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TAYLOR CLARK plc

Annual Report 2001

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Annual report
for the year ended 31 March 2001

Contents

Directors and advisers

Directors	R Clark FCA *Chairman and Chief Executive*
	*Mrs P A H Clark
	*D T Boyd CA
	R J Harvey
	*R E Towner MA
	*Non-executive
Secretary	J A Dippie FCA
Registered Office	32 Haymarket, London, SW1Y 4TP.
	Registered number: 340727
	Date of Incorporation: 27 May 1938
Auditors	KPMG
Principal Bankers	Clydesdale Bank plc
	Bank of Scotland
	The Royal Bank of Scotland plc

Chairman's statement

The Group profit of £6.6 million for the year was disappointing at face value but somewhat like the curate's egg.

Trading and dealing activities produced both very good and poor results. Certain non-recurring expenditure should have a beneficial effect on future results. The net result was then subject to various valuation adjustments and provisions deemed necessary to reflect difficult market conditions.

I would like to comment therefore in somewhat general terms.

Property development made the major contribution to profits and future prospects look very good.

Leisure activities produced a very mixed result but steps are being taken to improve the performance of the restaurants.

Farming and forestry activities were not helped by bad weather and the outbreak of Foot and Mouth disease. The future is now even more uncertain than ever but underlying land values do not appear to have been affected by falling incomes.

Our investments in North America continue to produce very satisfactory returns. All assets will become income producing during the current year and the following year will at long last include full production income from our long-term farming ventures. The diversity of our investments should help to minimize the effect of any downturn in the economy.

We continue to invest any surplus funds in a structured portfolio of listed investments managed by hand picked investment managers. Whilst we suffered as a result of volatile stock markets overall the portfolio outperformed agreed benchmarks.

Our mix of investments should enable us to bring our total return back on track during the current year.

Robin Clark

18 July 2001

Robin Clark

Report of the directors

The directors have pleasure in submitting their annual report, together with the financial statements for the year ended 31 March 2001.

Group Activities

Taylor Clark plc is an investment holding company. The principal activities of its subsidiary undertakings are property development, farming and forestry, hotels, restaurants and other leisure operations in the UK and North America.

Results and dividends

As shown by the consolidated profit and loss account the profit for the financial year amounted to £4,212,000 *(2000: £8,768,000)*. After deducting £1,006,000 *(2000: £2,563,000)* for dividends paid and proposed, a retained profit of £3,206,000 *(2000: £6,205,000)* has been transferred to reserves.

On 6 March 2001 an interim dividend of 30p pence per share *(2000: 30 pence per share)* was paid. The directors recommend the payment of a final dividend of 34 pence per share *(2000: 133 pence per share)* making a total for the year of 64 pence per share *(2000: 163 pence per share)*.

Directors

The directors in office at the date of this report are set out on page 2.

The interests of the directors in the ordinary £1 shares of the company at 1 April 2000 and 31 March 2001 are listed below:

	31 March 2001		1 April 2000	
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
Robin Clark	108,909	720,300	108,909	720,300
Mrs P A H Clark	108,909	720,300	108,909	720,300
R J Harvey	—	94,000	—	94,000

The non beneficial shareholdings shown above arise because certain of the directors act as trustees. Where more than one director is a trustee the shares held by a particular trust may be shown more than once.

At 1 April 2000 and 31 March 2001 Mr Towner and Mr Boyd did not have any interest in the shares of the company. None of the directors had any direct interest in the shares of subsidiary undertakings.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Major shareholder

The Underwood Trust, a Registered Charity, owns 680,300 *(2000: 680,300)* ordinary shares of £1 each, representing 43.3% *(2000: 43.3%)* of the issued share capital.

Payments to suppliers

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made to these terms subject to the supplier fulfilling its obligations.

The ratio, expressed in days, between the amounts invoiced to the company by its suppliers in the year ended 31 March 2001 and amounts owed to its trade creditors at the end of the year was 22 days *(2000: 28 days)*.

Donations

The group made neither contributions for political purposes nor charitable donations during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board,

J A Dippie

Secretary

32 Haymarket,
London SW1Y 4TP.
18 July 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and prevent and detect fraud and other irregularities.

Report of the auditors

To the Members of Taylor Clark plc

We have audited the financial statements on pages 8 to 27.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 6, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants,
Registered Auditors
London
18 July 2001

Consolidated profit and loss account

for the year ended 31 March 2001

	Note	2001 £'000	2000 £'000
Turnover of the group including its share of joint ventures		41,497	43,594
Less: Share of turnover of joint ventures		(5,217)	(2,186)
Group turnover	2	36,280	41,408
Cost of sales		(29,003)	(27,540)
Gross profit		7,277	13,868
Administrative expenses		(5,046)	(4,061)
Other operating income		1,792	488
Group operating profit	3	4,023	10,295
Share of operating profit of joint ventures		914	476
Total operating profit		4,937	10,771
Gains on property disposals		1,715	388
Profit before interest		6,652	11,159
Interest receivable and similar income	4	1,428	1,956
Interest payable and similar charges	5	(536)	(549)
Share of net interest payable of joint ventures		(918)	(531)
Profit on ordinary activities before taxation	2, 3	6,626	12,035
Taxation on profit on ordinary activities	7	(2,414)	(3,273)
Profit on ordinary activities after taxation		4,212	8,762
Minority interests		—	6
Profit for the financial year	8	4,212	8,768
Dividends			
Paid		(472)	(472)
Proposed		(534)	(2,091)
Profit for the year transferred to reserves		3,206	6,205

A statement of the reserves is given in note 19.

The notes referred to above form part of these accounts.

Group statement of total recognised gains and losses

for the year ended 31 March 2001

	2001	2000
	£'000	£'000
Profit for the financial year	4,212	8,768
Unrealised surplus on revaluation of properties	1,990	1,365
Unrealised (deficit)/surplus on revaluation of investments	(3,882)	6,097
Currency translation difference on foreign currency net assets	2,144	191
Other recognised gains and losses	252	7,653
Total recognised gains and losses	4,464	16,421

Note of historical cost profits and losses

for the year ended 31 March 2001

	2001	2000
	£'000	£'000
Reported profit on ordinary activities before taxation	6,626	12,035
Realisation of revaluation gains of previous years	3,005	157
Historical cost profit on ordinary activities before taxation	9,631	12,192
Historical cost profit for the year retained after taxation, minority interests and dividends	6,211	6,362

Group reconciliation of movements in shareholders' funds

for the year ended 31 March 2001

	2001	2000
	£'000	£'000
Profit for the financial year	4,212	8,768
Dividends paid and proposed	(1,006)	(2,563)
Profit for the year transferred to reserves	3,206	6,205
Other recognised gains and losses	252	7,653
Net movement in shareholders' funds	3,458	13,858
Opening balance of shareholders' funds	148,498	134,640
Closing balance of shareholders' funds	151,956	148,498

Group balance sheet
at 31 March 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Property	9	47,053	55,410
Other tangible assets	9	4,059	4,216
Investments in joint ventures			
Share of gross assets		29,107	15,507
Share of gross liabilities		(14,626)	(9,402)
	10	14,481	6,105
Other investments	11	27,189	27,989
		92,782	93,720
Current assets			
Property and developments		27,807	34,694
Stocks	13	216	232
Debtors	14	3,328	2,254
Investments		28,039	24,695
Cash at bank and in hand		14,366	9,151
		73,756	71,026
Creditors: amounts falling due within one year	15	(13,296)	(10,145)
Net current assets		60,460	60,881
Total assets less current liabilities		153,242	154,601
Creditors: amounts falling due after more than one year	16	—	(5,000)
Provisions for liabilities and charges	17	(1,286)	(1,103)
Net assets		151,956	148,498
Capital and reserves			
Called up share capital	18	1,573	1,573
Capital redemption reserve	19	730	730
Revaluation reserve	19	16,969	21,709
Profit and loss account	19	132,684	124,486
Equity shareholders' funds		151,956	148,498

Approved by the Board on 18 July 2001 and signed on its behalf by

R Clark
R J Harvey *Directors*

The notes referred to above form part of these accounts.

Consolidated cash flow statement

for the year ended 31 March 2001

	2001 £'000	2000 £'000
Net cash inflow from operating activities	10,000	14,181
Returns on investments and servicing of finance	751	1,645
Taxation	(3,809)	(3,864)
Capital expenditure and financial investment	11,865	(17,881)
Acquisitions and disposals	(7,888)	(1,881)
Equity dividends paid	(2,563)	(959)
Cash inflow/(outflow) before use of liquid resources and financing	8,356	(8,759)
Management of liquid resources	(8,884)	12,573
(Decrease)/increase in cash	(528)	3,814

Reconciliation of net cash flow to movement in net funds

	2001 £'000	2000 £'000
(Decrease)/increase in cash in the year	(528)	3,814
Cash outflow/(inflow) from movement in liquid resources	8,884	(12,573)
Movement resulting from cash flows	8,356	(8,759)
Translation difference	104	—
Movement in the year	8,460	(8,759)
Net funds at 1 April 2000	28,181	36,940
Net funds at 31 March 2001	36,641	28,181

Further information concerning the consolidated cash flow statement is given in note 20 which forms part of these accounts.

Company balance sheet
at 31 March 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Property	9	15,350	16,250
Other tangible assets	9	141	186
Investments	11	73,164	76,802
		88,655	93,238
Current assets			
Debtors due after one year	14	25,905	22,503
Debtors due within one year	14	9,751	10,971
Investments		28,039	24,695
Cash at bank and in hand		10,017	3,459
		73,712	61,628
Creditors: amounts falling due within one year	15	(32,152)	(22,625)
Net current assets		41,560	39,003
Total assets less current liabilities		130,215	132,241
Creditors: amounts falling due after more than one year	16	—	(5,000)
Provisions for liabilities and charges	17	(10)	(9)
Net assets		130,205	127,232
Capital and reserves			
Called up share capital	18	1,573	1,573
Capital redemption reserve	19	730	730
Revaluation reserve	19	11,993	15,054
Profit and loss account	19	115,909	109,875
Equity shareholders' funds		130,205	127,232

Approved by the Board on 18 July 2001 and signed on its behalf by

R Clark
R J Harvey *Directors*

Robin Clark

RHarvey

The notes referred to above form part of these accounts.

Notes on the accounts

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's and group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except for properties and listed investments which are revalued under the alternative accounting rules.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2001. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet.

Where a group company is party to a joint arrangement which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cashflows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Goodwill and negative goodwill

Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisitions before 1 April 1998, when FRS 10 *Goodwill and intangible assets* was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 April 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Negative goodwill arising on consolidation in respect of acquisitions since 1 April 1998 is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

On the subsequent disposal or termination of a business acquired since 1 April 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill (negative goodwill).

In the company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

1 Accounting policies *(continued)*

Depreciation of fixed assets

Fixed assets are depreciated on a straight line basis over their estimated useful lives adopting the following rates per annum:

Investment properties and freehold land	—	nil
Freehold buildings	—	0%-4%
Leasehold properties	—	over the life of the lease, limited to the final fifty years.
Other tangible assets:		
Short life equipment	—	50%
Farming equipment	—	At between 10% and 20%
Other plant and equipment	—	At between 10% and 33%
Assets in course of construction	—	nil

Investment property

In accordance with SSAP 19, as amended in July 1994, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; except where there is a deficit on an individual investment property that is expected to be permanent, which is charged to the profit and loss account for the period. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over twenty one years to run.

This treatment, as regards certain of the group's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are held for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. The profits and losses on disposal of investment properties are computed by reference to the valuation at the previous year end of the assets concerned plus subsequent expenditure.

Trading property

On the adoption of FRS 15, the group has followed the transitional provisions to retain the net book value of land and buildings which were revalued in 1996 and which is now deemed to be cost. Trading properties are therefore stated at cost or 1996 valuation. They will not be revalued in the future.

Any impairment in the value of properties is charged to the profit and loss account.

Fixed asset investments

Listed investments held as fixed assets are revalued annually to the market price at the balance sheet date. The aggregate surplus or deficit on revaluation is transferred to a revaluation reserve.

Other investments held as fixed assets are shown at cost less provision, where in the opinion of the directors there has been an impairment in value.

Current asset investments

Current asset investments comprise listed investments which are held on a short term basis and are valued at the lower of cost and net realisable value. Market value at 31 March 2001: £28,166,000.

Woodlands

The investment in woodlands reflects the costs of establishing and maintaining commercial woodlands, net of grants received. The running costs are taken to profit and loss account.

1 Accounting policies *(continued)*

Property and developments held as current assets

Properties held for development are included in current assets at the lower of cost and net realisable value. Cost comprises the original cost of the property, together with subsequent third party development costs until the property is complete and available for use. For properties previously held for investment which the directors have decided are to be redeveloped and which are reclassified as development properties, cost is considered to be historical cost or if higher, the latest valuation prior to their reclassification. This is not in accordance with Schedule 4 to the Companies Act 1985, which requires current assets to be included at the lower of cost and net realisable value, and which would therefore require such properties to be restated on the basis of historical cost when they were reclassified. The directors consider that compliance with this requirement would fail to give a true and fair view of the profit or loss to the Group on disposal of such development properties from current assets, since such profit or loss would be dependent on the classification of the asset immediately prior to sale. The effect of this departure is to increase both the value of development properties and the balance on the revaluation reserve by £218,000 *(2000: £365,000)*.

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account as they are incurred.

Turnover

Turnover represents income from sales of property held for development, rents, farm produce and leisure operations, excluding Value Added Tax.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Foreign currency

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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The accounts of overseas subsidiary undertakings are translated at the exchange rate ruling at the balance sheet date. The exchange differences arising on the translation of opening net assets are taken directly to reserves.

Pensions

Pension contributions are charged to the profit and loss account in accordance with actuarial recommendations so as to spread the cost of pensions over the employees' estimated remaining working lives with the group.

Notes on the accounts
continued

2 Turnover and business segment analysis

By activity

2001	*Property* £'000	*Leisure* £'000	*Other* £'000	*Total* £'000
Group turnover	22,413	12,448	1,419	36,280
Profit before interest	5,484	399	769	6,652
Profit before taxation	4,619	(302)	2,309	6,626
Assets employed	58,750	28,693	64,513	151,956
2000				
Group turnover	27,919	12,229	1,260	41,408
Profit before interest	10,536	384	239	11,159
Profit before taxation	9,860	198	1,977	12,035
Assets employed	76,276	18,003	54,219	148,498

By geographical market		2001			2000	
(by destination and origin)	*UK* £'000	*North America* £'000	*Total* £'000	*UK* £'000	*North America* £'000	*Total* £'000
Group turnover	30,867	5,413	36,280	37,213	4,195	41,408
Profit before interest	5,521	1,131	6,652	10,043	1,116	11,159
Profit before taxation	6,092	534	6,626	11,243	792	12,035
Assets employed	131,931	20,025	151,956	130,933	17,565	148,498

3 Profit on ordinary activities before taxation

The profit before taxation is arrived at after crediting and charging the following:

	2001 £'000	2000 £'000
Crediting:		
Income from listed investments	2,031	535
Charging:		
Depreciation (leased assets £29,000 (2000: £38,000))	1,269	1,154
Impairment of freehold trading property	1,393	—
Impairment of leasehold trading property	—	457
Auditors' remuneration:		
Audit fees Group (including Company £31,000 (2000: £27,000))	131	118
Other services	104	97
Operating lease rental payments in respect of land and buildings	377	409

4 Interest receivable and similar income

	2001 £'000	2000 £'000
Bank and other interest receivable	1,098	1,872
Currency translation differences	330	84
	1,428	1,956

5 Interest payable and similar charges

	2001 £'000	2000 £'000
Bank loans and overdrafts	517	549
Other interest charges	19	—
	536	549

Notes on the accounts
continued

6 Staff costs and directors' emoluments

The average number of persons employed by the group during the year was as follows:

	2001 Number	2000 Number
Property, management and administration	14	17
Leisure (including approximately 60% part time)	437	432
Other	6	7
	457	456

The aggregate payroll costs of these persons were as follows:

	2001 £'000	2000 £'000
Wages and salaries	3,992	3,879
Social security costs	287	266
Other pension costs	212	254
	4,491	4,399

Directors' remuneration:

	2001 £'000	2000 £'000
Directors' emoluments	203	324
Amount paid to third party in respect of directors' services	21	20
	224	344

The aggregate of emoluments of the highest paid director (excluding pension contributions) were £103,000 *(2000: £161,000)*. He is a member of a defined benefit scheme, under which the accrued pension to which he would be entitled from his normal retirement date if he were to retire at the year end, was £34,000 *(2000: £103,000)*.

	Number of directors	
	2001	2000
Retirement benefits are accruing to the following number of directors under a defined benefit scheme	1	2

7 Taxation on profit on ordinary activities

	2001 £'000	2000 £'000
Corporation tax at 30% *(2000: 30%)* based on the profit for the year	(2,268)	(4,030)
Deferred taxation	(99)	658
Adjustments in respect of prior years	222	275
Overseas tax	(269)	(176)
	(2,414)	(3,273)

8 Profit/(loss) for the financial year

	2001 £'000	2000 £'000
Dealt with in the accounts of the holding company	6,763	7,238
Retained by subsidiary undertakings	(2,551)	1,530
	4,212	8,768

9 Fixed assets: Property and other tangible assets

Group:	Freehold property Investment £'000	Freehold property Trading £'000	Leasehold property Short lease Trading £'000	Total property £'000	Other tangible assets £'000
Cost or valuation:					
1 April 2000	37,505	17,820	1,214	56,539	9,250
Additions	—	4,084	—	4,084	774
Reclassified from property and developments	3,860	—	—	3,860	—
Disposals	(17,300)	(854)	—	(18,154)	(584)
Translation difference	727	840	—	1,567	332
Reclassification	—	64	—	64	(64)
Surplus on revaluation	1,990	—	—	1,990	—
31 March 2001	**26,782**	**21,954**	**1,214**	**49,950**	**9,708**
Cost	—	15,007	525	15,259	9,708
Valuation	26,782	6,947	689	34,418	—
	26,782	21,954	1,214	49,950	9,708
Depreciation:					
1 April 2000	—	518	611	1,129	5,034
Charged in year	—	314	41	355	914
Impairment	—	1,393	—	1,393	—
Disposals	—	(18)	—	(18)	(398)
Translation difference	—	38	—	38	99
31 March 2001	—	**2,245**	**652**	**2,897**	**5,649**
Net book value:					
1 April 2000	37,505	17,302	603	56,410	4,216
31 March 2001	**26,782**	**19,709**	**562**	**47,053**	**4,059**
Historical cost of items valued under the alternative accounting rules	14,609	4,480	379	19,468	—

Company:	Freehold investment property £'000	Other tangible assets £'000
Cost or valuation:		
1 April 2000	16,250	585
Additions	15,300	42
Disposals	(17,300)	(74)
Surplus on revaluation	1,100	—
31 March 2001	**15,350**	**553**
Cost	—	553
Valuation	15,350	—
	15,350	553
Depreciation:		
1 April 2000	—	399
Charged in year	—	55
Disposals	—	(42)
31 March 2001	—	**412**
Net book value:		
1 April 2000	16,250	186
31 March 2001	**15,350**	**141**
Historical cost of items valued under the alternative accounting rules	5,734	—

Notes on the accounts

continued

9 Fixed assets: Property and other tangible assets *(continued)*

Tangible fixed assets at 31 March 2001 have been included on the following bases:

— Investment properties have been valued on an open market basis as at 31 March 2001 using the relevant professional guidelines applicable to each country in which the property is located. The portfolio was valued by:

	Group By value £'000	*Company By value* £'000
DTZ Debenham Tie Leung, International Property Advisers	15,350	15,350
GVA Grimley, International Property Advisers	4,750	—
Directors of group undertakings	6,682	—

— Trading property is included at cost or at 1996 valuation which under the transitional arrangements of FRS 15 is now deemed to be cost.

— Other tangible assets comprise fixtures, fittings, plant, machinery and motor vehicles. These assets are included at cost less provision for depreciation and, if appropriate, impairment in value.

10 Fixed assets: Investments in joint ventures

	£'000
Group:	
At 1 April 2000	6,105
Additions	8,043
Disposals	(47)
Distributions received	(108)
Share of earnings	(190)
Translation difference	678
At 31 March 2001	**14,481**

At both 1 April 2000 and 31 March 2001 the group held interests in the following joint ventures:

— a 50% limited partnership interest in Hy's at the Mountain, a Canadian Limited Partnership which operates a restaurant.

— a 47.5% interest in Hill Creek Farms LLC, a limited liability company formed to develop and operate an almond orchard and vineyard in Northern California.

— a 37.5% interest in Liberty West Holdings LLC ("Liberty West"), a limited liability company formed to purchase and operate an office and retail property in Nevada.

— a 50% interest in Vallejo Hotel Group LLC, a limited liability company formed to renovate and operate a hotel in Northern California.

On 20 September 2000 the group entered into a further joint venture in the USA for a 50% interest in HHP Equity Partners LLC ("Heathman"), a limited liability company formed to purchase and operate the Heathman Hotel in Portland, Oregon.

Further information, as required by FRS 9 is set out below:

	Group share of joint ventures £'000	*Group share of Liberty West* £'000	*Group share of Heathman* £'000
Turnover	5,217	1,512	1,218
(Loss)/Profit before and after taxation	(190)	119	(147)
Fixed assets	23,545	9,456	8,296
Current assets	5,562	604	3,355
Liabilities due within one year	726	111	316
Liabilities due after more than one year	13,900	7,047	3,478

None of the joint ventures are subject to corporate taxation. Tax is payable by the shareholders of the joint ventures on their share of income.

11 Fixed assets: Other investments

	Listed £'000	Woodlands £'000	Other £'000	Total £'000
Group:				
Cost or market value				
1 April 2000	24,442	2,109	2,224	28,775
Additions	3,869	18	85	3,972
Disposals	(576)	—	(44)	(620)
Revaluation deficit	(3,882)	—	—	(3,882)
Translation difference	—	—	42	42
31 March 2001	**23,853**	**2,127**	**2,307**	**28,287**
Provisions				
1 April 2000	—	—	786	786
Provided in year	—	—	312	312
31 March 2001	**—**	**—**	**1,098**	**1,098**
Net book value:				
31 March 2000	24,442	2,109	1,438	27,989
31 March 2001	**23,853**	**2,127**	**1,209**	**27,189**

	Listed £'000	Shares in subsidiary undertakings £'000	Other £'000	Total £'000
Company:				
Cost or market value				
1 April 2000	24,442	55,208	1,879	81,529
Additions	3,869	—	85	3,954
Disposals	(576)	—	(29)	(605)
Revaluation deficit	(3,882)	—	—	(3,882)
31 March 2001	**23,853**	**55,208**	**1,935**	**80,996**
Provisions				
1 April 2000	—	3,941	786	4,727
Provided in year	—	2,793	312	3,105
31 March 2001	**—**	**6,734**	**1,098**	**7,832**
Net book value:				
31 March 2000	24,442	51,267	1,093	76,802
31 March 2001	**23,853**	**48,474**	**837**	**73,164**

Notes on the accounts
continued

12 Subsidiary undertakings

The company owned the proportions set out below of the issued share capital of the following principal subsidiary undertakings:

	Percentage of equity owned at 31 March 2001	*Country of registration/ incorporation*
Property		
Taylor Clark Properties Limited	100	Scotland
Taylor Clark International Limited	100	England
Taylor Clark Inc	100*	USA
Castlehill Properties Inc	100*	USA
TCI Reno Inc	100*	USA
Leisure		
Littlejohn's Restaurants (U.K.) Limited	100	Scotland
Caledonian Nightclubs Limited	100	Scotland
Caledonian Cinemas Limited	100	Scotland
Farming and woodlands		
Wylye Valley Farming Limited	100	England

**Owned by a subsidiary undertaking*

13 Stocks

	Group	
Stocks comprise:	2001 £'000	2000 £'000
Leisure operations	107	136
Farm produce	109	96
	216	232

14 Debtors

	Group		*Company*	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Amounts due after one year				
Amounts owed by subsidiary undertakings	—	—	25,905	22,503
Amounts due within one year				
Trade debtors	700	695	335	160
Amounts owed by subsidiary undertakings	—	—	9,349	10,156
Corporation tax receivable	34	244	—	2
Other debtors	2,429	598	22	26
Prepayments and accrued income	165	717	45	627
	3,328	2,254	9,751	10,971

15 Creditors: amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	5,764	665	5,000	68
Trade creditors	828	1,165	35	52
Amounts owed to subsidiary undertakings	—	—	25,799	18,410
Other creditors including taxation and social security	2,197	3,993	400	562
Accruals and deferred income	3,973	2,231	384	1,442
Dividends	534	2,091	534	2,091
	13,296	10,145	32,152	22,625
Other creditors including taxation and social security comprise:				
Corporation tax	1,105	2,809	250	284
Other taxes	311	297	62	126
Social security	56	90	23	27
Other creditors	725	797	65	125
	2,197	3,993	400	562

£5,764,000 (*2000: £665,000*) of the bank loans and overdrafts are secured by charges over certain of the group's fixed assets.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank loans	—	5,000	—	5,000

The bank loan of £5,000,000 was repaid in April 2001. The interest rate was fixed at 8.44% and the loan was secured by a charge over certain of the group's fixed assets.

17 Provisions for liabilities and charges

	Deferred taxation
Group	£'000
1 April 2000	1,103
Charged to profit and loss account	99
Translation difference	84
31 March 2001	**1,286**

	Deferred taxation
Company	£'000
1 April 2000	9
Charged to profit and loss account	1
31 March 2001	**10**

Notes on the accounts

continued

17 Provisions for liabilities and charges *(continued)*

The amounts provided and full potential liability for deferred taxation calculated under the liability method are set out below:

	2001		2000	
	Amount provided	*Full potential liability*	*Amount provided*	*Full potential liability*
	£'000	£'000	£'000	£'000
Accelerated capital allowances	845	845	881	881
Other timing differences	441	441	222	222
Revalued land and buildings	—	842	—	790
Revalued fixed asset investments	—	713	—	1,879
	1,286	2,841	1,103	3,772

18 Share capital

	Authorised	*Allotted, called up and fully paid*
	£'000	£'000
Ordinary shares of £1 each:		
31 March 2001 and 2000	2,500	1,573

19 Reserves

	Capital redemption reserve	*Revaluation reserves Properties*	*Listed Investments*	*Profit and loss account*	*Total*
	£'000	£'000	£'000	£'000	£'000
Group					
1 April 2000	730	15,445	6,264	124,486	146,925
Profit for the year	—	—	—	3,206	3,206
Increase/(decrease) arising on revaluation	—	1,990	(3,882)	—	(1,892)
Realised on disposal	—	(3,000)	(5)	3,005	—
Currency translation difference	—	157	—	1,987	2,144
31 March 2001	**730**	**14,592**	**2,377**	**132,684**	**150,383**

	Capital redemption reserve	*Revaluation reserves Properties*	*Listed Investments*	*Profit and loss account*	*Total*
	£'000	£'000	£'000	£'000	£'000
Company					
1 April 2000	730	8,790	6,264	109,875	125,659
Retained profit for the year	—	—	—	5,755	5,755
Increase/(decrease) arising on revaluation	—	1,100	(3,882)	—	(2,782)
Realised on disposal	—	(274)	(5)	279	—
31 March 2001	**730**	**9,616**	**2,377**	**115,909**	**128,632**

At 31 March 2001, the cumulative goodwill written off against group reserves amounted to £1,302,000 *(2000: £1,302,000)*.

20 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2001 £'000	2000 £'000
Group operating profit	4,023	10,295
Loss on sale of fixed tangible assets	2	14
Profit on sale of fixed asset investments	(40)	(199)
Impairment of freehold trading property	1,393	—
Impairment of leasehold trading property	—	457
Depreciation charges	1,269	1,154
Amount provided against fixed asset investments	312	250
Currency translation differences	(28)	(55)
Decrease in stocks	16	101
(Increase)/decrease in debtors	(1,275)	31
Increase/(decrease) in creditors	1,301	(286)
Decrease in property and developments	3,027	2,419
Net cash inflow from operating activities	10,000	14,181

	2001 £'000	2000 £'000
Returns on investments and servicing of finance		
Interest received	1,275	2,191
Interest paid	(524)	(546)
Net cash inflow from returns on investments and servicing of finance	751	1,645
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,858)	(4,089)
Purchase of fixed asset investments	(3,972)	(16,600)
Proceeds from sales of tangible fixed assets	20,035	1,576
Proceeds from sales of fixed asset investments	660	1,232
Net cash inflow/(outflow) from capital expenditure and financial investment	11,865	(17,881)
Acquisitions and disposals		
Investments in joint ventures	(8,043)	(1,583)
Distributions received from joint ventures	108	63
Acquisition of minority interest	—	(361)
Proceeds from disposals of joint ventures	47	—
Net cash outflow from acquisitions and disposals	(7,888)	(1,881)
Management of liquid resources		
Cash withdrawals (added)/from to fixed deposits	(5,540)	37,268
Increase in current asset investments	(3,344)	(24,695)
Net cash (outflow)/inflow from management of liquid resources	(8,884)	12,573

Notes on the accounts

continued

20 Notes to the cash flow statement *(continued)*

Analysis of net funds

	1 April 2000 £'000	*Cash flow* £'000	*Reclass-ification* £'000	*Exchange Movement* £'000	31 March 2001 £'000
Cash in hand and at bank	2,901	(429)	—	104	2,576
Overdrafts	(665)	(99)	—	—	(764)
Debt due within 1 year	—	—	(5,000)	—	(5,000)
		(528)			
Debt due after 1 year	(5,000)	—	5,000	—	—
Funds on deposit over one day	6,250	5,540	—	—	11,790
Current asset investments	24,695	3,344	—	—	28,039
Total	28,181	8,356	—	104	36,641

21 Commitments

Commitments for capital expenditure at 31 March not provided for in the accounts were as follows:

	Group 2001 £'000	2000 £'000
Contracted	—	—

The group is committed to making payments of £355,000 (*2000: £355,000*) in the next financial year in respect of operating leases for land and buildings in which the commitment exceeds five years.

No provision has been made in the financial statements in respect of financial commitments of £11,130,000 (2000: £1,786,000) which relate to payments which will become due under contracts entered into for the purchase of land and buildings and the construction or redevelopment of properties.

The company holds investments which may result in the drawdown of further funds in future periods. Under this arrangement, the company is committed to providing a further investment of £525,000.

22 Contingent liabilities

The company together with certain of its fellow group undertakings, has group facilities with its bankers. In connection with these facilities each participating undertaking has guaranteed the debt due by its fellow participating undertakings to its bankers. The company's potential liability under the guarantee at 31 March 2001 was £79,000 (*2000: £105,000*).

23 Pension costs

Taylor Clark plc Retirement and Death Benefit Scheme

The company operates a defined benefit pension scheme for group employees with the assets being held separately from those of the company.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent actuarial valuation was carried out as at 1 April 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, rate of increase in salaries and rate of pension increases. It was assumed that investment returns would exceed salary increases by 2% per annum and pension increases by 2¼% per annum.

The actuarial valuation showed the actuarial value of the assets represented a funding level of 102%.

The pension charge for the year was £212,000 *(2000: £254,000)*. There were no outstanding or prepaid contributions at either the beginning or end of the year. The contribution of the group for the scheme was 16% *(2000: 15%)* of total pensionable salary. The employees contribute an additional 4% *(2000: 4%)*.

24 Related party transactions

The Taylor Clark plc group's related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of transactions with them are summarised below:

	Sub note	2001 £'000	2000 £'000
Management charge to The Underwood Trust, in respect of services provided by the group	1	16	16
Dividends paid by Taylor Clark plc and received in a beneficial capacity by:			
The Underwood Trust		1,109	415
Directors of Taylor Clark plc		355	133
Amounts due from The Underwood Trust at 31 March		—	19
Fees paid to Richards Butler	2	52	—

Sub notes

1 At 31 March 2000, The Underwood Trust held 680,300 ordinary shares *(2000: 680,300)* representing in aggregate 43.3% *(2000: 43.3%)* of the issued share capital of the company. The Underwood Trust is an English charitable trust which was established in 1973. The Trustees of The Underwood Trust comprise Mr R Clark, who is also Chairman of Taylor Clark plc, together with Mrs P A H Clark, a fellow director of Taylor Clark plc.

2 Mr R E Towner, a director of Taylor Clark plc, is a consultant to Richards Butler, solicitors.

Mr R Clark and his family and Mr C Clark are the ultimate controlling parties of the group.

During the year the group acquired an investment in Equinox 2001 Limited (formerly Pacific Shelf 942 Limited). The group owns 50% of the voting rights of this property development company and exercises joint control of this investment which is deemed to be a joint arrangement which is not an entity as defined by FRS 9.

On 12 June 2000 the group sold a development property to Equinox 2001 Limited which also reimbursed the group for various pre-commencement project costs. The total paid by Equinox 2001 Limited to the company was £2,465,000 (including VAT).

In addition, during the year the group has provided ongoing funding for this property development totalling £2,229,000. The balance outstanding with Equinox 2001 Limited at the year end was £2,229,000.

Financial record

for the years ended 31 March

	2001 £'000	2000 £'000	1999 £'000	1998 £'000	1997 £'000	1996 £'000
Balance sheet						
Fixed assets						
Property	**47,053**	55,410	52,967	56,041	102,481	107,096
Other tangible assets	**4,059**	4,216	3,854	3,852	7,649	8,438
Investments	**41,670**	34,094	11,124	9,745	3,454	3,700
Net current assets	**60,460**	60,881	73,814	67,383	26,084	6,185
Other liabilities and provisions	**(1,286)**	(6,103)	(6,752)	(11,882)	(15,469)	(6,525)
Minority interests	—	—	(367)	(354)	(341)	(325)
Net assets	**151,956**	148,498	134,640	124,785	123,858	118,569
Capital and reserves						
Called up share capital	**1,573**	1,573	1,573	1,573	1,573	1,573
Revaluation reserve	**16,969**	21,709	14,390	14,552	33,442	32,568
Other reserves	**133,414**	125,216	118,677	108,660	88,843	84,428
Equity shareholders' funds	**151,956**	148,498	134,640	124,785	123,858	118,569
Turnover and profits						
Turnover	**36,280**	41,408	35,079	53,448	35,958	33,704
Profit/(loss) after taxation	**4,212**	8,762	10,371	1,262	5,170	(1,763)
Dividends	**(1,006)**	(2,563)	(959)	(944)	(928)	(409)

Directors of principal subsidiary companies
(excluding directors of Taylor Clark plc)

Property Companies	Jon Brand John Dippie Christopher Edwards* John Fox
Leisure Companies	Ron Farquharson Gavin MacKenzie
Wylye Valley Farming Limited	Andrew Clark John Coates* Antony Cox
Taylor Clark Inc	Andrew Macdonald* Ralph Wintrode* *Managers* Crawford International Inc

*Non-executive

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