

Companies House
Taylor Clark Limited
340727

Annual report

for the year ended 31 March 2008

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COMPANIES HOUSE

Directors and advisers

Directors	*D T Boyd OBE CA *A R Clark J A Dippie FCA <i>Finance</i> *C P Edwards FRICS R J Harvey <i>Chief Executive</i> *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 2008.

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.

Status of Company

On 26 September 2007 the Company re-registered as a private company instead of a public company. This followed the passing of a Special Resolution at an Extraordinary General Meeting of the Company held on 20 September 2007.

The Company was founded on 27 May 1938 and consequently celebrated its 70th anniversary on 27 May 2008.

Investment policy

The objectives of the Group are to deliver long term capital growth while preserving shareholders' capital and providing an income stream sufficient to pay regular dividends to shareholders. 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 balance the different activities carried out by the Group the Board sets limits on the funds allocated to particular activities. The Board has an asset allocation committee which is chaired by 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.

Performance

Group net assets increased from £180.2m at 31 March 2007 to £180.9m at 31 March 2008. After adding back £2.2m of dividends paid to shareholders during the year the increase in value for the year is £2.9m which represents an increase of 2% on the opening net assets. Over the same period the FTSE All Share index fell 11% and the IPD UK All-property capital index fell 15%.

Business review

The last year has seen a big change in the world economy, in particular in the UK and USA where most of the Group's investments are held. It is clear both the UK and USA economies will struggle while the consequences of the credit crunch and the rise in inflation work through the system.

At 31 March 2008 39% (2007: 48%) of the Group's net assets are held in cash or short term bonds. This remains a large amount to hold in cash and reflects our cautious approach to markets.

UK property

Last year, having sold nearly all UK commercial properties, we commented that new opportunities had proved very difficult to find at prices where the forecast returns justified the risks involved. Our nervousness of high UK commercial property valuations proved to be well founded. Property values have since fallen, particularly during the second half of 2007/08, and have continued to fall since the year end. Since January 2008 we have begun to see opportunities which, whilst not yet bargains, do appear to offer the chance of making a sensible return.

At 31 March 2008 and 2007 the Company owned the investment property comprising 6-20 Longmarket/48-51 Burgate, Canterbury (principally retail). At 31 March 2008 this

Report of the directors

continued

property was valued at £8.2m (2007: £9.8m). This property is well let and is being retained for the time being.

There are a number of investments in listed and unlisted property funds. These give the Group some exposure to European property where growth is anticipated but where we do not have the resources to invest directly. They also enable us to invest in managers who have made money for us in the past and who we believe will continue to do so in the future. The prices of listed property companies fell substantially during the year; our holdings fell in value by an average of 21%. However, we are confident that over the next few years these losses will be reversed and the investments become profitable.

At 31 March 2008 £9.7m (2007: £12.8m) was invested in UK property development. The Chertsey business centre was sold in April 2007 generating a profit in 2007/08 of £1.0m. The investments remaining at 31 March 2008 were in the Bowmore Estates Limited joint venture (Bowmore) and 140 West George Street, Glasgow which was acquired during the year.

Bowmore develops residential sites in South West England. It operates at the upper end of the market where the sales price of a house or flat is in excess of £0.5m. The downturn in the housing market has and will adversely affect the profitability of existing stock. Fortunately, the majority of the stock was sold prior to the recent fall in prices. The ongoing difficulties in the housing market may provide an opportunity for Bowmore to acquire new sites at attractive prices.

The office refurbishment at 140 West George Street, Glasgow was completed after the year end and the space (24,000 square feet) is currently being marketed. The building is likely to be let floor by floor.

During the year the Heathman Estates joint venture became active. The objective of this venture is to assemble a portfolio of c£20m of investment properties in Scotland. The first acquisition was made in February 2008 and a further property was acquired in May 2008.

After the year end the Company subscribed for loan notes which provided funding for the purchase by a third party of a development site in Glasgow. The loan notes are secured on the site and carry an interest rate of 15% which is payable on a sale or refinancing of the development.

North American portfolio

The investment in the North American assets at 31 March 2008 was £31.5m (2007: £30.1m) and represents 17% (2007: 17%) of Group net assets.

The Group's exposure to changes in the value of the US dollar was offset during the year by a US dollar loan of \$25m (£12.5m). After the year end the dollar loan was repaid. It was originally taken out in March 2005 because of concerns that sterling would appreciate against the US dollar. Both the UK and the USA currently face challenging economic conditions but in the Board's opinion sterling is likely to be the weaker of the two currencies over the next few years.

The wholly owned investments at both 31 March 2008 and 31 March 2007 were the Marriott Courtyard and Residence Inn hotels in Stockton, California, the Heathman hotel in Portland, Oregon and 101 Post Street, a retail investment property in San Francisco. In addition there are investments, through joint ventures, in another Heathman hotel in Kirkland, Washington, an almond orchard and a vineyard in California and a condominium development in Kelowna, British Columbia.

The hospitality market in the USA had another good year and again there were significant increases in both room rates and occupancy levels at all our mature hotels.

At the Heathman, Portland, approximately one year's cash flow (\$3m) will be invested during 2008/09, mainly to renovate the 160 guest bathrooms which were last remodelled in 1984. The Stockton and Portland hotels are staffed and managed by a third party management company, Rim Hospitality, which is based in California.

The 91 bedroom hotel, spa and restaurant in the Kirkland area of Seattle, Washington opened in October 2007. It has been very favourably received and reviewed. The restaurant has established an excellent reputation and is attracting a high volume of business. Room occupancy has not grown as fast as was hoped and may initially have been affected by the delay in opening the hotel. However we believe the guest 'experience' is good and look forward to high occupancy over the summer season. Having generated the reputation and significant volumes of business, attention is now being turned to improving the management of costs.

The co-venture condominium development in Kelowna, British Columbia was completed and sold during the year. Our investment was repaid during the year and our profit share will be paid once all outstanding matters are resolved. Current projections indicate a satisfactory level of profit will be earned.

Farming

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 2,300 acres of woodland not far from the Scottish estate is also owned. Whilst the results of these operations do not significantly affect those of the Group their overall capital value has increased substantially since they were acquired.

In Northern California we have a 47.5% interest in a farming joint venture, Hill Creek Farms LLC. This has been held for about 10 years. The farm comprises 577 planted acres of almonds and 183 planted acres of vines. Operations are profitable and there has also been good growth in capital value.

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 2008 the market value of these investments was £69.3m (2007: £59.1m). The increase in value of £10.2m during the year comprises net new investment of £12.4m offset by unrealised losses arising in the year of £2.2m.

Cash and 'near' cash

At 31 March 2008 the Company had free funds of £62m (2007: £75m). Some £61m is invested by external professional managers in low risk, short dated, sterling financial instruments. After allowing for existing commitments, including repayment of the dollar loan as mentioned above, some £39m remains available for retention as cash reserves, for new projects or to be partly or wholly returned to shareholders.

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.

Report of the directors

continued

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 2008 was assessed for accounts purposes by the independent actuary as £0.4m (2007: £0.9m) before tax relief. The Company continues to support this scheme and with the advice of the actuary and consultants is working to eliminate the deficit over the next few years.

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 rose in April and May 2008 but have fallen back in June and July. Many commentators are predicting further falls as the economic slow down hits company earnings. We remain convinced that part of the Group's assets should continue to be invested in financial markets.

The weight of money being invested in the commercial property market has vanished. However many investors, like us, are sitting on cash waiting for good opportunities to appear. In a normal downturn this would put a floor under the fall in values but the credit crunch may result both in an increase the supply of property coming to the market and a lack of debt finance for potential purchasers. We remain cautious.

In North America the main assets are the hotels. The established hotels are currently trading well. To date the downturn in the US economy has been reflected in a small decline in occupancy but room rates remain higher than they were this time last year. It is likely business at the Kirkland hotel will continue to grow as it becomes more established. This should enable the current losses to be turned into profits.

Given the economic backdrop 2008/09 is likely to be a bumpy ride with an uncertain outcome. As outlined above the Group currently has a conservative asset allocation with a substantial holding of cash and near cash. This position is reinforced by the very low levels of bank borrowing. However there is also substantial exposure to financial markets and if stock markets experience a deep and prolonged fall this is bound to impair the returns in the current year.

Results

As shown by the consolidated profit and loss account profit for the financial year amounted to £5,051,000 (2007: £11,484,000). The main reason profit for 2007/08 is much lower than 2006/07 is that 2006/07 included large gains on property disposals.

Dividends

On 23 January 2008 interim dividends of 6.30 pence (2007: 3.80 pence) per ordinary A Share and 6.93 pence (2007: 4.18 pence) per ordinary B Share were paid. The directors recommend payment of a final dividend of 6.70 pence (2007: 8.70 pence) per ordinary A Share and 7.37 pence (2007: 9.57 pence) per ordinary B Share.

Directors

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

On 1 April 2007 Mr C P Edwards was appointed as a director.

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.

The Underwood Trust, a Registered Charity, owns 4,592,025 B (non-voting) shares of £0.10 each, representing 36.4% of the B shares in issue and 34.0% 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 2008 and amounts owed to its trade creditors at the end of the year was 25 days (2007: 19 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 384 of the Companies Act 1985, 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 Dippie

Director and Secretary



Fourth Floor South,
35 Portman Square,
London W1H 6LR
31 July 2008

Independent auditors' report to the members of Taylor Clark Limited

We have audited the group and parent company financial statements (the "financial statements") of Taylor Clark Limited for the year ended 31 March 2008 which comprise the Consolidated profit and loss account, the Group and Company balance sheets, the Consolidated cash flow statement, Group statement of total recognised gains and losses, Note of historical cost profits and losses, Group reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

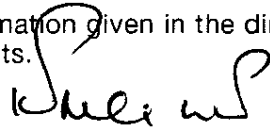
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's and the Group's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

KPMG LLP



*Chartered Accountants,
Registered Auditor
Ipswich
31 July 2008*

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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 to prevent and detect fraud and other irregularities.

Consolidated profit and loss account

for the year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Turnover of the group including its share of joint ventures		22,554	28,718
Less: Share of turnover of joint ventures		(7,708)	(1,641)
Group turnover	2	14,846	27,077
Cost of sales		(10,279)	(19,000)
Gross profit		4,567	8,077
Administrative expenses		(4,113)	(3,739)
Other operating income		4,133	1,884
Group operating profit	3	4,587	6,222
Share of operating profit of joint ventures		190	301
Share of operating (loss)/profit of associate		(7)	792
Total operating profit		4,770	7,315
Gains on property disposals		1,436	9,875
Gains on fixed asset investment disposals		317	177
Share of losses on property disposals by joint ventures		-	(13)
Provisions made against fixed asset investments		(1,184)	(185)
Profit before interest		5,339	17,169
Interest receivable and similar income	4	1,129	1,946
Interest payable and similar charges	5	(1,395)	(1,382)
Share of net interest payable by joint ventures		(476)	(22)
Share of net interest receivable/(payable) by associate		38	(7)
Profit on ordinary activities before taxation	2, 3	4,635	17,704
Taxation on profit on ordinary activities	8	416	(6,220)
Profit for the financial year	9	5,051	11,484

A statement of the reserves is given in note 23.

All items dealt with in arriving at the operating profit for 2008 and 2007 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 2008

	2008 £'000	2007 £'000
Profit/(loss) for the financial year		
Group	5,422	10,652
Share of joint ventures	(364)	266
Share of associate	(7)	566
	5,051	11,484
Unrealised (deficit)/surplus on revaluation of properties	(606)	91
Unrealised (deficit)/surplus on revaluation of investments	(1,244)	4,134
Currency translation difference on foreign currency net assets	(296)	(2,590)
Pension scheme actuarial gain	130	214
Deferred tax on pension scheme actuarial gain	(47)	(64)
Other recognised gains and losses	(2,063)	1,785
Total recognised gains and losses relating to the financial year	2,988	13,269

Note of historical cost profits and losses

for the year ended 31 March 2008

	2008 £'000	2007 £'000
Reported profit on ordinary activities before taxation	4,635	17,704
Realisation of revaluation gains of previous years	487	11,620
Historical cost profit on ordinary activities before taxation	5,122	29,324
Historical cost profit for the year retained after taxation and dividends	3,321	21,375

Group reconciliation of movements in shareholders' funds

for the year ended 31 March 2008

	2008 £'000	2007 £'000
Profit for the financial year	5,051	11,484
Dividends paid (Note 10)	(2,217)	(1,729)
Transfer to reserves	2,834	9,755
Other recognised gains and losses	(2,063)	1,785
Net movement in shareholders' funds	771	11,540
Opening balance of shareholders' funds	180,174	168,634
Closing balance of shareholders' funds	180,945	180,174

Group balance sheet

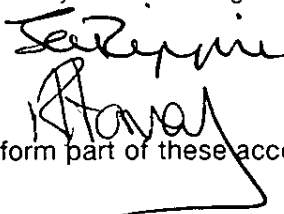
at 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Intangible asset	11	281	303
Tangible assets	12	36,711	41,816
Investments in joint ventures			
Share of gross assets		21,442	5,804
Share of gross liabilities		(12,266)	(2,467)
	13	9,176	3,337
Investment in associated undertaking	14	913	1,913
Other investments	15	72,784	62,505
		119,865	109,874
Current assets			
Property and developments		6,070	10,179
Stocks	17	173	145
Debtors due after one year	18	31	51
Debtors due within one year	18	3,551	2,228
Investments		67,632	69,820
Cash at bank and in hand		3,745	16,307
		81,202	98,730
Creditors: amounts falling due within one year	19	(15,433)	(9,494)
Net current assets		65,769	89,236
Total assets less current liabilities			
		185,634	199,110
Creditors: amounts falling due after more than one year	20	(4,030)	(17,959)
Provisions for liabilities and charges	21	(394)	(376)
Net pension liability	7	(265)	(601)
Net assets		180,945	180,174
Capital and reserves			
Called up share capital	22	1,351	1,351
Capital redemption reserve	23	952	952
Revaluation reserve	23	19,164	21,534
Profit and loss account	23	159,478	156,337
Equity shareholders' funds		180,945	180,174

Approved by the Board on 31 July 2008, and signed on its behalf by

J A Dippie
R J Harvey

Directors



The notes referred to above form part of these accounts.

Consolidated cash flow statement

for the year ended 31 March 2008

	2008 £'000	2007 £'000
Net cash inflow from operating activities	2,950	19,060
Returns on investments and servicing of finance	(288)	83
Taxation	(3,821)	(4,206)
Capital expenditure and financial investment	(8,328)	12,258
Acquisitions and disposals	(258)	(1,426)
Equity dividends paid (note 10)	(2,217)	(1,729)
<hr/>		
Cash (outflow)/inflow before use of liquid resources and financing	(11,962)	24,040
Management of liquid resources	13,801	(23,429)
Financing		
Decrease in debt	(1,654)	(369)
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Increase in cash	185	242
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Reconciliation of net cash flow to movement in net funds		
	2008 £'000	2007 £'000
Increase in cash in the year	185	242
Cash (outflow)/inflow from movement in liquid resources	(13,801)	23,429
Decrease in debt	1,654	369
Reclassification	2,446	-
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Movement resulting from cash flows	(9,516)	24,040
Translation difference	137	1,040
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Movement in the year	(9,379)	25,080
Net funds at 1 April 2007	63,995	38,915
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Net funds at 31 March 2008	54,616	63,995
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Further information concerning the consolidated cash flow statement is given in note 24.

Company balance sheet

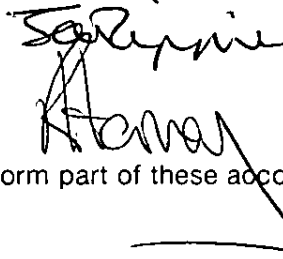
at 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	12	8,423	9,726
Investment in joint venture	13	1,223	-
Investment in associated undertaking	14	900	900
Other investments	15	99,767	89,534
		110,313	100,160
Current assets			
Debtors due after one year	18	7,613	7,447
Debtors due within one year	18	2,133	422
Investments		61,079	63,193
Cash at bank and in hand		1,086	11,924
		71,911	82,986
Creditors: amounts falling due within one year	19	(25,610)	(26,012)
Net current assets		46,301	56,974
Total assets less current liabilities		156,614	157,134
Provisions for liabilities and charges	21	(440)	(127)
Net pension liability	7	(265)	(601)
Net assets		155,909	156,406
Capital and reserves			
Called up share capital	22	1,351	1,351
Capital redemption reserve	23	952	952
Revaluation reserve	23	15,313	18,595
Profit and loss account	23	138,293	135,508
Equity shareholders' funds		155,909	156,406

Approved by the Board on 31 July 2008 and signed on its behalf by

J A Dippie
R J Harvey

Directors



The notes referred to above form part of these accounts.

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 2008. 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 (JANE), 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.

With effect from 1 April 2007 the Group's interest in Bowmore Estates Limited has been accounted for as a joint venture. It was previously accounted for as a JANE. This is not a change in accounting policy which requires a prior year adjustment. The background to this change is set out in note 13.

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.

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%
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

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.

Woodlands

The investment in woodlands 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.

Financial Instruments

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

2008	Property £'000	Hotels and leisure £'000	Financial investments £'000	Other £'000	Total £'000
Group turnover	5,222	9,262	-	362	14,846
Operating profit					
Group	929	1,994	3,957	(2,293)	4,587
Share of joint ventures	777	(789)	-	202	190
Share of associate	-	(7)	-	-	(7)
	1,706	1,198	3,957	(2,091)	4,770
Gains on property disposals	1,209	227	-	-	1,436
Gains on fixed asset investment disposals	-	-	317	-	317
Share of gains on property disposals by joint ventures	-	-	-	-	-
Provisions made against fixed assets	-	-	(1,184)	-	(1,184)
Interest receivable	268	29	760	72	1,129
Interest payable	(348)	(337)	(6)	(704)	(1,395)
Share of joint ventures/associates net interest	(354)	(67)	-	(17)	(438)
Profit before taxation	2,481	1,050	3,844	(2,740)	4,635
Assets employed					
Group	22,183	13,130	138,756	(3,213)	170,856
Share of joint ventures	4,778	3,739	-	659	9,176
Share of associate	-	913	-	-	913
	26,961	17,782	138,756	(2,554)	180,945
2007					
Group turnover	19,027	7,737	-	313	27,077
Operating profit					
Group	4,901	1,044	2,032	(1,755)	6,222
Share of joint ventures	-	66	-	235	301
Share of associate	-	792	-	-	792
	4,901	1,902	2,032	(1,520)	7,315
Gains on property disposals	9,516	359	-	-	9,875
Gains on fixed asset investment disposals	-	-	177	-	177
Share of gains on property disposals by joint ventures	(13)	-	-	-	(13)
Provisions made against fixed assets	-	-	(185)	-	(185)
Interest receivable	143	44	1,307	452	1,946
Interest payable	(289)	(351)	(20)	(722)	(1,382)
Share of joint ventures/associates net interest	-	(5)	-	(24)	(29)
Profit before taxation	14,258	1,949	3,311	(1,814)	17,704
Assets employed					
Group	28,402	12,626	130,676	3,220	174,924
Share of joint ventures	-	2,567	-	770	3,337
Share of associate	-	1,913	-	-	1,913
	28,402	17,106	130,676	3,990	180,174

2 Turnover and business segment analysis (continued)

By geographical market
(by destination and origin)

	2008			2007		
	UK	North America	Total	UK	North America	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group turnover	1,668	13,178	14,846	17,649	9,428	27,077
Operating profit						
Group	2,026	2,561	4,587	4,438	1,784	6,222
Share of joint ventures	777	(587)	190	-	301	301
Share of associate	(7)	-	(7)	792	-	792
	2,796	1,974	4,770	5,230	2,085	7,315
Gains on property disposals	1,004	432	1,436	9,875	-	9,875
Gains on fixed assets investment disposals	317	-	317	177	-	177
Share of gains on property disposals by joint ventures	-	-	-	-	(13)	(13)
Provisions made against fixed assets	(1,184)	-	(1,184)	(185)	-	(185)
Interest receivable	739	390	1,129	1,094	852	1,946
Interest payable	(8)	(1,387)	(1,395)	(313)	(1,069)	(1,382)
Share of joint ventures/associates net interest	(316)	(122)	(438)	(7)	(22)	(29)
Profit before taxation	3,348	1,287	4,635	15,871	1,833	17,704
Assets employed						
Group	143,758	27,098	170,856	137,604	37,320	174,924
Share of joint ventures	4,778	4,398	9,176	-	3,337	3,337
Share of associate	913	-	913	1,913	-	1,913
	149,449	31,496	180,945	139,517	40,657	180,174

The Other Operating Profit includes group overhead costs.

3 Profit on ordinary activities before taxation

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

	2008	2007
	£'000	£'000
<i>Crediting:</i>		
Income from listed investments	3,438	1,842
<i>Charging:</i>		
Depreciation	1,150	1,243
Auditors' remuneration:		
Audit fees Group (including Company £47,000 (2007: £41,000))	147	152
Tax services	109	96
Pension service cost	204	183
Pension settlement loss	26	20

Notes on the accounts

continued

4 Interest receivable and similar income

	2008	2007
	£'000	£'000
Bank and other interest receivable	1,083	1,502
Currency translation differences	46	444
	1,129	1,946

5 Interest payable and similar charges

	2008	2007
	£'000	£'000
Bank loans and overdrafts	1,395	1,382

6 Staff costs and directors' emoluments

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

	2008	2007
	Number	Number
Property, management and administration	12	13
Hotels	72	2
Other	4	6
	88	21

The aggregate payroll costs of these persons were as follows:

	2008	2007
	£'000	£'000
Wages and salaries	1,668	1,133
Social security costs	155	120
Other pension costs	134	180
	1,957	1,433

Directors' remuneration:

	2008	2007
	£'000	£'000
Directors' emoluments	440	402
Amount paid to third party in respect of directors' services	-	24
	440	426

The aggregate of emoluments of the highest paid director (excluding pension contributions) were £147,000 (2007: £145,000). 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 £80,000 (2007: £64,000).

	Number of directors	
	2008	2007
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 £562,000 (2007: £629,000). The contribution of the group for the scheme was 19.5% (2007: 19.5%) of total pensionable salary. The employees contributed an additional 6% (2007: 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 2004 triennial valuation remains relevant as this formed the basis of the 31 March 2008 update which was prepared before the 1 April 2007 valuation was finalised. The update included changing the valuation basis from the attained age method to the projected unit method. The age profile of the members is rising significantly and under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The major assumptions used by the Independent Actuary were:

	2008	2007	2006
	%	%	%
Discount rate	6.70	5.30	4.90
Rate of increase in salaries	5.60	5.20	5.30
Rate of increase in pensions in payment	3.75	3.30	3.30
Price Inflation	3.60	3.20	3.30

The assets and liabilities in the Scheme and long-term expected rates of return are shown below:

	Long-term expected		Long term expected		Long term expected	
	Value at 2008	return 2008	Value at 2007	return 2007	Value at 2006	return 2006
	£'000	%	£'000	%	£'000	%
Equities and Property	2,726	7.70	2,900	7.50	2,690	7.50
Bonds	4,205	6.90	4,496	4.80	2,924	4.40
Cash	412	5.00	10	4.70	260	3.00
Total market value of Fund assets	7,343		7,406		5,874	
Present value of Fund liabilities	(7,711)		(8,265)		(7,363)	
Deficit in the scheme—						
Pension liability	(368)		(859)		(1,489)	
Related deferred tax asset	103		258		447	
Net pension liability	(265)		(601)		(1,042)	

Notes on the accounts

continued

7 Pensions (continued)

Movement in deficit during the year

	2008	2007
	£'000	£'000
Deficit in scheme at 1 April	(859)	(1,489)
Current service cost	(204)	(183)
Contributions paid	562	629
Settlement loss	(26)	(20)
Other finance costs	29	(10)
Actuarial gain/(loss)	130	214
Deficit in the scheme at 31 March	(368)	(859)

Analysis of other pension costs charged in arriving at operating profit

	2008	2007
	£'000	£'000
Current service costs	204	183
Settlement loss	26	20
Total operating charge included in Administrative expenses	230	203

Analysis of amounts included in other finance income/(costs)

	2008	2007
	£'000	£'000
Expected return on pension scheme assets	471	352
Interest on pension scheme liabilities	(442)	(362)
Net cost included in Other operating income	29	(10)

Analysis of amount recognised in statement of total recognised gains and losses

	2008	2007
	£'000	£'000
Actual return less than expected return on scheme assets	(1,042)	(101)
Experience (losses)/gains arising on scheme liabilities	(181)	276
Changes in assumptions underlying the present value of scheme liabilities	1,353	39
Actuarial gain recognised in statement of total recognised gains and losses	130	214

History of experience gains and losses	2008	2007	2006	2005	2004
Difference between expected and actual return on Scheme assets:					
Amount (£000)	(1,042)	(101)	517	(31)	123
Percentage of Scheme's assets	(14.2)%	(1.4)%	8.8%	(0.7)%	2.6%
Experience gains and losses on Scheme liabilities:					
Amount (£000)	(181)	276	(79)	(75)	(83)
Percentage of present value of the Scheme's liabilities	(2.3)%	3.3%	(1.1)%	(1.2)%	(1.5)%
Total amount recognised in statement of total recognised gains and losses:					
Amount (£000)	130	214	(425)	(370)	(424)
Percentage of present value of the Scheme's liabilities	1.7%	2.6%	(5.8)%	(6.1)%	(7.7)%

8 Taxation

	2008 £'000	2007 £'000
Analysis of charge in period		
<i>UK corporation tax</i>		
Current tax on income for the period	(817)	(5,584)
Adjustments in respect of prior years	2,032	226
	1,215	(5,358)
<i>Foreign tax</i>		
Current tax on income for the period	(553)	(391)
Total current tax	662	(5,749)
Deferred tax (note 21)	(128)	(253)
Share of joint ventures tax	(78)	-
Share of associate's tax	(40)	(218)
Tax on profit on ordinary activities	416	(6,220)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2007: higher) than the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are explained below.

	2008 £'000	2007 £'000
Current tax reconciliation		
Profit on ordinary activities before taxation	4,635	17,704
Current tax at 30%	1,391	5,311
Effects of:		
Income from fixed asset disposals	(301)	(3,063)
Chargeable gains	162	4,063
Capital allowances less than/(in excess of) depreciation	17	(134)
Income not taxable for tax purposes	(215)	(201)
Expenses not deductible for tax purposes	358	-
Tax losses utilised	-	(122)
Adjustments to prior periods	(2,032)	(226)
Higher overseas tax rates	72	67
Sundry other items	(114)	54
Total current tax charge	(662)	5,749

The adjustment to prior periods in the year ended 31 March 2008 mainly arises from a chargeable gains calculation where the 1982 value used to calculate the gain has increased compared to the provisional valuation used in the year ended 31 March 2007.

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 £968,000 (2007: £1,124,000) and for fixed asset investments £3,496,000 (2007: £4,494,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

Notes on the accounts

continued

9	Profit for the financial year		
		2008	2007
		£'000	£'000
	Dealt with in the accounts of the holding company	4,462	8,069
	Retained by subsidiary undertakings	589	3,415
		<hr/>	<hr/>
		5,051	11,484

10	Dividends		
		2008	2007
		£'000	£'000
	Amounts recognised as distributions to equity shareholders in the year		
	Final dividends for the year ended 31 March 2007:		
	Ordinary A shares 8.70p, (31 March 2006: 7.90p) per share	78	70
	Ordinary B shares 9.57p, (31 March 2006: 8.69p) per share	1,208	1,097
	Interim dividends for the year ended 31 March 2008		
	Ordinary A shares 6.30p, (31 March 2007: 3.80p) per share	56	34
	Ordinary B shares 6.93p, (31 March 2007: 4.18p) per share	875	528
	Total dividends paid in the year	<hr/>	<hr/>
		2,217	1,729
	Proposed final dividends for the year ended 31 March:		
	Ordinary A shares, 6.70p (2007: 8.70p) per share	60	78
	Ordinary B shares, 7.37p (2007: 9.57p) per share	930	1,208
		<hr/>	<hr/>
		990	1,286

The proposed final dividends for 2007/08 are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in these financial statements.

11	Intangible asset	
	Purchased goodwill	£'000
	Group:	
	1 April 2007	303
	Amortisation	(18)
	Translation difference	(4)
	31 March 2008	<hr/>
		281

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

<i>Group:</i>	<i>Freehold property</i>		<i>Leasehold</i>	<i>Other</i>	<i>Total</i>
	<i>Investment</i>	<i>Trading</i>	<i>property investment</i>	<i>tangible assets</i>	
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
1 April 2007	6,169	23,780	9,592	8,291	47,832
Additions	-	810	-	1,349	2,159
Disposals	-	(3,676)	-	(2,481)	(6,157)
Translation difference	(81)	(206)	-	(66)	(353)
Surplus/(deficit) on revaluation	956	-	(1,562)	-	(606)
31 March 2008	7,044	20,708	8,030	7,093	42,875
Cost	-	20,708	-	7,093	27,801
Valuation	7,044	-	8,030	-	15,074
	7,044	20,708	8,030	7,093	42,875
Depreciation:					
1 April 2007	-	2,323	-	3,693	6,016
Charged in year	-	425	-	725	1,150
Disposals	-	(88)	-	(862)	(950)
Translation difference	-	(23)	-	(29)	(52)
31 March 2008	-	2,637	-	3,527	6,164
Net book value:					
1 April 2007	6,169	21,457	9,592	4,598	41,816
31 March 2008	7,044	18,071	8,030	3,566	36,711
Historical cost of items valued under the alternative accounting rules	3,587	-	7,438	-	11,025

Notes on the accounts

continued

12 Fixed assets: Tangible assets (continued)

	<i>Leasehold investment property</i> £'000	<i>Other tangible assets</i> £'000	<i>Total</i> £'000
<i>Company:</i>			
Cost or valuation:			
1 April 2007	9,662	525	10,187
Addition	–	349	349
Disposals	–	(404)	(404)
Deficit on revaluation	(1,581)	–	(1,581)
31 March 2008	8,081	470	8,551
Cost	–	470	470
Valuation	8,081	–	8,081
	8,081	470	8,551
Depreciation:			
1 April 2007	–	461	461
Charged in year	–	38	38
Disposals	–	(371)	(371)
31 March 2008	–	128	128
Net book value:			
1 April 2007	9,662	64	9,726
31 March 2008	8,081	342	8,423
Historical cost of items valued under the alternative accounting rules	7,870	–	7,870

Tangible fixed assets at 31 March 2008 have been included on the following bases:

- Investment properties have been valued on an open market basis as at 31 March 2008 using the relevant professional guidelines applicable to each country in which the property is located. The portfolio was valued by:

	<i>Group By value</i> £'000	<i>Company By value</i> £'000
DTZ Debenham Tie Leung, International Property Advisers	8,030	8,081
Directors of group undertakings	7,044	–

- 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

	<i>Group</i> £'000	<i>Company</i> £'000
At 1 April 2007	3,337	–
Transfer to joint ventures from operations previously accounted for as joint arrangements which are not entities	4,802	10
Additions	3,583	1,213
Disposals	(231)	–
Distributions received	(1,869)	–
Share of earnings	(364)	–
Translation difference	(82)	–
At 31 March 2008	9,176	1,223

13 Fixed assets: Investments in joint ventures (continued)

At both 1 April 2007 and 31 March 2008 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;
- in April 2006 Kirkland Hotel Group LLC was formed to construct and operate a full service hotel, including a restaurant and a spa, in the Kirkland area of Seattle, Washington. The hotel opened in October 2007. The Group has a 40% interest in the LLC and in the period to 31 March 2008 subscribed equity of £Nil (2007: £1,836,000). The Group contributed a further £2,370,000 (2007: £448,000) defined as 'disproportionate capital' during the period. Disproportionate capital is subject to a priority return based on an annual rate of 7.0%.

During the year the following changes took place:

- a 50% partnership interest in Hy's at the Mountain, a Canadian Limited Partnership, which operates a restaurant in Whistler, British Columbia was sold to Hy's of Canada;
- the accounting for the Group's investment in Bowmore Estates Limited was changed. The Group has an investment in Bowmore Estates Limited ('Bowmore') which was acquired in the year ended 31 March 2005. The Group owns 50% of the voting rights of this property development company and exercises joint control. Until 31 March 2007 this investment was accounted for as a joint arrangement which is not an entity (JANE) as defined by FRS 9. In accordance with FRS 9 the Group accounted directly for its part of the income and expenditure, assets, liabilities and cash flows of Bowmore. The business of Bowmore has developed beyond the group of projects which it was formed to acquire. As a result of this change in activity the directors have decided that with effect from 1 April 2007 it is appropriate to account for Bowmore as a joint venture. This is not a change in accounting policy which requires a prior year adjustment. In consequence the results for 2007/08 include Bowmore as a joint venture but the comparative figures for 2006/07 include Bowmore as a JANE;
- during the year ended 31 March 2008 Bowmore repaid £1,400,000 of the funding loan provided by the Group (2007: £1,733,500 advanced to Bowmore). At 31 March 2008 the principal of the loan was £3,600,000 (2007: £5,000,000) and interest of £71,577 (2007: £94,025) was accrued on the loan. Interest on the loan of £376,778 was paid during the year (2007: £450,662);
- the accounting for the Company's 50% interest in Heathman Estates Limited ('Estates') was also changed from JANE to joint venture with effect from 1 April 2007. The Estates joint venture was formed in April 2006 to acquire a portfolio of investment properties in Scotland. At that time the Company subscribed and paid for £10,000 of share capital in Estates. No property acquisitions were made in 2006/07 during which period Estates incurred only minor administration expenses. In February 2008 Estates acquired its first investment property. The acquisition was partly financed by a loan from the company to Estates of £1,212,655 which remained outstanding at 31 March 2008.

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

	<i>Group share of joint ventures</i>
	£'000
Turnover	7,708
Loss before taxation	(286)
Taxation	(78)
Loss after taxation	(364)
Fixed assets	7,746
Current assets	13,697
Liabilities due within one year	(1,496)
Liabilities due after more than one year	(10,771)

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

Notes on the accounts

continued

14 Fixed assets: Investment in associated undertaking

	<i>Group</i> £'000	<i>Company</i> £'000
1 April 2007	1,913	900
Distributions received	(993)	-
Share of results	(7)	-
31 March 2008	913	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 2008 was 33% (2007: 33%).

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

	<i>Group share of associate</i> £'000
Turnover	1,180
Profit before tax	32
Taxation	(39)
Loss after tax	(7)
Fixed assets	731
Current assets	740
Liabilities due within one year	(409)
Liabilities due after one year	(149)

15 Fixed assets: Other investments

	<i>Listed</i> £'000	<i>Woodlands</i> £'000	<i>Other</i> £'000	<i>Total</i> £'000
<i>Group:</i>				
Cost or market value				
1 April 2007	59,257	1,637	2,524	63,418
Additions	15,742	20	502	16,264
Disposals	(3,303)	-	(373)	(3,676)
Revaluation deficit	(1,244)	-	-	(1,244)
31 March 2008	70,452	1,657	2,653	74,762
Provisions				
1 April 2007	192	-	721	913
Provided in year	1,035	-	149	1,184
Disposals	(61)	-	(58)	(119)
31 March 2008	1,166	-	812	1,978
Net book value:				
31 March 2007	59,065	1,637	1,803	62,505
31 March 2008	69,286	1,657	1,841	72,784

15 Fixed assets: Other investments (*continued*)

	<i>Shares in subsidiary</i>		<i>Other</i>	<i>Total</i>
	<i>Listed undertakings</i>			
	£'000	£'000	£'000	£'000
<i>Company:</i>				
Cost or market value				
1 April 2007	59,257	34,775	2,454	96,486
Additions	15,742	-	502	16,244
Disposals	(3,304)	-	(304)	(3,608)
Revaluation deficit	(1,244)	-	-	(1,244)
31 March 2008	70,451	34,775	2,652	107,878
Provisions				
1 April 2007	192	6,097	663	6,952
Provided in year	1,035	36	149	1,220
Disposals	(61)	-	-	(61)
31 March 2008	1,166	6,133	812	8,111
Net book value:				
31 March 2007	59,065	28,678	1,791	89,534
31 March 2008	69,285	28,642	1,840	99,767

16 Subsidiary undertakings

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

	<i>Percentage of equity owned at 31 March 2008</i>	<i>Country of registration/ incorporation</i>
Property		
Taylor Clark Properties Limited	100	Scotland
Farming and woodlands		
Wylde 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

*Owned by a subsidiary undertaking

17 Stocks

	<i>Group</i>	
	2008	2007
	£'000	£'000
Stocks comprise:		
Farm produce	173	145

Notes on the accounts

continued

18 Debtors

	<i>Group</i>		<i>Company</i>	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
<i>Amounts due after one year</i>				
Amounts owed by subsidiary undertakings	-	-	7,512	7,310
Prepayments and accrued income	31	51	101	137
	31	51	7,613	7,447
<i>Amounts due within one year</i>				
Trade debtors	481	1,088	12	158
Amounts owed by associate undertakings	-	-	12	-
Corporation tax receivable	2,200	-	1,910	-
Other debtors	125	562	19	11
Prepayments and accrued income	745	578	180	253
	3,551	2,228	2,133	422

19 Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Bank loans and overdrafts	12,731	4,173	-	42
Trade creditors	929	831	7	19
Amounts owed to subsidiary undertakings	-	-	24,982	23,901
Other creditors including taxation and social security	580	3,276	265	1,744
Accruals and deferred income	1,193	1,214	356	306
	15,433	9,494	25,610	26,012
Other creditors including taxation and social security comprise:				
Corporation tax	375	2,569	240	1,709
Other taxes	-	11	-	6
Social security	28	32	23	27
Other creditors	177	664	2	2
	580	3,276	265	1,744

£152,000 (2007: £4,173,000) of the bank loans and overdrafts are secured by charges over certain of the group's assets.

Bank loans at 31 March 2008 include a five year borrowing of US\$25 million (£12,579,000) which was repayable in March 2010. After 31 March 2008 the Group decided to repay the loan early and it was repaid on 1 July 2008. Interest was charged at 1.0% above the USD LIBOR 3 month rate. An interest rate swap contract was purchased which effectively converted floating USD LIBOR to a fixed rate of 4.51% for the whole of the loan until 1 July 2008. The fair value of the swap contract at 31 March 2008 was £58,000 (liability). The loan was guaranteed joint and severally by certain group companies.

20 Creditors: amounts falling due after one year

	<i>Group</i>		<i>Company</i>	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Bank loans:				
Repayable between 1 and 2 years	165	1,129	-	-
Repayable between 2 and 5 years	577	13,287	-	-
Repayable over 5 years	3,288	3,543	-	-
	4,030	17,959	-	-

At 31 March 2008 £4,030,000 relates to a loan secured against the Heathman Hotel. This is repayable by instalments by March 2023. Interest is charged at 7.77%.

21 Provisions for liabilities and charges

<i>Group</i>	<i>Deferred taxation £'000</i>
1 April 2007	376
Charged to profit and loss account	128
Translation difference	(2)
Pension scheme deferred tax	(108)
31 March 2008	394

<i>Company</i>	<i>Deferred taxation £'000</i>
1 April 2007	127
Charged to profit and loss account	421
Pension scheme deferred tax	(108)
31 March 2008	440

The elements of deferred taxation are as follows:

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
Difference between accumulated depreciation and amortisation and capital allowances	980	759	443	127
Other timing differences	29	51	-	-
Deferred tax provision	1,009	810	443	127
Deferred tax assets				
Expenses not currently deductible	615	434	3	-
	615	434	3	-
Deferred tax liability	394	376	440	127

Notes on the accounts

continued

22 Share capital

	Ordinary A shares of £0.10		Ordinary B shares of £0.10		Allotted and fully paid Value £'000
	Allotted and fully paid Number	Allotted and fully paid Value £'000	Allotted and fully paid Number	Allotted and fully paid Value £'000	
31 March 2008 and 2007	892,236	89	12,622,149	1,262	1,351

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

	<i>Capital redemption reserve</i> £'000	<i>Revaluation reserve</i> <i>Properties</i> £'000	<i>Listed investments</i> £'000	<i>Profit and loss account</i> £'000	<i>Total</i> £'000
<i>Group</i>					
1 April 2007	952	4,731	16,803	156,337	178,823
Profit for the year	-	-	-	5,051	5,051
Dividends paid	-	-	-	(2,217)	(2,217)
Decrease arising on revaluation	-	(606)	(1,244)	-	(1,850)
Realised on disposal	-	(30)	(457)	487	-
Currency translation difference	-	(33)	-	(263)	(296)
Pension scheme actuarial gain after tax	-	-	-	83	83
31 March 2008	952	4,062	15,102	159,478	179,594
Reserves excluding pension related adjustments	952	4,062	15,102	159,743	179,859
Net pension liability	-	-	-	(265)	(265)
Reserves as adjusted	952	4,062	15,102	159,478	179,594

	<i>Capital redemption reserve</i> £'000	<i>Revaluation reserve</i> <i>Properties</i> £'000	<i>Listed investments</i> £'000	<i>Profit and loss account</i> £'000	<i>Total</i> £'000
<i>Company</i>					
1 April 2007	952	1,792	16,803	135,508	155,055
Profit for the year	-	-	-	4,462	4,462
Dividends paid	-	-	-	(2,217)	(2,217)
Decrease arising on revaluation	-	(1,581)	(1,244)	-	(2,825)
Realised on disposal	-	-	(457)	457	-
Pension scheme actuarial gain after tax	-	-	-	83	83
31 March 2008	952	211	15,102	138,293	154,558
Reserves excluding pension related adjustments	952	211	15,102	138,558	154,823
Net pension liability	-	-	-	(265)	(265)
Reserves as adjusted	952	211	15,102	138,293	154,558

At 31 March 2008, the cumulative goodwill written off against group reserves amounted to £350,000 (2007: £1,168,000).

Notes on the accounts

continued

24 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2008	2007
	£'000	£'000
Group operating profit	4,587	6,222
Depreciation charges	1,150	1,243
Loss/(profit) on fixed asset disposals	136	(349)
Loss on fixed asset investment disposals	54	-
Currency translation differences	(8)	52
(Increase)/decrease in stocks	(28)	6
Decrease in debtors	874	7,384
Increase/(decrease) in creditors	42	(1,041)
(Increase)/decrease in property and developments	(3,514)	5,906
Goodwill amortisation	18	53
Net pension service income	(332)	(426)
Pension other finance cost	(29)	10
Net cash inflow from operating activities	2,950	19,060
Returns on investments and servicing of finance		
Interest received	1,082	1,520
Interest paid	(1,370)	(1,437)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(288)	83
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,159)	(1,358)
Purchase of fixed asset investments	(16,264)	(15,548)
Proceeds from sales of tangible fixed assets	6,275	27,710
Proceeds from sales of fixed asset investments	3,820	1,454
Net cash (outflow)/inflow from capital expenditure and financial investment	(8,328)	12,258
Acquisitions and disposals		
Investments in joint ventures	(3,583)	(2,284)
Distributions received from joint ventures	1,869	457
Proceeds from disposals of joint ventures	463	101
Loan repaid by associated undertaking	-	300
Distributions received from associated undertaking	993	-
Net cash outflow from acquisitions and disposals	(258)	(1,426)
Management of liquid resources		
Cash withdrawn from fixed deposits	11,700	1,045
Decrease/(increase) in current asset investments	2,101	(24,474)
Net cash inflow/(outflow) from management of liquid resources	13,801	(23,429)

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

Analysis of net funds

	1 April 2007 £'000	Cash flow £'000	Reclassifi- cation £'000	Exchange Movement £'000	31 March 2008 £'000
Cash in hand and at bank	3,077	140	(981)	(21)	2,215
Overdrafts	(45)	45	-	-	-
		185			
Debt due after 1 year	(17,959)	(1,326)	15,032	223	(4,030)
Debt due within 1 year	(4,128)	2,980	(11,605)	22	(12,731)
Funds on deposit over one day	13,230	(11,700)	-	-	1,530
Current asset investments	69,820	(2,101)	-	(87)	67,632
Total	63,995	(11,962)	2,446	137	54,616

The reclassification arises from the change in accounting treatment of the Group's interest in Bowmore Estates Limited ('Bowmore'). With effect from 1 April 2007 Bowmore has been accounted for as a joint venture. It was previously accounted for as a joint arrangement which is not an entity (JANE). As required by the JANE accounting rules the Group balance sheet at 31 March 2007 included the Group's 50% share of Bowmore by proportionally consolidating the Bowmore balance sheet on a line by line basis. The reclassification above reflects the transfer of the proportionally consolidated items in the 31 March 2007 balance sheet to 'Fixed assets: Investments in joint ventures'. Further background to this change in accounting policy is given in note 13.

25 Commitments

There were no capital commitments contracted for but not provided at 31 March 2008 (2007: £nil).

No provision has been made in the financial statements in respect of financial commitments of £895,000 (2007: £4,050,000) 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.

A subsidiary has entered into an agreement with a third party to provide funding for a property development by the third party. The funding is secured by a second charge on the property and the loan bears interest at 2.0% above the base rate of Barclays Bank PLC. Construction of the development was completed during the year and a number of units were sold which enabled the loan to be repaid. The amount outstanding at 31 March 2008 was £Nil (2007: £420,850 advanced).

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 £9,701,000 (2007: £9,192,000).

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 2008 was £12,579,000 (2007: £12,749,000).

Notes on the accounts

continued

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	2008 £'000	2007 £'000
Management charge to The Underwood Trust, in respect of services provided by the group	1	19	19
Dividends paid by Taylor Clark Limited and received in a beneficial capacity by:			
The Underwood Trust		758	591
Directors of Taylor Clark Limited		109	85

Sub notes

- 1 At 31 March 2008, The Underwood Trust held 4,592,025 B shares (2007: 4,592,025 B shares) of £0.10 each, representing 36.4% of the B shares in issue and 34.0% 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, Mrs P A H Clark and Mrs B J Wilson, who are shareholders in 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.

Financial record

for the years ended 31 March

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Group turnover	14,846	27,077	16,645	19,812	7,061
Reconciliation of movements in shareholders' funds					
Profit after taxation	5,051	11,484	10,281	3,337	2,852
Dividends	(2,217)	(1,729)	(1,131)	(1,100)	(1,117)
Other recognised gains and (losses)	(2,063)	1,785	13,174	3,458	1,961
Purchase of own shares	-	-	-	(11,055)	-
Net movement of shareholders' funds	771	11,540	22,324	(5,360)	3,696
Opening balance of shareholders' funds	180,174	168,634	146,310	151,670	147,974
Closing balance of shareholders' funds	180,945	180,174	168,634	146,310	151,670
Balance sheet					
Fixed assets					
Tangible assets	36,992	42,119	62,513	70,438	54,337
Investments	82,873	67,755	47,493	36,346	40,208
Net current assets	65,769	89,236	80,017	60,975	58,570
Other liabilities and provisions	(4,689)	(18,936)	(21,389)	(21,449)	(1,445)
Net assets	180,945	180,174	168,634	146,310	151,670
Capital and reserves					
Called up share capital					
Called up share capital	1,351	1,351	1,351	1,351	1,573
Revaluation reserve	19,164	21,534	29,260	22,470	20,513
Other reserves	160,430	157,289	138,023	122,489	129,584
Equity shareholders' funds	180,945	180,174	168,634	146,310	151,670

Directors of principal subsidiary companies

Taylor Clark Properties Limited

Jon Brand
John Dippie
Christopher Edwards*
Reg Harvey

Wylve Valley Farming Limited

Andrew Clark
Antony Cox
Reg Harvey

Taylor Clark Inc

Reg Harvey*
John Dippie*
Andy Macdonald

Managers
Crawford International Inc

*Non-executive