Annual report

for the year ended 31 March 1996

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Directors and advisers

Directors	R Clark FCA *Chairman and Chief Executive*
	*S J Titcomb FCA *Deputy Chairman*
	*Mrs P A H Clark
	*A V C Astley LLB
	R J Harvey
	*S J Roberts MA
	*R E Towner
	*Non-executive
Secretary	J A Dippie FCA
Audit Committee	S J Titcomb FCA *Chairman*
	A V C Astley LLB
	R Clark FCA
Registered Office	32 Haymarket, London, SW1Y 4TP.
	Registered number: 340727
	Date of Incorporation: 27 May 1938
Auditors	KPMG
Principal Bankers	Clydesdale Bank plc
	Bank of Scotland
	The Royal Bank of Scotland plc

Chairman's statement

The group made a loss before taxation of £0.6 million.

The property investment activities produced a satisfactory total return in excess of accepted performance indicators. All development schemes will be completed and hopefully leased during the current year and subsequent sales should make a significant contribution to future profits.

The National Lottery badly affected our Bingo operations and it has been necessary to revise the basis used to value our trading properties. As a result £4.2 million has been written off against this year's profits. Our Restaurants, Cinemas and other leisure business produced encouraging results.

Mother Nature was again kind to us in 1995 and the farms produced their best results ever. In the USA we look forward to the first 'Crush' from the Castlehill Vineyard in September.

We continue the process of upgrading our Leisure trading properties and pending completion of the current property development programme it is considered necessary to conserve all available resources. In the circumstances the Board is not recommending the payment of a final dividend.

I take this opportunity to thank all staff, managers and directors for their hard work and commitment during this difficult year.

Robin Clark
24 July 1996

Report of the directors

The directors have pleasure in submitting their annual report, together with the financial statements for the year ended 31 March 1996.

Activities The principal activities of Taylor Clark plc ('the company') and its subsidiary undertakings are property development and investment. In addition the group owns a substantial leisure division based mainly in Scotland and farms and commercial woodlands in Wiltshire and Inverness-shire. Current policy is to consolidate and develop these existing activities, whilst keeping sufficient funds available for compatible acquisitions.

Results and Dividends As shown by the consolidated profit and loss account the loss for the financial year amounted to £1,851,000 *(1995: profit £3,426,000)*. After deducting £409,000 *(1995: £881,000)* for dividends paid, a deficit of £2,260,000 *(1995: profit £2,545,000)* has been transferred to reserves.

On 27 November 1995 an interim dividend of 26 pence per share *(1995: 26 pence per share)* was paid. The directors do not recommend the payment of a final dividend *(1995: 30 pence per share)* making a total for the year of 26 pence per share *(1995: 56 pence per share)*.

Fixed Assets Additions to tangible fixed assets during the year totalled £3,918,000 of which £1,625,000 represented the acquisition of freehold and long leasehold properties.

The group's investment properties have been valued on an open market basis at 31 March 1996. Of the portfolio £29,229,000 (39%) was valued by external valuers and £45,507,000 (61%) was valued by the directors of the subsidiary undertaking which owns the property. The valuations resulted in a £4,055,000 (5.7%) overall increase in the carrying value of the investment property portfolio.

The group's leisure division trading properties were valued by the directors of the leisure division as at 31 March 1996. These valuations resulted in a decrease of £4,868,000 in the carrying value of these properties.

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

Mr Towner was appointed as a director on 6 March 1996.

Mr Colin Clark served as a director up to his retirement on 30 June 1995.

The interests of the directors in the ordinary £1 shares of the company at 1 April 1995 and 31 March 1996 are listed below:

	31 March 1996		1 April 1995	
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
Robin Clark	163,509	720,300	163,509	720,300
Mrs P A H Clark	102,309	720,300	102,309	720,300
S J Roberts	48,950	—	48,950	—
A V C Astley	—	96,000	—	96,000

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

At 1 April 1995 and 31 March 1996 Mr Harvey, Mr Titcomb and Mr Towner did not have any interest in the shares of the company. None of the directors had any beneficial interest in the shares of subsidiary undertakings.

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

Major Shareholder The Underwood Trust, a Registered Charity, owns 680,300 *(1995: 680,300)* ordinary shares of £1 each, representing 43.3% *(1995: 43.3%)* of the issued share capital.

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

Donations The group made no contributions for political purposes during the year. Donations amounting to £1,000 *(1995: £1,000)* were made for charitable purposes.

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

By Order of the Board,
J A Dippie
Secretary.

32 Haymarket,
London SW1Y 4TP.

24 July 1996

Corporate governance

Although not a requirement for unlisted companies the board has considered the application of The Cadbury Committee Code of Best Practice on the Financial Aspects of Corporate Governance ('the Code') within the company. Whilst not complying fully with all aspects of the Code, the directors believe that the company does comply with those aspects which are important to a company where the shareholders are closely involved with the company's affairs.

The Board has an Audit Committee with a majority of non-executive directors which has specific terms of reference. The Audit Committee meets at least twice a year with the group's external auditors and its function is to ensure that the highest standards of integrity, financial reporting and internal control are maintained throughout the group. Full minutes of the Audit Committee are circulated to the Board.

Statement of directors' responsibilities

Preparation of financial statements

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

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

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

Internal financial controls

The directors acknowledge their responsibility for the group's systems of internal financial control and for monitoring their effectiveness. They recognise that such systems can provide only reasonable and not absolute assurance against material misstatement or loss.

The key features of the internal control systems operated throughout the year are:

- an appropriate organisational structure with clear lines of responsibility and delegated authorities;
- identification and evaluation of the major risks faced by the group and the establishment by the directors of the procedures deemed necessary to monitor these;
- financial reporting procedures based on an annual budget with regular reporting of actual performance, variance analysis and revised forecasts;
- an audit committee which reviews the effectiveness of the overall control framework. It receives reports from the boards of principal subsidiary undertakings, the internal auditors of Taylor Clark Leisure plc and the external auditors.

The directors have reviewed the effectiveness of the above-mentioned controls.

Going concern

After making enquiries the directors believe that the company has sufficient resources to meet all operational needs for the foreseeable future, and they therefore continue to adopt the going concern basis in preparing the accounts.

Report of the auditors

To the Members of Taylor Clark plc

We have audited the financial statements on pages 8 to 22.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 1996 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG KPMG

Chartered Accountants,
Registered Auditors
London
24 July 1996

Consolidated profit and loss account

for the year ended 31 March 1996

Note		1996 £'000	1995 £'000
2	Turnover	33,704	25,871
	Cost of sales (including £4,229,000 exceptional write down of trading properties)	(29,315)	(18,568)
	Gross profit	4,389	7,303
	Administrative expenses	(3,847)	(3,176)
	Other operating income	252	505
	Operating profit	794	4,632
	Gains/(losses) realised on property disposals	39	(21)
	Amounts written off investment properties	(70)	—
	Profit before interest	763	4,611
	Interest receivable and similar income	262	433
	Interest payable and similar charges	(1,636)	(603)
2, 3	**(Loss)/profit on ordinary activities before taxation**	(611)	4,441
5	Taxation	(1,152)	(995)
	(Loss)/profit on ordinary activities after taxation	(1,763)	3,446
	Minority interests	(88)	(20)
6	**(Loss)/profit for the financial year**	(1,851)	3,426
	Dividends	(409)	(881)
	(Loss)/profit for the year transferred to reserves	(2,260)	2,545

A statement of the reserves is given in note 17.

The notes referred to above form part of these accounts.

Group statement of total recognised gains and losses

for the year ended 31 March 1996

	1996 £'000	1995 £'000
(Loss)/profit for the financial year	(1,851)	3,426
Unrealised surplus on revaluation of properties	3,467	5,460
Currency translation difference on foreign currency net assets	817	(1,113)
Deferred taxation on disposal	—	808
Other recognised gains and losses	4,284	5,155
Total recognised gains and losses	2,433	8,581

Note of historical cost profits and losses

for the year ended 31 March 1996

	1996 £'000	1995 £'000
Reported (loss)/profit on ordinary activities before taxation	(611)	4,441
Realisation of property revaluation gains of previous years	1,041	4,315
Historical cost profit on ordinary activities before taxation	430	8,756
Historical cost (loss)/profit for the year retained after taxation, minority interests and dividends	(1,219)	6,860

Group reconciliation of movements in shareholders' funds

for the year ended 31 March 1996

	1996 £'000	1995 £'000
(Loss)/profit for the financial year	(1,851)	3,426
Dividends paid and proposed	(409)	(881)
(Loss)/profit for the year transferred to reserves	(2,260)	2,545
Other recognised gains and losses	4,284	5,155
Goodwill acquired during the year	—	(243)
Net movement in shareholders' funds	2,024	7,457
Opening balance of shareholders' funds	116,545	109,088
Closing balance of shareholders' funds	118,569	116,545

Group balance sheet
at 31 March 1996

Note		1996 £'000	1995 £'000
	Fixed assets		
7	Property	107,096	108,204
7	Other tangible assets	8,438	8,119
8	Investments	3,700	3,077
		119,234	119,400
	Current assets		
	Property and developments	31,253	7,916
10	Stocks	1,122	1,122
11	Debtors	3,142	2,745
12	Investments	—	780
	Cash at bank and in hand	4,402	3,307
		39,919	15,870
	Creditors		
13	Amounts falling due within one year	(33,734)	(11,955)
	Net current assets	6,185	3,915
	Total assets less current liabilities	125,419	123,315
	Creditors		
14	Amounts falling due after more than one year	(4,808)	(5,872)
15	Provisions for liabilities and charges	(1,717)	(671)
	Equity minority interests	(325)	(227)
	Net assets	118,569	116,545
	Capital and reserves		
16	Called up share capital	1,573	1,573
17	Capital redemption reserve	730	730
17	Revaluation reserve	32,568	30,142
17	Other reserve	—	16,234
17	Profit and loss account	83,698	67,866
	Equity shareholders' funds	118,569	116,545

Approved by the Board on 24 July 1996

R Clark
R J Harvey *Directors*

The notes referred to above form part of these accounts.

Consolidated cash flow statement

for the year ended 31 March 1996

	1996		1995	
	£'000	£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities		(7,472)		1,094
Returns on investments and servicing of finance				
Interest received	185		413	
Interest paid	(1,660)		(455)	
Dividends paid	(881)		(881)	
Net cash outflow from returns on investments and servicing of finance		(2,356)		(923)
Taxation				
UK Corporation tax paid	(880)		(785)	
Overseas tax paid	(376)		—	
Tax paid		(1,256)		(785)
Investing activities				
Purchase of tangible fixed assets	(3,918)		(18,852)	
Purchase of fixed asset investments	(759)		(387)	
Proceeds from sales of tangible fixed assets	2,594		10,912	
Proceeds from sales of fixed asset investments	230		990	
Investment in subsidiary	—		(5,502)	
Net cash outflow from investing activities		(1,853)		(12,839)
Net cash outflow before financing		(12,937)		(13,453)
Financing				
Bank loans advanced	—		6,000	
Bank loan reclassified to current liabilities	(1,000)		(250)	
Net cash (outflow)/inflow from financing		(1,000)		5,750
Decrease in cash and cash equivalents		(13,937)		(7,703)

Further statement of cash flows information is given in note 18 which forms part of these accounts.

Company balance sheet

at 31 March 1996

Note		1996 £'000	1995 £'000
	Fixed assets		
7	Property	218	218
7	Other tangible assets	180	182
8	Investments	34,112	28,480
		34,510	28,880
	Current assets		
11	Debtors due after one year	12,500	10,000
11	Debtors due within one year	1,933	4,766
12	Investments	—	780
	Cash at bank and in hand	538	552
		14,971	16,098
	Creditors		
13	Amounts falling due within one year	(1,591)	(4,720)
	Net current assets	13,380	11,378
	Net assets	47,890	40,258
	Capital and reserves		
16	Called up share capital	1,573	1,573
17	Capital redemption reserve	730	730
17	Profit and loss account	45,587	37,955
	Equity shareholders' funds	47,890	40,258

Approved by the Board on 24 July 1996

R Clark
R J Harvey *Directors*

The notes referred to above form part of these accounts.

Notes on the accounts

1 Accounting policies

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

Basis of preparation

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of all the subsidiary undertakings up to 31 March 1996. Results of subsidiary undertakings acquired during the year are included from the date of acquisition.

The group's share of the results of associated undertakings is included in the consolidated profit and loss account and its share of the associated undertaking's net assets is included in the consolidated balance sheet.

In accordance with Section 230 of the Companies Act 1985 a separate profit and loss account dealing with the results of the company has not been presented.

Capital reserve and goodwill arising on consolidation

Capital reserve arising on consolidation represents the excess of the value of net tangible assets in subsidiary undertakings acquired over the cost of shares in those subsidiary undertakings. Goodwill arising on consolidation represents the excess of the cost of shares in subsidiary undertakings acquired over the value of their net tangible assets at the date of acquisition and is written off immediately against reserves.

Stocks

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

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%-2%
Leasehold properties	—	over the life of the lease, limited to the final twenty one 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	—	0%

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 or valuation on an existing use basis having regard to the trading potential of the properties. This method of valuation does not distinguish the values attributable to land, buildings and intangible assets such as goodwill. Regular valuations of the properties are carried out and the properties are maintained to a high standard. Accordingly, the directors are of the opinion that the length of lives and residual values of freehold properties are such that no provision for depreciation is required. This treatment may be a departure from the requirement of the Companies Act concerning depreciation on fixed assets. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. In addition, no amortisation of leasehold properties, where the unexpired term of the lease is in excess of twenty-one years, is provided as, in the opinion of the directors, the amount would not be material.

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

Notes on the accounts
continued

1 ## Accounting policies *continued*

Property and developments held as current assets

These are stated at the lower of cost and market value.

Investments

Listed and unlisted investments held as fixed assets are shown at cost less provision where in the opinion of the directors there has been a permanent diminution in value. Listed investments held as current assets are stated at the lower of cost and market value. Unlisted investments held as current assets are stated at the lower of cost and directors' valuation.

Woodlands

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

Turnover

Turnover represents income from leisure operations, sales of goods and farm produce invoiced to outside customers, sales of property held for resale and investments, dividends and rents, excluding Value Added Tax.

Taxation

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

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

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

Pensions

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

2 ## Turnover and business segment analysis

By activity

1996	*Property*	*Leisure*	*Other*	*Total*
	£'000	£'000	£'000	£'000
Turnover	8,545	23,499	1,660	33,704
Profit before interest	3,877	(3,655)	541	763
(Loss)/profit before taxation	3,296	(4,454)	547	(611)
Assets employed	87,872	17,598	13,099	118,569
1995				
Turnover	3,636	21,004	1,231	25,871
Profit before interest	1,982	2,445	184	4,611
Profit before taxation	2,253	2,078	110	4.441
Assets employed	81,763	25,761	9,021	116,545

By geographical market	1996			1995		
	UK	USA	Total	UK	USA	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	30,013	3,691	33,704	24,882	989	25,871
(Loss)/profit before interest	(10)	773	763	3,646	965	4,611
(Loss)/profit before taxation	(1,295)	684	(611)	3,572	869	4,441
Assets employed	106,127	12,442	118,569	103,111	13,434	116,545

3 Loss on ordinary activities before taxation

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

	1996 £'000	1995 £'000
Crediting:		
Income from listed investments	33	56
Interest receivable	167	433
Currency translation differences	95	—
Charging:		
Interest on loans and advances repayable within five years	1,636	369
Interest payable on loans repayable after five years	—	183
Currency translation differences	—	51
Depreciation (leased assets £82,000 (1995: £77,000))	1,879	1,585
Auditors' remuneration: Audit fees	98	110
Other services	81	115
Operating lease rental payments: Land and buildings	599	431
Plant and machinery	94	7
Write down in value of trading properties	4,229	—

4 Staff costs and directors' emoluments

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

	1996 Number	1995 Number
Property, management and administration	21	22
Leisure (including approximately 60% part time)	1,038	1,036
Other	14	14
	1,073	1,072

The aggregate payroll costs of these persons were as follows:	1996 £'000	1995 £'000
Wages and salaries	7,523	6,401
Social security costs	509	444
Other pension costs	408	410
	8,440	7,255

The staff costs above include the following emoluments in respect of the directors of the company including pension contributions:	1996 £'000	1995 £'000
Fees	92	69
Other emoluments	195	189
	287	258

Directors' remuneration:	1996 £'000	1995 £'000
Chairman and highest paid director (excluding pension contributions)	97	92
Chairman and highest paid director (including pension contributions)	115	109
All directors excluding pension contributions:	Number	Number
£ 0	1	—
£10,001-£ 15,000	3	4
£15,001-£ 20,000	—	1
£20,001-£ 25,000	1	—
£30,001-£ 35,000	1	—
£65,001-£ 70,000	1	1
£90,001-£ 95,000	—	1
£95,001-£100,000	1	—

5 Taxation

	1996 £'000	1995 £'000
Corporation tax at 33% (*1995: 33%*) based on the profit for the year	(890)	(540)
Tax attributable to franked investment income	(7)	(12)
Deferred taxation	(30)	(390)
Adjustments in respect of prior years	(10)	(14)
Overseas tax	(215)	(39)
	(1,152)	(995)

Loss before taxation includes £4,229,000 of trading property write downs which are not deductible for corporation tax purposes.

Notes on the accounts

continued

6 (Loss)/profit for the financial year

	1996 £'000	1995 £'000
Dealt with in the accounts of the holding company	8,041	8,693
Retained by subsidiary undertakings	(9,892)	(5,267)
	(1,851)	3,426

7 Fixed assets: Property and other tangible assets

Group:	Freehold property Investment £'000	Freehold property Trading £'000	Leasehold property Long lease Investment £'000	Leasehold property Short lease Trading £'000	Total property £'000	Other tangible assets £'000
Cost or valuation:						
1 April 1995	71,636	32,143	218	4,242	108,239	15,712
Additions	731	843	—	51	1,625	2,293
Disposals	(2,381)	(76)	—	—	(2,457)	(824)
Translation difference	547	49	—	—	596	87
Reclassification and transfer	(70)	17	—	—	(53)	(17)
Surplus/(deficit) from revaluation	4,055	(3,907)	—	(961)	(813)	—
31 March 1996	74,518	29,069	218	3,332	107,137	17,251
Cost	—	7,693	—	—	7,693	17,251
1996 valuation	74,518	21,376	218	3,332	99,444	—
	74,518	29,069	218	3,332	107,137	17,251
Depreciation:						
1 April 1995	—	35	—	—	35	7,593
Charged in year	—	6	—	—	6	1,879
Disposals	—	—	—	—	—	(659)
Eliminated on revaluation	—	—	—	—	—	—
31 March 1996	—	41	—	—	41	8,813
Net book value:						
1 April 1995	71,636	32,108	218	4,242	108,204	8,119
31 March 1996	74,518	29,028	218	3,332	107,096	8,438
Historical cost of items valued under the alternative accounting rules	59,014	13,701	250	2,610	75,575	—

Tangible fixed assets at 31 March 1996 have been included on the following bases:

— Investment properties have been valued on an open market basis as at 31 March 1996 using the relevant professional guidelines applicable to each country in which the property is located. The portfolio was valued by:

	By value £'000
DE&J Levy, Surveyors, Valuers and Property Consultants	13,850
Donaldsons, Chartered Surveyors	15,379
Directors of subsidiary undertakings	45,507

— Trading property is included at cost or at valuation. Such valuations have been determined by the directors of the relevant subsidiary undertaking based on their estimate of open market value on an existing use basis.

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

Company:	Long leasehold property £'000	Other tangible assets £'000
Cost:		
1 April 1995	218	576
Additions	—	110
Disposals	—	(82)
31 March 1996	218	604
Depreciation:		
1 April 1995	—	394
Charged in year	—	79
Disposals	—	(49)
31 March 1996	—	424
Net book value:		
1 April 1995	218	182
31 March 1996	218	180

8 Fixed assets: Investments

	Listed investments £'000	Investments in woodlands £'000	Other investments £'000	Total £'000
Group:				
1 April 1995	195	1,160	1,722	3,077
Additions	—	743	16	759
Provisions	5	—	—	5
Disposals	(88)	—	(95)	(183)
Translation difference	—	—	42	42
31 March 1996	112	1,903	1,685	3,700

	Listed investments £'000	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
Company:				
1 April 1995	195	27,452	833	28,480
Additions	—	8,300	1	8,301
Disposals	(83)	—	(57)	(140)
Liquidation of dormant subsidiaries	—	(2,529)	—	(2,529)
31 March 1996	112	33,223	777	34,112

The listed investments are listed on The London Stock Exchange. Their market value at 31 March 1996 was £138,000 (*1995: £216,000*).

9 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 1996	*Country of registration/ incorporation*
Property		
Taylor Clark UK Holdings Limited	100	England
Taylor Clark Properties Limited	100	Scotland
Taylor Clark International Limited	100	England
Castlehill Holdings Inc.	100*	USA
King Street (W.C.2.) Developments Limited	75	England
Leisure		
Taylor Clark Leisure plc	100	Scotland
CAC LEISURE PLC	100*	Scotland
Fairworld Bingo Clubs Limited	100*	England
Littlejohn's Restaurants (U.K.) Limited	100*	Scotland
Caledonian Nightclubs Limited	100*	Scotland
Farming and woodlands		
Wylye Valley Farming Limited	100	England

**Owned by a subsidiary undertaking*

Notes on the accounts
continued

10 Stocks

Stocks comprise:	Group 1996 £'000	Group 1995 £'000
Leisure operations	550	579
Farm produce	572	543
	1,122	1,122

11 Debtors

	Group 1996 £'000	Group 1995 £'000	Company 1996 £'000	Company 1995 £'000
Amounts due after one year				
Amounts owed by subsidiary undertakings	—	—	12,500	10,000
Amounts due within one year				
Trade debtors	1,031	599	—	—
Amounts owed by subsidiary undertakings	—	—	1,633	4,385
Corporation tax receivable	113	29	3	29
Advance corporation tax	179	294	179	294
Other debtors	921	280	96	15
Prepayments and accrued income	898	1,543	22	43
	3,142	2,745	1,933	4,766

12 Current assets: Investments

	Group 1996 £'000	Group 1995 £'000	Company 1996 £'000	Company 1995 £'000
Investments listed on The London Stock Exchange	—	780	—	780
Market value of investments listed on The Stock Exchange	—	780	—	780

13 Creditors: Amounts falling due within one year

	Group 1996 £'000	Group 1995 £'000	Company 1996 £'000	Company 1995 £'000
Bank loans and overdrafts	20,830	5,798	—	30
Trade creditors	2,193	1,612	27	26
Payments received on account	—	690	—	—
Amounts owed to subsidiary undertakings	—	—	1,442	4,035
Other creditors including taxation and social security	3,498	2,296	33	126
Accruals and deferred income	7,213	1,087	89	31
Dividends	—	472	—	472
	33,734	11,955	1,591	4,720
Other creditors including taxation and social security comprise:				
Corporation tax	1,287	1,352	—	—
Advance corporation tax	—	100	—	100
Other taxes	835	403	4	—
Social security	106	100	27	26
Other creditors	1,270	341	2	—
	3,498	2,296	33	126

£20,830,000 (*1995: £5,798,000*) of the bank loans and overdrafts are secured by charges over certain of the group's fixed assets.

After the year end £5,000,000 of the overdrafts were transferred to a five year loan at a fixed interest rate.

14 Creditors: Amounts falling due after more than one year

	Group 1996 £'000	Group 1995 £'000
Obligations under finance leases	58	122
Bank loan	4,750	5,750
	4,808	5,872

	Group 1996 £'000	Group 1995 £'000
Bank loans repayable		
between 1 and 2 years	1,000	1,000
between 2 and 5 years	3,750	4,000
after 5 years	—	750
	4,750	5,750

The loan is repayable in quarterly instalments over a period of six years beginning in January 1996. Interest is charged at LIBOR plus 1% and has been capped at 10%.

The bank loan is secured by fixed and floating charges over the assets of the companies within the Taylor Clark Leisure plc group.

15 Provisions for liabilities and charges

	Deferred taxation £'000	*Other provision* £'000	*Total* £'000
1 April 1995	671	—	671
Charged to profit and loss account	30	1,000	1,030
Translation difference	16	—	16
31 March 1996	717	1,000	1,717

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

	1996 *Amount provided* £'000	1996 *Full potential liability* £'000	1995 *Amount provided* £'000	1995 *Full potential liability* £'000
Accelerated capital allowances	335	335	1,068	1,068
Other timing differences	382	382	(397)	(397)
Revalued land and buildings	—	4,029	—	4,686
	717	4,746	671	5,357

Other provision represents a provision for future rentals and associated costs in respect of a vacant trading property.

16 Share capital

	Authorised £'000	*Allotted, called up and fully paid* £'000
Ordinary shares of £1 each:		
31 March 1996 and 1995	2,500	1,573

Notes on the accounts
continued

17 Reserves

Group:	Capital redemption reserve £'000	Revaluation reserve £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
1 April 1995	730	30,142	16,234	67,866	114,972
Loss for the year	—	—	—	(2,260)	(2,260)
Reserve realised on liquidation of dormant subsidiaries	—	—	(16,234)	16,234	—
Surplus arising on revaluation of property	—	3,467	—	—	3,467
Transfer on disposal	—	(1,041)	—	1,041	—
Currency translation difference	—	—	—	817	817
31 March 1996	730	32,568	—	83,698	116,996

Company:	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
1 April 1995	730	37,955	38,685
Retained profit for the year	—	7,632	7,632
31 March 1996	730	45,587	46,317

At 31 March 1996, the cumulative goodwill written off against group reserves amounted to £1,500,000 (*1995: £1,524,000*).

18 Notes to the cash flow statement

Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	1996 £'000	1995 £'000
Operating profit (page 8)	794	4,632
Loss on sale of fixed tangible assets	73	125
(Profit) on sale of fixed asset investments	(47)	(418)
Depreciation charges	1,879	1,585
Write down of trading properties	4,229	—
Currency translation differences	189	(249)
Amounts written off investment properties	70	—
(Increase) in stocks	—	(286)
(Increase) in debtors	(446)	(1,275)
Increase/(decrease) in creditors	7,408	(212)
(Increase) in property and developments	(23,337)	(2,150)
Decrease/(increase) in current asset investments	780	(780)
(Decrease)/increase in creditors due after one year	(64)	122
Increase in other provision	1,000	—
Net cash (outflow)/inflow from operating activities	(7,472)	1,094

Analysis of changes in cash and cash equivalents during the year

At beginning of year	(2,491)	5,212
Net cash outflow	(13,937)	(7,703)
At end of year	(16,428)	(2,491)

Analysis of financing

Creditors: Amounts falling due after more than one year		
At beginning of year	5,750	—
Loan advanced	—	6,000
Reclassified to current liabilities	(1,000)	(250)
At end of year	4,750	5,750

Analysis of cash and cash equivalents shown in the balance sheet

	1996 £'000	1995 £'000	*Change in year* £'000
Cash at bank and in hand	4,402	3,307	1,095
Bank loans and overdrafts	(20,830)	(5,798)	(15,032)
	(16,428)	(2,491)	(13,937)

Purchase of subsidiary undertaking

	1996 £'000	1995 £'000
Net assets acquired	—	5,275
Tangible fixed assets	—	243
Goodwill		
	—	5,518
Satisfied by	—	5,502
Cash	—	16
Prior year payments		
	—	5,518

Notes on the accounts
continued

19 Commitments

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

	Group 1996	1995
	£'000	£'000
Contracted	—	43
Authorised but not contracted	—	—

No provision has been made in the accounts in respect of financial commitments of £3,961,000 *(1995: £7,666,000)* which relate to staged payments which will become due under contracts entered into for the construction or redevelopment of properties.

The group is committed to making payments of £601,000 *(1995: £599,000)* in the next financial year in respect of operating leases for land and buildings in which the commitment exceeds five years.

20 Contingent liabilities

The company together with certain of its fellow group undertakings, has a group overdraft facility with its bankers. In connection with this group overdraft facility 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 1996 was £14,574,000 *(1995: £1,305,000)*.

21 Pension costs

The group has two principal pension schemes which provide benefits based on final pensionable pay. The schemes are explained below.

Taylor Clark plc Retirement and Death Benefit Scheme
This covers employees of Taylor Clark plc and Wylye Valley Farming Limited. The assets of the scheme are held separately from those of the group. Contributions to the scheme are made in accordance with the recommendations of independent actuaries and are invested in policies in the form of profit deferred annuities issued through a major life insurance office.

The most recent valuation of the scheme was at 1 April 1994. The main assumption applied was that investment returns would exceed earnings increases by 1% per annum. The scheme is fully funded.

The pension charge for the year was £149,000 *(1995: £136,000)*. There were no outstanding or prepaid contributions at either the beginning or end of the year. The contribution of the group for the scheme was 19% *(1995: 20%)* of total pensionable salary. The employees contribute an additional 4% *(1995: 3%)*.

Taylor Clark Leisure plc Retirement and Death Benefit Scheme
This covers employees of Taylor Clark Leisure plc and its subsidiary companies. The assets of the scheme are held separately from those of the group. Contributions to the scheme are made in accordance with the recommendations of independent actuaries and are invested with a managed fund.

The most recent valuation of the scheme was at 1 April 1994. The main assumption applied was that investment returns would exceed earnings increases by 2% per annum. The actuarial valuation of the scheme showed that the market value of the assets was £1,548,807 and that the actuarial valuation of those assets represented 81% of the benefits accrued to members, after allowing for expected future increases in pay. In order to address the shortfall within a five year period, an additional lump sum payment of £200,000 was made in June 1994.

The pension charge for the year was £259,000 *(1995: £274,000)*. There were no outstanding contributions at either the beginning or end of the year. Prepaid contributions at the end of the financial year were £120,000 *(1995: £160,000)*. The contribution of the group for the schemes was 14.5% *(1995: 14.5%)* of total pensionable salary. The employees contribute an additional 4% *(1995: 4%)*.

Financial record

for the years ended 31 March

	1996 £'000	1995 £'000	1994 £'000	1993 £'000	1992 £'000	1991 £'000
Balance Sheet						
Fixed assets						
Property	107,096	108,204	83,012	77,898	84,756	96,025
Other tangible assets	8,438	8,119	4,593	3,844	3,928	3,645
Investments	3,700	3,077	3,373	2,608	2,600	3,539
Net current assets	6,185	3,915	19,426	18,458	18,153	29,517
Other liabilities and provisions	(6,525)	(6,543)	(1,102)	(3,918)	(4,621)	(9,653)
Minority interests	(325)	(227)	(214)	(123)	(130)	(182)
Net Assets	118,569	116,545	109,088	98,767	104,686	122,891
Capital and reserves						
Called up share capital	1,573	1,573	1,573	1,573	1,573	1,573
Revaluation reserve	32,568	30,142	28,175	15,662	24,658	38,500
Other reserves	84,428	84,830	79,340	81,532	78,455	82,818
Total Capital and Reserves	118,569	116,545	109,088	98,767	104,686	122,891
Turnover and Profits						
Turnover	33,704	25,871	24,387	24,019	23,015	33,008
Profit/(loss) after taxation	(1,763)	3,446	5,529	2,221	(4,306)	973
Dividends	(409)	(881)	(865)	(802)	(315)	(723)

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

Taylor Clark Properties Limited	Jon Brand John Dippie Duncan McDonald Christopher Edwards* Terry McGee* Andrew Woods
Taylor Clark Leisure plc	George Carter John Loughray* Peter Perrins
Wylye Valley Farming Limited	John Coates* Antony Cox David Snow
Castlehill Holdings Inc	Andrew Macdonald* Ralph Wintrode* *Managers* Crawford International Inc

*Non-executive

Principal offices

Head Office	32 Haymarket, London SW1Y 4TP Telephone: 0171 930 8494 Facsimile: 0171 930 5575
Glasgow	Regent House, 76 Renfield Street, Glasgow G2 1BQ Telephone: 0141 332 6111 Facsimile: 0141 332 3562
Inverness	PO Box 21, Huntly Street, Inverness IV1 1LA Telephone: 01463 237 611 Facsimile: 01463 223 637
Wylye	Manor Farm, Fisherton de la Mere, Warminster BA12 0PY Telephone: 01985 248231 Facsimile: 01985 248445
California	c/o Crawford International Inc 4921 Birch Street, Suite 100 Newport Beach, California 92660 Telephone: 001 714 833 3525 Facsimile: 001 714 833 2159