Taylor Clark plc
340727
Companies House copy

Annual report

for the year ended 31 March 2005

Contents

18

Directors and advisers

Directors	*R Clark FCA *Chairman*
	R J Harvey *Chief Operating Officer*
	*Mrs P A H Clark
	*A R Clark
	*D T Boyd CA
	*R E Towner MA
	*Non-executive
Secretary	J A Dippie FCA
Registered and Head Office	32 Haymarket, London, SW1Y 4TP Telephone: 020 7930 8494 Fax: 020 7930 5575 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

Chairman's Statement

The Group profit before taxation was £4.9 million. The overall increase in the net worth of the Group was £7.3 million before returns to shareholders totalling £12.2 million by way of share buyback and dividends leaving net assets at the end of the year of £146.8 million.

UK property investment and development had a good year as evidenced by the increased pace of lettings and by sales to owner-occupiers and others. The Group's retail development in Canterbury was fully let to good occupiers; we believe this development is in an improving location and therefore decided to retain it as an investment valued at £8.6 million. One of the three investment properties at Worcester was sold for £5.25 million realising a profit of £0.7 million compared to the 31 March 2004 valuation and of £2.3 million relative to historical cost. Property developments in Winchester and Glasgow were sold for a total of £9.2 million, realising a profit of £1.0 million. UK net rental income from investment properties contributed £2.3 million to group profits. Over the year the appraised value of the remaining UK investment properties increased by £2.1 million. Following the year end, one of the investment properties at Worcester was sold for £7.0 million. The challenge for the property team in the current year is to find profitable new projects in a market which we perceive as expensive.

The Group's financial investments also had a good year overall. The value of the stock market investments increased by 12% and the opportunity was taken to reposition part of the investment trust portfolio. The hedge fund investments made a positive return in what was generally a more difficult year for hedge funds. A significant part of the Group's assets remains in low risk short term bonds and cash which generated £1.4 million of income.

UK farming and forestry activities continue. We have registered the farms for the Single Farm Payment scheme and await final details of future grant entitlements. The funds of £5.6 million from sales of farm property in previous years remain earmarked for reinvestment should a suitable opportunity arise.

In North America we were delighted to acquire for US$3.5 million our partner's 50% interest in the Heathman Hotel in Portland, Oregon, where the Group now has 100% ownership of this prestigious and well-run hotel. The rooms are currently being refurbished and, in common with trends in the US hotel industry, the hotel achieved the first significant increase in room rates for several years. Our two wholly owned Marriott franchise hotels in Stockton, California also benefited from better room rates. The Group profit and loss account for the year ended 31 March 2005 includes an impairment charge of US$1.0 million from writing down our investment in the Holiday Inn at Vallejo, California to the amount we expect to receive in the current year from its sale. This was a much smaller investment than the other hotels and advantage has been taken of improved market conditions to sell.

Approximately 20% of the book value of the Group's assets are invested in North America. The value of these assets in the Group balance sheet is translated into sterling at the year end exchange rate. Changes in the US dollar exchange rate can thus create significant changes in the sterling value of the assets. In order to reduce the impact of the US dollar exchange rate on our overall results we have borrowed US$25 million, representing half of our US dollar denominated assets, for 5 years.

Chairman's Statement

continued

In recent months conditions in the financial markets have improved a little but a degree of uncertainty remains. On behalf of shareholders I would like to thank all our executives and staff who have again done a thorough and professional job for us.

Robin Clark

6 July 2005

Report of the directors

The directors have pleasure in submitting their annual report, together with the financial statements for the year ended 31 March 2005.

Group activities

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

Changes to share capital and purchase of own shares

At an Extraordinary General Meeting held on 31 March 2005 ('the EGM') the shareholders unanimously approved the changes to share capital described below.

Each of the then existing authorised issued and unissued ordinary £1 shares were subdivided into 1 ordinary A share of £0.10 each ('the A shares') and 9 ordinary B shares of £0.10 each ('the B shares'). New Articles of Association of the company were adopted which set out the rights attaching to the A shares and B shares. 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.

The EGM also approved the purchase by the company for cancellation of 680,300 A shares and 1,530,675 B shares in each case at a price of £5 per share. This took place on 31 March 2005 at a total cost of £11,054,875 which was settled in cash.

Results and dividends

As shown by the consolidated profit and loss account profit for the financial year amounted to £3,570,000 *(2004: £2,810,000)*. After deducting £1,119,000 *(2004: £1,085,000)* for dividends paid and proposed, £2,451,000 has been transferred to reserves *(2004: £1,725,000)*.

On 20 January 2005 and prior to the share reorganisation referred to above, an interim dividend of 35 pence per ordinary £1 share *(2004: 34 pence)* was paid. The directors recommend the payment of a final dividend of 3.85 pence per ordinary A share and 4.235 pence per ordinary B share. Under the old share structure these dividends would be equivalent to a dividend of 41.965 pence per ordinary £1 share *(2004: 35 pence)*. The total dividend for the year expressed under the old share structure is 76.965 pence per share *(2004: 69 pence)*.

Report of the directors

continued

Directors

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

The beneficial interests of the directors in the shares of the company at 31 March 2005 and 1 April 2004 are listed below:

	Ordinary A Shares		*Ordinary B Shares*		*Ordinary £1 shares*	
	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004
Robin Clark	93,909	–	845,181	–	–	103,909
Mrs P A H Clark	93,909	–	845,181	–	–	103,909
A R Clark	66,450	–	598,050	–	–	61,450
R J Harvey	–	–	–	–	–	–
D T Boyd	–	–	–	–	–	–
R E Towner	–	–	–	–	–	–

Certain directors act as trustees. The non beneficial interests of the directors in the shares of the company at 31 March 2005 and 1 April 2004 are listed below. Where more than one director is a trustee the shares held by a particular trust may be shown more than once

	Ordinary A Shares		Ordinary B Shares		Ordinary £1 shares	
	31 March 2005	1 April 2004	31 March 2005	1 April 2004	31 March 2005	1 April 2004
Robin Clark	40,000	–	4,592,025	–	–	720,300
Mrs P A H Clark	40,000	–	4,592,025	–	–	720,300
A R Clark	104,000	–	936,000	–	–	–
R J Harvey	104,000	–	936,000	–	–	104,000
D T Boyd	–	–	–	–	–	–
R E Towner	–	–	–	–	–	–

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 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. At 31 March 2004 The Underwood Trust owned 680,300 ordinary £1 shares which represented 43.3% of the issued share capital.

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 2005 and amounts owed to its trade creditors at the end of the year was 14 days *(2004: 36 days)*.

Donations

The group made no charitable donations during the year. Political donations of £1,100 were made to "Vote 24" (£1,000) and "The Taxpayers Alliance" (£100).

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.

By Order of the Board,

J A Dippie

Secretary

32 Haymarket,
London SW1Y 4TP
6 July 2005

Statement of directors' responsibilities

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

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

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

Report of the independent auditors

To the Members of Taylor Clark plc

We have audited the financial statements on pages 10 to 36.

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 are responsible for preparing the directors' report and, as described on page 8, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP KPMG LLP

Chartered Accountants,
Registered Auditor
London
6 July 2005

Consolidated profit and loss account

for the year ended 31 March 2005

	Note	2005 £'000	2004 £'000
Turnover of the group including its share of joint ventures		24,994	12,396
Less: Share of turnover of joint ventures		(5,182)	(5,335)
Group turnover	2	19,812	7,061
Cost of sales		(14,797)	(3,077)
Gross profit		5,015	3,984
Administrative expenses		(2,915)	(2,459)
Other operating income		1,702	1,434
Group operating profit	3	3,802	2,959
Share of operating profit of joint ventures		883	806
Share of operating profit of associate		149	206
Total operating profit		4,834	3,971
Gains on property disposals		695	544
Gains on fixed asset investment disposals		203	208
Provisions (made)/released against fixed asset investments		(381)	738
Profit before interest		5,351	5,461
Interest receivable and similar income	4	682	500
Interest payable and similar charges	5	(487)	(1,762)
Share of net interest payable by joint ventures		(628)	(717)
Share of net interest payable by associate		(25)	(25)
Profit on ordinary activities before taxation	2, 3	4,893	3,457
Taxation on profit on ordinary activities	7	(1,323)	(647)
Profit for the financial year	8	3,570	2,810
Dividends			
Paid		(550)	(535)
Proposed		(569)	(550)
Transfer to reserves		2,451	1,725

A statement of the reserves is given in note 21.

The notes referred to above form part of these accounts.

Group statement of total recognised gains and losses

for the year ended 31 March 2005

	2005 £'000	2004 £'000
Profit for the financial year		
Group	3,222	2,599
Share of joint ventures	255	89
Share of associate	93	122
	3,570	2,810
Unrealised surplus on revaluation of properties	2,451	2,733
Unrealised surplus on revaluation of investments	1,729	1,957
Currency translation difference on foreign currency net assets	(463)	(2,729)
Other recognised gains and losses	3,717	1,961
Total recognised gains and losses relating to the financial year	7,287	4,771

Note of historical cost profits and losses

for the year ended 31 March 2005

	2005 £'000	2004 £'000
Reported profit on ordinary activities before taxation	4,893	3,457
Realisation of revaluation gains of previous years	2,180	32
Historical cost profit on ordinary activities before taxation	7,073	3,489
Historical cost profit for the year retained after taxation and dividends	4,631	1,757

Group reconciliation of movements in shareholders' funds

for the year ended 31 March 2005

	2005 £'000	2004 £'000
Profit for the financial year	3,570	2,810
Dividends paid and proposed	(1,119)	(1,085)
Transfer to reserves	2,451	1,725
Other recognised gains and losses	3,717	1,961
Purchase of own shares	(11,055)	–
Net movement in shareholders' funds	(4,887)	3,686
Opening balance of shareholders' funds	151,660	147,974
Closing balance of shareholders' funds	146,773	151,660

Group balance sheet

at 31 March 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Intangible asset	9	370	–
Tangible assets	10	70,068	54,337
Investments in joint ventures			
Share of gross assets		11,674	21,024
Share of gross liabilities		(7,788)	(10,905)
	11	3,886	10,119
Investment in associate	12	1,528	1,435
Other investments	13	30,932	28,654
		106,784	94,545
Current assets			
Property and developments		14,341	23,031
Stocks	15	157	166
Debtors due after one year	16	1,842	2,994
Debtors due within one year	16	8,705	1,863
Investments		29,802	32,374
Cash at bank and in hand		11,646	1,445
		66,493	61,873
Creditors: amounts falling due within one year	17	(6,087)	(3,853)
Net current assets		60,406	58,020
Total assets less current liabilities		167,190	152,565
Creditors: amounts falling due after more than one year	18	(19,990)	–
Provisions for liabilities and charges	19	(427)	(905)
Net assets		146,773	151,660
Capital and reserves			
Called up share capital	20	1,351	1,573
Capital redemption reserve	21	952	730
Revaluation reserve	21	22,470	20,513
Profit and loss account	21	122,000	128,844
Equity shareholders' funds		146,773	151,660

Approved by the Board on 6 July 2005 and signed on its behalf by

R Clark
R J Harvey *Directors*

The notes referred to above form part of these accounts.

Consolidated cash flow statement

for the year ended 31 March 2005

	2005 £'000	2004 £'000
Net cash inflow/(outflow) from operating activities	**2,564**	(6,565)
Returns on investments and servicing of finance	**455**	482
Taxation	**(1,176)**	(587)
Capital expenditure and financial investment	**4,471**	(2,122)
Acquisitions and disposals	**(670)**	282
Equity dividends paid	**(1,100)**	(1,117)
Cash inflow/(outflow) before use of liquid resources and financing	**4,544**	(9,627)
Management of liquid resources	**2,557**	8,933
Financing		
Increase in debt	**15,262**	–
Purchase of own shares	**(11,055)**	–
Increase/(decrease) in cash	**11,308**	(694)

Reconciliation of net cash flow to movement in net funds

	2005 £'000	2004 £'000
Increase/(decrease) in cash in the year	**11,308**	(694)
Cash inflow from movement in liquid resources	**(2,557)**	(8,933)
Increase in debt	**(15,262)**	–
Movement resulting from cash flows	**(6,511)**	(9,627)
Loans acquired with subsidiary	**(4,854)**	–
Translation difference	**(39)**	(443)
Movement in the year	**(11,404)**	(10,070)
Net funds at 1 April 2004	**32,712**	42,782
Net funds at 31 March 2005	**21,308**	32,712

Further information concerning the consolidated cash flow statement is given in note 22.

Company balance sheet

at 31 March 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	10	36,881	31,428
Investment in associate	12	1,174	1,174
Other investments	13	73,792	71,510
		111,847	104,112
Current assets			
Debtors due after one year	16	9,908	22,806
Debtors due within one year	16	6,521	8,030
Investments		29,802	31,830
Cash at bank and in hand		9,974	345
		56,205	63,011
Creditors: amounts falling due within one year	17	(37,215)	(31,137)
Net current assets		18,990	31,874
Total assets less current liabilities		130,837	135,986
Provisions for liabilities and charges	19	(224)	(313)
Net assets		130,613	135,673
Capital and reserves			
Called up share capital	20	1,351	1,573
Capital redemption reserve	21	952	730
Revaluation reserve	21	17,911	15,240
Profit and loss account	21	110,399	118,130
Equity shareholders' funds		130,613	135,673

Approved by the Board on 6 July 2005 and signed on its behalf by

R Clark
R J Harvey *Directors*

Robin Clark
R Harvey

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 group's financial statements. The group has followed the transitional arrangements of FRS 17 "Retirement benefits" in these statements.

Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2005. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

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

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

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

Goodwill and negative goodwill

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

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

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

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

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

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

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

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.

1 Accounting policies *(continued)*

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.

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, being mainly invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives within the group.

The parent is a member of that pension scheme but is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore as required by FRS 17 "Retirement benefits" accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the parent's profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes on the accounts

continued

1 Accounting policies *(continued)*

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.

2 Turnover and business segment analysis

By activity

2005	*Property* £'000	*Hotels and leisure* £'000	*Other* £'000	*Total* £'000
Group turnover	14,652	4,359	801	19,812
Operating profit				
Group	2,033	1,128	641	3,802
Share of joint ventures	340	274	269	883
Share of associate	—	149	—	149
	2,481	1,605	748	4,834
Gains on fixed asset disposals	695	—	203	898
Provisions (made)/released against fixed assets	—	(530)	149	(381)
Net interest	(406)	(257)	205	(458)
Profit before taxation	2,770	818	1,305	4,893
Assets employed				
Group	57,971	16,660	66,728	141,359
Share of joint ventures	1,982	989	915	3,886
Share of associate	—	1,528	—	1,528
	59,953	19,177	67,643	146,773
2004				
Group turnover	2,969	3,360	732	7,061
Operating profit				
Group	2,352	983	(376)	2,959
Share of joint ventures	371	273	162	806
Share of associate	—	206	—	206
	2,723	1,462	(214)	3,971
Gains on fixed asset disposals	—	—	752	752
Provisions released against fixed assets	—	—	738	738
Net interest	(683)	(564)	(757)	(2,004)
Profit before taxation	2,040	898	519	3,457
Assets employed				
Group	65,494	10,754	63,858	140,106
Share of joint ventures	2,123	7,163	833	10,119
Share of associate	—	1,435	—	1,435
	67,617	19,352	64,691	151,660

By geographical market		2005			2004	
		North			*North*	
(by destination and origin)	*UK*	*America*	*Total*	*UK*	*America*	*Total*
	£'000	£'000	£'000	£'000	£'000	£'000
Group turnover	**14,511**	**5,301**	**19,812**	3,057	4,004	7,061
Operating profit						
Group	**2,904**	**898**	**3,802**	2,411	548	2,959
Share of joint ventures	**—**	**883**	**883**	—	806	806
Share of associate	**149**	**—**	**149**	206	—	206
	3,053	**1,781**	**4,834**	2,617	1,354	3,971
Gains on fixed asset disposals	**898**	**—**	**898**	752	—	752
Provisions (made)/released against fixed assets	**149**	**(530)**	**(381)**	738	—	738
Net interest	**(266)**	**(192)**	**(458)**	(1,709)	(295)	(2,004)
Profit before taxation	**3,834**	**1,059**	**4,893**	2,398	1,059	3,457
Assets employed						
Group	**116,799**	**24,560**	**141,359**	121,281	18,825	140,106
Share of joint ventures	**—**	**3,886**	**3,886**	—	10,119	10,119
Share of associate	**1,528**	**—**	**1,528**	1,435	—	1,435
	118,327	**28,446**	**146,773**	122,716	28,944	151,660

The total figues for 2005 include the following amounts relating to acquisitions: turnover £1,052,000, cost of sales £781,000 and interest payable £126,000. All of these were in the hotels and leisure sector and were in North America.

3 Profit on ordinary activities before taxation

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

	2005	2004
	£'000	£'000
Crediting:		
Income from listed investments	**1,506**	1,256
Charging:		
Depreciation	**865**	532
Auditors' remuneration:		
Audit fees Group (including Company £34,000 *(2004: £34,000)*)	**125**	121
Other services	**96**	89
Operating lease rental payments in respect of land and buildings	**85**	85

4 Interest receivable and similar income

	2005	2004
	£'000	£'000
Bank and other interest receivable	**682**	500
	682	500

Notes on the accounts
continued

5 Interest payable and similar charges

	2005 £'000	2004 £'000
Bank loans and overdrafts	**228**	20
Other interest charges	**1**	–
Currency translation differences	**258**	1,742
	487	1,762

6 Staff costs and directors' emoluments

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

	2005 Number	2004 Number
Property, management and administration	**15**	16
Other	**6**	6
	21	22

The aggregate payroll costs of these persons were as follows:

	2005 £'000	2004 £'000
Wages and salaries	**863**	866
Social security costs	**93**	151
Other pension costs	**97**	100
	1,053	1,117

Directors' remuneration:

	2005 £'000	2004 £'000
Directors' emoluments	**318**	300
Amount paid to third party in respect of directors' services	**23**	22
	341	322

The aggregate of emoluments of the highest paid director (excluding pension contributions) were £126,000 *(2004: £117,000)*. 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 £52,000 (*2004: £48,000*).

	Number of directors 2005	2004
Retirement benefits are accruing to the following number of directors under a defined benefit scheme	2	2

7 Taxation

	2005 £'000	2004 £'000
Analysis of charge in period		
UK corporation tax		
Current tax on income for the period	(1,243)	(318)
Adjustments in respect of prior years	(128)	(72)
	(1,371)	(390)
Foreign tax		
Current tax on income for the period	(342)	(258)
Total current tax	(1,713)	(648)
Deferred tax	421	60
Share of associate's tax	(31)	(59)
Tax on profit on ordinary activities	(1,323)	(647)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher *(2004: lower)* than the standard rate of corporation tax in the UK 30% *(2004: 30%)*. The differences are explained below.

	2005 £'000	2004 £'000
Current tax reconciliation		
Profit on ordinary activities before taxation	4,893	3,457
Current tax at 30% *(2004: 30%)*	1,468	1,037
Effects of:		
Expenses/(income) not deductible for tax purposes	6	(216)
Capital allowances for period in excess of depreciation	(105)	(55)
Indexation allowance on capital gains	–	(53)
Utilisation of brought forward capital losses	–	(110)
Tax due on properties reclassified to fixed assets	130	–
Tax losses carried forward	152	–
Adjustments to tax charge in respect of previous periods	128	72
Sundry other items	(66)	(27)
Total current tax charge	1,713	648

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 £2,897,000 *(2004: £1,430,000)* and for fixed asset investments £1,605,000 *(2004: £1,268,000)*. At present it is not envisaged that any tax will become payable in the foreseeable future.

8 Profit/(loss) for the financial year

	2005 £'000	2004 £'000
Dealt with in the accounts of the holding company	3,279	4,050
Retained by subsidiary undertakings	291	(1,240)
	3,570	2,810

Notes on the accounts

continued

9 Intangible asset

Purchased goodwill

	£'000
Group:	
1 April 2004	—
On purchase of subsidiary undertaking	370
31 March 2005	370

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 and is amortised over 20 years being the period over which the directors anticipate economic benefits will accrue.

10 Fixed assets: Tangible assets

	Freehold property		*Leasehold Property*		*Other tangible*	
	Investment	*Trading*	*Investment*	*Trading*	*assets*	*Total*
Group:	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:						
1 April 2004	36,683	15,289	—	58	6,126	58,156
Additions	—	165	—	—	426	591
On purchase of subsidiary undertaking	—	8,858	—	—	2,186	11,044
Disposals	(4,555)	—	—	—	(31)	(4,586)
Translation difference	(149)	(213)	—	—	(81)	(443)
Reclassification from current assets	—	—	7,438	—	—	7,438
Surplus on revaluation	1,372	—	1,079	—	—	2,451
31 March 2005	**33,351**	**24,099**	**8,517**	**58**	**8,626**	**74,651**
Cost	—	23,999	—	—	8,626	32,625
Valuation	*33,351*	*100*	*8,517*	*58*	—	*42,026*
	33,351	**24,099**	**8,517**	**58**	**8,626**	**74,651**
Depreciation:						
1 April 2004	—	1,153	—	16	2,650	3,819
Charged in year	—	314	—	3	548	865
Disposals	—	—	—	—	(30)	(30)
Translation difference	—	(24)	—	—	(47)	(71)
31 March 2005	—	**1,443**	—	**19**	**3,121**	**4,583**
Net book value:						
1 April 2004	36,683	14,136	—	42	3,476	54,337
31 March 2005	**33,351**	**22,656**	**8,517**	**39**	**5,505**	**70,068**
Historical cost of items valued under the alternative accounting rules	17,377	39	7,438	279	—	25,133

10 Fixed assets: Tangible assets *(continued)*

	Freehold investment property £'000	*Leasehold investment property* £'000	*Other tangible assets* £'000	*Total* £'000
Company:				
Cost or valuation:				
1 April 2004	31,339	—	537	31,876
Addition	—	7,870	55	7,925
Disposals	(4,555)	—	(13)	(4,568)
Surplus on revaluation	1,338	768	—	2,106
31 March 2005	**28,122**	**8,638**	**579**	**37,339**
Cost	—	—	579	579
Valuation	28,122	8,638	—	36,760
	28,122	8,638	579	37,339
Depreciation:				
1 April 2004	—	—	448	448
Charged in year	—	—	25	25
Disposals	—	—	(15)	(15)
31 March 2005	**—**	**—**	**458**	**458**
Net book value:				
1 April 2004	31,339	—	89	31,428
31 March 2005	***28,122***	***8,638***	**121**	**36,881**
Historical cost of items valued under the alternative accounting rules	16,325	7,870	—	24,195

Tangible fixed assets at 31 March 2005 have been included on the following bases:

— Investment properties have been valued on an open market basis as at 31 March 2005 *using the relevant professional guidelines applicable to each country in which the property* is located. The portfolio was valued by:

	Group By value £'000	*Company By value* £'000
DTZ Debenham Tie Leung, International Property Advisers	24,360	24,481
Directors of group undertakings	17,523	12,280

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

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

11 Fixed assets: Investments in joint ventures

	£'000
Group:	
At 1 April 2004	10,119
Additions	79
Disposals	(94)
Transfer to fully consolidated assets	(5,325)
Distributions received	(350)
Share of earnings	255
Impairment	(531)
Translation difference	(267)
At 31 March 2005	**3,886**

11 Fixed assets: Investments in joint ventures *(continued)*

At both 1 April 2004 and 31 March 2005 the group held interests in the following joint ventures:

- a 50% limited partnership interest in Hy's at the Mountain, a Canadian Limited Partnership which operates a restaurant.
- a 47.5% interest in Hill Creek Farms LLC, a limited liability company formed to develop and operate an almond orchard and vineyard in Northern California.
- a 37.5% interest in Liberty West Holdings LLC ("Liberty West"), a limited liability company formed to purchase and operate an office and retail property in Nevada.
- a 50% interest in Vallejo Hotel Group LLC, a limited liability company formed to renovate and operate a hotel in Northern California.

At 1 April 2004 the group held a 50% interest in HHP Equity Partners LLC ("Heathman"), a limited liability company formed to purchase and operate the Heathman Hotel in Portland, Oregon. On 1 December 2004 the balance of the interest was acquired by the group.

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

	Group share of joint ventures £'000	*Group share of Liberty West* £'000
Turnover	5,182	1,209
Profit/(loss) before and after taxation	255	(18)
Fixed assets	9,882	6,112
Current assets	1,793	548
Liabilities due within one year	350	137
Liabilities due after more than one year	7,438	5,042

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

12 Fixed assets: Investments in associated undertakings

	Group £'000	*Company* £'000
1 April 2004	1,435	1,174
Share of results	93	—
31 March 2005	**1,528**	**1,174**

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 (see note 27). The Group's interest in Cairnstar at 31 March 2005 was 33% *(2004: 33%)*.

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

	Group share of associate £'000
Turnover	1,728
Profit before tax	124
Taxation	(31)
Profit after tax	93
Fixed assets	1,164
Current assets	840
Liabilities due within one year	210
Liabilities due after one year	266

13 Fixed assets: Other investments

	Listed £'000	Woodlands £'000	Other £'000	Total £'000
Group:				
Cost or market value				
1 April 2004	22,773	2,303	4,824	29,900
Additions	4,869	2	335	5,206
Disposals	(4,812)	–	(420)	(5,232)
Revaluation surplus	1,729	–	–	1,729
Translation difference	–	–	(8)	(8)
31 March 2005	**24,559**	**2,305**	**4,731**	**31,595**
Provisions				
1 April 2004	194	–	1,052	1,246
Provided/(released) in year	(164)	–	13	(151)
Disposals	(30)	–	(402)	(432)
31 March 2005	**–**	**–**	**663**	**663**
Net book value:				
31 March 2004	22,579	2,303	3,772	28,654
31 March 2005	**24,559**	**2,305**	**4,068**	**30,932**

	Listed £'000	Shares in subsidiary undertakings £'000	Other £'000	Total £'000
Company:				
Cost or market value				
1 April 2004	22,773	51,775	4,539	79,087
Additions	4,869	–	335	5,204
Disposals	(4,812)	–	(420)	(5,232)
Revaluation surplus	1,729	–	–	1,729
31 March 2005	**24,559**	**51,775**	**4,454**	**80,788**
Provisions				
1 April 2004	194	6,331	1,052	7,577
Provided/(released) in year	(164)	2	13	(149)
Disposals	(30)	–	(402)	(432)
31 March 2005	**–**	**6,333**	**663**	**6,996**
Net book value:				
31 March 2004	22,579	45,444	3,487	71,510
31 March 2005	**24,559**	**45,442**	**3,791**	**73,792**

Notes on the accounts
continued

14 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 2005	*Country of registration/ incorporation*
Property		
Taylor Clark Properties Limited	100	Scotland
Farming and woodlands		
Wylye Valley Farming Limited	100	England
USA (Property, farming, hotels and restaurants)		
Taylor Clark Inc	100*	USA
Castlehill Properties Inc	100*	USA
TCI Reno Inc	100*	USA
HHP Equity Partners LLC	100*	USA

**Owned by a subsidiary undertaking*

15 Stocks

	Group	
	2005	2004
	£'000	£'000
Stocks comprise:		
Farm produce	157	166

16 Debtors

	Group		*Company*	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Amounts due after one year				
Trade debtors	1,588	2,720	–	–
Amounts owed by subsidiary undertakings	–	–	9,770	22,590
Corporation tax receivable	91	–	–	–
Prepayments and accrued income	163	274	138	216
	1,842	2,994	9,908	22,806
Amounts due within one year				
Trade debtors	7,980	1,145	6,037	372
Amounts owed by subsidiary undertakings	–	–	211	7,394
Corporation tax receivable	62	–	–	–
Other debtors	203	218	21	5
Prepayments and accrued income	460	500	252	259
	8,705	1,863	6,521	8,030

17 Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	150	1,107	–	–
Trade creditors	2,828	370	17	40
Amounts owed to subsidiary undertakings	—	—	35,108	29,157
Other creditors including taxation and social security	1,003	910	742	780
Accruals and deferred income	1,537	916	779	610
Dividends	569	550	569	550
	6,087	3,853	37,215	31,137
Other creditors including taxation and social security comprise:				
Corporation tax	748	120	507	481
Other taxes	87	290	116	187
Social security	29	*56*	25	23
Other creditors	139	444	94	89
	1,003	910	742	780

£150,000 *(2004: £1,107,000)* of the bank loans and overdrafts are secured by charges over certain of the group's fixed assets.

18 Creditors: amounts falling due after one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank loans:				
Repayable between 1 and 2 years	2,318	—	–	–
Repayable between 2 and 5 years	13,710	—	—	–
Repayable over 5 years	3,962	—	—	–
	19,990	—	–	–

£13,230,000 of the group loans relate to a five year borrowing in US dollars repayable in March 2010, interest being 1.0% over the LIBOR 3 month rate. This loan is secured against two of the investment properties owned by the group.

£4,579,000 relates to a loan secured against the Heathman Hotel. This is repayable by instalments by March 2023. Interest is charged at 7.77%.

£2,181,000 represents the group's share of bank loans secured on property developments held by Bowmore Estates Limited and bear interest at Barclays Bank PLC base rate plus 1.25%. The loans are *all repayable between 1 and 2 years or on the sale of the developments if that occurs earlier.*

19 Provisions for liabilities and charges

	Property provisions	*Deferred taxation*	*Total*
	£'000	£'000	£'000
Group			
1 April 2004	54	851	905
Utilised	(43)	–	(43)
Released to profit and loss account	—	(421)	(421)
Translation difference	—	(14)	(14)
31 March 2005	**11**	**416**	**427**

Notes on the accounts
continued

19 Provisions for liabilities and charges *(continued)*

	Deferred taxation
Company	£'000
1 April 2004	313
Charged to profit and loss account	(89)
31 March 2005	**224**

The property provisions represent provisions for future rentals and associated costs in respect of trading properties.

The elements of deferred taxation are as follows:

	Group		*Company*	
	2005	2004	**2005**	2004
Difference between accumulated depreciation and amortisation and capital allowances	**914**	988	**224**	313
Other timing differences	**162**	177	**–**	–
Deferred tax provision	**1,076**	1,165	**224**	313
Deferred tax assets				
Expenses not currently deductible	**660**	314	**–**	–
	660	314	**–**	–
Deferred tax liability	**416**	851	**224**	313

20 Share capital

The authorised share capital at 31 March 2004 and until the Extraordinary General Meeting (EGM) on 31 March 2005 was 2,500,000 ordinary £1 shares. Of these 1,572,536 were allotted and fully paid.

At the EGM on 31 March 2005 each of the then existing authorised issued and unissued ordinary £1 shares were subdivided into 1 ordinary A share of £0.10 each ('the A shares') and 9 ordinary B shares of £0.10 each ('the B shares'). The authorised share capital at the close of business on 31 March 2005 was 2,500,000 A shares and 22,500,000 B shares.

Following the subdivision of the shares on 31 March 2005 the company purchased and cancelled 680,300 A shares and 1,530,675 B shares in each case at a price of £5 per share. This took place on 31 March 2005 at a total cost of £11,054,875 which was settled in cash.

The changes in issued share capital are summarised in the following table.

	Ordinary A shares of £0.10		*Ordinary B shares of £0.10*		*Total*
	Allotted and fully paid Number	*Allotted and fully paid Value* £'000	*Allotted and fully paid Number*	*Allotted and fully paid Value* £'000	*Allotted and fully paid Value* £'000
At 31 March 2005 following the share split	1,572,536	157	14,152,824	1,416	1,573
Shares purchased and cancelled	(680,300)	(68)	(1,530,675)	(154)	(222)
At close of business on 31 March 2005	892,236	89	12,622,149	1,262	1,351

20 Share capital *(continued)*

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.

21 Reserves

	Capital redemption reserve	*Revaluation reserves*		*Profit and loss account*	*Total*
		Properties	*Listed investments*		
	£'000	£'000	£'000	£'000	£'000
Group					
1 April 2004	730	16,292	4,221	128,844	150,087
Profit for the year	–	–	–	2,451	2,451
Increase arising on revaluation	–	2,451	1,729	–	4,180
Realised on disposal	–	(1,577)	(603)	2,180	–
Currency translation difference	–	(43)	–	(420)	(463)
Purchase of own shares	222	–	–	(11,055)	(10,833)
31 March 2005	**952**	**17,123**	**5,347**	**122,000**	**145,422**

	Capital redemption reserve	*Revaluation reserves*		*Profit and loss account*	*Total*
		Properties	*Listed Investments*		
	£'000	£'000	£'000	£'000	£'000
Company					
1 April 2004	730	11,019	4,221	118,130	134,100
Profit for the year	–	–	–	2,160	2,160
Increase arising on revaluation	–	2,106	1,729	–	3,835
Realised on disposal	–	(561)	(603)	1,164	–
Purchase of own shares	222	–	–	(11,055)	(10,833)
31 March 2005	**952**	**12,564**	**5,347**	**110,399**	**129,262**

At 31 March 2005, the cumulative goodwill written off against group reserves amounted to £1,259,000 *(2004: £1,259,000)*.

Notes on the accounts

continued

22 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2005 £'000	2004 £'000
Group operating profit	3,802	2,959
Depreciation charges	865	532
Profit on fixed asset disposals	(15)	–
Currency translation differences	(49)	(155)
Decrease/(increase) in stocks	9	(12)
Increase in debtors	(5,404)	(3,275)
Increase/(decrease) in creditors	2,147	(540)
Decrease/(increase) in property and developments	1,252	(6,024)
Decrease in provisions	(43)	(50)
Net cash inflow/(outflow) from operating activities	2,564	(6,565)

Returns on investments and servicing of finance

Interest received	682	500
Interest paid	(227)	(18)
Net cash inflow from returns on investments and servicing of finance	455	482

Capital expenditure and financial investment

Purchase of tangible fixed assets	(591)	(921)
Purchase of fixed asset investments	(5,206)	(4,281)
Proceeds from sales of tangible fixed assets	5,265	1,825
Proceeds from sales of fixed asset investments	5,003	1,255
Net cash inflow/(outflow) from capital expenditure and financial investment	4,471	(2,122)

Acquisitions and disposals

Investments in joint ventures	(79)	(136)
Purchase of subsidiary undertaking	(1,360)	–
Cash acquired with subsidiary undertaking	325	–
Distributions received from joint ventures	350	294
Proceeds from disposals of joint ventures	94	124
Net cash (outflow)/inflow from acquisitions and disposals	(670)	282

Management of liquid resources

Decrease in current asset investments	2,557	8,933
Net cash inflow from management of liquid resources	2,557	8,933

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

Purchase of subsidiary undertaking

Assets and liabilities acquired on the purchase of subsidiary undertaking

	2005 £'000
Purchased goodwill	370
Fixed assets	11,044
Debtors	460
Cash	325
Total assets	12,199
Creditors	(395)
Debt	(4,854)
Total liabilities	(5,249)
	6,950
Net cash paid	1,360
Offset against debtor balance	*265*
Previous equity interest in joint venture	5,325
	6,950

All assets were acquired at fair value which represented the book value at the date of acquisition other than land and buildings where a £232,000 fair value adjustment was made. No revaluation of any assets was undertaken.

The acquired undertaking made a loss of £32,000 from the beginning of its financial year to the date of acquisition. In its previous financial year the loss was £362,000.

Analysis of net funds

	1 April 2004 £'000	*Cash flow* £'000	*Acquisitions (excluding cash and overdrafts)* £'000	*Exchange Movement* £'000	**31 March 2005** **£'000**
Cash in hand and at bank	1,445	10,225	–	(24)	**11,646**
Overdrafts	(1,107)	1,083	–	–	**(24)**
		$\boxed{11,308}$			
Debt due after 1 year	–	(15,262)	(4,728)	–	**(19,990)**
Debt due within 1 year	–	–	(126)	–	**(126)**
Current asset investments	32,374	(2,557)	–	(15)	**29,802**
Total	32,712	(6,511)	(4,854)	(39)	**21,308**

Notes on the accounts
continued

23 Commitments

There were no capital commitments contracted for but not provided at 31 March 2005 *(2004: £nil)*.

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 2005.

	2005 £'000	2004 £'000
Land and buildings		
Expiring:		
Between 2 and 5 years	30	30
Over 5 years	95	85
	125	115

No provision has been made in the financial statements in respect of financial commitments of £94,000 *(2004: £958,000)* 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.

Prior to 31 March 2005 the group 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 will bear interest at 2.0% above the base rate of Barclays Bank PLC. The total commitment is to provide funding of £864,000 of which none had been advanced at 31 March 2005. The loan will be repaid from the proceeds of sale of the development.

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 £3,897,000 *(2004: £543,000)*.

24 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 2005 was £13,274,000 *(2004: £1,107,000)*.

25 Pension costs

Taylor Clark plc Retirement and Death Benefit Scheme

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

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

The most recent actuarial valuation was carried out as at 1 April 2004. Previous valuations were prepared using the projected unit method. However the actuary is of the opinion this method is no longer appropriate as the active membership of the scheme is now small and the rate of entry is very low. The valuation at 1 April 2004 was carried out using the attained age method which the actuary regards as more suitable for the scheme as it automatically allows for the expected ageing of the active members.

The valuation at 1 April 2004 showed a deficit of £357,000. The actuarial value of the assets represented a funding level of 93%. The company has agreed to make five annual contributions of £76,000 from 1 April 2005 to remove the deficit. In addition the group contribution rate for the scheme has been increased to 19.5% (previously 16%) of pensionable salaries from 1 April 2005. The attained age method is most sensitive to the assumed rate of investment return which is the

25 Pension costs *(continued)*

most difficult variable to predict. The other major variables are salary inflation and the rate of increase of pensions in payment. It was assumed that investment returns will exceed annual pre-retirement salary inflation by 2.5% and annual increases in pensions in payment by 0.25%.

The pension charge for the year was £97,000 *(2004: £100,000)*. There were no outstanding or prepaid contributions at either the beginning or end of the year. The contribution of the group for the scheme was 16% *(2004: 16%)* of total pensionable salary. The employees contribute an additional 4% *(2004: 4%)*.

Whilst the group continues to account for pension costs in accordance with Statement of Standard Accountancy Practice 24 "Accounting for Pension costs" under FRS 17 "Retirement benefits" the following transitional disclosures are required:

For the purpose of these accounts the independent actuary has updated to 31 March 2005 the scheme valuation at 1 April 2004. This includes 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:

	2005	2004	2003
Discount rate	**5.40% pa**	*5.50% pa*	*5.40% pa*
Rate of increase in salaries	**5.00% pa**	5.00% pa	4.50% pa
Rate of increase in pensions in payment	**3.25% pa**	3.00% pa	3.00% pa
Price Inflation	**3.00% pa**	3.00% pa	2.50% pa
Rate of increase in deferred pensions	**3.00% pa**	3.00% pa	2.50% pa

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

	Value at 2005 £'000	**Long-term expected return 2005 %**	Value *at 2004* £'000	Long term expected return *2004* %	Value *at 2003* £'000	Long term expected return *2003* %
Equities and Property	**2,040**	**7.25**	2,790	7.50	2,493	8.75
Bonds	**2,558**	**4.75**	1,842	4.75	1,496	4.50
Cash	**56**	**3.75**	75	2.75	416	2.50
Total market value *of Fund assets*	**4,654**		*4,707*		*4,405*	
Present value of Fund liabilities	**6,129**		5,479		4,721	
Deficit in the scheme– Pension liability	**(1,475)**		(772)		(316)	
Related deferred *tax asset*	**443**		232		95	
Net pension deficit asset	**(1,032)**		(540)		(221)	

The amount of this net pension deficit would have a consequential effect on the reserves.

Notes on the accounts
continued

25 Pension costs *(continued)*

Movement in deficit during the year

	2005 £'000	2004 £'000
Deficit in scheme at 1 April	(772)	(316)
Current service cost	(188)	(166)
Contributions paid	97	100
Settlement loss	(235)	—
Other finance income	(7)	34
Actuarial loss	(370)	(424)
Deficit in the scheme at 31 March	(1,475)	(772)

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at operating profit

	2005 £'000	2004 £'000
Current service costs	188	166
Settlement loss	235	—
Total operating charge	423	166

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

	2005 £'000	2004 £'000
Expected return on pension scheme assets	296	292
Interest on pension scheme liabilities	(303)	(258)
Net return	(7)	34

25 Pension costs *(continued)*

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

	2005 £'000	2004 £'000
Actual return less expected return on scheme assets	(31)	123
Experience gains and losses arising on scheme liabilities	(75)	(83)
Changes in assumptions underlying the present value of scheme liabilities	(264)	(464)
Actuarial loss recognised in statement *of total recognised gains and losses*	*(370)*	*(424)*

History of experience gains and losses

	2005	2004	2003
Difference between the expected and actual return on Scheme assets:			
Amount (£000)	(31)	123	(623)
Percentage of Scheme's assets	1%	2.6%	14.1%
Experience gains and losses on Scheme liabilities:			
Amount (£000)	(75)	(83)	51
Percentage of the present value of the Scheme's liabilities	1%	1.5%	1.1%
Total amount recognised in statement of total recognised gains and losses:			
Amount (£000)	(370)	(424)	(979)
Percentage of the present value of the Scheme's liabilities	6%	7.7%	20.7%

26 Post balance sheet event

Following the year end, an investment property, included in these accounts at £6,104,000 was *sold for £7,000,000.*

27 Related party transactions

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

	Sub note	2005 £'000	2004 £'000
Management charge to The Underwood Trust, in respect *of services provided by the group*	1	18	17
Dividends paid by Taylor Clark plc and received in a beneficial capacity by:			
The Underwood Trust		476	483
Directors of Taylor Clark plc		178	191
Rental income from Cairnstar Limited received by TC Cinemas Limited and TC Restaurants Limited	2	95	154

Notes on the accounts

continued

27 Related party transactions *(continued)*

Sub notes

1 At 31 March 2005, The Underwood Trust held 4,592,025 B shares (2004: 680,300 ordinary £1 shares) of £0.10 each, representing 36.4% of the B shares in issue and 34.0% of the total shares in issue. At 31 March 2004 The Underwood Trust owned 680,000 ordinary £1 shares which represented 43.3% of the issued share capital

The Underwood Trust is an English charitable trust which was established in 1973. The Trustees of The Underwood Trust include Mr R Clark, who is also Chairman of Taylor Clark plc, together with Mrs P A H Clark, a fellow director of Taylor Clark plc.

2 On 17 December 2001 the Taylor Clark Group sold assets to Cairnstar Limited ("Cairnstar"), a company controlled by a management buyout team. On 30 January 2003 TC Restaurants Limited sold additional assets to Cairnstar. On 31 October 2003 TC Cinemas Limited sold assets to Cairnstar for consideration of £1,000,000. The assets sold by TC Cinemas had previously been leased to Cairnstar at an annual rental of £100,000.

The fixed assets were disposed of for the following consideration:

	2005 £'000	2004 £'000
Cash	–	1,000

At 31 March 2005 the group owned 33% *(2004: 33%)* of the voting rights in Cairnstar.

On 30 January 2003 Cairnstar agreed to sub-lease a property from TC Restaurants Limited for 16 years at an annual rental of £85,000. Under a separate agreement Cairnstar agreed to pay a further £9,949 a year while the sub-lease continues. If the head landlord agrees to assign his lease to Cairnstar there will be additional consideration of £165,821 payable by Cairnstar to TC Restaurants Limited. The rents payable under the sub-lease will cease on assignation of the head lease.

The amounts outstanding from Cairnstar at the year end were £274,000 *(2004: £274,000)* due to Taylor Clark plc in respect of loan stock.

3 The group has an investment in Equinox 2001 Limited ("Equinox") which was acquired in the year ended 31 March 2001. The group owns 50% of the voting rights of this property development company and exercises joint control of this investment which is deemed to be a joint arrangement which is not an entity as defined by FRS 9.

During the year ended 31 March 2005 the Group received £9,800 *(2004: £12,000)* from Equinox. At 31 March 2005 the amount due to Equinox was £60,350 *(2004: £50,850).*

4. 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 of this investment which is deemed to be a joint arrangement which is not an entity as defined by FRS 9.

During the year ended 31 March 2005 the group advanced funding loans to Bowmore totalling £1,587,500. At 31 March 2005 interest of £60,355 was accrued on these loans. In addition to the amount already advanced at 31 March 2005 the group is committed to provide up to £2,548,000 of funding to Bowmore.

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

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

Financial record

for the years ended 31 March

	2005 £'000	2004 £'000	2003 £'000	2002 £'000	2001 £'000
Turnover	**19,812**	7,061	12,944	27,473	36,280

Reconciliation of movements in shareholders' funds					
Profit/(loss) after taxation	**3,570**	2,810	15	(1,670)	3,085
Dividends	**(1,119)**	(1,085)	(1,054)	(1,038)	(1,006)
Other recognised gains and (losses)	**3,717**	1,961	(4,133)	3,898	1,379
Purchase of own shares	**(11,055)**	–	–	–	–
Net movement of shareholders' funds	**(4,887)**	3,686	(5,172)	1,190	3,458
Opening balance of shareholders' funds	**151,660**	147,974	153,146	151,956	148,498
Closing balance of shareholders' funds	**146,773**	151,660	147,974	153,146	151,956

Balance sheet					
Fixed assets					
Tangible assets	**70,438**	54,337	49,819	54,397	51,112
Investments	**36,346**	40,208	36,018	43,133	41,670
Net current assets	**60,406**	58,020	63,251	58,445	60,460
Other liabilities and provisions	**(20,417)**	(905)	(1,114)	(2,829)	(1,286)
Net assets	**146,773**	151,660	147,974	153,146	151,956

Capital and reserves					
Called up share capital	**1,351**	1,573	1,573	1,573	1,573
Revaluation reserve	**22,470**	20,513	16,160	20,285	18,154
Other reserves	**122,952**	129,574	130,241	131,288	132,229
Equity shareholders' funds	**146,773**	151,660	147,974	153,146	151,956

Directors of principal subsidiary companies

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

*Non-executive