017 had the following beneficial interests in the ordinary shares of the Company during the year and at the year-end:

	At 31 March 2017 Number of 5p ordinary shares	At 31 March 2016 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 (2016: 10,854,386) ordinary shares in the company, representing 70.63% (2016: 64.41%) of the Company's shares in issue as at 31 March 2017.

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.

Larry Glenn Lipman
Managing Director

Mr L G Lipman (aged 60) is the Managing Director of Safeland plc with many years' experience in the property sector. 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 58) 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 74) qualified as a solicitor in 1968 after graduating from University College London and has extensive experience in commercial property law and practice.

Directors' interests in options over the equity share capital of the company at 31 March 2017 were as follows:

	At 31 March 2016	Granted	Lapsed	At 31 March 2017	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 2017, 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	70.63

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

Post-balance sheet events
Since 1 April 2017, the Group has bought back for cancellation four tranches totalling 275,000 ordinary shares of 5p each. The Directors considered that the acquisition and cancellation of these shares would enhance the value of the remaining shares in issue. This followed the buy-back of two tranches, totalling 193,000 shares, for £108,000 during the year to 31 March 2017.

Capital structure
Outstanding options over the share capital of the Company are held by members of the Board. No new share options were issued in the year. See also Directors' interests above.

The shares of the Company are traded on AIM, a market operated by the London Stock Exchange. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has special rights of control over the Company's share capital and all issued shares are fully paid. With regard to appointment and replacement of directors, the Company is governed by its articles of association, the Companies Act 2006 and related legislation. The articles may be amended by special resolution of the shareholders. The powers of directors are described in the main board terms of reference, copies of which are available on request, and in the corporate governance statement on page 14.

Political and charitable donations
The Group made no charitable or political donations in the year (2016: £nil).

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with UK Generally Accepted Accounting Principles and in accordance with FRS102 (UK GAAP). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the consolidated financial statements have been prepared in accordance with IFRSs as adopted by the European Union;

- state whether the Company financial statements have been prepared in accordance with applicable United Kingdom accounting standards; and

- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Financial Statements are made available on a website.

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 the financial statements and other information included in annual reports may differ from legislation in other jurisdictions. The Directors' responsibility also extends to ongoing integrity of the financial statements contained therein.

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

To the best of our knowledge:

- the group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;

- the Company financial statements, prepared in accordance with applicable United Kingdom accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, taken as a whole; and

- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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 2017, the directors have authorised no such conflicts or potential conflicts in accordance with the above procedures.

A director had a loan account with the company during the year. The loan was fully repaid on 27 July 2016 (see note 26).

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 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.

Auditor

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

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

Larry Lipman
Managing Director

10 August 2017

Directors' Remuneration Report

Introduction
This report describes how the Board has applied the principles of good governance relating to directors' remuneration during the year ended 31 March 2017.

Corporate governance statement
The Company was not required to comply with the UK Corporate Governance Code in 2016/17 as an AIM-quoted company.

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.

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 year under review and the prior year, the directors did not receive bonuses.

3 Share options.

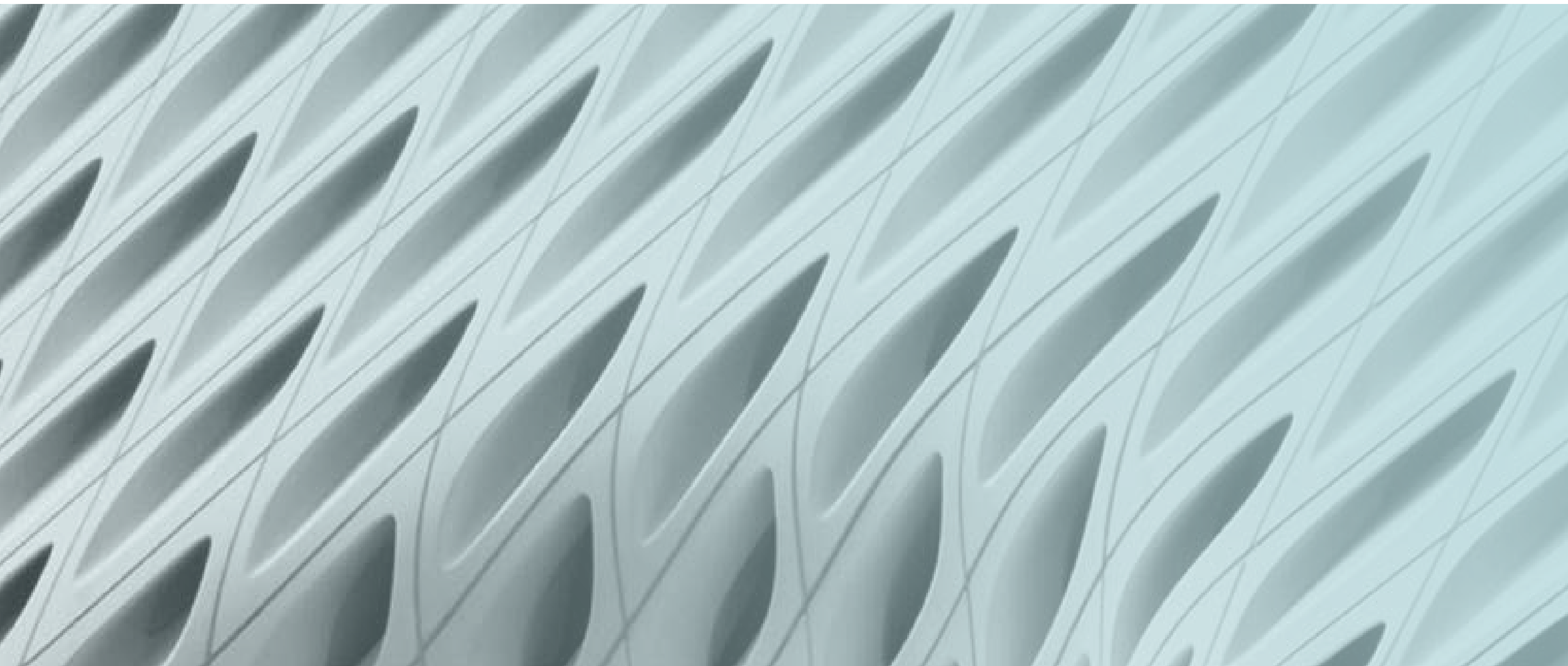
The remuneration package for executive directors also includes benefits in kind such as cars, fuel and health insurance.

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.

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 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.

Share price
The Company has a single class of ordinary shares quoted on the AIM market of the London Stock Exchange. High and low prices for the year were 64.00p and 38.00p respectively (2016: 66.00p and 50.00p) and the market price of the shares at 31 March 2017 was 55.00p (2016: 56.5p).



Directors' emoluments

The emoluments of the directors of the Company for the year ended 31 March 2017 were as follows:

Name	Salary and fees £'000	Benefits in kind £'000	2017 Total £'000	Salary and fees £'000	Benefits in kind £'000	2016 Total £'000
Executive directors						
R Lipman	–	–	–	25	16	41
L G Lipman	199	59	258	171	47	218
E A Lipman	199	49	248	171	51	222
C M Stone	–	–	–	83	1	84
Non-executive director						
E G Young	20	–	20	15	–	15
	418	108	526	465	115	580

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

Larry Lipman
Managing Director

10 August 2017

Corporate Governance

Directors
During the year ended 31 March 2017 the Group was controlled by its Board of Directors which consisted of two executive directors 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.

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.

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.

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.

Going concern
The Directors report that, based on the Group's budgets and financial projections to 31 August 2018 and a Letter of Intent that has been received, to renew the Group's five-year revolving credit facility with Lloyds Bank plc, they have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Company and Group have adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the accounts are prepared on the going concern basis.

Auditor
The 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

10 August 2017

Independent Auditor's Report

Independent auditor's report to the members of Safeland plc

We have audited the group financial statements of Safeland plc for the year ended 31 March 2017 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 financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group 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 group 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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:

- 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.

Other matter

We have reported separately on the parent company financial statements of Safeland plc for the year ended 31 March 2017.

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

10 August 2017

Consolidated Income Statement

Year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Revenue			
Continuing	3	12,695	20,268
Discontinued	3	277	848
		12,972	21,116
Cost of sales	4	(10,517)	(14,003)
Gross profit		**2,455**	**7,113**
Administrative expenses	5	(1,721)	(1,287)
Gain on revaluation of investment properties		459	42
Profit/(loss) on disposal of investment property		694	(33)
Dividend from investment		5	9
Share of results of associate	15	31	27
Operating profit		**1,923**	**5,871**
Operating profit – continuing		1,877	5,800
Operating profit – discontinued		46	71
		1,923	5,871
Finance income	6	554	520
Finance costs	7	(448)	(334)
Profit before tax		**2,029**	**6,057**
Tax	9	293	(1,522)
Profit for the financial year attributable to owners of the parent company	8	**2,322**	**4,535**
Basic earnings per share	10	**14.93p**	**27.95p**
Diluted earnings per share	10	**11.69p**	**15.45p**
Earnings per share – discontinued activities	10	**0.03p**	**0.04p**

The revenue and operating result for the year include £277,000 and £36,000 respectively derived from discontinued operations. All revenue and operating results were derived in the United Kingdom.

The notes on pages 21 to 44 form part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Profit for the year		2,322	4,535
Other comprehensive income			
Fair value losses on available-for-sale financial assets	16	(30)	(139)
Other comprehensive income for the year, net of tax		(30)	(139)
Total comprehensive income for the year attributable to owners of the parent company		**2,292**	**4,396**

The notes on pages 21 to 44 form part of these financial statements.

Consolidated Statement of Financial Position

Company registration no. 2012015

Year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	13	1,885	1,904
Investment properties	14	1,182	1,123
Investment in associate	15	127	121
Available-for-sale investments	16	802	832
Trade and other receivables	18	–	8,503
Total non-current assets		**3,996**	**12,483**
Current assets			
Trading properties	17	9,348	14,838
Trade and other receivables	18	9,209	381
Cash and cash equivalents	19	5,280	2,988
Total current assets		**23,837**	**18,207**
Total assets		**27,833**	**30,690**
Current liabilities			
Bank loans and overdrafts	20	7,639	–
Trade and other payables	21	232	495
Corporation tax payable	9	–	1,450
Total current liabilities		**7,871**	**1,945**
Non-current liabilities			
Bank loans	20	–	10,927
Deferred income tax liabilities	22	32	72
Total non-current liabilities		**32**	**10,999**
Total liabilities		**7,903**	**12,944**
Net assets		**19,930**	**17,746**
Equity			
Share capital	23	768	778
Share-based payment reserve		354	354
Investment revaluation reserve		(82)	(52)
Capital redemption reserve		75	65
Retained earnings		18,815	16,601
Total equity attributable to owners of the parent company		**19,930**	**17,746**

These financial statements were approved by the Board of Directors and authorised for issue on 10 August 2017.

Signed on behalf of the Board of Directors:

Larry Lipman
Director

The notes on pages 21 to 44 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 March 2017

	Share capital £'000	Capital redemption reserve £'000	Share- based payment reserve £'000	Investment revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2015	**843**	**–**	**486**	**87**	**13,338**	**14,754**
Comprehensive income						
Profit for the year	–	–	–	–	4,535	4,535
Revaluation of available-for-sale investments	–	–	–	(139)	–	(139)
Total comprehensive income	**–**	**–**	**–**	**(139)**	**4,535**	**4,396**
Transactions with owners						
Share-based payment charge for the year	–	–	(132)	–	–	(132)
Dividend paid	–	–	–	–	(529)	(529)
Purchase of own shares	(65)	65	–	–	(743)	(743)
Total transactions with owners	**(65)**	**65**	**(132)**	**–**	**(1,272)**	**(1,404)**
Balance at 31 March 2016	**778**	**65**	**354**	**(52)**	**16,601**	**17,746**
Comprehensive income						
Profit for the year	–	–	–	–	2,322	2,322
Revaluation of available-for-sale investments	–	–	–	(30)	–	(30)
Total comprehensive income	**–**	**–**	**–**	**–**	**2,322**	**2,292**
Transactions with owners						
Share-based payment charge for the year	–	–	–	–	–	–
Purchase of own shares	(10)	10	–	–	(108)	(108)
Total transactions with owners	**(10)**	**10**	**–**	**–**	**(108)**	**(108)**
Balance at 31 March 2017	**768**	**75**	**354**	**(82)**	**18,815**	**19,930**

The notes on pages 21 to 44 form part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Operating activities			
Cash inflow from operations	25	6,523	2,321
Interest paid		(406)	(292)
Corporation tax paid		(1,464)	(1,695)
Net cash inflow from operating activities		**4,653**	**334**
Investing activities			
Interest received		1	1
Purchase of property, plant and equipment		(143)	(105)
Purchase of available-for-sale investments		–	(664)
Distributions from associate		25	33
Other dividends received		6	5
Proceeds from sale of investment properties		1,094	1,637
Proceeds from sale of property, plant and equipment		94	82
Net cash generated from investing activities		**1,077**	**989**
Financing activities			
Purchase of own share capital		(108)	(743)
Dividends paid to equity shareholders		–	(529)
New loans		2,001	3,742
Loan repayments		(5,331)	(1,259)
Net cash (used in)/generated from financing activities		**(3,438)**	**1,211**
Net increase in cash and cash equivalents		**2,292**	**2,534**
Cash and cash equivalents at beginning of year	19	2,988	454
Cash and cash equivalents at end of year	19	**5,280**	**2,988**

The notes on pages 21 to 44 form part of these financial statements.

Notes to the Consolidated Accounts

Year ended 31 March 2017

1) ACCOUNTING POLICIES

Basis of accounting
Safeland plc is quoted 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 2018, they have satisfied themselves that the business is a going concern.

The Group has a loan facility of £12.5m with Lloyds Bank plc which will terminate on 9 December 2017. The Group has entered into refinancing discussions with Lloyds Bank plc and has a signed Letter of Intent from the bank to renew the facility for a further five years under similar terms and conditions as exist currently.

Further, 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 prepared the accounts on the going concern basis.

IFRS in issue but not yet applied in the current financial statements
The IASB and IFRIC have issued the following standards and interpretations with an effective date for periods starting on or after the date on which these financial statements start:

- IFRS 9 Financial Instruments (2014) (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017)
- Disclosure Initiative: Amendments to IAS 7 Statement of Cash Flows (effective 1 January 2017)
- Annual Improvements to I FRS 2014-2016 Cycle (effective 1 January 2017)
- IFR IC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018)
- Amendments to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective 1 January 2018)
- Amendments to IAS 40: Transfers of Investment Property (effective 1 January 2018)

The directors have not yet formally assessed whether the adoption of IFRS9 and IFRS15 will have a material impact on the financial statements in the future. The directors are cognisant of the emerging issues arising in respect of the draft standard on leases (IFRS16) which has not yet been endorsed by the EU. The progress of this standard is being monitored although the effect on the Group is not yet known.

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.

Notes to the Consolidated Accounts

Year ended 31 March 2017

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 investments 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 2017. 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 cash-flows 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 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 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.

Hotel revenue comprised revenues from overnight hotel accommodation, banqueting facility hire and sales of food and beverages. All revenue was recognised when the service was provided. The hotel closed and ceased to trade on 3 August 2016.

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

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 year 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.

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 it does not control the joint ventures and therefore has 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.

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.

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.

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.

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

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.

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.

Notes to the Consolidated Accounts

Year ended 31 March 2017

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.

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 (eg 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 (ie 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.

Capital redemption reserve
The capital redemption reserve comprises the nominal value of cancelled share capital.

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.

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.

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.

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.

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.

Notes to the Consolidated Accounts

Year ended 31 March 2017

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. 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.

Investment properties
At 31 March 2017, the carrying value of the Group's investment properties was £1,182,000 (2016: £1,123,000). As at 31 March 2017 and 31 March 2016, the investment properties were subject to a valuation exercise. The valuations were performed by the directors of Safeland plc. The increase in fair value of the Group's investment properties during the year is £459,000 (2016: increase of £42,000). 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 2017, the carrying value of the Group's trading properties was £9,348,000 (2016: £14,838,000). 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 has been based on the value of the original deferred consideration which was due to be received, being £9.2 million. The Directors consider this to be the most appropriate valuation. Though similar properties in the location are being initially marketed, they have not been sold. Consequently, the use of those valuations as a benchmark could lead to an overstatement of the value of the properties. Therefore, until construction of the properties is completed and they are sold, the Directors consider a more prudent view as appropriate 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 from 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.

All activities are based in the United Kingdom.

The segmental information of the Group's results for the year ended 31 March 2017 was as follows:

	Property trading £'000	Hotel operation [1] £'000	Property management £'000	Property investment £'000	Total £'000
Revenue	**12,480**	**277**	**–**	**215**	**12,972**
Cost of sales	(10,286)	(231)	–	–	(10,517)
Gross profit	**2,194**	**46**	**–**	**215**	**2,455**
Profit on disposal of investment properties	–	–	–	694	694
Gain on revaluation of investment properties	–	–	–	459	459
Share of profit of associate	–	–	31	–	31
Operating profit before administration expense	**2,194**	**46**	**31**	**1,368**	**3,639**
Administrative expenses					(1,721)
Dividend from investments					5
Finance income					554
Finance costs					(448)
Profit before tax					**2,029**

[1] As described in the Directors' Report, the hotel business ceased to operate with effect from 3 August 2016 and has been closed permanently. The property is currently being refurbished into 18 apartments.

Notes to the Consolidated Accounts

Year ended 31 March 2017

	Property trading £'000	Hotel operation £'000	Property management £'000	Property investment £'000	Unallocated £'000	Total £'000
Segment assets	**18,456**	**–**	**–**	**1,182**	**8,195**	**27,833**
Segment liabilities	(7,639)	–	–	–	(264)	(7,903)
Net assets	**10,817**	**–**	**–**	**1,182**	**7,931**	**19,930**
Capital expenditure	–	–	–	–	5	5
Depreciation	–	–	–	–	81	81

As described in the Directors' Report, the hotel business ceased to operate with effect from 3 August 2016 and has been closed permanently. The property is currently being refurbished into 18 apartments.

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
Revenue	**20,110**	**848**	**17**	**141**	**21,116**
Cost of sales	(13,226)	(777)	–	–	(14,003)
Gross profit	**6,884**	**71**	**17**	**141**	**7,113**
Dividend from associate	–	–	13	–	13
Share of profit of associate	–	–	23	–	23
Operating profit before administration expense	**6,884**	**71**	**53**	**141**	**7,149**
Administrative expenses					(1,287)
Dividend from investments					9
Finance income					520
Finance costs					(334)
Profit before tax					**6,057**

	Property trading £'000	Hotel operations £'000	Property management £'000	Property investment £'000	Unallocated £'000	Total £'000
Segment assets	**23,342**	**496**	**–**	**1,123**	**5,729**	**30,690**
Segment liabilities	(10,927)	(219)	–	–	(1,798)	(12,944)
Net assets	**12,415**	**277**	**–**	**1,123**	**3,931**	**17,746**
Capital expenditure	–	–	–	–	105	105
Depreciation	–	–	–	–	85	85

3) REVENUE

	2017 £'000	2016 £'000
Continuing		
Trading property sales	12,480	20,110
Rental income from property investment	215	141
Property management income	–	17
Discontinued	**12,695**	**20,268**
Hotel operations	277	848
	12,972	21,116

4) COST OF SALES

	2017 £'000	2016 £'000
Cost of trading properties sold	9,893	13,156
Hotel operation (including staff costs)	231	777
Selling costs	48	70
	10,172	14,003

5) ADMINISTRATIVE EXPENSES

	2017 £'000	2016 £'000
Staff costs (see note 11)	890	854
Legal and professional fees	161	243
Property costs	53	60
(Profit)/loss on disposal of property, plant and equipment	(12)	15
Depreciation	81	85
Share option credit	–	(132)
Other expenses	548	162
	1,721	1,287

Notes to the Consolidated Accounts

Year ended 31 March 2017

6) FINANCE INCOME

	2017 £'000	2016 £'000
Bank deposit interest	1	1
Unwinding of debtor	553	519
	554	520

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

	2017 £'000	2016 £'000
Interest on bank overdrafts and loans	406	292
Amortised loan arrangement fees	42	42
	448	334

8) PROFIT FOR THE FINANCIAL YEAR

	2017 £'000	2016 £'000
Profit for the financial year is arrived at after charging:		
Depreciation on owned assets	80	85
Auditor's remuneration for audit services	58	64

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

	2017 £'000	2016 £'000
Fees payable to the auditor for the audit of the company's annual accounts	33	38
Fees payable to the auditor and its related entities for other services:		
The audit of the company's subsidiaries	25	26
Taxation compliance services	46	47
Taxation advisory services	40	–
	144	111

The audit fees disclosed in 2017 represent the fees payable for the audit for the year ended 31 March 2017 and the non-audit fees are those incurred in the year.

The non-audit fees have been considered by the Directors and are consistent with the Group's policy on the allotment of non-audit work to the Group's auditor.

9) TAX

	2017 £'000	2016 £'000
Current tax		
Corporation tax – current year	–	1,450
Corporation tax – prior year	(253)	–
Total current tax	(253)	1,450
Deferred tax	(40)	72
Total tax (credit)/charge	(293)	1,522

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

	2017 £'000	2016 £'000
Profit before tax	**2,029**	**6,057**
Tax at the UK corporation tax rate of 20% (2016: 20%)	406	1,121
Factors affecting (credit)/charge for the year		
Capital allowance for the period in excess of depreciation	8	10
Non-taxable income	(347)	(413)
Non-deductible expenditure	51	402
Revaluation on investment property	(92)	(295)
Profit on disposal of investment property	(139)	(25)
Chargeable gain on disposal of investment property	(42)	290
Adjustment in respect of prior years	(253)	342
Deferred tax not recognised	(58)	–
Effects of changes in future corportation tax rates	173	–
Group tax (credit)/charge	(293)	1,522

Details of deferred tax liabilities are included in note 22.

The Group has tax losses of approximately £5.8m (2016: £6.0m) which are available for offset against future trading profits. No deferred tax asset has been recognised in the financial statements due to the uncertainty as to the timing of the reversal. If the losses are utilised in future periods, the tax charge will be reduced.

Notes to the Consolidated Accounts

Year ended 31 March 2017

10) EARNINGS PER SHARE

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

	2017 £'000	2016 £'000
Profit for the year attributable to equity holders of the company	2,322	4,535

	2017 Number	2016 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share (continued and discontinued)	15,555,095	16,224,288
Effect of dilutive potential ordinary shares	12,042,793	13,138,490
Weighted average number of ordinary shares for the purposes of diluted earnings per share	27,597,888	29,362,778

The profit attributable to discontinued operations was £46,000 (2016: £71,000).

Net asset value at 31 March 2017 was £19,930,000 (2016: £17,746,000), equivalent to 129p per ordinary share (2016: 114p), though there were fewer shares in issue at 31 March 2017 than a year previously.

11) STAFF COSTS

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

	2017 Number	2016 Number
Sales	3	3
Administration	6	6
Hotel operations	6	21
	15	30

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

	2017 £'000	2016 £'000
Wages and salaries	797	884
Social security costs	92	86
Other employment costs	130	165
Total staff costs	1,019	1,135

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

	2017 £'000	2016 £'000
Cost of sales	129	281
Administrative expenses	890	854
	1,019	1,135

12) DIVIDENDS

The Directors recommend a final dividend of 1p per share (2016: nil). During the year, no interim dividend was paid (2016: 1.5p per share).

13) PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2015	1,760	245	116	2,121
Additions	–	103	2	105
Disposals	–	(101)	–	(101)
At 1 April 2016	1,760	247	118	2,125
Additions	–	138	5	5
Disposals	–	(133)	(14)	(7)
At 31 March 2017	1,760	252	109	2,123
Depreciation				
At 1 April 2015	9	29	102	140
Charge for the year	35	49	1	85
Disposals	–	(4)	–	(4)
At 1 April 2016	44	74	103	221
Charge for the year	35	40	5	81
Disposals	–	(57)	(8)	(64)
At 31 March 2017	79	57	100	238
Net book value:				
At 31 March 2017	1,681	195	9	1,885
At 31 March 2016	1,718	173	13	1,904

Notes to the Consolidated Accounts

Year ended 31 March 2017

14) INVESTMENT PROPERTIES

	2017 £'000	2016 £'000
Fair value		
At 1 April	1,123	2,693
Disposal of properties in the year	(400)	(1,612)
Increase in fair value during the year	459	42
At 31 March	1,182	1,123

The fair value of the investment properties at 31 March 2017 comprises freehold properties of £725,000 (2016: £665,000) and long leasehold properties of £457,000 (2016: £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 2017, 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.

The Group has pledged investment properties with a carrying value of £1,182,000 (2016: £1,110,000) to secure banking facilities granted to the Group.

The fair value of the Group's investment properties at 31 March 2017 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.

Property rental income earned by the Group from its investment properties amounted to £215,000 (2016: £132,000). Direct operating expenses arose on these properties during the year of £1,000 (2016: £1,000).

The historical cost of investment properties included in the financial statements at 31 March 2017 is £1,182,000 (2016: £831,000 as restated) of which £725,000 (2016: £288,000) are freehold and £457,000 (2016: £543,000) are long leasehold properties.

15) INVESTMENTS IN ASSOCIATES

The Group owns 50% of the ordinary share capital of Grafton Insurance Services Limited ("Grafton"), a company incorporated in the United Kingdom and whose registered office is Goldsmiths House, 137-141 Regent Street, London, W1B 4HZ. Grafton is accounted for as an associate as Safeland plc exercises significant influence over Grafton but does not have joint control. The statutory accounts for Grafton are drawn up to 31 January each year. The accounts to 31 January 2017 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 2017.

The Group's investment in Grafton, using the equity method of accounting, is:

	2017 £'000	2016 £'000
1 April	121	127
Share of profit	31	27
Dividends received	(25)	(33)
31 March	127	121

The carrying amount of this investment includes goodwill of £82,000 (2016: £82,000).

The Group's share of net assets in Grafton was:

	2017 £'000	2016 £'000
1 April	39	45
Share of profit	31	27
Dividends received	(25)	(33)
31 March	45	39

The Group's share of aggregated amounts relating to associates at 31 March 2017 extracted from the 31 January 2017 statutory accounts, updated to reflect significant transactions up to 31 March 2017, are set out below:

	2017 £'000	2016 £'000
Total assets	67	113
Total liabilities	(22)	(74)
	45	39
Revenue	72	70
Profit/(loss) for the period	6	(6)

16) AVAILABLE-FOR-SALE INVESTMENTS

Fair value	2017 £'000	2016 £'000
1 April	832	307
Additions	–	664
Fair value loss	(30)	(139)
31 March	802	832

Additions of £nil (2016: £664,000) comprise shares in Safestay plc purchased in a placing. At both year-ends, the shares were restated at market value, of 52.4p (2017) and 54.5p (2016).

Notes to the Consolidated Accounts

Year ended 31 March 2017

17) TRADING PROPERTIES

	2017 £'000	2016 £'000
Properties for resale	9,348	14,838

The Group has pledged properties for resale with carrying value of £9,113,000 (2016: £14,838,000) to secure banking facilities granted to the Group.

Properties for resale were reviewed for impairment as at 31 March 2017; 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

	2017 £'000	2016 £'000
Trade receivables	80	31
Other receivables	9,122	8,847
Prepayments and accrued income	7	6
	9,209	8,884

The directors consider that the carrying amount of trade and other receivables is no less than their fair value. Of the other receivables, £9,058,000 (2016: £8,503,000) is deferred consideration on the sale of the Chandos Tennis Club and no amounts are beyond their due date.

19) CASH AND CASH EQUIVALENTS

	2017 £'000	2016 £'000
Cash and cash equivalents	5,280	2,988

All of the Group's cash and cash equivalents at 31 March 2017 and 2016 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	2017 £'000	2016 £'000
Bank loans	7,670	–
Unamortised borrowing costs	(31)	–
	7,639	–

Falling due after more than one year	2017 £'000	2016 £'000
Bank loans	–	11,000
Unamortised borrowing costs	–	(73)
	–	10,927

	2017 £'000	2016 £'000
The borrowings are repayable as follows: In the second to fifth years	–	11,000

There were no breaches of bank loan covenants as at 31 March 2017 or 31 March 2016.

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 £10,288,000 (2016: £15,948,000).

The Group had undrawn committed borrowing facilities as at 31 March 2017 of £4,830,000 (2016: £1,500,000).

The Group has a £12,500,000 (2016: £12,500,000) revolving credit facility with Lloyds Bank plc ("the Bank"), secured on certain properties owned by the Group, which is due to expire on 9 December 2017. The facility is based on LIBOR plus a fixed margin. The Group has entered into discussions with the Bank to renew the facility and has received a letter of intent from the bank. A notional amount of £5,000,000 (2016: £5,000,000) has been capped at 3%.

21) TRADE AND OTHER PAYABLES

	2017 £'000	2016 £'000
Trade payables	45	192
Social security and other taxes	13	10
Other creditors	29	76
Accruals and deferred income	145	217
	232	495

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

Notes to the Consolidated Accounts

Year ended 31 March 2017

22) DEFERRED INCOME TAX LIABILITIES

	Revaluation of investment properties £'000	Total £'000
1 April 2015	–	–
Debit to income statement	72	72
31 March 2016	72	72
Credit to income statement	(40)	(40)
31 March 2017	32	32

From 1 April 2017, the corporation tax rate was reduced to 19%.

No deferred tax asset has been recognised in relation to trading losses due to uncertainty over the timing of reversal. The Group has losses totalling £5.8m (2016: £6.0m) that may be available for future utilisation.

23) SHARE CAPITAL

	2017 £'000	2016 £'000
Authorised:		
45,750,000 ordinary shares of 5p each	2,288	2,288
Allotted, called up and fully paid:		
15,367,380 (2016: 15,560,380) ordinary shares of 5p each	768	778

During the year, the company bought back and cancelled a total of 193,000 shares (2016: 1,290,800 shares), in two tranches, at a total cost of £108,000 (2016: £743,000 including brokers' fees), reducing the nominal value of shares by £10,000 (2016: £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 each of the remaining shares in issue.

24) SHARE-BASED PAYMENTS

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

			Number of share options outstanding	
Grant date	Exercise price per share (pence)	Period within which options are exercisable	2017	2016
28/09/2011	9.25	28/09/2014 to 27/09/2021	14,477,675	14,477,675
			14,477,675	14,477,675

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

	Number of share options	Weighted average exercise price	2017 Number of share options	2016 Weighted average exercise price
Outstanding at beginning of year	14,477,675	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	14,477,675	9.25p
Exercisable at end of year	14,477,675	9.25p	14,477,675	9.25p

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

25) NOTES TO THE CASH FLOW STATEMENT

	2017 £'000	2016 £'000
Profit before tax	**2,029**	**6,057**
Adjustments for:		
Depreciation of property, plant and equipment	80	85
(Profit)/loss on sale of property, plant and equipment	(12)	15
Loss on sale of investment properties	(694)	33
Revaluation of investment properties	(459)	(42)
Finance costs	448	334
Finance income	(1)	(1)
Unwinding of discount on deferred revenue	(553)	(519)
Share-based payment credit	–	(132)
Share of results of jointly-controlled entity	–	(13)
Share of results of associate	(31)	(23)
Changes in working capital:		
Decrease/(increase) in trading properties	5,490	(2,091)
Decrease/(increase) in trade and other receivables	270	(60)
Increase/(decrease) in trade and other payables	(44)	(1,322)
Cash inflow from operations	6,523	2,321

Notes to the Consolidated Accounts

Year ended 31 March 2017

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.

	2017 £'000	2016 £'000
Directors' emoluments including employer's national insurance	451	521
Benefits in kind including Class 1A national Insurance	122	117
	573	638

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 (2016: £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 fees of £nil (2016: £17,000) from Mr L G Lipman in the year.

Transactions between the Group and other related parties are disclosed below:

Services provided by group companies	2017 £'000	2016 £'000
Services provided to directors	–	17
	–	17

Services provided to directors by the Group are now settled on receipt of invoice	2017 £'000	2016 £'000
Loans to directors	–	71
	–	71

The amount due from a director in 2016 was fully settled on 27 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.

	2017 £'000	2016 £'000
Share capital	768	778
Share-based payment reserve	354	354
Investment revaluation reserve	(82)	(52)
Capital redemption reserve	75	65
Retained earnings	18,815	16,601
Bank loans	7,670	11,000

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 2017, the Group held the following financial assets:

	2017 £'000	2016 £'000
Trade and other receivables	9,209	8,884
Cash and cash equivalents	5,280	2,988
	14,489	11,872
Available-for-sale financial assets	802	832
Loans and receivables	15,291	12,704

At 31 March 2017, the Group held the following financial liabilities:

	2017 £'000	2016 £'000
Amortised cost		
Bank loans	7,670	11,000
Trade and other payables	232	1,945
	7,902	12,945

For 2017 and 2016, all financial liabilities are measured at amortised cost.

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

Financial risk management

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

Notes to the Consolidated Accounts

Year ended 31 March 2017

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 below.

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.

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 2016, 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.

	2017 Interest rate %	2017 Borrowings £'000	2016 Interest rate %	2016 Borrowings £'000
	3.69	7,670	3.69	11,000
		7,670		11,000

A notional amount of £5,000,000 (2016: £5,000,000) has been fixed by an interest rate swap, and the LIBOR rate on a notional amount of £5,000,000 (2016: £5,000,000) has been capped at 3%.

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 2017, 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.

2017	In less than 1 year £'000	2-5 years £'000	Total £'000
Variable interest rate borrowings	7,670	–	7,670
	7,670	–	7,670

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 2017 was 3.57%.

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%.

Notes to the Consolidated Accounts

Year ended 31 March 2017

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).

2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Available-for-sale investments				
Listed	762	–	–	762
Other	–	–	40	40

2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Available-for-sale investments				
Listed	792	–	–	792
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 2017, the Group had one derivative financial instrument. The LIBOR rate on a notional loan of £5m (2016: £5m) was capped at 3% (2016: 3%). The fair value of this financial instrument at 31 March 2017 was £nil (2016: £nil).

The financial instrument at 31 March 2017 and 31 March 2016 was not designated for hedge accounting.

29) POST-BALANCE SHEET EVENTS

Since the balance sheet date, the Group has bought back for cancellation four tranches totalling 275,000 ordinary shares of 5p each. The Directors considered that the acquisition and cancellation of these shares would enhance the value of the remaining shares in issue.

Independent Auditor's Report to the members of Safeland plc for the Parent Company

We have audited the parent company financial statements of Safeland plc for the year ended 31 March 2017 which comprise the parent company statement of financial position, the parent company statement of changes in equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company 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 parent company 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 Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

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

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

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.

Other matter
We have reported separately on the group financial statements of Safeland plc for the year ended 31 March 2017.

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

10 August 2017

Company Statement of Financial Position

Year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	6	1,885	1,897
Subsidiary undertakings	7	1	1
Associated undertakings	8	90	90
Other investments	9	802	832
Total non-current assets		**2,778**	**2,820**
Current assets			
Trading properties	10	5,900	6,029
Trade and other receivables	11	1,949	3,816
Cash and cash equivalents		5,230	2,730
Total current assets		**13,079**	**12,575**
Creditors: amounts falling due within one year			
Bank loans and overdrafts	13	(7,639)	–
Trade and other payables	12	(5,856)	(2,347)
Total creditors: amounts falling due within one year		**(13,495)**	**(2,347)**
Net current (liabilities)/assets		**(416)**	**10,228**
Total assets less current liabilities		**2,362**	**13,048**
Creditors: amounts falling due in more than one year	13	–	(10,927)
Net assets		**2,362**	**2,121**
Capital and reserves			
Called up share capital	14	768	778
Capital redemption reserve		75	65
Share-based payment reserve		354	354
Profit and loss account		1,165	924
Total equity		**2,362**	**2,121**

The parent company has taken advantage of section 408 (3) of the Companies Act 2006 and consequently a profit and loss account for the company alone has not been presented or delivered to the Registrar of Companies. The profit for the year was £349,000 (2016: £1,055,000).

These financial statements were approved by the Board of Directors and authorised for issue on 10 August 2017.

Signed on behalf of the Board of Directors:

Larry Lipman
Director

The notes on pages 48 to 57 form part of these financial statements.

Company Statement of Changes in Equity

Year ended 31 March 2017

	Note	Share capital £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2015		**843**	**–**	**486**	**1,141**	**2,470**
Profit for the year		–	–	–	1,055	1,055
Total comprehensive income for the year		**–**	**–**	**–**	**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)
Restated balance at 31 March 2016		**778**	**65**	**354**	**924**	**2,121**

	Note	Share capital £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Retained earnings/ deficit £'000	Total £'000
Balance at 1 April 2016		**778**	**65**	**354**	**924**	**2,121**
Profit for the year		–	–	–	349	349
Total comprehensive income for the year		**–**	**–**	**–**	**349**	**349**
Purchase and cancellation of own shares		(10)	10	–	(108)	(108)
Balance at 31 March 2017		**768**	**75**	**354**	**1,165**	**2,362**

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	Cumulative loss/profit of the Company attributable to equity shareholders.

The notes on pages 48 to 57 form part of these financial statements.

Notes to the Company Accounts

Year ended 31 March 2017

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 OFW.

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.

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 below. 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.

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 using the straight-line method, to allocate the depreciable amount to their residual values over their estimated working lives as follows:

Land	not depreciated
Freehold buildings	2% (straight-line basis)
Motor vehicles	25% (reducing balance)
Fixtures, fittings and equipment	20% (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.

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.

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

Investments in associated undertakings
These investments are stated at transaction price less impairment losses.

Investments in non-quoted equity investments
These investments are stated at transaction price less impairment losses.

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.

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.

Interest income
Interest income is recognised using the effective interest rate method.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Stock
Stock, which comprises trading properties, is stated at the lower of cost, including related transaction costs, and estimated selling price less costs to complete and 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.

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.

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.

Notes to the Company Accounts

Year ended 31 March 2017

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.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

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.

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.

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.

Employee benefits

The Company provides a range of benefits to employees including paid holiday arrangements and defined contribution pension plans.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The Company operates various defined contribution plans for its employees. A defined contribution plan is a pension plan which pays fixed contributions to a separate entity. Once the contributions have been paid the Company has no further payment obligations. The payments are recognised as an expense when they are due. Amounts not paid are shown as accruals in the Statement of Financial position. The assets of the plans are held separately from the Company in independently administered funds.

Share-based payments

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.

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.

Incentives received to enter into finance lease reduce the fair-value of the asset and are included in the calculation of present value of future lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight line basis over the period of the lease.

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.

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.

Taxation
Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

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 Group 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.

Notes to the Company Accounts

Year ended 31 March 2017

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 Group 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 taxation 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.

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 judgements made by the directors (apart from those involving estimates) have 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 investments at the values stated.

4) EMPLOYEE COSTS INCLUDING DIRECTORS

	2017 £'000	2016 £'000
The costs incurred in respect of these expenses (including executive directors) during the year were:		
Wages and salaries	691	644
Social security costs	85	75
Other employment costs	114	118
	890	837

5) AVERAGE NUMBER OF EMPLOYEES

	2017 Number	2016 Number
The company's average monthly number of employees (including executive directors) during the year was:		
Sales	3	3
Administration	6	6
	9	9

6) PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2016	1,760	247	111	2,118
Additions	–	–	5	5
Disposals	–	–	(7)	(7)
At 31 March 2017	1,760	247	109	2,116
Depreciation				
At 1 April 2016	44	74	103	221
Charge for the year	35	42	2	79
Disposals	–	(64)	(5)	(69)
At 31 March 2017	79	52	100	231
Net book value				
At 31 March 2017	1,681	195	9	1,885
At 31 March 2016	1,716	173	8	1,897

Notes to the Company Accounts

Year ended 31 March 2017

7) INVESTMENTS IN SUBSIDIARIES

	31 March 2017 £'000
At 1 April 2016 and 31 March 2017	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 subsidiaries at 31 March 2017 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
CFC 36 Limited	–	Property investment
Ivygate 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 were wholly-owned dormant subsidiaries at 31 March 2017, incorporated in Great Britain and registered in England and Wales:

CFC 37 Limited	Hollychain 9 Limited
CFC 47 Limited	Hollychain 11 Limited
CFC 52 Limited	Hollychain 13 Limited
Hollychain 1 Limited	Icebath Limited
Hollychain 3 Limited	Millpark Property Company Limited
Hollychain 4 Limited	Placeadmit Limited
Hollychain 5 Limited	Pullpower Limited
Hollychain 7 Limited	Safeland (Ground Rents) Limited
Hollychain 8 Limited	Saffron Developments Limited

8) INVESTMENT IN ASSOCIATED COMPANIES

	31 March 2017 £'000
At 1 April 2016 and 31 March 2017	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
Cost			
At 1 April 2016	40	792	832
Fair-value loss	–	(30)	(30)
At 31 March 2017	40	762	802

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 2017 was £40,000 (2016: £40,000).

The Company owns 1,420,864 shares in Safestay plc representing 4.2% 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 2017 was £17,000 (2016: £17,000).

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 2017 was £nil (2016: £nil).

Notes to the Company Accounts

Year ended 31 March 2017

10) TRADING PROPERTIES

	31 March 2017 £'000	31 March 2016 £'000
Properties held for resale	5,900	6,029

The Company has pledged properties for resale of £5,900,000 (2016: £6,029,000) to secure banking facilities granted to the Company.

11) TRADE AND OTHER RECEIVABLES

	31 March 2017 £'000	31 March 2016 £'000
Amounts owed by Group undertakings	1,885	3,587
Other receivables	64	229
	1,949	3,816

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

12) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2017 £'000	31 March 2016 £'000
Trade creditors	12	65
Amounts due to Group undertakings	5,670	2,163
Other taxation and social security	28	2
Accruals and deferred income	146	117
	5,856	2,347

Amounts due to Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand. Bank loans are disclosed in note 13.

13) CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	31 March 2017 £'000	31 March 2016 £'000
Bank loans	–	10,927
	–	10,927

Bank loans comprise:	31 March 2017 £'000	31 March 2016 £'000
Bank loans	7,670	11,000
Unamortised borrowing costs	(31)	(73)
	7,639	10,927

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

	31 March 2017 £'000	31 March 2016 £'000
One to two years	7,670	–
Two to five years	–	11,000
	7,670	11,000

The Group has a £12,500,00 (2016: £12,500,000) revolving credit facility with Lloyds Bank plc ("the Bank"), secured on certain properties owned by the Group, which is due to expire on 9 December 2017. The facility is based on LIBOR plus a fixed margin. The Group has entered into discussions with the Bank to renew the facility. A notional amount of £5,000,000 (2016: £5,000,000) has been capped at 3%.

14) SHARE CAPITAL

	31 March 2017 £'000	31 March 2016 £'000
Authorised		
45,750,000 ordinary shares of 5p each	2,288	2,288
Allotted, called and fully paid		
At 1 April	778	843
Acquired by the Company and cancelled	(10)	(65)
At 31 March	768	778

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

15) FINANCIAL MANAGEMENT AND RISKS

An explanation of the significant financial, liquidity, credit and interest risks affecting the Company together with the Company's management of these is shown in the Group disclosures in note 27 to the consolidated accounts.

16) OPERATING LEASE COMMITMENTS

At the balance sheet date, the Company had no operating lease commitments (2016: £nil).

17) RELATED-PARTY TRANSACTIONS

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

18) POST-BALANCE SHEET EVENTS

Since the balance sheet date, the Group has bought back for cancellation four tranches totalling 275,000 ordinary shares of 5p each. The Directors considered that the acquisition and cancellation of these shares would enhance the value of the remaining shares in issue.

Notice of Annual General Meeting

Year ended 31 March 2017

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 1a Kingsley Way, London N2 0FW on 19 September 2017 at 10.00am to consider, and if thought fit, to pass the following resolutions of which resolutions numbered 1 to 5 will be proposed as ordinary resolutions and resolutions numbered 6 and 7 will be proposed as special resolutions:

Ordinary Business

1 THAT the report of the directors of the Company and financial statements for the financial year ended 31 March 2017 be received and adopted.

2 THAT a final dividend be declared for the period ended 31 March 2017 of £0.01 for each ordinary share, to be paid on 29 September 2017 to ordinary shareholders whose names appear on the Company's register of members at the close of business on 25 August 2017.

3 THAT Errol Lipman be re-elected as a director of the Company.

4 THAT Grant Thornton UK LLP be re-appointed as auditors of the Group and the directors be authorised to fix their remuneration.

Special Business

5 THAT:

5.1 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 £251,539 which represents approximately 33.3 per cent of the current issued ordinary share capital of the Company, ("Ordinary Shares") 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 2018 and 30 September 2018 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

5.2 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).

6 THAT the directors be and are hereby generally and unconditionally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (a) subject to the passing of Resolution 5, to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 5; 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:

6.1 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 holders on the register on a fixed record date of Ordinary Shares in proportions to their respective holdings; and

6.2 the allotment (otherwise than pursuant to paragraph 6.1 above) of equity securities up to an aggregate maximum nominal value of £75,461, which represents approximately 10 per cent of Ordinary Shares, and this power 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 2018 and 30 September 2018 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.

7 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, on such terms and in such manner as the directors may from time to time determine, provided that:

7.1 the maximum number of Ordinary Shares authorised to be purchased is 2,262,347 being such number of Ordinary Shares as represents approximately 14.99 per cent of the current issued Ordinary Share capital of the Company;

7.2 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;

7.3 the maximum price (exclusive of any expenses) which may be paid for any Ordinary Share shall be not more than the higher of:

7.3.1 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

7.3.2 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;

7.4 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 2018 and 30 September 2018; and

7.5 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

10 August 2017

Registered Office
1A Kingsley Way
London
N2 0FW

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 (excluding non-business days) 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 (excluding non-business days). 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 (the "CREST Regulations").

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).

8 The Company, pursuant to Regulation 41 of the CREST Regulations, specifies that only those members registered in the Register of Members of the Company at close of business on 15 September 2017 (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 15 September 2017 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 weekday (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 2017

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 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 19 September 2017 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.

		For	Against	Abstain
1	THAT the report of the directors of the Company and financial statements for the financial period ended 31 March 2017 be received and adopted.	[ ]	[ ]	[ ]
2	THAT a final dividend be declared for the period ended 31 March 2017 of £0.01 for each ordinary share, to be paid on 29 September 2017 to ordinary shareholders whose name appears on the Company's register of members at the close of business on 25 August 2017.	[ ]	[ ]	[ ]
3	THAT Errol Lipman be re-elected as a director of the Company.	[ ]	[ ]	[ ]
4	THAT Grant Thornton UK LLP be re-appointed as auditors of the Group and the directors be authorised to fix their remuneration.	[ ]	[ ]	[ ]
5	THAT the directors be authorised to allot shares pursuant to section 551 of the Companies Act 2006.	[ ]	[ ]	[ ]
6	THAT section 561 of the Companies Act 2006 be disapplied.	[ ]	[ ]	[ ]
7	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 ....

....

....

Quantity of shareholding ....

Please see notes 4 & 5 on the next page.

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

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 (excluding non-business days) 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 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales 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 (excluding non-business days) 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.

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 15 September 2017 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.

Design: www.energydesignstudio.com

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