Taylor Clark Limited
Registered no. 340727
Registrar of Companies copy

Annual report

for the year ended 31 March 2010

Contents

Directors and advisers

Directors	*D T Boyd OBE CA
	*A R Clark
	J A Dippie FCA *Finance*
	*C P Edwards FRICS
	R J Harvey *Chief Executive*
	*B J Wilson
	*Non-executive
Secretary	J A Dippie FCA
Registered and Head Office	Fourth Floor South, 35 Portman Square, London W1H 6LR Telephone 020 7486 0100 Fax 020 7224 0384 Email mail@taylorclark co uk
California Office	c/o Crawford International Inc 833 Dover Drive, Suite 14 Newport Beach, CA 92663 Telephone 001 949 722 0125 Fax 001 949 722 0151
Auditors	KPMG LLP
Principal Bankers	Clydesdale Bank PLC
Registered number	340727
Date of Incorporation	27 May 1938

Report of the directors

The directors have pleasure in submitting their annual report, together with the financial statements for the year ended 31 March 2010

Group activities

The main activities of the Group are in the UK and North America and comprise investment in financial markets, property investment and development, hotels and farming

Investment policy

The objectives of the Group are to deliver long term capital growth and provide an income stream sufficient to pay regular dividends to shareholders in normal economic circumstances We aim to achieve this by investing in financial and property markets in the UK and North America without taking excessive risks

In order to manage the Group's investment risk the Board sets limits on the funds allocated to particular activities The Board has an Asset Allocation Committee which includes an independent consultant The committee meets several times a year and, after taking into account current and anticipated market conditions, recommends a target allocation to the Board

Purchase of own shares

In February 2010 the shareholders approved, by special resolutions in writing, the purchase by the Company for cancellation of 144,000 ordinary £0 10 A shares and 1,296,000 ordinary £0 10 B shares in each case at a price of £5.70 per share The purchase of the shares took place on 24 February 2010 at a total cost of £8,208,000 which was settled in cash Further details are given in Note 22 to the accounts

Performance

Group net assets increased from £153 5m at 31 March 2009 to £154 6m at 31 March 2010 Adding back £0 7m of dividends paid and £8 2m used to purchase and cancel some of the Company's shares during the year the increase was £10 0m which represents 7% of the opening net assets

Business review

The majority of the Group's investments are in Financial and Property related markets and increased in value during the year More detailed comments by category are set out below

UK property

The Group's roots are in UK property but in recent years exposure to this category has been kept low because it looked over-priced Over the last two years we have made a number of offers for well let income producing properties None of these offers has been successful as, in our view, others have been willing to over-pay In recent months prices have stopped rising but we remain nervous of the potential impact on values of the slow economy and banks having to deal with the huge volume of commercial loans that are due to be repaid or refinanced over the next couple of years

There are several investments in listed and unlisted property funds These give exposure to areas where we do not have the resources to invest directly such as European property and transactions which would be too big for the Group to take on directly They also give us access to the varied expertise of a number of different managers Overall, the value of the investments in listed property companies increased by 45% during the year This increase partly reverses the decline in the previous two years

At 31 March 2010 and 2009 the Company owned the investment property comprising 6-20 Longmarket/48-51 Burgate, Canterbury (principally retail) At 31 March 2010 this property was valued at £7 0m *(2009 £6 0m)* The increase in the valuation of £1 0m reflects a general improvement in commercial property prices over the year The property remains well let Since the year end it has been decided to test the market for this property with a view to selling if a suitable offer is forthcoming

At 31 March 2010 £7 8m was invested in UK property development The investments were in the Bowmore Estates Limited joint venture (Bowmore), 140 West George Street, Glasgow and 57 High Street, Winchester

Bowmore acquires and develops sites for houses and flats in the South West of England Current policy is to realise the remaining assets and not to acquire any new sites

The office refurbishment at 140 West George Street, Glasgow was completed during 2008 Business confidence improved from late summer 2009 and as a result approximately 60% of the building is now let The carrying value at 31 March 2010 has been written up by £0 3m to reflect a small improvement in the estimated market value

The project at 57 High Street, Winchester has been very successful The property was acquired in February 2009, a refurbishment of the retail element carried out and the freehold sold in December 2009 As part of the sale long leases of two flats above the retail were taken back The refurbishment of the flats was then completed and they were sold in April 2010 This is a relatively small development but it contributed £0 6m to Group operating profits during the year This profit represents a return on cost over 15 months of 28%

North American portfolio

The investment in the North American assets at 31 March 2010 was £38 0m *(2009 £43 5m)* and represents 25% *(2009 28%)* of Group net assets

The investment in the USA is fully exposed to changes in the US dollar exchange rate During 2009/10 the US dollar weakened by 6% against sterling resulting in unrealised currency translation losses of £0 7m included in the profit and loss account and £1.7m taken directly to reserves The Board believes the USA remains better placed than the UK to weather current economic conditions and accordingly does not currently intend to take any steps to reduce US dollar exposure This position is reviewed regularly

At both 31 March 2010 and 31 March 2009 the Group owned the Marriott Courtyard and Residence Inn hotels in Stockton, California, the Heathman Hotel in Portland, Oregon, the Heathman Hotel in Kirkland, Washington and 101 Post Street, a retail investment property in San Francisco

The Group's 47 5% interest in a farming joint venture, Hill Creek Farms LLC, in Northern California was bought back by the LLC in April 2010 The investment was made in 1998 and over the period of ownership earned a compound annual return of 12% Sale proceeds are $4 2m and the book profit arising on sale of $3 0m will be included in the results for 2010/11 This has proved to be a very good investment

For the second year running the US hotel industry experienced reduced room rates and reduced occupancy leading to average falls in net operating income of the order of 25% to 40% depending on the type of hotel Since January 2010 the market has begun to improve and market commentators are predicting 2010 will show a small overall improvement compared to 2009

The Marriott Courtyard and Residence Inn, in Stockton have for many years outperformed the local competition and they continue to do so However the competition to Courtyard increased significantly during the year due to the opening nearby of a hotel operating under the Hilton banner Occupancy at the Residence Inn has suffered from a fall in construction work in the area and corporations cutting back hard on training courses As a result of these particular pressures and the general market trends noted above, net operating income compared to last year is down 43% at Courtyard and 55% at Residence Inn However these hotels remain profitable in a market where many hotels are losing money We have every confidence in their future

The Heathman Hotel in Portland has experienced a 43% fall in net operating income compared to last year This fall is again due to industry trends and new competition We remain confident of the prospects for this hotel and for its town centre location The refurbishment of the bathrooms, completed in April 2009, has been well received. The Group continues to invest in updating the hotel to ensure guests continue to have a 'great experience'

Report of the directors
continued

The Heathman Hotel in Seattle, Washington opened in October 2007 At that time the Group held a 40% interest in the hotel In December 2008 the Group acquired the 60% it did not already own Management is succeeding in building business against the difficult economic backdrop Compared to last year occupancy is up 17% but industry trends have pushed room rates down by 12% Overall room revenue is up by 3% The hotel is not yet profitable but we remain confident that given time and a degree of economic recovery it will be profitable in the future

The retail property investment at 101 Post Street, San Francisco became vacant in 2009 following expiry of the lease to Diesel Efforts continue to find a new occupier but to date have not been successful 101 Post Street is a strong retail location and should let well once retailer confidence returns The valuation has been reduced from £9 8m ($14 0m) last year to £7 9m ($12 0m) this year to reflect market conditions

Farming and forestry

The Group's main investment in farming is in the UK with just over 1,000 acres of farmland in Wiltshire and a 10,000 acre estate in the Scottish Highlands The Wiltshire farms produce beef cattle and arable crops The Scottish estate is largely sporting but also includes 1,100 acres of woodland A further 2,680 acres of woodland not far from the Scottish estate is also owned The opportunity was taken during the year to acquire 380 acres of woodland adjoining the existing holdings Whilst the trading results of these operations do not significantly affect those of the Group their overall capital value has increased substantially since they were acquired

Listed financial investments

The Company has a spread of financial investments These investments mainly comprise investment trusts, hedge funds, absolute return funds and listed private equity funds Investment performance, both in absolute terms and relative to the market, is regularly reviewed and, as necessary, adjustments made to the portfolio

At 31 March 2010 the market value of these investments was £59 8m *(2009 £39 3m)* The increase in value of £20 5m during the year comprises net investment of £6 0m and unrealised gains of £14 5m

The FTSE All Share index increased by 47% over the year and our portfolio captured a significant part of this increase However the Company's portfolio includes managers whose aim is to deliver returns that are less volatile than the index The theory is that when markets fall our portfolio should not fall by as much and conversely when markets are up our portfolio will not rise as much Broadly speaking this is what happened over the last two years

Cash

At 31 March 2010 the Company had free funds of £26m *(2009 £42m)* The majority of these funds are placed directly with UK banks we believe to be safe

Risk

The main risks the Group faces are movements in property and financial markets Additional risks are changes in US dollar and sterling interest rates and fluctuations in the exchange rate between US dollars and sterling These risks are monitored and controlled by regular review of the investment portfolio, the Group asset allocation and financing

Pension Scheme

The Company operates a final salary scheme which covers UK employees The scheme is small relative to the assets of the Group The scheme deficit at 31 March 2010 was assessed for accounts purposes by the independent actuary as £1 8m *(2009 £0 5m)* before tax relief The Company continues to keep the scheme under review and with the advice of the actuary and consultants is working to eliminate the deficit over the next few years Ways to reduce the risks inherent in such schemes and the disproportionate management costs are also being explored

Staff and business associates

One of the main priorities of the Board is to ensure that all the Group's operations are run to a high standard The Board would like to thank all staff and business associates for their individual and collective contributions in maintaining these high standards during the year

Future developments

World stock markets have fallen significantly since the year end The defensive qualities of the investment portfolio should ensure our portfolio will outperform market indices if recent falls are sustained

In North America the main assets are the hotels The established hotels continue to trade well given the economic slowdown and the financial performance of the Kirkland hotel continues to improve To date it seems 2010/11 will see stabilisation and perhaps some recovery in the hotels' results

As outlined above the Group currently has a conservative asset allocation including significant holdings of cash This position is reinforced by the low levels of bank borrowing However there is also substantial exposure to financial and property markets and if these continue to fall this is bound to impair returns in the current year

Results

As shown by the consolidated profit and loss account the profit for the financial year was £6,052,000 *(2009 loss £13,454,000)*

Report of the directors
continued

Dividends

On 21 January 2010 interim dividends of 6 30 pence *(2009. 6 30 pence)* per ordinary A Share and 6 93 pence *(2009 6 93 pence)* per ordinary B Share were paid The directors recommend payment of a final dividend of 7 23 pence *(2009 nil)* per ordinary A Share and 7 953 pence *(2009 nil)* per ordinary B Share

Directors

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

Directors' indemnity provisions

The Group maintains a Directors and Officers liability insurance policy which indemnifies the directors of the Company if a claim is made against them in their capacity as a director of the Company

Shareholders

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

At 31 March 2010 the Underwood Trust, a Registered Charity, owned 2,107,177 *(2009 2,107,177)* B (non-voting) shares of £0.10 each, representing 24 5% *(2009 21 3%)* of the B shares in issue and 22 5% *(2009 19 5%)* of the total shares in issue

Payments to suppliers

The Company agrees terms and conditions for its business transactions with suppliers, with payment 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 2010 and amounts owed to its trade creditors at the end of the year was 23 days *(2009 15 days)*

Political and charitable gifts

The Group did not make any political or charitable gifts during the year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 487 of the Companies Act 2006, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

On behalf of the Board,

J A Dipple

Director and Secretary

Fourth Floor South,
35 Portman Square,
London W1H 6LR
27 July 2010

Independent auditors' report to the members of Taylor Clark Limited

We have audited the financial statements of Taylor Clark Limited for the year ended 31 March 2010 set out on pages 12 to 38 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group and the parent company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

Steve Muncey

Steve Muncey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
6 Lower Brook Street
Ipswich
IP4 1AP

27 July 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Consolidated profit and loss account

for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Turnover of the group including its share of joint ventures		18,362	18,042
Less Share of turnover of joint ventures		(1,772)	(4,407)
Group turnover	2	16,590	13,635
Cost of sales		(17,374)	(14,745)
Gross loss		(784)	(1,110)
Administrative expenses		(2,894)	(2,457)
Other operating income		1,352	2,487
Group operating loss	3	(2,326)	(1,080)
Share of operating profit/(loss) of joint ventures		16	(1,239)
Share of operating loss of associate		(24)	(24)
Total operating loss		(2,334)	(2,343)
Gains on fixed asset investment disposals		411	664
Provisions released/(made) against tangible fixed assets		1,026	(1,871)
Provisions released/(made) against fixed asset investments		6,961	(11,151)
Profit/(loss) before interest		6,064	(14,701)
Interest receivable and similar income	4	373	4,423
Interest payable and similar charges	5	(1,378)	(873)
Share of net interest payable by joint ventures		(146)	(404)
Share of net interest receivable by associate		2	19
Profit/(loss) on ordinary activities before taxation	2, 3	4,915	(11,536)
Taxation on profit/(loss) on ordinary activities	8	1,137	(1,918)
Profit/(loss) for the financial year	9	6,052	(13,454)

A statement of the reserves is given in note 23.

All items dealt with in arriving at the operating loss for 2010 and 2009 relate to continuing operations

The notes referred to above form part of these accounts

Group statement of total recognised gains and losses

for the year ended 31 March 2010

	2010 £'000	2009 £'000
Profit/(loss) for the financial year		
Group	5,976	(11,832)
Share of joint ventures	93	(1,643)
Share of associate	(17)	21
	6,052	(13,454)
Unrealised deficit on revaluation of properties	(1,318)	(191)
Unrealised surplus/(deficit) on revaluation of investments	8,161	(5,244)
Currency translation difference on foreign currency net assets	(1,687)	8,534
Pension scheme actuarial loss	(1,524)	(298)
Deferred tax on pension scheme actuarial loss	427	83
Other recognised gains and losses	4,059	2,884
Total recognised gains and losses relating to the financial year	10,111	(10,570)

Note of historical cost profits and losses

for the year ended 31 March 2010

	2010 £'000	2009 £'000
Reported profit/(loss) on ordinary activities before taxation	4,915	(11,536)
Realisation of revaluation gains of previous years	141	5,239
Historical cost profit/(loss) on ordinary activities before taxation	5,056	(6,297)
Historical cost profit/(loss) for the year retained after taxation and dividends	5,451	(10,136)

Group reconciliation of movements in shareholders' funds

for the year ended 31 March 2010

	2010 £'000	2009 £'000
Profit/(loss) for the financial year	6,052	(13,454)
Dividends paid (Note 10)	(742)	(1,921)
Transfer to reserves	5,310	(15,375)
Other recognised gains and losses	4,059	2,884
Purchase of own shares	(8,208)	(15,000)
Net movement in shareholders' funds	1,161	(27,491)
Opening balance of shareholders' funds	153,454	180,945
Closing balance of shareholders' funds	154,615	153,454

Group balance sheet
at 31 March 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Intangible asset	11	322	365
Tangible assets	12	61,388	66,137
Investments in joint ventures			
Share of gross assets		9,550	10,580
Share of gross liabilities		(5,911)	(6,991)
	13	3,639	3,589
Investment in associated undertaking	14	917	934
Other investments	15	70,386	47,280
		136,652	118,305
Current assets			
Property and developments		5,210	5,863
Stocks	17	228	221
Debtors due after one year	18	18	24
Debtors due within one year	18	3,005	2,709
Investments		817	9,441
Cash at bank and in hand		29,375	40,175
		38,653	58,433
Creditors amounts falling due within one year	19	(4,379)	(16,239)
Net current assets		34,274	42,194
Total assets less current liabilities		170,926	160,499
Creditors amounts falling due after more than one year	20	(13,395)	(5,357)
Provisions for liabilities and charges	21	(1,620)	(1,320)
Net pension liability	7	(1,296)	(368)
Net assets		154,615	153,454
Capital and reserves			
Called up share capital	22	935	1,079
Capital redemption reserve	23	1,368	1,224
Revaluation reserve	23	16,264	9,826
Profit and loss account	23	136,048	141,325
Equity shareholders' funds		154,615	153,454

Approved by the Board on 27 July 2010 and signed on its behalf by.

J A Dippie
R J Harvey *Directors*

The notes referred to above form part of these accounts

Company number 340727

Consolidated cash flow statement

for the year ended 31 March 2010

	2010 £'000	2009 £'000
Net cash inflow from operating activities	1,549	5,493
Returns on investments and servicing of finance	(333)	(82)
Taxation	292	357
Capital expenditure and financial investment	(9,254)	7,274
Acquisitions and disposals	–	(3,578)
Equity dividends paid (note 10)	(742)	(1,921)
Cash (outflow)/inflow before use of liquid resources and financing	(8,488)	7,543
Management of liquid resources	6,024	52,254
Financing		
Decrease in debt	(2,469)	(17,653)
Purchase of own shares	(8,208)	(15,000)
(Decrease)/increase in cash	(13,141)	27,144

Reconciliation of net cash flow to movement in net funds

	2010 £'000	2009 £'000
(Decrease)/increase in cash in the year	(13,141)	27,144
Cash outflow from movement in liquid resources	(6,024)	(52,254)
Decrease in debt	2,469	17,653
Movement resulting from cash flows	(16,696)	(7,457)
Loans acquired with subsidiary	–	(12,557)
Translation difference	1,599	(3,228)
Movement in the year	(15,097)	(23,242)
Net funds at 1 April 2009	31,374	54,616
Net funds at 31 March 2010	16,277	31,374

Further information concerning the consolidated cash flow statement is given in note 24

Company balance sheet

at 31 March 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	12	7,341	6,376
Investment in joint venture	13	357	344
Investment in associated undertaking	14	900	900
Other investments	15	96,602	73,892
		105,200	81,512
Current assets			
Debtors due after one year	18	20,648	20,198
Debtors due within one year	18	361	277
Investments		817	9,441
Cash at bank and in hand		27,036	33,475
		48,862	63,391
Creditors amounts falling due within one year	19	(24,814)	(23,141)
Net current assets		24,048	40,250
Total assets less current liabilities		129,248	121,762
Provisions for liabilities and charges	21	(464)	(431)
Net pension liability	7	(1,296)	(368)
Net assets		127,488	120,963
Capital and reserves			
Called up share capital	22	935	1,079
Capital redemption reserve	23	1,368	1,224
Revaluation reserve	23	12,651	4,631
Profit and loss account	23	112,534	114,029
Equity shareholders' funds		127,488	120,963

Approved by the Board on 27 July 2010 and signed on its behalf by

J A Dippie
R J Harvey
Directors

The notes referred to above form part of these accounts

Company number 340727

Notes on the accounts

1 Accounting policies

Basis of preparation

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

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2010 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

Under section 408(3) of the Companies Act 2006 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

Notes on the accounts

continued

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%
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

Trading properties are stated at cost less depreciation

Fixed asset investment

Listed investments held as fixed assets are revalued annually to the market price at the balance sheet date For each investment revaluations above original cost are taken to the revaluation reserve through the statement of total recognised gains and losses Where the market value of an individual investment is below original cost the deficit is charged to the profit and loss account Any subsequent increases in value are credited back to the profit and loss account up to original cost

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

Forestry

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

Current asset investments

Current asset investments comprise listed investments which are held on a short term basis and are valued at the year end market value

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates From time to time the Group uses foreign exchange forward contracts and interest rate swap and cap contracts to hedge these exposures

Derivative financial instruments are included at cost

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

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 Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

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

The group operates a pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the group

Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds

Notes on the accounts
continued

2 Turnover and business segment analysis

By activity

2010	*Property* £'000	*Hotels and leisure* £'000	*Financial investments* £'000	*Other* £'000	*Total* £'000
Group turnover	3,991	12,221	–	378	16,590
Operating (loss)/profit					
Group	1,311	(1,815)	1,297	(3,119)	(2,326)
Share of joint ventures	(13)	–	–	29	16
Share of associate	–	(24)	–	–	(24)
	1,298	(1,839)	1,297	(3,090)	(2,334)
Gains on fixed asset investment disposals	–	–	411	–	411
Provisions released against tangible fixed assets	1,026	–	–	–	1,026
Provisions released against fixed asset investments	–	–	6,961	–	6,961
Interest receivable	47	1	–	325	373
Interest payable	–	(463)	–	(915)	(1,378)
Share of joint ventures/associates net interest	(110)	2	–	(36)	(144)
Profit/(loss) before taxation	2,261	(2,299)	8,669	(3,716)	4,915
Assets employed					
Group	19,992	35,581	69,265	25,221	150,059
Share of joint ventures	2,903	–	–	736	3,639
Share of associated undertaking	–	917	–	–	917
	22,895	36,498	69,265	25,957	154,615
2009					
Group turnover	1,042	12,229	–	364	13,635
Operating (loss)/profit					
Group	(2,323)	1,423	2,391	(2,571)	(1,080)
Share of joint ventures	(1,185)	(291)	–	237	(1,239)
Share of associate	–	(24)	–	–	(24)
	(3,508)	1,108	2,391	(2,334)	(2,343)
Gains on fixed asset investment disposals	–	–	664	–	664
Provisions made against tangible fixed assets	(1,871)	–	–	–	(1,871)
Provisions made against fixed asset investments	–	–	(11,151)	–	(11,151)
Interest receivable	182	19	–	4,222	4,423
Interest payable	–	(599)	–	(274)	(873)
Share of joint ventures/associates net interest	(207)	(145)	–	(33)	(385)
(Loss)/profit before taxation	(5,404)	383	(8,096)	1,581	(11,536)
Assets employed					
Group	21,538	29,191	54,663	43,539	148,931
Share of joint ventures	2,802	–	–	787	3,589
Share of associated undertaking	–	934	–	–	934
	24,340	30,125	54,663	44,326	153,454

2 **Turnover and business segment analysis** *(continued)*

By geographical market (by destination and origin)

	2010 UK	2010 North America	2010 Total	2009 UK	2009 North America	2009 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group turnover	4,153	12,437	16,590	849	12,786	13,635
Operating (loss)/profit						
Group	(154)	(2,172)	(2,326)	(2,352)	1,272	(1,080)
Share of joint ventures	(13)	29	16	(1,185)	(54)	(1,239)
Share of associate	(24)	-	(24)	(24)	–	(24)
	(191)	(2,143)	(2,334)	(3,561)	1,218	(2,343)
Gains on fixed assets investment disposals	411	–	411	664	–	664
Provisions released/(made) against tangible fixed assets	1,026	-	1,026	(1,871)	–	(1,871)
Provisions released/(made) against fixed assets investments	6,961	-	6,961	(11,151)	–	(11,151)
Interest receivable	355	18	373	4,262	161	4,423
Interest payable	(1)	(1,377)	(1,378)	477	(1,350)	(873)
Share of joint ventures/associates net interest	(108)	(36)	(144)	(189)	(196)	(385)
(Loss)/profit before taxation	8,453	(3,538)	4,915	(11,369)	(167)	(11,536)
Assets employed						
Group	112,805	37,254	150,059	106,175	42,756	148,931
Share of joint ventures	2,903	736	3,639	2,802	787	3,589
Share of associated undertaking	917	-	917	934	–	934
	116,625	37,990	154,615	109,911	43,543	153,454

The Other Operating (loss)/profit includes group overhead costs

3 **Profit/(loss) on ordinary activities before taxation**

The profit/(loss) before taxation is arrived at after crediting and charging the following

	2010	2009
	£'000	£'000
Crediting		
Income from listed investments	969	2,289
Charging		
Depreciation	3,068	2,055
Auditors' remuneration		
Audit of these financial statements	52	52
Audit of subsidiaries	139	129
Tax and other services	177	55
Pension service cost	135	163

Notes on the accounts
continued

4 Interest receivable and similar income

	2010 £'000	2009 £'000
Bank and other interest receivable	373	962
Currency translation differences	-	3,461
	373	4,423

5 Interest payable and similar charges

	2010 £'000	2009 £'000
Bank loans and overdrafts	706	873
Currency translation differences	672	-
	1,378	873

6 Staff costs and directors' emoluments

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

	2010 Number	2009 Number
Property, management and administration	12	12
Hotels	125	122
Other	5	4
	142	138

The aggregate payroll costs of these persons were as follows

	2010 £'000	2009 £'000
Wages and salaries	3,013	3,046
Social security costs	329	267
Other pension costs	238	316
	3,580	3,629

Directors' remuneration

	2010 £'000	2009 £'000
Directors' emoluments	522	508

The aggregate of emoluments of the highest paid director (excluding pension contributions) were £173,000 *(2009 £172,000)* 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 £86,000 (*2009 £79,000*)

	Number of directors 2010	2009
Retirement benefits are accruing to the following number of directors under a defined benefit scheme	3	3

7 Pensions

Taylor Clark Limited 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

The pension contribution for the year was £370,000 *(2009 £309,000)* The contribution of the group for the scheme was 27 5% *(2009 27 5%)* of total pensionable salary The employees contributed an additional 6% *(2009 6%)*

The scheme's triennial valuation as at 1 April 2007 was finalised in June 2008 For the purposes of these accounts, the 1 April 2007 triennial valuation remains relevant as this formed the basis of the 31 March 2010 update

Financial Statement

The amounts recognised in the balance sheet are as follows

	2010 £'000	2009 £'000
Present value of funded liabilities	**10,520**	7,513
Fair value of scheme assets	**(8,720)**	(7,002)
Deficit	**1,800**	511
Related deferred tax asset	**(504)**	(143)
Net liability	**1,296**	368

The amounts recognised in profit or loss are as follows

	2010 £'000	2009 £'000
Current service cost	**135**	163
Interest cost	**507**	517
Expected return on pension scheme assets	**(507)**	(526)
Total	**135**	154
Actual return on scheme assets	**1,377**	(496)

Changes in the amounts recognised in the statement of total recognised gains and losses (STRGL) are as follows

	2010 £'000	2009 £'000
Opening cumulative STRGL	**(749)**	(451)
Actuarial (losses)	**(1,524)**	(298)
Closing cumulative STRGL	**(2,273)**	(749)

Notes on the accounts
continued

7 **Pensions** *(continued)*

Changes in the present value of the defined benefit liabilities are as follows

	2010 £'000	2009 £'000
Opening defined benefit liability	**7,513**	7,711
Service cost	**135**	163
Employee contributions	**39**	39
Interest cost	**507**	517
Actuarial losses/(gains)	**2,394**	(724)
Benefits paid	**(68)**	(193)
Closing defined benefit liability	**10,520**	7,513

Changes in the fair value of scheme assets are as follows

	2010 £'000	2009 £'000
Opening fair value of scheme assets	**7,002**	7,343
Expected return	**507**	526
Actuarial gains/(losses)	**870**	(1,022)
Contributions by employer	**370**	309
Contributions by members	**39**	39
Benefits paid	**(68)**	(193)
Closing fair value of scheme assets	**8,720**	7,002

Employer currently pays £370,000 per annum with effect from 1 July 2008, which includes 27 5% of Pensionable Salary for future cost of accrual

The fair value of the scheme assets as a percentage of total scheme assets and target allocations are set out below

	2010	2009
Equities	**7 8%**	12 9%
Diversified growth fund	**25.5%**	16 1%
Bonds	**26.0%**	36 9%
Annuities	**38.3%**	33 9%
Other	**2.4%**	0 2%

Disclosure of principal assumptions

	2010	2009
Discount rate	**5.50%**	6 70%
Expected return on scheme assets at 31 March	**6 12%**	7 07%
Future salary increases	**5 60%**	4 90%
Future pension increases	**3 80%**	3 30%
Post retirement mortality	*	*

* PNXA0092 tables projected by birth year allowing for medium cohort effect with a 1% underpin and a 2-year age rating

The expected return on assets is derived from the assumptions of long term expected returns on each asset class, these are shown below

	2010	2009
Equities	**7.75%**	8 00%
Bonds	**5.50%**	6 70%
Other	**0 50%**	5 00%

7 **Pensions** *(continued)*

Historical pension scheme information

	2010	2009	2008	2007	2006
Defined benefit liability	**(10,520)**	(7,513)	(7,711)	(8,265)	(7,363)
Scheme assets	**8,720**	7,002	7,343	7,406	5,874
Surplus/(deficit)	**(1,800)**	(511)	(368)	(859)	(1,489)
Experience adjustments on scheme liabilities	**253**	58	(180)	276	(79)
Experience adjustments on scheme assets	**870**	(1,022)	(1,043)	(101)	517

8 **Taxation**

	2010 £'000	2009 £'000
Analysis of charge in period		
UK corporation tax		
Current tax on income for the period	**(100)**	(2,015)
Adjustments in respect of prior years	**(15)**	18
	(115)	(1,997)
Foreign tax		
Current tax on income for the period	**1,390**	957
Adjustments in respect of prior periods	**48**	108
Total current tax	**1,323**	(932)
Deferred tax (note 21)	**(414)**	(1,001)
Share of joint ventures tax	**223**	(11)
Share of associate's tax	**5**	26
Tax on profit/(loss) on ordinary activities	**1,137**	(1,918)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2009 higher)* than the standard rate of corporation tax in the UK of 28% *(2009 28%)* The differences are explained below

	2010 £'000	2009 £'000
Current tax reconciliation		
Profit/(loss) on ordinary activities before taxation	**4,915**	(11,536)
Current tax at 28% *(2009 28%)*	**1,376**	(3,230)
Effects of		
Income from fixed asset disposals	**-**	1,393
Chargeable gains	**(118)**	55
Fixed asset provisions movements not (chargeable)/relievable for tax purposes	**(2,198)**	3,791
Capital allowances in excess of depreciation	**(80)**	(40)
Income not taxable	**(192)**	(313)
Expenses not deductible	**15**	253
Utilisation of tax losses purchased with subsidiary	**-**	(661)
Unrelieved tax losses	**55**	-
Adjustments to prior periods	**(32)**	(126)
Higher overseas tax rates	**(262)**	(169)
Sundry other items	**113**	(21)
Total current tax (credit)/charge	**(1,323)**	932

Notes on the accounts

continued

8 Taxation *(continued)*

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing properties to their market value or on fixed asset investments revalued The total amounts not provided for properties are £1,734,000 *(2009 £1,342,000)* and for fixed asset investments £1,664,000 *(2009 £587,000)* At present it is not envisaged that any tax will become payable in the foreseeable future

9 **Profit/(loss) for the financial year**

	2010	2009
	£'000	£'000
Dealt with in the accounts of the holding company	**8,411**	(12,355)
Retained by subsidiary undertakings	**(2,359)**	(1,099)
	6,052	(13,454)

10 **Dividends**

	2010	2009
	£'000	£'000
Amounts recognised as distributions to equity shareholders in the year		
Final dividends for the year ended 31 March 2009		
Ordinary A shares nil, *(31 March 2008 6 70p)* per share	**–**	60
Ordinary B shares nil, *(31 March 2008 7 37p)* per share	**–**	930
Interim dividends for the year ended 31 March 2010		
Ordinary A shares 6 30p, *(31 March 2009 6 30p)* per share	**56**	56
Ordinary B shares 6 93p, *(31 March 2009 6 93p)* per share	**686**	875
Total dividends paid in the year	**742**	1,921
Proposed final dividends for the year ended 31 March		
Ordinary A shares, 7 230p *(2009 nil p)* per share	**54**	–
Ordinary B shares, 7 953p *(2009 nil p)* per share	**684**	–
	738	–

11 **Intangible asset**

Purchased goodwill

	£'000
Group	
1 April 2009	365
Amortisation	(23)
Translation difference	(20)
31 March 2010	**322**

The fair values of assets acquired as part of a business are determined by the purchase price The goodwill arises from the acquisition of HHP Equity Partners LLC

12 Fixed assets Tangible assets

	Freehold property		Leasehold property	Other tangible assets	
	Investment	*Trading*	*investment*	*assets*	*Total*
Group	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
1 April 2009	9,767	44,861	5,968	16,042	76,638
Additions	–	671	–	1,017	1,688
Reclassification	–	35	–	(35)	–
Disposals	–	(16)	–	(2,915)	(2,931)
Translation difference	(538)	(2,164)	–	(810)	(3,512)
Deficit on revaluation	(1,318)	–	–	–	(1,318)
Reversal of impairment	–	–	1,026	–	1,026
31 March 2010	**7,911**	**43,387**	**6,994**	**13,299**	**71,591**
Cost	–	43,387	–	13,299	56,686
Valuation	7,911	–	6,994	–	14,905
	7,911	43,387	6,994	13,299	71,591
Depreciation					
1 April 2009	–	4,259	–	6,242	10,501
Charged in year	–	814	–	2,254	3,068
Disposals	–	(8)	–	(2,854)	(2,862)
Translation difference	–	(201)	–	(303)	(504)
31 March 2010	**–**	**4,864**	**–**	**5,339**	**10,203**
Net book value					
1 April 2009	9,767	40,602	5,968	9,800	66,137
31 March 2010	**7,911**	**38,523**	**6,994**	**7,960**	**61,388**
Historical cost of items valued under the alternative accounting rules	4,700	–	7,438	–	12,138

Notes on the accounts
continued

12 Fixed assets Tangible assets *(continued)*

	Leasehold investment property £'000	*Other tangible assets* £'000	*Total* £'000
Company			
Cost or valuation			
1 April 2009	5,999	515	6,514
Addition	–	2	2
Reversal of impairment	1,018	–	1,018
31 March 2010	**7,017**	**517**	**7,534**
Cost	–	517	517
Valuation	7,017	–	7,017
	7,017	**517**	**7,534**
Depreciation			
1 April 2009	–	138	138
Charged in year	–	55	55
31 March 2010	**–**	**193**	**193**
Net book value			
1 April 2009	5,999	377	6,376
31 March 2010	**7,017**	**324**	**7,341**
Historical cost of items valued under the alternative accounting rules	7,870	–	7,870

Tangible fixed assets at 31 March 2010 have been included on the following bases

- Investment properties have been valued on an open market basis as at 31 March 2010 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
Directors of group undertakings	14,905	7,017

- Trading property is included at cost less depreciation
- 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

13 Fixed assets Investments in joint ventures

	Group £'000	Company £'000
At 1 April 2009	3,589	344
Provisions released	–	13
Share of earnings	93	–
Translation difference	(43)	–
At 31 March 2010	**3,639**	**357**

At both 1 April 2009 and 31 March 2010 the Group held interests in the following joint ventures

- a 47 5% interest in Hill Creek Farms LLC which operates an almond orchard and vineyard in Northern California Subsequent to 31 March 2010 the Group's 47 5% interest in Hill Creek Farms LLC was bought back by that company for $4,156,250,
- 50% of the voting rights and exercises joint control of Bowmore Estates Limited ("Bowmore"), a property development company incorporated in England and Wales,
- during the year ended 31 March 2010 Bowmore repaid £nil of the funding loan provided by the Group *(2009 £61,693 repaid by Bowmore)* At 31 March 2010 the principal of the loan was £3,538,307 *(2009 £3,538,307)* and interest of £26,465 *(2009 £58,261)* was accrued on the loan Interest of £84,919 *(2009 £nil)* was paid on the loan during the year,
- 50% of the voting rights and exercises joint control of Heathman Estates Limited ("Estates"), a property investment company incorporated in Scotland The company was formed to acquire a portfolio of investment properties in Scotland

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

	Group share of joint ventures £'000
Turnover	1,772
Loss before taxation	(130)
Taxation	223
Profit after taxation	93
Fixed assets	2,273
Current assets	7,277
Liabilities due within one year	(210)
Liabilities due after more than one year	(5,701)

Estates and Bowmore are subject to UK corporation tax In the USA tax is payable by the members of the joint venture on their share of income

Notes on the accounts
continued

14 Fixed assets Investment in associated undertaking

	Group £'000	Company £'000
1 April 2009	934	900
Share of results	(17)	–
31 March 2010	**917**	**900**

The associated undertaking is Cairnstar Limited, a company registered in Scotland Cairnstar was formed to effect a management buy out of certain of the Group's leisure businesses in the North of Scotland The Group's interest in Cairnstar at 31 March 2010 was 33% *(2009 33%)*

Further information as required by FRS 9 is set out below

	Group share of associate £'000
Turnover	1,098
Loss before tax	(22)
Taxation	5
Loss after tax	(17)
Fixed assets	774
Current assets	355
Liabilities due within one year	(189)
Liabilities due after one year	(23)

15 Fixed assets Other investments

	Listed £'000	*Forestry* £'000	*Other* £'000	*Total* £'000
Group				
Cost or market value				
1 April 2009	51,072	1,657	7,444	60,173
Additions	9,079	280	2,771	12,130
Disposals	(3,307)	–	(1,053)	(4,360)
Revaluation surplus	8,161	–	–	8,161
31 March 2010	**65,005**	**1,937**	**9,162**	**76,104**
Provisions				
1 April 2009	11,758	–	1,135	12,893
Released	(6,309)	–	(652)	(6,961)
Disposals	(214)	–	–	(214)
31 March 2010	**5,235**	**–**	**483**	**5,718**
Net book value				
31 March 2009	39,314	1,657	6,309	47,280
31 March 2010	**59,770**	**1,937**	**8,679**	**70,386**

15 **Fixed assets Other investments** *(continued)*

	Listed £'000	*Shares in subsidiary undertakings* £'000	*Other* £'000	*Total* £'000
Company				
Cost or market value				
1 April 2009	51,072	34,775	7,443	93,290
Additions	9,079	–	2,771	11,850
Disposals	(3,307)	–	(1,053)	(4,360)
Revaluation surplus	8,161	–	–	8,161
31 March 2010	**65,005**	**34,775**	**9,161**	**108,941**
Provisions				
1 April 2009	11,758	6,505	1,135	19,398
(Released)/provided in year	(6,309)	116	(652)	(6,845)
Disposals	(214)	–	–	(214)
31 March 2010	**5,235**	**6,621**	**483**	**12,339**
Net book value				
31 March 2009	39,314	28,270	6,308	73,892
31 March 2010	**59,770**	**28,154**	**8,678**	**96,602**

For both the Group and the Company the 'Other' column includes a loan of £4,361,654 to a third party property development company and is secured on a development site controlled by that company The terms of the loan entitle the Company to a compound annual return of 15% pa Interest accrued but unpaid on the loan to 31 March 2010 is £1,210,539 Realisation of both interest and principal depends on the financial success of project It is relatively early in the life of the project and the outcome is not certain Accordingly the Company regards the accrued interest as a contingent asset and it has not been recognised as income

16 **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 2010	*Country of registration/ incorporation*
Property		
Taylor Clark Properties Limited	100	Scotland
Farming and forestry		
Wylye Valley Farming Limited	100	England
USA (Property, farming, hotels and restaurants)		
Taylor Clark Inc	100*	USA
Castlehill Properties Inc	100*	USA
HHP Equity Partners LLC	100*	USA
Kirkland Hotel Group LLC	100*	USA

**Owned by a subsidiary undertaking*

Notes on the accounts

continued

17 Stocks

	Group 2010 £'000	Group 2009 £'000
Stocks comprise		
Farm produce	**228**	221

18 Debtors

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Amounts due after one year				
Amounts owed by subsidiary undertakings	**–**	–	**20,584**	20,116
Prepayments and accrued income	**18**	24	**64**	82
	18	24	**20,648**	20,198
Amounts due within one year				
Trade debtors	**267**	388	**5**	14
Corporation tax receivable	**1,666**	1,278	**145**	57
Other debtors	**505**	444	**6**	5
Prepayments and accrued income	**567**	599	**205**	201
	3,005	2,709	**361**	277

19 Creditors amounts falling due within one year

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Bank loans and overdrafts	**520**	12,885	**197**	–
Trade creditors	**1,291**	1,410	**38**	47
Amounts owed to subsidiary undertakings	**–**	–	**24,206**	22,667
Other creditors including taxation and social security	**1,834**	1,012	**64**	112
Accruals and deferred income	**734**	932	**309**	315
	4,379	16,239	**24,814**	23,141
Other creditors including taxation and social security comprise				
Corporation tax	**100**	761	**–**	80
Other taxes	**8**	5	**8**	5
Social security	**30**	30	**25**	25
Other creditors	**1,696**	216	**31**	2
	1,834	1,012	**64**	112

£520,000 *(2009 £12,885,000)* of the bank loans and overdrafts are secured by a debenture granted to a bank over the whole assets and undertaking of the Company and by charges over certain of the group's assets

20 Creditors amounts falling due after one year

	Group		*Company*	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Bank loans				
Repayable between 1 and 2 years	**529**	249	**-**	-
Repayable between 2 and 5 years	**9,538**	875	**-**	-
Repayable over 5 years	**3,328**	4,233	**-**	-
	13,395	5,357	**-**	-

£4,825,000 relates to a mortgage loan secured against the Heathman Hotel, Portland The formal terms of this loan are that it is repaid by regular instalments by March 2023 Interest is charged at 7 77% fixed until June 2013 when it will rise to a penal rate There is a six month period commencing in December 2012 when, at the Group's option, the loan can be repaid without penalty The Group intends to exercise this option

£8,570,000 relates to a bank loan of US$13 million drawn in June 2009 from a UK bank and used to repay a loan from a US bank to Kirkland Hotel Group LLC The loan from the UK bank is repayable in June 2012 Interest is charged at 1 73% above the US$ three month LIBOR rate The loan is secured by a debenture over the whole assets and undertaking of the Company and two UK subsidiaries

A three year cap contract was purchased at the same time as the US$13 million loan was drawn and protects the Group from the overall interest rate rising above 4 73% The cap cost £147,133 and is being amortised over its three year life The principal of the cap is US$13 million which matches the loan drawn down The fair value of the cap at 31 March 2010 was £25,399

21 Provisions for liabilities and charges

	Deferred taxation
	£'000
Group	
1 April 2009	1,320
Charged to profit and loss account	414
Translation difference	(48)
Pension scheme deferred tax	(66)
31 March 2010	**1,620**

	Deferred taxation
Company	£'000
1 April 2009	431
Charged to profit and loss account	99
Pension scheme deferred tax	(66)
31 March 2010	**464**

21 **Provisions for liabilities and charges** *(continued)*

The elements of deferred taxation are as follows

	Group		*Company*	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Difference between accumulated depreciation and amortisation and capital allowances	**1,110**	1,016	**481**	474
Basis difference and other timing differences	**679**	724	**–**	–
Deferred tax provision	**1,789**	1,740	**481**	474
Deferred tax assets				
Expenses not currently deductible	**169**	420	**17**	43
	169	420	**17**	43
Deferred tax liability	**1,620**	1,320	**464**	431

22 **Share capital**

The authorised share capital at 31 March 2009 and 2010 was 2,500,000 ordinary £0 10 A shares and 22,500,000 ordinary £0 10 B shares

In February 2010 the shareholders approved, by special resolutions in writing, the purchase by the Company for cancellation of 144,000 ordinary £0 10 A shares and 1,296,000 ordinary £0 10 B shares in each case at a price of £5 70 per share The purchase of the shares took place on 24 February 2010 at a total cost of £8,208,000 which was settled in cash

The shares purchased were held by two Clark family settlements RJ Harvey, a director of the Company, is a trustee of both settlements but has no beneficial interest in the assets held by the settlements AR Clark and BJ Wilson are directors of the Company and are trustees of one of the settlements Together with their children they have a beneficial interest in both settlements

	Ordinary A shares of £0 10		*Ordinary B shares of £0 10*		
	Allotted and fully paid Number	*Allotted and fully paid Value £'000*	*Allotted and fully paid Number*	*Allotted and fully paid Value £'000*	*Allotted and fully paid Value £'000*
At 31 March 2009	892,236	89	9,894,877	990	1,079
Shares purchased and cancelled	(144,000)	(14)	(1,296,000)	(130)	(144)
At 31 March 2010	**748,236**	**75**	**8,598,877**	**860**	**935**

The A shares and the B shares rank *pari passu* except

- When a dividend is declared on the A shares a dividend must also be declared on the B shares and vice versa
- The dividend per share on the B shares must be 110% of the dividend per share on the A shares
- On a winding up of the company the B shares will be entitled to a distribution per share of 110% of the amount distributed per share on the A shares
- The holders of the B shares have no rights to receive notice of or to attend or to vote at any General Meeting of the Company

23 Reserves

	Capital redemption reserve £'000	Revaluation reserve Properties £'000	Listed investments £'000	Profit and loss account £'000	Total £'000
Group					
1 April 2009	1,224	5,195	4,631	141,325	152,375
Profit for the year	-	-	-	6,052	6,052
Dividends paid	-	-	-	(742)	(742)
(Decrease)/increase arising on revaluation	-	(1,318)	8,161	-	6,843
Realised on disposal	-	-	(141)	141	-
Currency translation difference	-	(264)	-	(1,423)	(1,687)
Purchase of own shares	144	-	-	(8,208)	(8,064)
Pension scheme actuarial loss after tax	-	-	-	(1,097)	(1,097)
31 March 2010	**1,368**	**3,613**	**12,651**	**136,048**	**153,680**
Reserves excluding pension related adjustments	1,368	3,613	12,651	137,344	154,976
Net pension liability	-	-	-	(1,296)	(1,296)
Reserves as adjusted	1,368	3,613	12,651	136,048	153,680

	Capital redemption reserve £'000	Revaluation reserve Properties £'000	Listed investments £'000	Profit and loss account £'000	Total £'000
Company					
1 April 2009	1,224	-	4,631	114,029	119,884
Profit for the year	-	-	-	8,411	8,411
Dividends paid	-	-	-	(742)	(742)
Increase arising on revaluation	-	-	8,161	-	8,161
Realised on disposal	-	-	(141)	141	-
Purchase of own shares	144	-	-	(8,208)	(8,064)
Pension scheme actuarial loss after tax	-	-	-	(1,097)	(1,097)
31 March 2010	**1,368**	**-**	**12,651**	**112,534**	**126,553**
Reserves excluding pension related adjustments	1,368	-	12,651	113,830	127,849
Net pension liability	-	-	-	(1,296)	(1,296)
Reserves as adjusted	1,368	-	12,651	112,534	126,553

At 31 March 2010, the cumulative goodwill written off against group reserves amounted to £350,000 *(2009 £350,000)*

Notes on the accounts
continued

24 **Notes to the cash flow statement**

Reconciliation of operating loss to net cash inflow from operating activities

	2010 £'000	2009 £'000
Group operating loss	**(2,326)**	(1,080)
Depreciation charges	**3,068**	2,055
Loss/(profit) on fixed asset disposals	**63**	(15)
Currency translation differences	**(908)**	4,336
Increase in stocks	**(7)**	(48)
Decrease in debtors	**98**	332
Increase/(decrease) in creditors	**1,166**	(163)
Decrease in property and developments	**653**	207
Goodwill amortisation	**43**	24
Net pension service income	**(235)**	(146)
Pension other finance cost	**(66)**	(9)
Net cash inflow from operating activities	**1,549**	5,493

Returns on investments and servicing of finance		
Interest received	**373**	962
Interest paid	**(706)**	(1,044)
Net cash outflow from returns on investments and servicing of finance	**(333)**	(82)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(1,688)**	(2,531)
Purchase of fixed asset investments	**(12,130)**	(13,015)
Proceeds from sales of tangible fixed assets	**6**	29
Proceeds from sales of fixed asset investments	**4,558**	22,791
Net cash (outflow)/inflow from capital expenditure and financial investment	**(9,254)**	7,274
Acquisitions and disposals		
Investments in joint ventures	**–**	(817)
Distributions received from joint ventures	**–**	1,102
Purchase of subsidiary undertaking	**–**	(3,863)
Net cash outflow from acquisitions and disposals	**–**	(3,578)
Management of liquid resources		
Cash added from fixed deposits	**(2,600)**	(8,470)
Decrease in current asset investments	**8,624**	60,724
Net cash inflow from management of liquid resources	**6,024**	52,254

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

Purchase of subsidiary undertaking

Assets and liabilities acquired on the purchase of Kirkland Hotel Group LLC in December 2008

	2009 £'000
Fixed assets	21,949
Debtors	233
Deferred tax asset	14
Total assets	22,196
Creditors	429
Debt	12,557
Total Liabilities	12,986
	9,210
Net cash paid	3,863
Previous equity interest in joint venture	5,347
	9,210

All assets were acquired at fair value which represented the book value at the date of acquisition other than land and buildings where a £2,690,000 fair value adjustment to increase their value was made No revaluation of any assets was undertaken

Analysis of net funds

	1 April 2009 £'000	*Cash flow £'000*	*Exchange Movement £'000*	**31 March 2010 £'000**
Cash in hand and at bank	30,175	(13,042)	(358)	**16,775**
Overdrafts	(98)	(99)	–	**(197)**
		(13,141)		
Debt due after 1 year	(5,357)	(8,333)	295	**(13,395)**
Debt due within 1 year	(12,787)	10,802	1,662	**(323)**
Funds on deposit over one day	10,000	2,600	–	**12,600**
Current asset investments	9,441	(8,624)	–	**817**
Total	31,374	(16,696)	1,599	**16,277**

Notes on the accounts
continued

25 Commitments

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 further investment of £16,213,000 *(2009 £20,041,000)*

The Company has a commitment under an operating lease to pay rent for its offices of £197,000 per annum *(2009 £197,000 per annum)* until June 2017, subject to the Company potentially exercising its option to break the contract in June 2012

26 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 2010 was £8,658,000 *(2009 £98,000)*

27 Related party transactions

The Taylor Clark Limited 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	**2010 £'000**	2009 £'000
Management charge to The Underwood Trust, in respect of services provided by the group	1	**20**	20
Dividends paid by Taylor Clark Limited and received in a beneficial capacity by			
The Underwood Trust		**146**	657
Directors of Taylor Clark Limited		74	188

Sub notes

1 At 31 March 2010, The Underwood Trust held 2,107,177 B shares *(2009 2,107,177 B shares)* of £0 10 each, representing 24 5% *(2009 21 3%)* of the B shares in issue and 22 5% *(2009 19 5%)* of the total shares in issue

The Underwood Trust is an English charitable trust which was established in 1973 The Trustees of The Underwood Trust include Mr R Clark and Mrs B J Wilson, who are shareholders in Taylor Clark Limited Mrs Wilson is also a director of Taylor Clark Limited

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

3 During the year no amounts were written off any of the balances with related parties

The interest of certain directors in the purchase of its own shares by the Company during the year is explained in Note 22

Financial record

for the years ended 31 March

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Group turnover	**16,590**	13,635	14,846	27,077	16,645

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Reconciliation of movements in shareholders' funds					
Profit/(loss) after taxation	**6,052**	(13,454)	5,051	11,484	10,281
Dividends	**(742)**	(1,921)	(2,217)	(1,729)	(1,131)
Other recognised gains and (losses)	**4,059**	2,884	(2,063)	1,785	13,174
Purchase of own shares	**(8,208)**	(15,000)	–	–	–
Net movement in shareholders' funds	**1,161**	(27,491)	771	11,540	22,324
Opening balance of shareholders' funds	**153,454**	180,945	180,174	168,634	146,310
Closing balance of shareholders' funds	**154,615**	153,454	180,945	180,174	168,634

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Balance sheet					
Fixed assets					
Tangible assets	**61,710**	66,502	36,992	42,119	62,513
Investments	**74,942**	51,803	82,873	67,755	47,493
Net current assets	**34,274**	42,194	65,769	89,236	80,017
Other liabilities and provisions	**(16,311)**	(7,045)	(4,689)	(18,936)	(21,389)
Net assets	**154,615**	153,454	180,945	180,174	168,634

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Capital and reserves					
Called up share capital	**935**	1,079	1,351	1,351	1,351
Revaluation reserve	**16,264**	9,826	19,164	21,534	29,260
Other reserves	**137,416**	142,549	160,430	157,289	138,023
Equity shareholders' funds	**154,615**	153,454	180,945	180,174	168,634

Directors of principal subsidiary companies

Taylor Clark Properties Limited	Jon Brand John Dippie Christopher Edwards* Reg Harvey
Wylye Valley Farming Limited	Andrew Clark Antony Cox Reg Harvey
Taylor Clark Inc	Reg Harvey* John Dippie* Andy Macdonald *Managers* Crawford International Inc

*Non-executive

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