CYGNET PROPERTIES AND LEISURE PLC

DIRECTORS & COMPANY INFORMATION

CONTENTS

"These are ideal market conditions for Cygnet to expand its portfolio"

CYGNET PROPERTIES AND LEISURE PLC

DIRECTORS & COMPANY INFORMATION

BOARD OF DIRECTORS

Nazmu Virani
Chairman

Rahim Virani BSc
Managing Director

Shaila Virani BSc, BA
Director

Karim Virani BA (Law)
Legal Director

Zul Virani
Non-executive Director

Bryce Glover LLB ACIB
Non- executive Director

Nicholas Stern Bsc(Hons) FCCA
Non-executive Director and Company Secretary

FINANCIAL CALENDAR

Record Date for Dividend
06 November 2020

Annual General Meeting
10 November 2020

Payment of Dividend
20 November 2020

COMPANY INFORMATION

Company Number	03325149
Registered Office	Crown House
	North Circular Road
	Park Royal
	London NW10 7PN

Group Auditors	UHY Hacker Young LLP
	Quadrant House
	4 Thomas More Square
	London E1W 1YW
Secondary Auditors	UHY Hacker Young (Brighton)
	168 Church Road, Hove,
	East Sussex BN3 2DL
Solicitors	BPE
	St. James Square
	Cheltenham GL50 3PR

Principal Bankers	Punjab National Bank (International) Ltd
	1 Moorgate
	London EC2R 6JH
	Santander UK plc
	298 Deansgate
	Manchester M3 4HH
	Nationwide Building Society
	1 Threadneedle Street
	London EC2R 8AW
	Habibsons Bank Ltd
	9 Portman Steet
	London W1H 6 DZ
Registrars	Neville Registrars Limited
	Neville House
	Steelpark Road
	Halesowen
	West Midlands B62 8HD

CYGNET PROPERTIES

OUR ETHOS

Cygnet is an opportunity driven family run commercial property business.

We seek investments where our management expertise can add value and stimulate appreciation to the portfolio.

CHAIRMAN'S STATEMENT

Results

It gives me great pleasure to be able to report on another year's successful trading where the operating profit for the year amounted to £5.78m.

As stated in my last Chairman's Statement for the year ended 31 March 2019 there were signs that market conditions were beginning to be affected by Brexit and against this backdrop it is very pleasing to be able to publish a set of robust financial statements.

Cygnet continues to have a strong balance sheet with gearing of only 20% positioning us well to be able to capitalise on opportunities that may present themselves and are congruent with our investment strategy.

Towards the end of our financial year Covid-19 emerged, bringing with it a lot of volatility and uncertainty in the economy, which has created a lot of problems within the real estate market, particularly for landlords. Fortunately, due to our strict investment strategy and low levels of debt, we are well placed to trade through the pandemic to deal with the fluctuations in revenue that Covid-19 presents. Our thoughts, however, are with all of those that have been sadly affected by this tragic global crisis.

We take our responsibilities as a Landlord very seriously and have worked hard over recent months to assist our tenants through this challenging time, collaborating with them to provide flexibility and support where it has been needed most.

Although the government imposed lockdown did not occur until 23 March 2020, it was generally accepted that this was an inevitable event sometime prior, and as a result it had a material effect on rental collections during the year under review, not just for March 2020 but also earlier months. In line with other property companies and the general real estate trend, we have looked closely at our portfolio and reconsidered what valuations might be appropriate given the current economic conditions. Acting prudently, we have written down aggregate values by £6m (2019: £nil), resulting in a loss for the year after tax of £1,812,000 (2019: Profit £4.89m). The Net Asset Value per share being 320 pence (2019: 327 pence).

As with all landlords, rent collection and working capital management have become our priorities post year end. Rent collection for both the March 2020 and June 2020 quarters have been somewhat impacted by the moratorium on lease forfeiture and Government legislation. The combination of these two points has led to a number of tenants not being able to pay

their rent, and hence Landlords, like ourselves, have been left without a portion of their usual quarter day income.

When uncertainty is the only certainty, in line with all other companies in the property sector, Cygnet was hit by a fall in rent collection suffering a c.20% shortfall since Covid-19. The vast majority of which, however, has been deferred for collection at a later date and is expected to be received.

Although, as a management team, we have taken the prudent steps to write down some of our asset values and deferred rent collections, in line with market expectations, we are not concerned about the impact of these adjustments. As a business, we have a well-diversified tenant portfolio and do not have significant exposure to any specific sector. The business has low levels of debt, and sufficient rental yields to more than comfortably cover both capital and interest payments as required.

The low gearing, as mentioned above, coupled with the fact that the group has substantial undrawn revolving credit facilities means that we are still actively pursuing strategic investment and asset acquisition opportunities, and are well placed to take advantage of these opportunities as and when they arise, and for the right deal can deploy funds very quickly.

Covid-19

Covid-19 has had an unprecedented impact on the UK economy since the Government enforced a lockdown in March 2020. We responded quickly to ensure that our stakeholders are supported and that the underlying resilience of the business is maintained.

The health and well-being of our people has always been our priority and our head office was closed from 23 March 2020 and has only recently re-opened. Our asset managers contacted our tenants to understand their needs and work through the economic challenges that they are facing, and also to roll out a programme of measures in their respective premises that would ensure that where appropriate, critical businesses could continue to operate safely from the premises.

Covid-19 has made day-to-day operations difficult and complex for many of our tenants and in a number of cases we have agreed a range of concessions, always trying to work with the businesses and understand their unique situations to find solutions that are fair on all parties. The government funding packages have eased the pressure on tenants considerably, but many continue to struggle and we will continue to support them, where we can.

Property portfolio

The portfolio continues to perform well when bench-marked against the wider sector and achieves consistent rental growth and thereby capital value is enhanced. As part of the year end process the property portfolio is reviewed and consideration is given as to whether any properties should be disposed of. As stated above, as a result of our annual property review the carrying values of the portfolio was impaired by £6m. As you might expect, the greatest reduction in value occurred where there was retail exposure.

Acquisitions

There were no acquisitions in the year under review, however post year end the freehold of the Antonine Hotel consisting of 35 bedrooms was purchased. This hotel is on the same site as our retail centre Callendar Square in Falkirk and this addition substantially enhances the value of the entire site and introduces a potential redevelopment angle.

Sales

Subsequent to the year end, an opportunity arose for the company to dispose of its interest in Nadims Limited, a joint venture the company had in Uganda. The sale completed in July 2020 and the company received $2.4m which is in excess of the carrying value.

Funding

As a result of there being no acquisitions, five loans that matured during the course of the year were repaid using the group's own resources. We continue to have very strong relationships with a range of institutions, most notably Punjab National Bank, Santander, Habibsons, UBL and State Bank of India. As mentioned above the group has substantial undrawn revolving facilities and, in addition, we also have a strong network of private investors that we can call upon for joint ventures, should the opportunity present itself.

Board Change

Mr Robert Towers resigned as a non-executive director as of 30 June 2020 and I want to place on record my personal thanks and that of the entire Board for his contribution to the group's success over the last 7 years. His insightful comments at Board Meetings facilitated ease of decision making which in turn led to additional income and capital growth. We all wish him well for the future.

Mr Pravin Malde resigned as our company secretary as of 14 September 2020. Once again both I and the Board would like to thank Pravin for all the valuable assistance he has provided to the Board over the last 5 years. We have appointed Mr Nicholas Stern as both non-executive Director and as Company Secretary, who brings with him significant real estate and investment experience, having worked globally in restructuring, debt and lead advisory at PwC, as well as having held a number of corporate executive appointments in industry. Alongside his role as Company Secretary, Nicholas will also support the Board with its implementation of our growth strategy.

The Future

Notwithstanding the effect that the Coronavirus has had both on the world economy and on our group our Balance Sheet remains robust with gearing at a conservative level of 20%. With the continued support of our funders I am optimistic that although the present disruption will cause uncertainty in the market for some time to come, we are well positioned as a business to take advantage of any opportunities, as and when they arise.

Despite a shift to home working since the start of the pandemic, demand for small office space providers on the outskirts of the City has been strong where people feel comfortable to commute closer to where they live.

Our focus for the coming year is about putting the necessary structure in place to facilitate the expansion of our property portfolio.

Finally, I am as ever particularly appreciative of the help and support that I have received, and continue to receive, from my fellow Board members, the management team and the entire staff, all of whom have played a great part in making the group a continuing success.

Nazmu Virani
Chairman

09 October 2020

OUR GROWTH MODEL

THE CYGNET MODEL IS BUILT ON YEARS OF EXPERIENCE. THE ENTREPRENEURIAL DRIVE AND INDUSTRY KNOWLEDGE OF OUR SENIOR MANAGEMENT AND BOARD MEMBERS HAS ENABLED US TO DELIVER OUR GROWTH STRATEGY.

THE CYGNET ADVANTAGE

THE RIGHT MIX

RIGHT MARKET

The entrepreneurial approach is applied to all potential purchases which allows for every opportunity to be evaluated on its merits. The overriding criteria is whether the directors believe that there is the potential to add value in the short to medium term.

RIGHT TENANTS

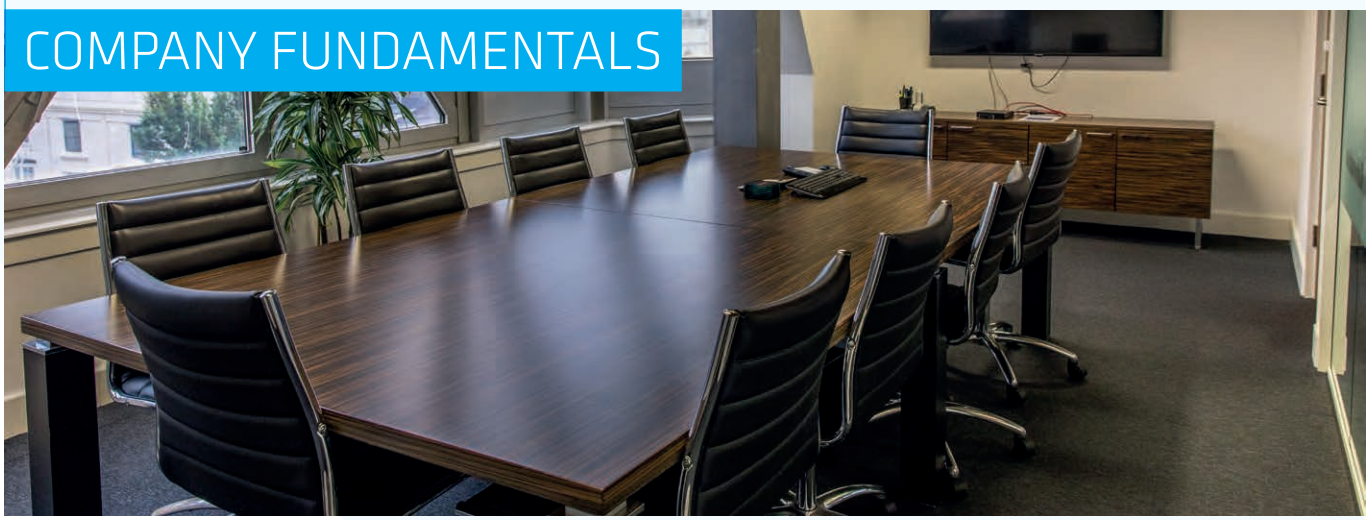
Each property will have different fundamentals but common to all is the need to let vacant space as quickly as possible and to increase rents as and when the reviews fall due. A diary system is maintained to ensure that both renewals and reviews are dealt with on a timely basis. Dependent on the asset and the location the directors select whether an asset should pursue short-term flexible lettings or a more traditional long-term model. The directors also critically appraise the robustness of the income and the likely outcome in the event of market fluctuations.

RIGHT PARTNERS

To enhance the attributes of the Board and to ensure a fast and smooth transaction ensues, the Group utilizes the services of a few firms, of professionals that cover legal, valuation, accountancy and surveying. Due to the relationships that are maintained between the Company and these firms, reaction time is extremely fast thus minimising any delays and delivering an edge in competitive situations.

The Group has strong cash reserves and undrawn available facilities, and typically transact in cash with a view to refinancing our acquisitions after completion if this is required. The Group however continues to enjoy fantastic support from its panel of lenders. From a transaction perspective, speed of execution is of utmost importance to the Board, and believe that this agility differentiates us from our competition in a lot of cases. We work hard to develop relationships with lenders so they share the Group philosophy and we are attentive to the flexibility required in the current market place.

COMPANY FUNDAMENTALS



WHAT WE NEED TO CREATE VALUE: KEY RESOURCES AND RELATIONSHIPS

PEOPLE
Cygnet has an experienced Board with independent Non-executive Directors that provide impartial guidance and an Executive Board that has a wealth of experience in the property sector. The Board is supported by a team of dedicated staff who collectively assist in the success of the Group.

INSIGHT
We have both insight and market knowledge to exploit demands and pursue opportunities that generate the greatest returns at any one time.

FINANCIAL STRENGTH
Strong cash flow, a flexible debt structure and very low gearing provide the financial platform for continued business growth.

ASSETS
We selectively add to our existing property portfolio as the right opportunities arise with fundamentals that meet our very strict criteria.

PARTNERS
We nurture strong and sustained relationships with business partners to deliver successful long-term outcomes.

FUNDING
We maintain a low level of gearing in order to ensure flexibility, both from an investment perspective and also from an operational perspective. The business maintains an undrawn revolving credit facility to ensure that sufficient funds are available as and when required.

WHAT WE DO TO CREATE VALUE:

PROPERTY PORTFOLIO
Be it a new acquisition or part of the existing portfolio there will be a strategy in place that ensures that for each property there is a maximisation of long-term income or capital growth and a minimisation of vacancies.

KEY INPUTS

Financial Strength

Strong cash flow and prudent balance sheet management allows us to successfully execute out commercial and investment strategies.

The Right People

Cygnet employees have a tenant first mentality with specialist expertise in their fields.

Our Properties

We have a portfolio of well located freehold properties nationwide. We seek to acquire properties in clusters where possible but are above all are opportunity driven.

Sustainable Approach

We continue to examine our internal practices to see if there is any room for improvement. We also update our procedures in line with technological advances and evolving ethical and environmental standards.

A Thriving Community

Our continued success could not be achieved without the strong relationships we have with all our stakeholders.

We always work in a collaborative fashion and hope that by bringing people together we will always be a trusted and valued partner within our business networks

HOW WE CREATE AND CAPTURE VALUE

Acquisition and Ongoing Ownership of Freehold Properties

Cygnet's portfolio predominantly consists of freehold properties, with a few long leasehold assets. This allows for consistent upgrades to the properties, which enhances capital value and drives rental growth. Rather than adopt a trading strategy, the Group typically acquires assets to hold with a view to growing the portfolio organically. We occasionally sell a property when we believe that maximum value enhancement has been achieved.

We Refurbish

We have a rolling programme of refurbishment which upgrade our properties and enhances both rental income and capital value.

We Buy Opportunistically

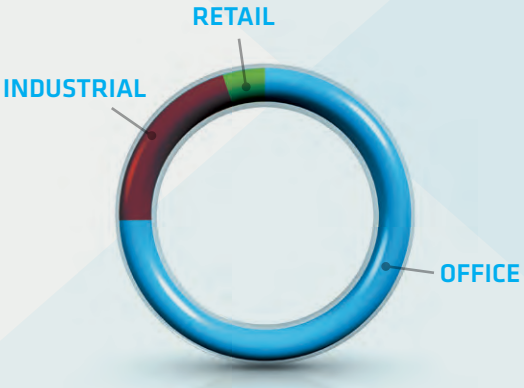
As a result of our positive cash flow together with the strong relationships we have with both our funders and third party investors we are able to grasp opportunities as they present themselves.

KEY STATISTICS

RENTAL INCOME
During the year, rental income increased by **3.42%**.

NET ASSETS
Net asset value per share decreased by **2%** over the last year.

GEARING LEVEL
Cygnet has remarkably low gearing for the sector, only **20%**. The company has sufficient resources *and agility* to take up any new opportunity that presents, demonstrated by recent cash acquisitions with subsequent gearing.



PORTFOLIO BREAKDOWN
The Cygnet portfolio is comprised of 78% Offices, 14% Industrial and 8% Retail Units.

OCCUPANCY
Total percentage of occupancy across the entire Cygnet portfolio is at **81%**.

SQ. FT
1,366,200
AND RISING

PORTFOLIO
The Cygnet portfolio is widely dispersed geographically and between assets across the commercial property asset class, income is also diversified across many tenants and areas of the economy.

683

TENANCIES
683 tenants occupying the group's commercial portfolio.

KEY FACTS

LOANS
50% of the Group's Loans have a maturity beyond 3 years.

TOTAL PROPERTIES
The number of properties comprising of the overall group portfolio is now **45**.

TURNOVER
Increase in turnover is now at **3.42%**.

ASSET VALUE
320p Net Asset Value per Share.

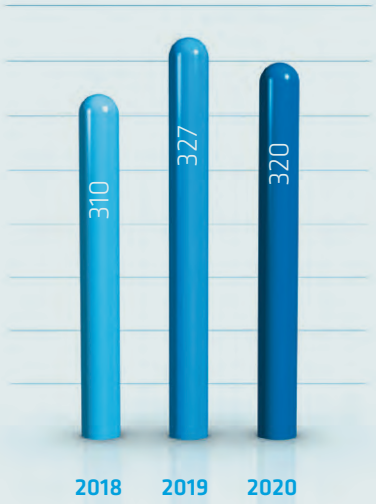
FINANCIAL INFORMATION GRAPHS

NET ASSETS (£ '000)

GROSS ASSETS (£ '000)

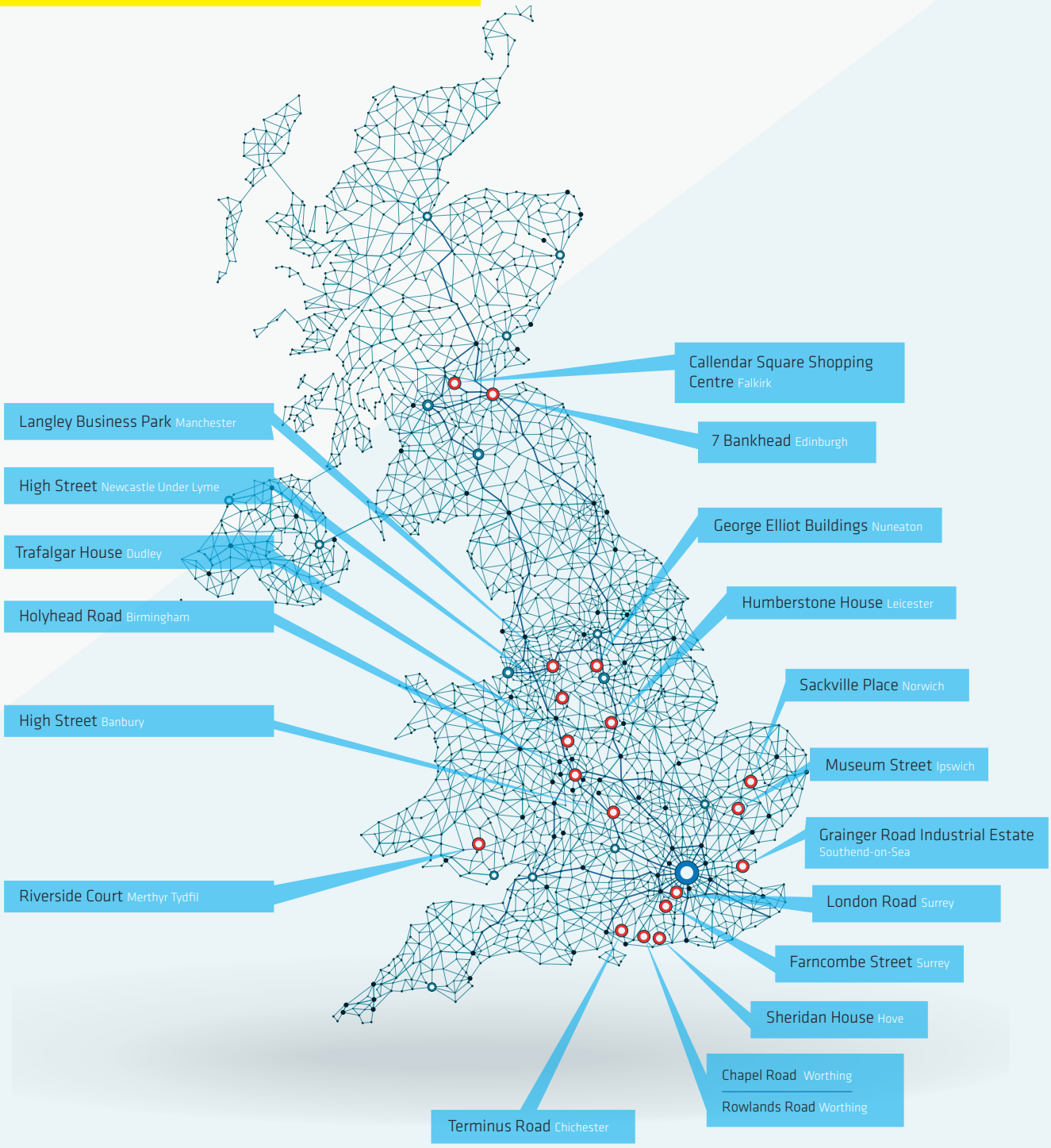
GROSS TURNOVER (£'000)

NET ASSET VALUE (PENCE)

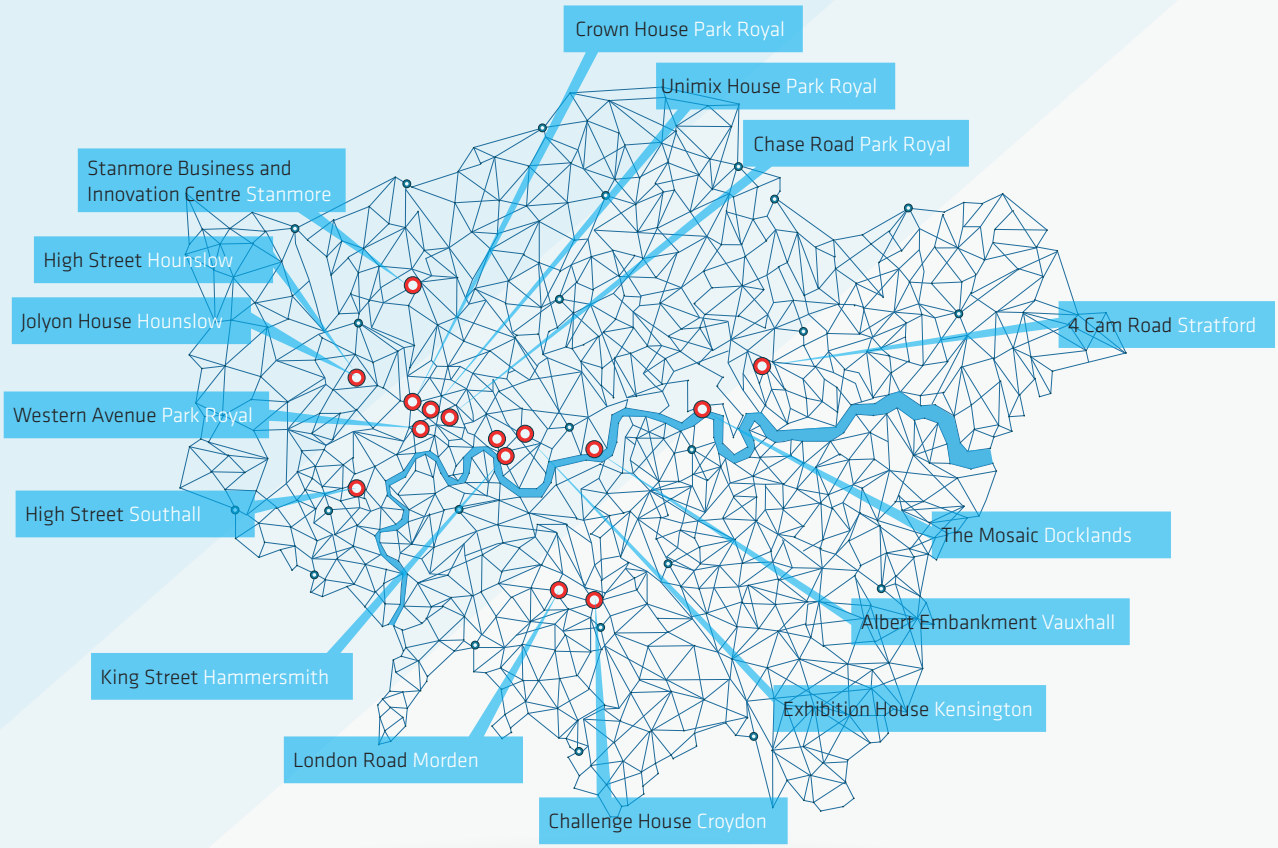


OUR UK PROPERTY PORTFOLIO MAP

NATIONWIDE PROPERTY PORTFOLIO



LONDON (M25) PROPERTY PORTFOLIO

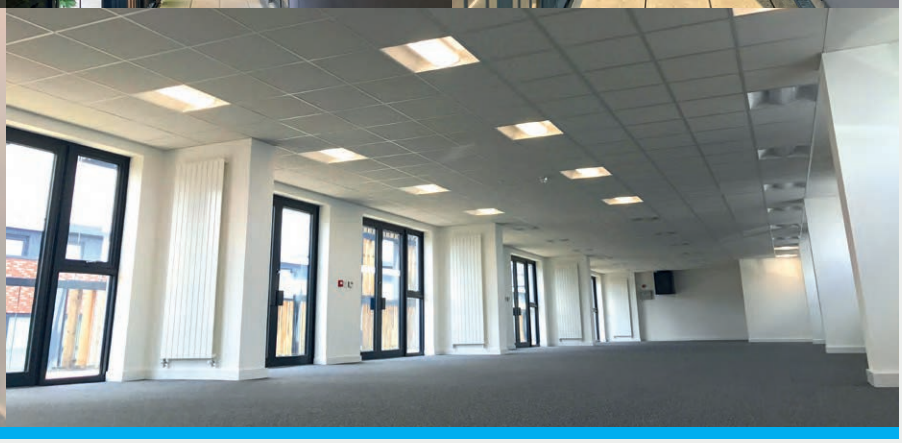


NATIONWIDE PROPERTY PORTFOLIO

STANMORE BUSINESS & INNOVATION CENTRE

STANMORE PLACE, STANMORE

This development was built just a few years back by Berkeley Homes, and the acquisition demonstrated a strategic Alliance whereby we were able to manage and advance an office project necessitated by their planning obligations. This scheme was bought almost totally vacant, but we have driven occupancy and thereby seen appreciation in the capital value also. We work closely with Harrow Borough Council on this site also, to ensure that good value flexible office solutions are made available to new businesses given the tide of office conversions to residential.



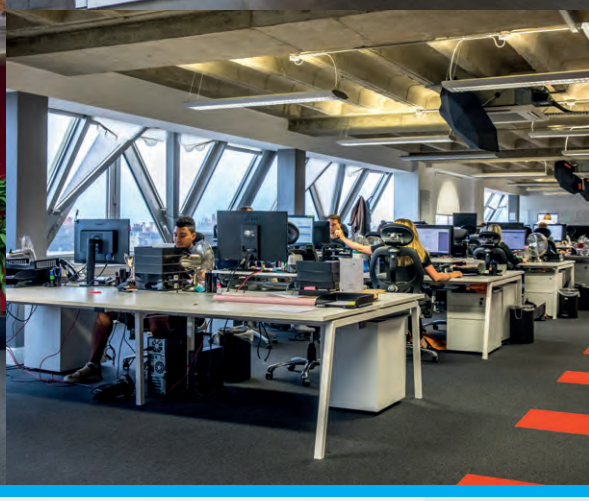
NATIONWIDE PROPERTY PORTFOLIO

SHERIDAN HOUSE

WESTERN AVENUE, HOVE

This refurbished office building in Hove sits on a major arterial road to Brighton and in close proximity.

Sheridan House keeps excellent occupancy as it will always be more keenly priced than the equivalent options in central Brighton.



NATIONWIDE PROPERTY PORTFOLIO

HUMBERSTONE HOUSE

HUMBERSTONE GATE, LEICESTER

This mixed use and multi-let office building is typical of our portfolio, we have brought an older building up to date with new air conditioning and plant as well as a fresh look.

This Town Centre facility is now fully fitted with High-Speed Internet connectivity and attracts a diverse mix of office users and executive training facilities.

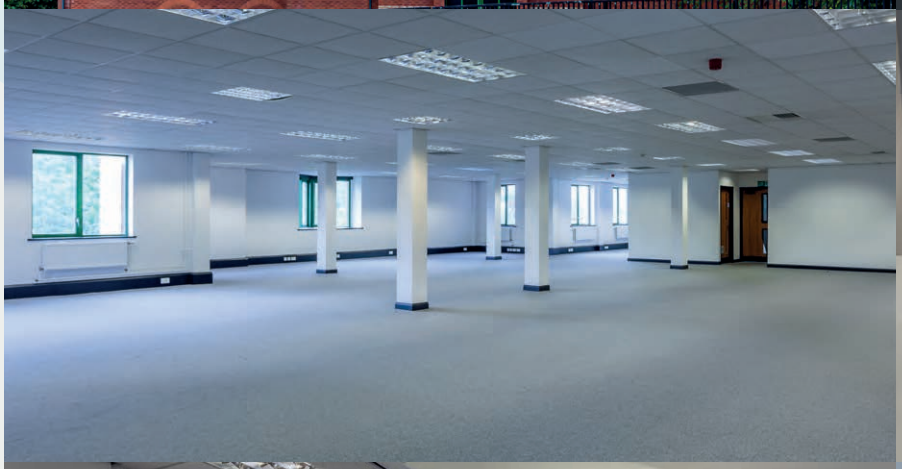
NATIONWIDE PROPERTY PORTFOLIO

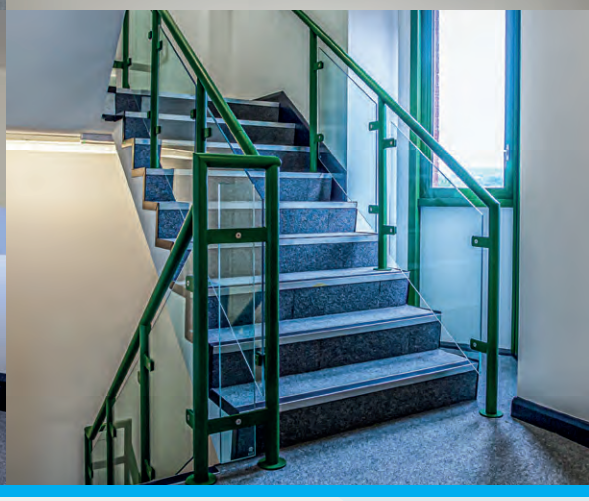
TY KEIR HARDIE

MERTHYR TYDFIL

This office building in the heart of the city had been newly refurbished at acquisition.

Working with local partners, we have been filling the space gradually and benefiting from the proximity to Cardiff while offering a better value price point.





NATIONWIDE PROPERTY PORTFOLIO

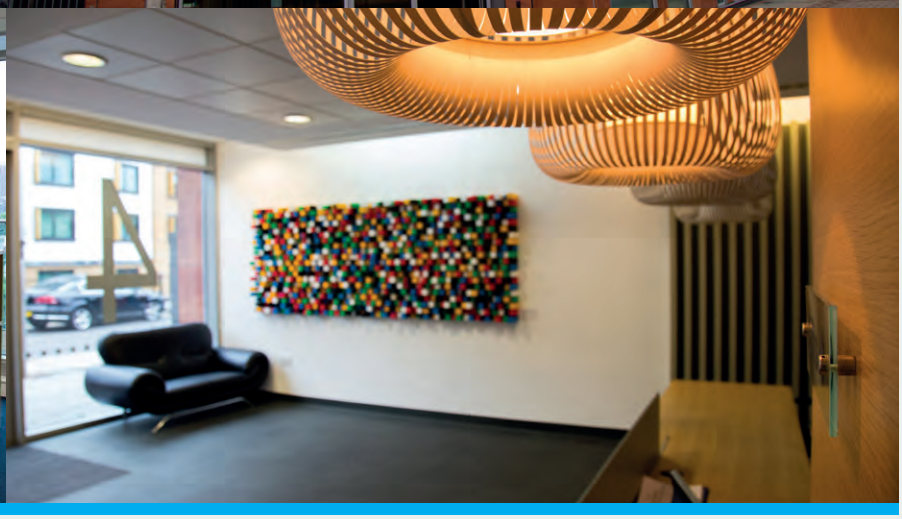
CAM ROAD

STRATFORD - LONDON

Acquired in March 2016, consistently remained at 100% occupancy. Management has been able to drive up the income and thereby raise the value.

Stratford is an area of great development, in close proximity to the City of London

Having recently obtained the return of some space from a long term tenant the plan is now to create a business centre environment in order to drive revenue



NATIONWIDE PROPERTY PORTFOLIO

LANGLEY

LANGLEY MILL BUSINESS PARK, SALFORD

This expansive industrial estate of almost 250,000 ft is within about 15 minutes of Central Manchester. There is significant development of housing all around and the sheer scale of the site given the urban position makes it tremendously exciting. For the time being, we will continue to improve the site and increase our returns by improving the income. There are a number of tenants in occupation who carry out logistics functions or who have thriving businesses selling through online retail channels, again the diversity in the income stream creates a more robust return.

NATIONWIDE PROPERTY PORTFOLIO

GRAINGER ROAD

INDUSTRIAL ESTATE, SOUTHEND ON SEA

This site is made up of 40 small units, starting from just a few hundred ft. This older industrial stock has been in situ for many decades, and has a prime position just a stone's throw from the centre of town and the main station. The town's main retail offering is just moments away and all around the site new houses are being built. Since acquisition the income at the site has moved from strength to strength, provided that the tenants are receiving a well maintained space and good service they will pay a fair price for the space. This has moved the income on tremendously and as a consequence we presently have no debt.

NATIONWIDE PROPERTY PORTFOLIO

WESTERN AVE

LONDON W3

Modern luxury car dealership. Excellent covenant and long unexpired lease. The site holds redevelopment potential and is likely to present income growth.

Holds high-rise development potential.

The directors present their annual strategic report of the group and the company for the year ended 31 March 2020.

Principal Activities

The principal activities of the group continued to be that of property acquisitions for investment and trading.

Review of the Business

A review of the business and the results for the year are included within the Chairman's statement.

The key performance indicators for the group include rental income, occupancy levels, net asset value per share, and cash flow. During the year, rental income increased by 3.42%. Net asset value per share attributable to equity owners, decreased by 2%. The group had a negative cash flow of £718,379 (2019: £4,013,784 negative).

Results and Dividends

The group results for the year ended 31 March 2020 are shown on page 28. The directors recommend a final dividend of 0.50 pence per ordinary share (2019: 0.50 pence per share). This is subject to approval by the shareholders at the Annual General Meeting and therefore has not yet been included in these financial statements as a liability.

Group's Position at Year End

The directors consider that the financial position of the group and the company at the year-end was satisfactory. It is a testament to good management that in the current economic climate the group has continued to generate growth in its asset base and increase cash reserves facilitating further acquisitions.

Use of Financial Instruments

The group does not use any financial instruments except for the bank loans used to purchase properties. Current exposure to the banks in respect of these loans is detailed in note 14 to the financial statements. The total liability to the banks has decreased by £4.4m over the past year as a result of borrowings that have been repaid. Over 50% of the group's bank loans have a maturity beyond three years.

Future Developments

The group continues to refurbish and improve its existing property portfolio as space becomes vacant and suitable opportunities arise. All investments are careful and measured in the light of tenant demand and the competitive landscape, the priority from the existing portfolio is to maintain steady income. The group is poised to take advantage of opportunities, particularly where there is an undervalued asset that can benefit from the team's key strength of intensively managing vacant and dilapidated property in order to boost asset value.

The board remains mindful of the economy and the banks' stringent lending criteria, accordingly it will only proceed with new acquisitions where the right asset is available at the right price. The Board continues to explore the possibilities for a change of use at certain of the sites and we would expect there to be some appreciation in the portfolio from this exercise.

Principal Risks and Uncertainties

The principal risk and uncertainty facing the group is fluctuation in property values which would affect the net asset value and banking covenants. If there were a decline in our income stream this may prejudice our ability to make payments and also grow the portfolio. Asset values could be affected by constricted availability of bank finance through changes in the regulatory regime or the performance of historic loan books, by over-supply of commercial property in the sales or lettings market, as well as other factors that may exist at present or in the future, given the market conditions. Revenue may be affected by the failure of tenants, increasing bad debts or changes in market rents on account of supply and competition issues or the performance of the economy.

For the business centre assets the letting profile is typically short term arrangements of one year as this reduces a tenant's barrier to entry and will make an asset cash flow positive in the shortest possible time. Accepting a short commitment on occupancy also avoids the market requirement for a rent free period, which would otherwise be customary. Accordingly the group's tenant base has a bias towards small and medium sized enterprises and this may mean that a decline in the economy has disproportionate effect on the group's revenues.

It may also be argued that the recovery of the economy will be driven by SME businesses and that the diversification of revenue streams across many tenants and sectors is a strength. Any fall in revenue would in turn prejudice the capital value of the underlying asset. However, in order to mitigate these risks, senior management keep the buildings' occupancy and competitive market under constant scrutiny.

The holding of rent deposits, close monitoring of tenants' operations and strict credit control are mechanisms that should minimise the impact of failure by any individual tenant. A further precautionary measure is the group's frequent syndication of acquisitions giving diversified risk among a wider number of assets which is a strength of the Cygnet portfolio as compared with other companies of a similar size. The company is also thought to have lower gearing than many of its peer group. The Board maintains a risk register to monitor all aspects of the company's activities.

The group operates within strict guidelines for interest cover and gearing which are tested on a regular basis and have always remained at a safe margin from the boundary. The group monitors the risk of interest rate fluctuations closely. With interest rates at historic lows, the Board has recently increased the proportion of the loan portfolio which is fixed. The company has also sought to increase access to credit by diversifying and leveraging its relationships with lending banks and institutions. Furthermore, the group remains conservative in its appetite for debt ensuring that even in the current market there is ample equity in the portfolio to satisfy all lender covenants.

Covid-19 Risks

A number of risks are heightened during the current period of disruption caused by Covid-19 and we have seen an impact across all aspects of the business. As uncertainty increased we paid particular attention to our tenants' exposure.

While the full effects are yet to be seen there is no doubt that the ramifications will be far reaching. We expect all sectors of the commercial property market to be affected not only our business but those of our tenants and suppliers.

The entire workforce mobilised to quickly respond to the various risks and challenges that presented themselves following the outbreak, weekly meetings take place including at least one Board member to review and take any decisions that may be required.

Going Concern

The directors have made an assessment of the group's ability to continue as a going concern which included the current uncertainties created by Covid-19, coupled with the group's cash resources, borrowing facilities, rental income, acquisitions and disposals of investment properties, committed capital and other expenditure and dividend distributions.

The company and group are financed partly by equity and partly by way of banking facilities. The group is therefore dependent upon its bankers and shareholders for continuing financial support. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in these financial statements. As at 31 March 2020 the group had £4.727m of cash and cash equivalents, a low gearing level of 20% and a fair value property portfolio of £113m.

The directors have reviewed the forecasts for the group taking into account the impact of Covid-19 on trading over the twelve months from the date of signing this annual report.

The forecasts have been assessed against a range of possible downside outcomes incorporating significantly lower levels of income in line with the possible effects of the pandemic. The directors are not aware of any likely events, conditions or business risks beyond this period that may cast significant doubt on the group's ability to continue as a going concern.

The directors have a reasonable expectation that the group has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Properties

The changes in the tangible fixed assets of the group and company and the basis of valuation of investment properties are set out in note 9 to the financial statements.

Section 172 Statement & Stakeholder Engagement

The directors understand the importance of their Section 172 duty namely to act in good faith to promote the success of the company and to engage with key relevant stakeholders to consider their best interest and in order to achieve this the group have a number of KPI's that are monitored on a regular basis together with substantial management information:

- Tenant satisfaction is the key to ensuring that we maintain high occupancy levels within our portfolio and weekly management meetings are held with both Board Members and Property Managers present so that all relevant matters can be discussed at the earliest opportunity and decisions taken;
- Employees are at the heart of the group and to its continued long term success. Regular meetings and appraisals are held with all employees many of whom have been with the company for a number of years and some who have left and returned;
- Stakeholder communication is vital and regular meetings are held with Investors, Bankers and the team of professional that are regularly engaged by the company and where all relevant information is discussed with all parties allowing for the smooth decision making so necessary in maintain the group's success;
- When making decisions it is important not just to think short term but to consider the wider aspect of what affect the decisions that are made could have long term. For example when considering the renewal of a lease it is important to consider the length of term to be granted as this could impact on a potential change of use or a sale to buyer demanding vacant possession;
- The company's portfolio is constantly reviewed and one aspect of the review is to consider a potential change of use which could be from commercial to residential. If it was felt that such a change would be a viable proposition due regard would be given to both the local community and the environment before submitting the planning permission;
- As stated above stakeholders are an integral part of the group's success and it is therefore necessary to ensure that the company maintains a reputation of high standards so that the investors, bankers and professional continue to work closely with the various company employees. Furthermore a large source of potential additions to the portfolio come from a network of agents and other parties and without maintaining high standards the network would be liable to reduce in numbers;
- Part of the maintenance of high standards hinges on the company acting in a fair and reasonable manner to all parties including shareholders, employees, suppliers and most importantly its large number of tenants.

Nazmu Virani

Director

09 October 2020

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements of the group and the company for the year ended 31 March 2020.

Directors of the Company

The following directors held office during the year and up to the date of this report:

Nazmu Virani

Rahim Virani

Zul Virani

Shaila Virani

Karim Virani

Bryce Glover

Robert Towers *(Resigned 30 June 2020)*

Nicholas Stern *(Appointed 01 October 2020)*

Directors' Interests

The directors had no interests in the shares of the company or the company's subsidiary companies at 31 March 2020 or on the date on which these financial statements were signed. The company and group are controlled by some members of the Virani family (including some of the directors) through their shareholding in Virani Net Limited and Virani Net Scheme.

There have been no changes in the interests of the directors between 31 March 2020 and the date of approval of this report.

Further details of the ordinary shares of the company are set out in note 16 to the financial statements.

Substantial Shareholdings

As at 31 March 2020, the directors are aware of the following substantial interests in 3% or more of the ordinary share capital of the company:

ORDINARY SHARES OF 10P EACH

	Number	Percentage
Virani Net Limited*	19,839,072	70.47%
Virani Net Scheme*	5,881,862	20.9%
Dame M. E. Thomas	1,000,000	3.6%

* Companies in which some of the directors have beneficial interests.

Employees

The directors are committed to maintaining a working environment where employees are individually valued and recognised. Employees receive regular supervision and have opportunities to raise concerns, share ideas and propose new policies for the business.

The directors appreciate their responsibility to encourage and assist in the engagement, training, promotion and personal career development of all employees. The group places value on the involvement of its employees and keeps them informed, not only on matters affecting them as employees, but also on various factors affecting the overall performance and future of the group. This is achieved through both formal and informal meetings as well as an open door policy should any employee have queries that they wish to discuss.

The group is an equal opportunities employer and it is the group's policy to consider applications for employment from all candidates, and to provide training, career progression and promotion as and when warranted.

Charitable Donations

During the year to 31 March 2020 the group made charitable donations amounting to £12,783 (2019: £58,596).

Subsequent Events

Subsequent to the year end the company sold its interest in Nadims Limited, the joint venture in Uganda, for $2.4 million. Furthermore in June 2020 the freehold of the Antonine Hotel in Falkirk, Scotland, was purchased for £161,090.

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure of Information to the Auditors

So far as all of the directors at the time of approval of this report are aware:

1. There is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditors are unaware; and
2. Having made enquiries of fellow directors and the group's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Re-appointment of Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that UHY Hacker Young LLP be re-appointed as auditors of the company and that the directors be authorised to fix their remuneration will be put to the next Annual General Meeting.

On behalf of the Board

Nazmu Virani
Director

09 October 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CYGNET PROPERTIES AND LEISURE PLC

Opinion

We have audited the financial statements of Cygnet Properties and Leisure plc for the year ended 31 March 2020 which comprise of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Cygnet Properties and Leisure plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

Emphasis of Matter: Property Valuations

We draw attention to the disclosures made in the Investment Properties Estimates discussion in note 1.16 and also note 9. As described in those notes, the valuation of property portfolio requires significant judgement and estimates by the directors and the independent external valuers and is therefore considered a significant risk due to the subjective nature of certain assumptions inherent in each valuation. Due to the impact of the Novel Coronavirus (Covd-19) outbreak, the valuations of the group's investment properties have less weight attached to them for previous market evidence for comparison purposes and the property valuations therefore have an inherent 'material valuation uncertainty'. Consequently, less certainty should be attached to the valuation of the Investment Properties this year than would normally be the case. Our opinion is not modified in respect of this matter.

Conclusions Relating to Going Concern

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

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

Other information

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out in the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with part 3 of Chapter 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.

Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

09 October 2020

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Group Turnover	2	10,517,572	10,169,402
Other income		66,926	118,989
Property costs and administrative expenses		(5,219,392)	(4,405,010)
Group Operating Profit	3	5,365,106	5,883,381
Joint venture - share of operating profit	11	233,457	171,921
Associated companies - share of operating profit	10	178,112	509,669
Profit on sale of properties		-	22,488
Operating Profit including Joint Venture and Associates		5,776,675	6,587,459
Fair value gains on investment properties:			
Group	9	(6,001,694)	-
Joint venture	9 & 11	-	-
Associates	10	-	-
(Loss)/Profit on Ordinary Activities before Interest and Taxation		(225,019)	6,587,459
Interest receivable	4	751,843	622,757
Interest payable	5	(1,076,934)	(1,169,027)
(Loss)/Profit on Ordinary Activities before Taxation		(550,110)	6,041,189
Tax on profit on ordinary activities	6	(1,262,730)	(1,163,315)
(Loss)/Profit for the Financial Year		(1,812,840)	4,887,874
Profit for the Financial Year attributable to:			
Non-controlling interests		(1,103,644)	1,045,322
Owners of the parent company		(709,196)	3,832,552
		(1,812,840)	4,887,874

All of the above results are derived from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
(Loss)/Profit for the Financial Year	(1,812,840)	4,887,874
Other comprehensive income of group	-	-
Share of other comprehensive income of associates	-	-
Total Comprehensive (Loss)/Income for the Year	(1,812,840)	4,887,874
Total Comprehensive (Loss)/Income for the Year attributable to:		
Non-controlling interests	(1,103,644)	1,045,322
Owners of the parent company	(709,196)	3,832,552
	(1,812,840)	4,887,874

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

			2020		2019
	Notes	£	£	£	£
Fixed Assets					
Intangible assets - net goodwill	8		209,116		222,544
Tangible assets	9		113,141,937		119,031,010
Investments in associated companies	10		1,554,144		1,488,487
Investment in joint ventures	11		2,770,746		2,606,632
			117,675,942		123,348,673
Current Assets					
Debtors	12	13,297,461		10,956,822	
Cash at bank and in hand		4,727,440		5,093,988	
		18,024,901		16,050,810	
Creditors: Amounts falling due within one year	13	(20,308,168)		(19,874,221)	
Net Current Liabilities			(2,283,267)		(3,823,411)
Total Assets less Current Liabilities			115,392,675		119,525,262
Creditors: Amounts falling due after more than one year	14		(18,839,160)		(21,171,170)
Provisions for Liabilities	15		(6,417,756)		(6,264,733)
Net Assets			90,135,759		92,089,359
Capital and Reserves					
Called up share capital	16		2,815,199		2,815,199
Share premium	17		1,924,769		1,924,769
Revaluation reserve	17		26,769,267		29,196,314
Capital redemption reserve	17		822,831		822,831
Retained earnings	17		36,651,428		35,074,337
Equity attributable to owners of the Parent Company			68,983,494		69,833,450
Non-controlling Interests			21,152,265		22,255,909
Total Equity			90,135,759		92,089,359

The financial statements were approved by the Board on 09 October 2020 and signed on its behalf by:

Nazmu Virani - Chairman
Company Registration Number 03325149

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

			2020		2019
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	9		144,803		145,584
Investments in associated and subsidiary companies	10		2,674,218		2,674,218
Investment in joint ventures	11		40,430		38,373
			2,859,451		2,858,175
Current Assets					
Debtors	12	37,690,247		35,297,404	
Cash at bank and in hand		20,862		317,009	
		37,711,109		35,614,413	
Creditors: Amounts falling due within one year	13	(28,577,122)		(26,423,190)	
Net Current Assets			9,133,987		9,191,223
Total Assets less Current Liabilities			11,993,438		12,049,398
Creditors: Amounts falling due after more than one year	14		-		(211,798)
Provision for Deferred Tax	15		(1,828)		(1,763)
Net Assets			11,991,610		11,835,837
Capital and Reserves					
Called up share capital	16		2,815,199		2,815,199
Share premium	17		1,924,769		1,924,769
Capital redemption reserve	17		822,831		822,831
Retained earnings	17		6,428,811		6,273,038
Shareholders' Funds			11,991,610		11,835,837

The financial statements were approved by the Board on 09 October 2020 and signed on its behalf by:

Nazmu Virani - Chairman
Company Registration Number 03325149

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	SHARE CAPITAL	SHARE PREMIUM	REVALUATION RESERVE
	£	£	£
Year Ended 31 March 2019			
At 1 April 2018	2,815,199	1,924,769	29,196,314
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Reserve transfers on investment properties revaluations in year:			
On group owned properties	-	-	-
On associates' properties	-	-	-
On joint venture's properties	-	-	-
Equity dividends paid	-	-	-
New subsidiary in year	-	-	-
Change of shareholding of subsidiary	-	-	-
Share of subsidiary dividend	-	-	-
At 31 March 2019	2,815,199	1,924,769	29,196,314

CAPITAL REDEMPTION RESERVE	RETAINED EARNINGS	SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
£	£	£	£	£
822,831	31,577,474	66,336,587	21,063,960	87,400,547
-	3,832,552	3,832,552	1,045,322	4,877,874
-	-	-	-	-
-	3,832,552	3,832,552	1,045,322	4,877,874
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(141,460)	(141,460)	-	(141,460)
-	-	-	100	100
-	(194,229)	(194,229)	194,229	-
-	-	-	(47,702)	(47,702)
822,831	35,074,337	69,833,450	22,255,909	92,089,359

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	SHARE CAPITAL	SHARE PREMIUM	REVALUATION RESERVE
	£	£	£
Year Ended 31 March 2020			
At 1 April 2019	2,815,199	1,924,769	29,196,314
Loss for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Reserve transfers on investment properties revaluations in year:			
On group owned properties	-	-	(2,427,047)
On associates' properties	-	-	-
On joint venture's properties	-	-	-
Equity dividends paid	-	-	-
At 31 March 2020	2,815,199	1,924,769	26,769,267

CAPITAL REDEMPTION RESERVE	RETAINED EARNINGS	SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
£	£	£	£	£
822,831	35,074,337	69,833,450	22,255,909	92,089,359
-	(709,196)	(709,196)	(1,103,644)	(1,812,840)
-	-			-
-	(709,196)	(709,196)	(1,103,644)	(1,812,840)
-	2,427,047	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(140,760)	(140,760)	-	(140,760)
822,831	36,651,428	68,983,494	21,152,265	90,135,759

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	SHARE CAPITAL	SHARE PREMIUM
	£	£
At 1 April 2018	2,815,199	1,924,769
Profit for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Equity dividends	-	-
At 31 March 2019	2,815,199	1,924,769
At 1 April 2019	2,815,199	1,924,769
Profit for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Equity dividends	-	-
At 31 March 2020	2,815,199	1,924,769

REVALUATION RESERVE	CAPITAL REDEMPTION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
£	£	£	£
-	822,831	6,111,126	11,673,925
-	-	303,372	303,372
-	-	-	-
-	-	303,372	303,372
-	-	(141,460)	(141,460)
-	822,831	6,273,038	11,835,837
-	822,831	6,273,038	11,835,837
-	-	296,533	296,533
-	-	-	-
-	-	296,533	296,533
-	-	(140,760)	(140,760)
-	822,831	6,428,811	11,991,610

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Net Cash Inflow from Operating Activities	18	2,390,167	5,648,638
Cash Flows from Investing Activities			
Purchase and refurbishment of properties	9	(118,464)	(8,415,028)
Interest received	4	751,843	622,753
New subsidiaries	10	-	152
Proceeds on sale of tangible assets	9	-	145,294
Net Cash From/Used By Investing Activities		633,379	(7,646,829)
Cash Flows from Financing Activities			
Repayment of bank loans (net)	19	(4,429,882)	(1,446,068)
Loans granted to associates (net)	12	(60,279)	(30,419)
Loans granted to related parties (net)	19	1,898,720	695,441
Interest paid	5	(1,009,724)	(1,093,087)
Dividends paid	17	(140,760)	(141,460)
Net Cash Used By Financing Activities		(3,741,925)	(2,015,593)
Decrease in Cash and Cash Equivalents	19	(718,379)	(4,013,784)
Cash and Cash Equivalents at Beginning of Year	19	4,810,350	8,824,134
Cash and Cash Equivalents at End of Year	19	4,091,971	4,810,350

Cygnet Properties & Leisure plc is a public limited liability company incorporated in England. The Registered Office is Crown House, North Circular Road, Park Royal, London NW10 7PN.

1. Accounting Policies

1.1 Basis of Preparation and Going Concern

The significant accounting policies which have been consistently applied in preparing the financial statements are as follows:

Basis of Accounting

The group's financial statements have been prepared in compliance 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'), as it applies to the financial statements of the group for the year ended 31 March 2020.

The financial statements have also been prepared in accordance with the Companies Act 2006 and under the historical cost basis, except for the modification to the fair value basis for the revaluation of investment properties as required by FRS 102.

Going concern and Covid-19

A number of risks are heightened during the current period of disruption caused by Covid-19 and we have seen an impact across all aspects of the business. As uncertainty increased we paid particular attention to our tenants' exposure.

While the full effects are yet to be seen there is no doubt that the ramifications will be far reaching. We expect all sectors of the commercial property market to be affected not only our business but those of our tenants and suppliers. The entire workforce mobilised to quickly respond to the various risks and challenges that presented themselves following the outbreak, weekly meetings take place including at least one Board member to review and take any decisions that may be required.

The directors have made an assessment of the group's ability to continue as a going concern which included the current uncertainties created by Covid-19, coupled with the group's cash resources, borrowing facilities, rental income, acquisitions and disposals of investment properties, committed capital and other expenditure and dividend distributions.

The company and group are financed partly by equity and partly by way of banking facilities. The group is therefore dependent upon its bankers and shareholders for continuing financial support. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in these financial statements. As at 31 March 2020 the group had £4.7m of cash and cash equivalents, a low gearing level of 20% and a fair value property portfolio of £113m. The directors have reviewed the forecasts for the group taking into account the impact of Covid-19 on trading over the twelve months from the date of signing this annual report.

The forecasts have been assessed against a range of possible downside outcomes incorporating significantly lower levels of income in line with the possible effects of the pandemic. The directors are not aware of any likely events, conditions or business risks beyond this period that may cast significant doubt on the group's ability to continue as a going concern. The directors have a reasonable expectation that the group has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary companies and have been prepared by using the principles of acquisition accounting. The results of any subsidiaries acquired during the year are included in the consolidated income statement from the date of their acquisition. Intra-group sales, profits and balances are eliminated on consolidation.

1.3 Joint Ventures

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.4 Associated Companies

Companies, other than subsidiary companies or joint ventures, in which the group has a participating interest and over which it exerts significant influence but does not control, are treated as associated companies.

In the group financial statements, associated companies are accounted for using the equity method. In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

1.5 Goodwill

Goodwill is the difference between the amount paid on the acquisition of a subsidiary and the aggregate fair value of its separable net assets. Goodwill is capitalised as an intangible fixed asset and is amortised in equal annual instalments over its estimated useful economic life. A further charge is made for any impairment in the value of goodwill. If a subsidiary undertaking is subsequently sold, any goodwill arising on acquisition that has not been amortised through the income statement is taken into account in determining the profit or loss on sale.

1.6 Turnover and Profit Recognition

Turnover represents amounts receivable from gross rents charged to tenants and the invoice value of other goods and services supplied, net of value added tax. Rental income is recognised once space is provided to tenants.

1.7 Tangible Fixed Assets and Depreciation

Investment Properties

Certain of the group's properties are held for long-term investment. Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the consolidated income statement and accumulated in the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in retained earnings for the year.

Purchases and sales of properties are accounted for on completion of contracts.

The group uses a mix of independent valuation specialists and in-house specialist to determine fair values at each year end. The key assumptions used to determine the fair values of investment properties are further explained in note 9.

Depreciation is provided only on those investment properties that are leasehold and where the unexpired lease term is less than 20 years. Although this accounting policy is in accordance with the applicable standard, FRS 102, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors, compliance with the standard is necessary for the financial information to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount in respect of this which might otherwise have been shown cannot be separately identified or quantified.

Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided on the reducing balance basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and Machinery	25%
Fixtures & Fittings	25%
Motor Vehicles	25%

1.8 Refurbishment Expenditure

Refurbishment expenditure in respect of major works is capitalised. Interest and other directly attributable costs incurred during the period of refurbishment are capitalised until the property is substantially ready for letting. Maintenance and refurbishment expenditure of a revenue nature is written off to the income statement as incurred.

1.9 Impairment of Value

The group undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is a higher of net realisable value and value in use, the fixed asset is written down to its recoverable amount. The value in use is determined from estimated discounted future net cash flows.

1.10 Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are only recognised when that asset is regarded as recoverable. Provision is made for deferred tax on surpluses recognised on revaluing investment properties to their fair values.

1.11 Foreign Currencies

The financial statements are presented in the currency of the primary economic environment in which the group operates (its 'functional currency'). The functional and presentational currency of the company and the group is Pounds Sterling (£). Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the year-end date and the gains or losses on translation are included in the income statement.

1.12 Fixed Asset Investments

The company's fixed asset investments in subsidiary and associated companies are stated at cost less any provisions for impairments.

1.13 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.14 Loans and Borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

1.15 Short-term Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

1.16 Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimation is contained in the accounting policies or the notes to the financial statements, and the key areas are summarised below. In the future, actual experience may differ from these estimates and assumptions.

Estimates – Investment Properties

The key source of estimation uncertainty rests in the values of property assets, which significantly affects the value of investment properties in the Consolidated Statement of Financial Position. The investment property portfolio are carried at fair value, which requires a number of judgements and estimates in assessing the group's assets relative to market transactions. Given the property market knowledge and expertise of the directors and within the group, valuations are carried out by a mixture of external independent valuers and by internal specialists.

The approach to the valuations and the amounts affected are set out in the accounting policies and note 9. The group has valued the investment properties at fair value. To the extent that any future valuation affects the fair value of the investment properties, this will impact on the group's results in the period in which this determination is made. Due to Covid-19, March 2020 valuations have an inherent material uncertainty. The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. The internal valuers can attach less weight to previous market evidence for comparison purposes to inform opinions of value.

The current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. The property valuations therefore have an inherent "material valuation uncertainty" and consequently, less certainty – and a higher degree of caution – should be attached to the valuations used in these financial statements than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, the directors will keep the valuation of the group's properties under review.

2. Turnover

The total group turnover for the year has been derived in the United Kingdom from the principal activities of property investment and lettings.

3. Group Operating Profit

	2020	2019
	£	£
Group operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 9)	5,843	2,672
Amortisation of goodwill - net debit/(credit) (note 8)	13,428	13,428
Auditors' remuneration - group audit fees	100,000	100,000
- non-audit services	15,000	15,000

The group audit fees consists of £85,000 (2019: £85,000) payable to the parent company auditors and £15,000 (2019: £15,000) payable to other firms of auditors who audit some of the company's subsidiaries. Non-audit services relate entirely to tax and non-audit accounting services.

The changes in fair values of investment properties are shown in the consolidated income statement after operating profit so is not included above.

4. Interest Receivable

	2020	2019
	£	£
Company and subsidiaries:		
- bank interest received	5,712	12,800
- interest from related parties	154,672	150,168
- other interest	591,459	459,785
	751,843	622,753
Associated companies:		
-share of bank interest received (note 10)	-	4
	751,843	622,757

Other interest shown above consists mainly of interest on short term debtors due from third parties (note 12).

5. Interest Payable

	2020	2019
	£	£
Company and subsidiaries:		
On bank overdrafts	393	15,648
On bank loans	1,009,260	1,076,703
On overdue tax	71	736
	1,009,724	1,093,087
Associated companies - share of bank loan interest (note 10)	67,210	75,940
	1,076,934	1,169,027

6. Taxation

	2020	2019
	£	£
The tax charge comprises:		
Current Year Taxation		
UK corporation tax on profits for the year	941,269	1,010,441
Adjustments for previous periods	51,794	(45,381)
	993,063	965,060
Share of joint venture's tax (overseas tax) (note 11)	71,400	85,496
Share of associated companies' corporation tax charge (note 10)	45,244	68,545
Total current tax charge	1,109,707	1,119,102
Deferred Tax		
Deferred tax charge/(credit) – group (note 15)	153,023	44,214
Tax charge on profit on ordinary activities	1,262,730	1,163,315

THE TAX CHARGE FOR THE YEAR IS RECONCILED AS FOLLOWS:	2020	2019
	£	£
(Loss)/profit on ordinary activities before tax	(550,110)	6,041,189
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(104,520)	1,147,826
Effects of:		
Income and gains/losses not taxable	1,139,325	25,800
Expenses not deductible for tax purposes	13,727	28,376
Deferred tax adjustment	113,146	7,206
Adjustments to tax charge in respect of previous periods	51,794	(45,381)
Chargeable disposals	-	(512)
Other tax adjustments	49,258	-
Total current tax charge	1,262,730	1,163,315

7. Profit Attributable to Members of the Parent Company

As permitted by Section 408 of the Companies Act 2006, the parent company has not presented its own income statement. The profit on ordinary activities after taxation included in the financial statements of the parent company for the year ended 31 March 2020 is £296,533 (2019: £303,372).

8. Intangible Fixed Assets

GROUP	NEGATIVE GOODWILL	POSITIVE GOODWILL	TOTAL
	£	£	
Cost			
At 1 April 2019	(335,714)	472,025	136,311
Additions	-	-	-
At 31 March 2020	(335,714)	472,025	136,311
Amortisation and Impairment			
At 1 April 2019	227,232	(141,000)	86,232
Amortisation credit/(charge)	33,572	(47,000)	(13,428)
At 31 March 2020	260,805	(188,000)	72,805
Net Book Value			
At 31 March 2020	(74,909)	284,025	209,116
At 31 March 2019	(108,482)	331,025	222,544

Negative goodwill arose in prior years from the acquisition of 66.6% of share capital in Mayfield Estates Limited and the acquisition of 50% of Alankar Properties Limited which was a 50% associate of the group and both subsequently became 100% subsidiaries.

Positive goodwill arose from the acquisition of a one third interest in the Halo Estates Limited, which owns 50% of Unimix Properties Limited.

Positive goodwill is being amortised and negative goodwill is being released to the income statement over the directors' estimate of the useful economic lives of 10 years.

9. Tangible Fixed Assets

GROUP	INVESTMENT PROPERTIES	PLANT AND MACHINERY	FIXTURES & FITTINGS	TOTAL
	£	£	£	£
Cost or Valuation				
At 1 April 2019	119,022,999	26,889	311,918	119,361,806
Additions	103,099	8,500	6,865	118,464
Revaluation to fair values	(6,001,694)	-	-	(6,001,694)
At 31 March 2020	113,124,404	35,389	318,783	113,478,576
Depreciation				
At 1 April 2019	-	26,788	304,008	330,796
Charge for the year	-	2,150	3,693	5,843
At 31 March 2020	-	28,938	307,701	336,639
Net Book Values				
At 31 March 2020	113,124,404	6,451	11,082	113,141,937
At 31 March 2019	119,022,999	101	7,910	119,031,010

The group did not purchase or dispose of any investment properties during the year ended 31 March 2020. The remaining additions in the year relate to capitalised improvements on existing group investment properties. The group owned 24 freehold investment properties (2019: 24) and 3 leasehold investment properties (2019: 3) at 31 March 2020.

The historical cost of investment properties held at fair values was £70,330,922 at 31 March 2020.

The total amount of loan interest and directly attributable overhead expenditure capitalised in the investment properties' costs to date is £647,251 (2019: £647,251) and £299,361 (2019: £299,361) respectively. No interest or overhead expenditure has been capitalised during the current year.

During the year ended 31 March 2020, there were a number of changes of fair values arising from the revaluation of the group's investment properties. The net change was a reduction of fair values of £6m, which is shown on the consolidated income statement.

The investment properties are valued on an open market basis as at 31 March 2020 by a mixture of external independent valuers and by internal specialists. The valuer in forming its opinion makes a series of assumptions, which are typically market related, such as net initial yields and expected rental values, and are based on the valuer's professional judgement. The valuer has sufficient current local and national knowledge of the particular property markets involved and has the skills and understanding to undertake the valuations competently. The external independent valuers hold a recognised and relevant professional qualification. The internal valuations have been made after taking into account external valuations which were carried out by an independent professional valuer for some of the group's properties during the year.

The valuations used externally and internally are based on information provided by the group such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the group's financial and property management systems and is subject to the group's overall control environment.

The assumptions are typically market related, such as yields and discount rates, and are based on their professional judgement and market observations. Each property is considered a separate asset, based on its unique nature, characteristics and the risks of the property.

9. Tangible Fixed Assets (continued)

Due to Covid-19, March 2020 valuations have an inherent material uncertainty, as also discussed in the 'Critical accounting judgements and key sources of estimation and uncertainty' note above. The Executive Director responsible for the valuation process verifies all major inputs to the valuations, assesses the individual property valuation changes from the prior year valuations and holds discussions with the independent valuers, for those properties that are independently valued. The key assumptions made in the valuation of the group's investment properties are:

- The amount and timing of future income streams;
- Anticipated maintenance costs and other landlord's liabilities; and
- An appropriate yield.

Accordingly, in the directors' opinion, the carrying values of the group's properties as at 31 March 2020, after the fair value changes in the year, which are based on the directors'/internal valuations are not significantly different from the open market fair values of those properties as at that date.

COMPANY	FREEHOLD INVESTMENT PROPERTIES	FIXTURES & FITTINGS	TOTAL
	£	£	£
Cost			
At 1 April 2019	142,460	77,882	220,342
Additions	-	-	-
At 31 March 2020	142,460	77,882	220,342
Depreciation			
At 1 April 2019	-	74,758	74,758
Charge for the year	-	781	781
At 31 March 2020	-	75,539	75,539
Net Book Values			
At 31 March 2020	142,460	2,343	144,803
At 31 March 2019	142,460	3,124	145,584

No fixed assets were held under finance leases or hire purchase contracts by the group or the company.

10. Fixed Asset Investments

The group's investments in associated companies at 31 March 2020 were as follows:

GROUP	ASSOCIATED COMPANIES
	£
Shares	
At 1 April 2019	1,197
Additions	-
At 31 March 2020	1,197
Share of Retained Profits	
At 1 April 2018	886,691
Net share of profits for the year (see below)	65,657
Share of fair value gain on investment properties in the year transferred (below)	-
At 31 March 2020	952,348
Share of Revaluation of Associated Companies' Properties	
At 1 April 2019	600,599
Transfer of revaluation reserve from retained earnings (above)	-
At 31 March 2020	600,599
Net Book Values	
At 31 March 2020	1,554,144
At 31 March 2019	1,488,487

During the year ended 31 March 2020, there were revaluations of the associated companies' investment properties with resulting gross fair value gains of £Nil (2019: £Nil). This is shown on the consolidated income statement.

10. Fixed Asset Investments (continued)

The company's investments in subsidiary and associated companies at 31 March 2020 were as follows:

COMPANY	ASSOCIATED COMPANIES	SUBSIDIARY COMPANIES	TOTAL
	£	£	£
Shares			
1 April 2019	1,197	2,673,021	2,674,218
Additions	-	-	-
At 31 March 2020	1,197	2,673,021	2,674,218
Net Book Values			
At 31 March 2020	1,197	2,673,021	2,674,218
At 31 March 2019	1,197	2,673,021	2,674,218

10. Fixed Asset Investments (continued)

The company's subsidiary and associated companies as at 31 March 2020 were as follows:

SUBSIDIARY COMPANIES	PRINCIPAL ACTIVITY	% ORDINARY SHARES HELD
Main Developments Limited	Property investment	100%
Dartbank Limited	Property investment	100%
Crownprize (Brentford) Limited	Dormant	100%
New Enterprise Limited	Property investment	100%
Brooktone Limited	Dormant	100%
Zone Estates Limited	Property investment	100%
Steelgate Limited	Dormant	100%
Acre Homes Limited	Property investment	100%
Mayfield Estates Limited	Property investment	100%
C & A Engineering Limited	Property investment	100%
Avonvale Properties Limited	Dormant	100%
Alankar Properties Limited	Property investment	100%
Ipswich Properties Limited	Property investment	100%
Parkview Basingstoke Properties Limited	Property management	100%
Dynamo Estates Limited	Property investment	100%
Mosaic Docklands Limited	Property investment	100%
Aerial Properties Limited	Property investment	100%
Mountsky Limited	Property investment	100%
Dreamview Limited	Property investment	100%
Fairmount Ventures Limited	Sub-holding company	100%
Fire Properties Limited	Property investment	50%
Goldark Limited	Sub-holding company	91.2%
Starling Homes Limited	Property investment	84.5%*
Unimix Properties Limited	Property investment	66.67%*
Willowland Limited	Property investment	50%
Spyce Properties Limited	Property investment	40%
Somervale Limited	Property investment	50%
Fairmount Partnerships	Property investment	60%*
Glory Properties Limited	Property investment	50%
Skyfall Estates Limited	Property investment	100%
Stanmore Place Commercial Limited	Property investment	50%
Halo Estates Limited	Sub-holding company	33.3%
Virani Group Limited	Property investment	100%
Fernglen Limited	Property investment	25%
Langley Business Park Limited	Property investment	50%
Replicate Limited	Property investment	50%
Goldacre Limited	Property investment	100%
London LED Lights Limited	Dormant	100%
Braveheart Properties Limited	Dormant	100%
Manorvale Estates Limited	Dormant	100%
Helmside Limited	Dormant	100%
Highclass Group Limited	Dormant	100%
Unique Access Limited	Dormant	100%
Commonplace Limited	Dormant	100%
Crowngold Limited	Dormant	100%

ASSOCIATED COMPANIES	PRINCIPAL ACTIVITY	% SHARE CAPITAL HELD
Wise Developments Limited	Property investment	25.0%
Secured Properties Limited	Property investment	50.0%
Morden Properties Limited	Property investment	22.0%
Cygnet Properties & Leisure (Europe) Limited	Property investment	25.0%
Hounslow Real Estates Limited	Property investment	25.0%

*Indirectly held

All of the above companies were incorporated in England except for Dartbank Limited which was incorporated in the Isle of Man and registered at the Registrar of Companies in England and Wales as an overseas branch.

10. Fixed Asset Investments (continued)

Spyce Properties Limited, Unimix Properties Limited, Willowland Limited, Fire Properties Limited, Starling Homes Limited, Stanmore Place Commercial Limited, Halo Estates Limited, Glory Properties Limited, Somervale Limited, Fernglen Limited, Langley Business Park Limited and Replicate Limited have been treated as subsidiaries on the grounds that Cygnet controls the financial and operating policies of these companies with a view to gaining economic benefits from its activities.

Fairmount Partnership is equity accounted as a joint venture (note 11) within the accounts of Fairmount Ventures Limited.

The group's share of the net assets of the five associated companies as at 31 March 2020 are shown under investments in the consolidated statement of financial position, and comprised:

	£	£
Share of Assets:		
Share of fixed assets	3,805,764	
Share of current assets	796,348	
		4,602,112
Share of Liabilities:		
Due within one year	(1,857,945)	
Due after more than one year	(951,551)	
Provisions for liabilities	(238,472)	
		(3,047,968)
Share of net assets representing the group's carrying value of investments in associated companies (see above)		1,554,144

The group's share of the results of the five associated companies for the year ended 31 March 2020 were as follows:

	£
Share of Turnover	267,551
Share of operating profits	178,112
Share of gain on revaluation of investment properties	-
Share of interest receivable (note 4)	-
Share of interest payable (note 5)	(67,210)
Share of current and deferred taxation (note 6)	(45,245)
Share of Profits for the Year	65,657

11. Investments in Joint Ventures

The group's investments in joint ventures at 31 March 2020 were as follows:

GROUP	2020 £	2019 £
Uganda (note i)	1,734,265	1,570,151
Fairmount Partnerships (note ii)	1,036,481	1,036,481
	2,770,746	2,606,632

COMPANY	2020 £	2019 £
Uganda (note i)	40,430	38,373

(i) Uganda The company has a 50% interest in a property with Nadims Limited, a company registered in Uganda and connected with the shareholders of the company. The property is known as Nakivubo Mall and it is situated at 34-38 Nakivubo Road, Kampala, Uganda. The interest in the property is held by a contractual arrangement through a memorandum of understanding agreed between the company and Nadims Limited. Under the contractual arrangement the investors together control the activities of the property which is a separate business in its own right. As disclosed in note 26, subsequent to the year end the group disposed of its interest in Nadims Limited for $2.4m.

	GROUP £	COMPANY £
At 1 April 2019	1,570,151	38,373
Share of profit for the year (see below)	166,786	-
Exchange differences in year	(2,672)	2,057
Profit recognised for joint venture in the year	164,114	2,057
At 31 March 2020	1,734,265	40,430

The group's share of net profits and net assets of the Uganda joint venture as at 31 March 2020 are shown under investment in joint venture in the consolidated statement of financial position and comprise:

	£
Share of Turnover	484,604
Share of Net Profit:	
Share of operating profit	238,186
Share of taxation (note 6) - current year	(71,400)
Share of profit from operation for the year	166,786
Share of Net Assets:	
Share of net assets/(liabilities)	1,734,265

(ii) Fairmount Partnership The company's subsidiary, Fairmount Ventures Limited, has a 60% interest of a jointly controlled asset in Fairmount Partnership. The share of the results of Fairmount Partnership are equity accounted in the accounts of Fairmount Ventures Limited with an operating profit of £492,127, gross fair value gain on properties of £Nil, finance costs of £281,693, and a share of net profits of £22,007.

12. Debtors

	2020 GROUP	2019 GROUP	2020 COMPANY	2019 COMPANY
	£	£	£	£
Trade debtors	1,272,866	1,475,551	83,645	136,475
Other debtors	3,743,050	1,693,666	3,594,389	1,478,593
Amounts due from subsidiaries	-	-	31,261,212	31,344,172
Amounts due from associated companies	2,331,948	2,271,669	2,331,948	2,271,669
Prepayments	420,004	129,172	396,793	60,675
Amounts due from related parties	5,507,333	5,380,944	-	-
VAT receivable	22,260	5,820	22,260	5,820
	13,297,461	10,956,822	37,690,247	35,297,404

Amounts owed by group undertakings are interest free, are unsecured and have no fixed terms of repayment.

Amounts due from related parties at 31 March 2020 are mainly due from Bridgestone Estates Limited. These related party debtors are unsecured and have no fixed terms of repayment and carry interest of 3% per annum.

13. Creditors: amounts falling due within one year

	2020 GROUP	2019 GROUP	2020 COMPANY	2019 COMPANY
	£	£	£	£
Bank loans (note 14)	1,776,554	3,874,426	-	33,021
Bank overdraft	635,469	283,638	561,330	-
Trade creditors	2,382,880	1,850,616	66,827	16,269
Other creditors	4,639,499	4,908,317	701,644	667,439
Other taxes and social security costs	379,430	408,807	832	931
Corporation tax payable	1,223,674	1,008,309	71,617	59,553
Amounts due to subsidiary companies	-	-	23,926,761	23,574,859
Accruals and deferred income	2,882,906	3,031,072	95,339	96,741
Dividends payable	18,283	18,283	18,283	18,283
Amounts owed to related parties	6,369,473	4,490,753	3,134,489	1,956,094
	20,308,168	19,874,221	28,577,122	26,423,190

"Amounts owed to related parties at 31 March 2020 include £1,215,636 (2019: £1,186,227) due to Virani Net Scheme and £392,716 (2019: £198,507) due to Virani Net Limited, £1,494 due to Mr N Virani (2019: Mr N Virani £4,217), £1,751,493 due to Mr N Virani and Mrs A Virani (2019: £1,751,493), £1,242,588 due to Mrs A Virani (2019: £242,588) and £1,250,000 due to Genesis Estates Limited. These related party loans are interest free, are unsecured and have no fixed terms of repayment.

14. Creditors: amounts falling due after more than one year

	2020 GROUP	2019 GROUP	2020 COMPANY	2019 COMPANY
	£	£	£	£
Bank loans (note below)	18,839,160	21,171,170	-	211,798
Bank Loans Maturity Analysis				
Repayable within one year	1,776,554	3,874,426	-	33,021
Repayable between one and five years	18,572,218	20,266,019	-	137,865
Repayable after five years	266,942	905,151	-	73,933
Total loan debt	20,615,714	25,045,596	-	244,819
Included in current liabilities (note 13)	(1,776,554)	(3,874,426)	-	(33,021)
Amounts falling due after more than one year	18,839,160	21,171,170	-	211,798

The bank loans are secured by legal charges over the group's investment properties and bear interest at 1.1% to 5% over LIBOR.

15. Provision for Deferred Tax

	2020 GROUP	2019 GROUP	2020 COMPANY	2019 COMPANY
	£	£	£	£
Amount provided:				
- on accelerated capital allowances	755,546	637,357	1,828	1,763
- on revaluation of properties	5,662,210	5,627,376	-	-
Full Provided Liability	6,417,756	6,264,733	1,828	1,763
The movement of the provision for the year is as follows:				
At 1 April 2019	6,264,733	6,220,519	1,763	1,763
Income statement (note 6)	153,023	44,214	65	-
At 31 March 2020	6,417,756	6,264,733	1,828	1,763

16. Share Capital

GROUP AND COMPANY	2020 £	2019 £
Allotted, called-up and fully paid		
28,151,991 ordinary shares of 10p each	2,815,199	2,815,199

17. Reserves and Dividends

Reserves

The group has the following reserves, the movements of which in the current and prior years are shown in the statements of changes in equity:

Called-up Share Capital

Called-up share capital represents the nominal value of shares that have been issued. All shares are of the same class and have the same rights.

Share Premium Account

Share premium is the amount above the nominal value received for shares issued, less transaction costs.

Capital Redemption Reserve

This reserve records the nominal value of shares repurchased by the company.

Revaluation Reserve (Non-distributable)

The revaluation reserve is used to record changes in the fair value of investment properties, net of deferred tax provisions on revaluation gains, recognised for the current and previous reporting periods.

Retained Earnings

The retained earnings represent all current and prior period retained profits and losses.

Dividends

The dividend of £140,760 paid during the year ended 31 March 2020 related to the financial results for the prior year. A dividend for the current financial year will be proposed for approval by shareholders at the forthcoming AGM. As the final dividend has not yet been approved by shareholders is it not included in the financial statements as a liability and it will be accounted for as an appropriation of retained earnings in the year ending 31 March 2020.

18. Reconciliation of Operating Profit to Net Cash Flow From Operating Activities

	2020	2019
	£	£
Group operating profit	5,365,106	5,883,381
Depreciation charges	5,843	2,672
Amortisation charge (net of credit)	13,428	13,428
Exchange gain on joint venture	(2,057)	(2,697)
(Increase)/decrease in debtors	(2,280,360)	628,270
Increase in creditors	75,819	274,992
Corporation tax paid	(787,612)	(1,151,408)
Net Cash Inflow from Operating Activities	2,390,167	5,648,638

19. Analysis of Changes in Net Debt

	1 APRIL 2019	CASH FLOWS	31 MARCH 2020
	£	£	£
Cash:			
Cash at bank and in hand	5,093,988	(366,548)	4,727,440
Bank overdrafts	(283,638)	(351,831)	(635,469)
	4,810,350	(718,379)	4,091,971
Debt:			
Bank loans (note 14)	(25,045,596)	4,429,882	(20,615,714)
Loans due to related parties (note 13)	(4,490,753)	(1,898,720)	(6,389,473)
	(29,536,349)	2,531,162	(27,005,187)
Total Net Debt	(24,725,999)	1,812,783	(22,913,216)

20. Employees

	2020	2019
	£	£
Wages and salaries	929,917	779,912
Social security costs	78,946	65,918
Pension contributions	10,430	7,006
	1,019,293	852,836

The average monthly number of employees (excluding directors) during the year was 35 (2019: 39).

21. Directors' Emoluments

	2020	2019
	£	£
Emoluments for qualifying services - salary and fees	406,013	347,164

In addition to the emoluments shown above, the group paid £275,000 (2019: £275,000) to Virani Net Limited (a shareholder of the company) for the services of the remaining directors. Of this balance £275,000 remains in accruals (2019: £275,000). Included within the group balance is £50,000 (2019: £50,000) paid to Virani Net Limited by the company.

22.Financial Assets and Liabilities

	2020 GROUP	2019 GROUP	2020 COMPANY	2019 COMPANY
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised costs	17,604,897	15,921,638	37,314,316	35,553,738
Carrying amount of financial liabilities				
Measured amortised costs	37,544,224	39,628,275	28,152,771	26,574,504

23. Capital Commitments

At 31 March 2020 the group was committed to £Nil (2019: £Nil) for property acquisitions and for property refurbishments after the year end.

24. Related Party Transactions

Total remuneration of key management during the year was £406,013 (2019: £347,164)

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the group.

Other related party transactions are shown in notes 12 and 13 above.

25. Ultimate Controlling Party

The company and group are controlled by some members of the Virani family, some of whom are directors of the company, through their shareholdings in Virani Net Limited and Virani Net Scheme.

26. Subsequent Events

Subsequent to the year end the company sold its interest in Nadims Limited, the joint venture in Uganda, for $2.4 million. Furthermore in June 2020 the freehold of the Antonine Hotel in Falkirk, Scotland, was purchased for £161,090.

Notice is hereby given that the Annual General Meeting of the Company will be held at Crown House , North Circular Road, Park Royal London NW10 7PN on Tuesday 10 November 2020 at 12:30 pm.

COVID-19

As a result of the Covid-19 pandemic and in light of the UK Government's measures, public health guidance, and guidance issued by The Chartered Governance Institute (with the support of The Financial Reporting Council) at the time of publication of this document the Company is intending to run this year's AGM as a closed door meeting. Shareholders will not be able to attend in person. Anyone seeking to attend in person will be refused entry

We do however encourage you to participate by:

- Casting your vote by proxy which must be received by the Registrar no later than 12:30 on Friday 6 November 2020. As the AGM will be a closed door meeting you are advised to appoint the Chair of the AGM as your proxy and
- Submitting any questions you may have to the Board by emailing them to enquiries@cygnetproperties.co.uk no later than 12:30 pm on Friday 6 November 2020.

The situation is constantly evolving. Should further announcements be made in respect of the AGM be required following publication of this Notice we will update the information on our website www.cygnetproperties.co.uk

The meeting is being called for the following purposes:

Ordinary Business

1. To receive and adopt the Report of the Directors and the Accounts for the year ended 31 March 2020 and the Auditors Report thereon. *(Resolution 1)*
2. To declare a dividend of 0.50 pence per ordinary share of the Company. *(Resolution 2)*
3. To re-elect Zul Virani as a Director who retires pursuant to the provisions of the Articles of Association and, being eligible, offer himself for re-election. *(Resolution 3)*
4. To re-elect Rahim Virani as a Director who retires pursuant to the provisions of the Articles of Association and, being eligible, offer himself for re-election. *(Resolution 4)*
5. To confirm the appointment of Nicholas Stern as Non-executive Director *(Resolution 5)*
6. To re-appoiont UHY Hacker Young LLP as Auditors of the Company to hold office until the conclusion of the next General Meeting at which accounts and reports are laid and to authorise the board of directors to determine their remuneration. *(Resolution 6)*

Special Business

To consider and, if thought fit, to pass the following resolutions of which Resolution 7 will be proposed as an Ordinary Resolution of the Company and Resolution 8 will be proposed as a Special Resolution of the Company:

7. That the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the company to allot shares in the company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal value of £10,000,000 provided that such authority shall expire on the conclusion of the next Annual general meeting to be held in 2020 unless previously renewed, varied or revoked by the Company in general meeting save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. *(Resolution 7)*
8. That, subject to the passing of resolution 6 above, the Directors be and are hereby empowered pursuant to Section 570 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority granted by Resolution 6 above as if section 561 (1) of the act did not apply to any such allotment provided this power shall be limited to the allotment wholly for cash:

(i) of equity securities in connection with a rights issue in favour of Ordinary shareholders or allottees of Ordinary shares where the equity securities respectively attributable to the interests of all Ordinary shareholders or allottees of Ordinary shares are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by or allotted to them; and

(ii) (otherwise than pursuant to sub- paragraph (i) above) of equity securities up to an aggregate nominal amount of £10,000,000 and this authority shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2019 (unless renewed on or before that date) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be alloted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. *(Resolution 8).*

By Order of the Board

Nicholas Stern
Secretary

09 October 2020

Registered offices:
Crown House
North Circular Road
Park Royal
London, NW10 7PN

1. A member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend, and on a poll, vote in his/her stead. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting at the Meeting should he/she decide to do so.
2. A from of proxy, to be valid, must be signed and lodged with the Company's Registrars, Neville Registrars Limited, Neville house, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA so as to arrive not later than 48 hours before the time fixed for the Meeting.

CYGNET PROPERTIES & LEISURE PLC (THE COMPANY)

FORM OF PROXY

I/We ..... (Block Capitals)

of .....

Being a Member of the company hereby appoint the duly appointed Chairman of the meeting, or failing him

.....

of .....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 10 November 2020.

I/We desire the proxy to be used in connection with the resolutions to be proposed at the Annual General Meeting as follows:

RESOLUTION	FOR	AGAINST
1. To adopt the Directors Report and Accounts		
2. To declare a Dividend		
3. To re-elect Mr Zul Virani		
4. To re-elect Mr Rahim Virani		
5. To confirm the appointment of Mr Nicholas Stern		
6. To re-appoint UHY Hacker Young LLP as Auditors		
7. To authorise the Directors pursuant to Section 551 of the Act		
8. To authorise the Directors pursuant to Section 570 & 573 of the Act		

Please indicate with an "X" in the appropriate box how you wish your vote to be cast.

Number and Class of Shares held .....

Dated this ..... day of 2020

Signed .....

NOTES

1. A proxy need not be a Member of the Company.
2. A form of proxy, to be valid, must be signed and lodged with the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD, so as to arrive not later than 48 hours before the time fixed for the Annual General Meeting.
3. If the shareholder is a corporation and has adopted a common seal, the form must be executed under its common seal and under the hand of some officer or attorney duly authorised in that behalf. If the corporation has not adopted a common seal, the form must be executed in accordance with the Act.
4. In the case of joint holders, the signature of any one holder will be sufficient but the names of the joint holders should be stated.