
# TAYLOR CLARK LIMITED

## Annual Report 2019

# Annual report
for the year ended 31 March 2019

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# Directors and advisers

| | |
|---|---|
| **Directors** | ***Richard Bennison** FCA *Chairman*<br><br>**Caroline Madelin** ACMA *Managing Director*<br><br>***Reg Harvey**<br><br>***Briony Wilson (appointed 1 June 2019)**<br><br>***Andrew Clark (appointed 1 June 2019)**<br><br>*Non-executive |
| **Secretary** | **Michele Judge** ACMA (appointed 9 May 2018)<br><br>**Caroline Madelin** ACMA (resigned 9 May 2018) |
| **Registered Office** | 20 York Street<br>London<br>W1U 6PU<br>Telephone: 020 7486 0100<br>Fax: 020 7224 0384<br>Email: mail@taylorclark.co.uk |
| **Auditor** | KPMG LLP |
| **Bankers** | Clydesdale Bank<br><br>C Hoare & Co |
| **Registered number** | 00340727 |
| **Date of Incorporation** | 27 May 1938 |

# Chairman's forward

When the requirement for a Strategic report within the Annual report and accounts was introduced, we ceased including a separate Chairman's statement to avoid duplication. This year though there are some changes that I would like to record separately. These concern people, who are the reason businesses succeed.

Reg Harvey stepped down as our Chief Executive in September. He had held this role for 16 years and overseen significant changes in the activities of the Company with great skill and rigour. We are fortunate that Reg has agreed to continue as a non-executive director of the Company so that we will continue to benefit from his huge knowledge.

Caroline Madelin stepped up to the Managing Director role and I am very pleased with how quickly she has settled in and made the transition. I am grateful to Michele Judge who has taken on the Company Secretary role.

The most significant change happened after the end of our financial year when Robin decided that he wanted to step aside from the Consultant role he had been performing for many years. Robin first started with the business in the mid-seventies and has been the driving force behind its success ever since. On behalf of all the Board and the Company's shareholders I should like to thank Robin for his dedication to the business over all these years.

I was delighted when Briony and Andrew agreed to rejoin the Board as Directors at the beginning of June. I look forward to working with you both, Reg and our team of Caroline, Michele and Jenny in the office as we embark on the next chapter in the history of Taylor Clark.

**Richard Bennison**
*Chairman*

# Strategic report

The directors present their Strategic report for the year ended 31 March 2019.

### 80th Anniversary

27 May 2018 was the 80th Anniversary of the founding of the Company. This is a true testament to the support and input of the shareholders who have ensured the Company has survived, grown and prospered over such a long period of time. The Board would like to thank them and all staff, past and present, who have made the Company the success it is today.

### Group activities

The activities of the Group comprise investment in financial markets and property.

### Strategy

The strategy of the Company endures: investing to deliver long-term capital growth and paying regular dividends to shareholders.

As an investment company for family shareholders the Company is able to take a medium to long term view of investments. The Board aims to participate in gains resulting from rising markets balanced by a defensive element to the portfolio that should provide some protection if markets fall. As the uncertainty in the political and economic climate continues, the defensive element of the portfolio remains important. Just as significant is the ability of the Company to take advantage of opportunities as they arise; which it is well placed to do. The Board believes this approach should result in long-term returns outperforming the market as a whole.

### Brexit

The Directors have assessed that the decision of the UK to leave the EU and the lack of clarity on the terms of the future relationship between the UK and the EU might cause a further uncertainty in the capital prices of UK properties which could have an impact on the value of the investment properties held by the Company. The value of the equity investments held by the Company are not expected to be significantly affected.

### Group results

The Group net asset value increased from £188.6m at 31 March 2018 to £193.9m at 31 March 2019. Adding back £1.3m of dividends paid to shareholders during the year, the increase was £6.6m which represents an increase of 3.5% on the opening net assets. The main elements of the increase relate to gains in value of the financial investments and income received from them in the year. The change in net asset value (before distributions to shareholders) is the main performance indicator used by the Board.

A comparison of the returns over the last 5 years with a benchmark used by wealth managers for a balanced asset portfolio (ARC Sterling Balanced Asset) and other relevant indices is shown in the table below.

**Total Return**

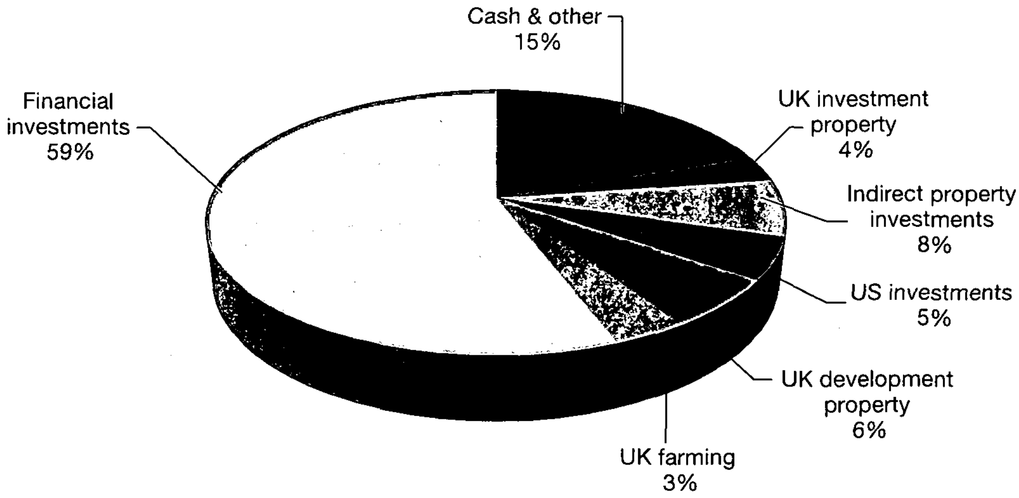
| **Compound Average Return** | 1 year 31 March 2019 | 3 years 31 March 2017 | 5 years 31 March 2015 |
|---|---|---|---|
| **Taylor Clark Limited** | **3.5%** | **4.9%** | **7.1%** |
| ARC Sterling Balanced Asset | 3.0% | 5.0% | 4.1% |
| FTSE All Share Index | 2.2% | 4.9% | 2.3% |
| Consumer Price Index | 1.9% | 2.2% | 1.6% |
| Cash (BoE Base Rate) | 0.8% | 0.5% | 0.5% |

**Annualised Return**

| | 31 March 2019 | 31 March 2018 | 31 March 2017 | 31 March 2016 | 31 March 2015 |
|---|---|---|---|---|---|
| **Taylor Clark Limited** | **3.5%** | **2.4%** | **8.9%** | **2.2%** | **19.5%** |
| ARC Sterling Balanced Asset | 3.0% | 0.8% | 11.5% | (2.1%) | 7.9% |
| FTSE All Share Index | 2.2% | (2.4%) | 15.8% | (6.0%) | 3.0% |
| Consumer Price Index | 1.9% | 2.5% | 2.3% | 0.8% | 0.3% |
| Cash (BoE Base Rate) | 0.8% | 0.5% | 0.3% | 0.5% | 0.5% |

The above comparison shows that returns achieved by the Company in the last 12 months to 31 March 2019 and over the longer term compare favourably with the benchmark.

**Group asset allocation without commitments at market value 31 March 2019**



# Strategic report
continued

### Quoted financial investments

The Group has a spread of financial investments comprising equity funds (investment trusts and unit trusts), absolute return funds and hedge funds. Investment performance, both in absolute terms and relative to the market, is regularly reviewed and adjustments are made to the portfolio when necessary.

At 31 March 2019 the market value of these investments was £115.1m *(2018: £110.0m)* and represented 59% (2018: 58%) of Group net assets.

There has been minimal activity on the portfolio this year with only one equity fund sold giving sale proceeds of £2.1m. We also received during the year £1.7m return of capital from one of our indirect property funds. In both cases the funds received were reinvested back into their respective asset classes.

We have one remaining hedge fund to realise in order to complete our exit from this asset class. After losing much of its value in prior years there has been a steady recovery during the year, which we hope will continue and allow us to sell at an acceptable price.

The Board monitors the performance of the individual investment managers on a regular basis. The reasons for withdrawing funds from a manager would include loss of confidence in their investment strategy or in their ability to execute that strategy. Short term underperformance would not be a reason in itself.

### Assets held in the USA

The net book value of the assets held in the US at 31 March 2019 was £9.7m *(2018: £9.2m)*.

Over the year the US dollar gained 7.1% against sterling resulting in net unrealised gains of £0.7m.

During the year we have increased our interests in New York property, investing £2.0m in 2 new property developments. The opportunities came about through our relationship with a New York based investor we know well and who we invest with in the property fund, Benchmark.

US assets comprise indirect investment in New York property of £8.7m *(2018: £4.5m)* and cash balances of £1.0m *(2018: £5.4m)* held in US dollars. The US investment represents 5% *(2018: 5%)* of Group net assets. We continue to consider a maximum of 10% of Group net assets is an appropriate level of US exposure for the time being.

### Direct property investment and joint ventures

Work continues with our joint venture partner, BAM Properties Limited, on the Atlantic Square development site in Glasgow. Having forward sold Building 1 to Legal and General in January 2018, Building 2 of c. 96,000 sq ft is now being marketed to potential tenants. It is hoped the building will be fully let and sold before its completion in late 2020.

The occupancy of our residential investment at 20 York Street has been fairly constant over the course of the year, in spite of high turnover. We benefit from being in a desirable location for students of the local universities and employees of local businesses and embassies, which allows us to keep rents at a reasonable level.

## Investment in unquoted property funds

The Group is invested in a number of unquoted property funds. These give access to a range of different managers and a chance to participate in investments that would be too big for the Group to undertake on its own. The investments made by these funds are in the UK, US and Western Europe.

The UK retail sector has had another challenging year which the Group has been exposed to through some of our European property funds that hold UK retail investments, such as shopping malls. As a result the Group has made provisions in the year of £2.1m against these funds.

The Group received income distributions totalling £2.1m *(2018: £1.1m)* which are included within other operating income in the profit and loss account. In addition the Group received capital distributions of £0.3m *(2018: £3.6m)* and made further investments of £8.3m *(2018: £3.9m)*.

At 31 March 2019 total commitments were £40.0m *(2018: £44.9m)* of which £22.5m *(2018: £29.0m)* is outstanding.

## Cash and borrowings

At 31 March 2019 the Group held sterling and US dollar bank balances totalling £38.5m *(2018: £45.8m)*. The majority of the sterling and US dollar funds are currently placed with Clydesdale Bank. There were no bank borrowings at 31 March 2019.

## Principal risks

The principal risks the Company faces arise from the portfolio of financial investments and are common to any portfolio of equity investments and cash. These risks include valuation/market price risk, currency risk, liquidity risk and the risk that the third party managers with whom funds have been invested do not perform as expected.

In order to manage financial investment risk the Board sets limits on the funds allocated to particular activities. The allocation and the underlying investments are reviewed at six meetings a year by the Board's investment committee that is chaired by an external independent member.

## Future developments

The Group has ended the year once again with a conservative asset allocation and no debt. While we remain cautious, a number of interesting opportunities have presented themselves recently, from old friends and new. As such, we feel positive about the year ahead.

By order of the Board

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**Caroline Madelin**
*Managing Director*

11 July 2019

# Directors' report

### Dividends

The Directors have proposed a final dividend in respect of the current financial year of 10.2700 pence per Ordinary A Share and 11.2970 per Ordinary B Share. This has not been included within creditors as it was not approved before the year end.

Dividends paid during the year comprise a final dividend of 10.0100 pence per Ordinary A Share and 11.0110 pence per Ordinary B Share in respect of the previous year ended 31 March 2018, together with an interim dividend in respect of the year ended 31 March 2019 of 7.2700 pence per Ordinary A Share and 7.9970 pence per Ordinary B Share.

### Directors

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

On 1 June 2019 Briony Wilson and Andrew Clark were appointed non-executive Directors of the Company. Both Briony and Andrew have previously served on the board.

### Directors' indemnity provisions

The Group maintains a Directors and Officers insurance policy which covers the Directors and Officers of the Company against defending a claim made against them in their capacity as a Director or Officer of the Company.

### Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

### Disclosure of information to auditor

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

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office although this is dependent on a resolution to be proposed at the forthcoming Annual General Meeting.

### Directors' report: statutory and other disclosures

This Directors' report should be read in conjunction with the Strategic report which is deemed to form part of this Directors' report to the extent required by applicable law or regulation.

By order of the Board

CMadel

Caroline Madelin
*Managing Director*

20 York Street
London
W1U 6PU
11 July 2019

# Statement of Directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

# Independent auditor's report to the members of Taylor Clark Limited

KPMG

### Opinion

We have audited the financial statements of Taylor Clark Limited ("the Company") for the year ended 31 March 2019 which comprise the consolidated profit and loss account and other comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Brexit other matter paragraph

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of investment properties and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

# Independent auditor's report to the members of Taylor Clark Limited

continued

### Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

**Stephen Muncey** *(Senior Statutory Auditor)*
*for and on behalf of KPMG LLP, Statutory Auditor*
*Chartered Accountants*
Botanic House
100 Hills Road
Cambridge CB2 1AR
11 July 2019

# Consolidated profit and loss account and other comprehensive income

for the year ended 31 March 2019

| | Note | 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| **Turnover** | 2 | 469 | 551 |
| Cost of sales | | (547) | (639) |
| **Gross loss** | | (78) | (88) |
| Administrative expenses | | (1,482) | (1,525) |
| Other operating income | 3 | 4,061 | 2,960 |
| **Operating profit** | | 2,501 | 1,347 |
| Share of profit of joint ventures net of tax | | 51 | 2,939 |
| Gain/(loss) on disposal of operations | | 66 | (713) |
| Gain on fixed asset investment disposals | | 172 | 731 |
| Loss on fair value measurement of investment property | | (395) | (416) |
| Impairment loss on fixed asset investments | | (2,063) | (747) |
| **Profit before interest** | | 332 | 3,141 |
| Interest receivable and similar income | 5 | 6,029 | 281 |
| Interest payable and similar expenses | 6 | – | (1,089) |
| **Profit before taxation** | | 6,361 | 2,333 |
| Tax on profit | 9 | (383) | 1,197 |
| **Profit after tax** | | 5,978 | 3,530 |
| **Other comprehensive income** | | | |
| Foreign exchange differences on translation of foreign operations | | 706 | (1,342) |
| **Total comprehensive income for the year** | | 6,684 | 2,188 |

The notes on pages 19 to 39 form part of these financial statements.

# Consolidated balance sheet

**for the year ended 31 March 2019**

| | Note | 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 12 | 4,347 | 4,476 |
| Investment property | 13 | 7,570 | 7,965 |
| Investments in joint ventures | 14 | 2,031 | 1,980 |
| Other investments | 15 | 133,585 | 122,211 |
| | | 147,533 | 136,632 |
| **Current assets** | | | |
| Stocks | 17 | 180 | 188 |
| Debtors due after more than one year | 18 | 9,618 | 9,155 |
| Debtors due within one year | 18 | 945 | 405 |
| Cash at bank and in hand | 19 | 38,474 | 45,841 |
| | | 49,217 | 55,589 |
| Creditors: amounts falling due within one year | 20 | (313) | (495) |
| **Net current assets** | | 48,904 | 55,094 |
| **Total assets less current liabilities** | | 196,437 | 191,726 |
| Deferred tax liability | 21 | (2,499) | (2,445) |
| Provisions and similar obligations | 22 | - | (713) |
| **Net assets** | | 193,938 | 188,568 |
| **Capital and reserves** | | | |
| Called up share capital | 23 | 698 | 698 |
| Capital redemption reserve | 23 | 1,605 | 1,605 |
| Profit and loss account: | | | |
| Distributable | | 168,776 | 158,177 |
| Non-distributable | | 22,859 | 28,088 |
| | 23 | 191,635 | 186,265 |
| **Shareholders' funds** | | 193,938 | 188,568 |

These financial statements were approved by the board of directors on 11 July 2019 and signed on its behalf by

C E Madelin *Director*

The notes on pages 19 to 39 form part of these financial statements.

Company number: 00340727

# Company balance sheet
for the year ended 31 March 2019

| | Note | 2019<br>£'000 | 2018<br>£'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 12 | 2,315 | 2,388 |
| Investment property | 13 | 3,410 | 3,485 |
| Other investments | 15 | 151,440 | 144,265 |
| | | 157,165 | 150,138 |
| **Current assets** | | | |
| Debtors due within one year | 18 | 2,126 | 1,631 |
| Cash at bank and in hand | 19 | 37,306 | 40,234 |
| | | 39,432 | 41,865 |
| Creditors: amounts falling due within one year | 20 | (25,037) | (25,086) |
| **Net current assets** | | 14,395 | 16,779 |
| **Total assets less current liabilities** | | 171,560 | 166,917 |
| Deferred tax liability | 21 | (2,389) | (2,170) |
| **Net assets** | | 169,171 | 164,747 |
| **Capital and reserves** | | | |
| Called up share capital | 23 | 698 | 698 |
| Capital redemption reserve | 23 | 1,605 | 1,605 |
| Profit and loss account: | | | |
| Distributable | | 147,987 | 137,854 |
| Non-distributable | | 18,881 | 24,590 |
| | 23 | 166,868 | 162,444 |
| **Shareholders' funds** | | 169,171 | 164,747 |

These financial statements were approved by the board of directors on 11 July 2019 and signed on its behalf by

C E Madelin *Director*

The notes on pages 19 to 39 form part of these financial statements.

Company number: 00340727

# Consolidated statement of changes in equity

for the year ended 31 March 2019

| | *Called up share capital* £'000 | *Capital redemption reserve* £'000 | *Profit and loss account* £'000 | *Total equity* £'000 |
|---|---|---|---|---|
| Balance at 1 April 2017 | 698 | 1,605 | 183,211 | 185,514 |
| Total comprehensive income for the year | | | | |
| Profit or loss | – | – | 3,530 | 3,530 |
| Other comprehensive income | | | | |
| Foreign exchange differences on translation of foreign operations | – | – | (1,342) | (1,342) |
| Total comprehensive income for the year | – | – | 2,188 | 2,188 |
| Transactions with owners, recorded directly in equity | | | | |
| Dividends | – | – | (1,269) | (1,269) |
| Total contributions by and distributions to owners | – | – | (1,269) | (1,269) |
| Changes in ownership interests | | | | |
| Loss of control of subsidiary | – | – | 2,135 | 2,135 |
| Total changes in ownership interest | – | – | 2,135 | 2,135 |
| Balance at 31 March 2018 | 698 | 1,605 | 186,265 | 188,568 |
| **Balance at 1 April 2018** | **698** | **1,605** | **186,265** | **188,568** |
| ***Total comprehensive income for the year*** | | | | |
| **Profit or loss** | **–** | **–** | **5,978** | **5,978** |
| **Other comprehensive income** | | | | |
| **Foreign exchange differences on translation of foreign operations** | **–** | **–** | **706** | **706** |
| **Total comprehensive income for the year** | **–** | **–** | **6,684** | **6,684** |
| **Transactions with owners, recorded directly in equity** | | | | |
| **Dividends** | **–** | **–** | **(1,314)** | **(1,314)** |
| **Total contributions by and distributions to owners** | **–** | **–** | **(1,314)** | **(1,314)** |
| **Balance at 31 March 2019** | **698** | **1,605** | **191,635** | **193,938** |

The notes on pages 19 to 39 form part of these financial statements.

# Company statement of changes in equity
for the year ended 31 March 2019

| | *Called up share capital* £'000 | *Capital redemption reserve* £'000 | *Profit and loss account* £'000 | *Total equity* £'000 |
|---|---|---|---|---|
| Balance at 1 April 2017 | 698 | 1,605 | 130,527 | 132,830 |
| Total comprehensive income for the year | | | | |
| Profit or loss | – | – | 33,186 | 33,186 |
| Total comprehensive income for the year | – | – | 33,186 | 33,186 |
| Transactions with owners, recorded directly in equity | | | | |
| Dividends | – | – | (1,269) | (1,269) |
| Total contributions by and distributions to owners | – | – | (1,269) | (1,269) |
| Balance at 31 March 2018 | 698 | 1,605 | 162,444 | 164,747 |
| **Balance at 1 April 2018** | **698** | **1,605** | **162,444** | **164,747** |
| **Total comprehensive income for the year** | | | | |
| **Profit or loss** | – | – | **5,738** | **5,738** |
| **Total comprehensive income for the year** | – | – | **5,738** | **5,738** |
| **Transactions with owners, recorded directly in equity** | | | | |
| **Dividends** | – | – | **(1,314)** | **(1,314)** |
| **Total contributions by and distributions to owners** | – | – | **(1,314)** | **(1,314)** |
| **Balance at 31 March 2019** | **698** | **1,605** | **166,868** | **169,171** |

The notes on pages 19 to 39 form part of these financial statements.

# Consolidated cash flow statement

for the year ended 31 March 2019

| | Note | 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 5,978 | 3,530 |
| *Adjustments for:* | | | |
| Depreciation charges | 12 | 186 | 202 |
| Foreign exchange (gains)/losses | | (187) | 36 |
| Income from fixed asset investments | 3 | (3,970) | (2,782) |
| Change in value of investment property | 13 | 395 | 416 |
| Fair value adjustments of fixed asset investments | 15 | (5,156) | 1,714 |
| Provisions made against fixed asset investments | 15 | 2,063 | – |
| Share of profit of joint ventures | 14 | (51) | (2,939) |
| Interest receivable and similar income | 5 | (686) | (198) |
| Gain on sale of fixed assets | | (3) | (27) |
| Gain on sale of fixed asset investments | | (172) | (731) |
| Provisions for liabilities and charges | 22 | (66) | 713 |
| Taxation | | 383 | (1,197) |
| | | (1,286) | (1,263) |
| (Increase)/decrease in trade and other debtors | | (539) | 229 |
| Decrease in stocks | | 8 | 4 |
| (Decrease)/increase in trade and other creditors | | (895) | 897 |
| | | (2,712) | (133) |
| Interest received | | 686 | 198 |
| Tax paid | | (63) | – |
| **Net cash from operating activities** | | (2,089) | 65 |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of tangible fixed assets | | 7 | 36 |
| Proceeds from sale of fixed assets investments | | 29,137 | 13,121 |
| Income from fixed asset investments | | 3,384 | 2,285 |
| Return of capital | 15 | 317 | 3,574 |
| Repayment of loan from joint venture | 14 | – | 128 |
| Loss of control of subsidiary | | – | (306) |
| Acquisition of tangible fixed assets | 12 | (70) | (695) |
| Acquisition of fixed asset investments | 15 | (36,900) | (18,080) |
| Acquisition of investment property | 13 | – | (647) |
| **Net cash from investing activities** | | (4,125) | (584) |
| **Cash flows from financing activities** | | | |
| Dividends paid | 11 | (1,314) | (1,269) |
| **Net cash from financing activities** | | (1,314) | (1,269) |
| Net decrease in cash and cash equivalents | | (7,528) | (1,788) |
| Cash and cash equivalents at 1 April 2018 | | 45,841 | 48,224 |
| Effect of exchange rate fluctuations on cash held | | 161 | (595) |
| **Cash and cash equivalents at 31 March 2019** | | 38,474 | 45,841 |

The notes on pages 19 to 39 form part of these financial statements.

# Notes on the accounts

1 Accounting policies

Taylor Clark Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

*1.1 Measurement convention*

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: biological assets, investment property and financial instruments classified at fair value.

*1.2 Going concern*

The Group's business activities are set out in the Strategic report on pages 4 to 7. On the basis of their assessment of the Group's financial position and resources, the directors believe that the Group is well placed to manage its business risks. Therefore, the Group's directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Directors have assessed that the decision of the UK to leave the EU and the uncertainty of the future relationship between the UK and the EU does not have an impact on the going concern of the Company. While the impact on the capital prices is potentially significant, this will not cause any disruption to the activities of the Company which mainly focus on holding investments.

# Notes on the accounts
continued

1 **Accounting policies** *(continued)*

*1.3 Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

*1.4 Foreign currency*

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

*1.5 Basic financial instruments*

*Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Investments in ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

1 **Accounting policies** *(continued)*

*1.6 Other financial instruments*

*Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

*1.7 Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

| | |
|---|---|
| Freehold buildings | - 0%-4% |
| Other tangible assets: | |
| Short life equipment | - 50% |
| Farming equipment | - At between 10% and 20% |
| Other plant and equipment | - At between 10% and 33% |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

*1.8 Investment property*

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

*1.9 Biological assets*

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

*1.10 Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, on the basis of independent professional valuations.

# Notes on the accounts
continued

1 Accounting policies *(continued)*

*1.11 Impairment*

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*1.12 Employee benefits*

*Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

*1.13 Provisions*

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

*1.14 Turnover*

Turnover represents the amounts receivable (excluding value added tax) in respect of farming activities and rental income in the United Kingdom.

The Company recognises revenue from the sale of goods when all the following conditions are satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the entity;

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

*Rental income*

Rentals are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

1 **Accounting policies** *(continued)*

*1.15 Expenses*

*Operating leases*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

*Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

*1.16 Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# Notes on the accounts
continued

2 Turnover and business segment analysis

*By activity*

| 2019 | *Property* £'000 | *Hotels and Leisure* £'000 | *Financial investments* £'000 | *Other* £'000 | *Total* £'000 |
|---|---|---|---|---|---|
| Turnover | | | | | |
| Rental income | 137 | – | – | – | 137 |
| Farming | – | – | – | 332 | 332 |
| | 137 | – | – | 332 | 469 |
| Operating profit | 36 | – | 3,970 | (1,505) | 2,501 |
| Share of profit of joint ventures | 51 | – | – | – | 51 |
| Gain on property disposals | – | 66 | – | – | 66 |
| Gains on fixed asset investment disposals | – | – | 172 | – | 172 |
| Loss on fair value measurement of investment property | (395) | – | – | – | (395) |
| Impairment loss on fixed assets investments | – | – | (2,063) | – | (2,063) |
| Interest receivable | 464 | – | 5,156 | 409 | 6,029 |
| Interest payable | – | – | – | – | – |
| Profit before taxation | 156 | 66 | 7,235 | (1,096) | 6,361 |
| Assets employed | | | | | |
| Group | 17,109 | 20 | 133,584 | 41,194 | 191,907 |
| Share of joint ventures | 2,031 | – | – | – | 2,031 |
| | 19,140 | 20 | 133,584 | 41,194 | 193,938 |
| 2018 | | | | | |
| Turnover | | | | | |
| Rental income | 162 | – | – | – | 162 |
| Farming | – | – | – | 389 | 389 |
| | 162 | – | – | 389 | 551 |
| Operating profit | (45) | – | 2,782 | (1,390) | 1,347 |
| Share of profit of joint ventures | 2,939 | – | – | – | 2,939 |
| Loss on property disposals | – | (713) | – | – | (713) |
| Gains on fixed asset investment disposals | – | – | 731 | – | 731 |
| Loss on fair value measurement of investment property | (251) | – | – | (165) | (416) |
| Impairment loss on fixed assets investments | – | – | (747) | – | (747) |
| Interest receivable | 81 | – | – | 200 | 281 |
| Interest payable | – | – | (967) | (122) | (1,089) |
| Profit before taxation | 2,724 | (713) | 1,799 | (1,477) | 2,333 |
| Assets employed | | | | | |
| Group | 17,115 | (818) | 122,211 | 48,080 | 186,588 |
| Share of joint ventures | 1,980 | – | – | – | 1,980 |
| | 19,095 | (818) | 122,211 | 48,080 | 188,568 |

The 'Other' column includes group overhead costs in Operating profit/(loss).

2 Turnover and business segment analysis *(continued)*

*By geographical market*
*(by destination and origin)*

| | 2019 UK £'000 | 2019 North America £'000 | 2019 Total £'000 | 2018 UK £'000 | 2018 North America £'000 | 2018 Total £'000 |
|---|---|---|---|---|---|---|
| Turnover | | | | | | |
| Rental income | 137 | – | 137 | 162 | – | 162 |
| Farming | 332 | – | 332 | 389 | – | 389 |
| | 469 | – | 469 | 551 | – | 551 |
| Operating profit | 2,616 | (115) | 2,501 | 1,268 | 79 | 1,347 |
| Share of profit of joint ventures | 51 | – | 51 | 2,939 | – | 2,939 |
| Gain/(loss) on property disposals | – | 66 | 66 | – | (713) | (713) |
| Gains on fixed asset investment disposals | 172 | – | 172 | 731 | – | 731 |
| Loss on fair value measurement of investment property | (395) | – | (395) | (416) | – | (416) |
| Impairment loss on fixed assets investments | (2,063) | – | (2,063) | (747) | – | (747) |
| Interest receivable | 6,028 | 1 | 6,029 | 277 | 4 | 281 |
| Interest payable | – | – | – | (1,039) | (50) | (1,089) |
| Profit before taxation | 6,409 | (48) | 6,361 | 3,013 | (680) | 2,333 |
| Assets employed | | | | | | |
| Group | 182,161 | 9,746 | 191,907 | 177,356 | 9,232 | 186,588 |
| Share of joint ventures | 2,031 | – | 2,031 | 1,980 | – | 1,980 |
| | 184,192 | 9,746 | 193,938 | 179,336 | 9,232 | 188,568 |

3 *Other operating income*

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Income from fixed asset investments | 3,970 | 2,782 |
| Other items | 91 | 178 |
| | 4,061 | 2,960 |

# Notes on the accounts
continued

4 **Expenses and auditor's remuneration**

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| *Included in profit/loss are the following:* | | |
| Loss on fair value measurement of investment property | 395 | 416 |
| Impairment loss on fixed assets investments | 2,063 | 747 |
| Depreciation | 186 | 202 |
| Auditor's remuneration: | | |
| Audit of these financial statements | 45 | 41 |
| Audit of subsidiaries | 16 | 16 |
| Tax compliance services | 33 | 32 |
| Other tax advisory services | 234 | 258 |
| | 2,972 | 1,712 |

5 **Interest receivable and similar income**

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Bank and other interest receivable | 222 | 198 |
| Currency translation differences | 187 | 83 |
| Net gain on revaluation of fixed asset investments measured at fair value through profit or loss | 5,156 | – |
| Interest receivable from joint ventures | 464 | – |
| | 6,029 | 281 |

6 **Interest payable and similar expenses**

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Currency translation differences | – | 122 |
| Net loss on revaluation of fixed asset investments measured at fair value through profit or loss | – | 967 |
| | – | 1,089 |

7 **Staff costs and directors' emoluments**

The average number of persons employed by the group (including directors) during the year was as follows:

| | 2019 Number | 2018 Number |
|---|---|---|
| Property, management and administration | 5 | 6 |
| Other | 3 | 3 |
| | 8 | 9 |

The aggregate payroll costs of these persons were as follows:

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Wages and salaries | 655 | 568 |
| Social security costs | 76 | 66 |
| Other pension costs | 95 | 92 |
| | 826 | 726 |

**Directors' remuneration:**

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Director's emoluments | 458 | 326 |

The aggregate of emoluments of the highest paid director (excluding pension contributions) were £190,027 *(2018: £105,826)* and company pension contributions of £0 *(2018: £25,209)* were made to a money purchase scheme on their behalf.

8 **Pensions**

*Defined contribution pension scheme*

Since 1 January 2011 the Group has operated a defined contribution scheme for certain UK based employees. The pension charge for the period includes contributions payable by the Group to the scheme of £95,089 *(2018: £91,668)*. The contribution of the Group for the scheme was 27.5% *(2018: 27.5%)* of pensionable salary. The employees contributed an additional 6% *(2018: 6%)*.

There were contributions of £nil payable to the scheme at the year end *(2018: £nil)*.

# Notes on the accounts
continued

9 Taxation

**Total tax expense recognised in the profit and loss account, other comprehensive income and equity**

| | 2019<br>£'000 | 2018<br>£'000 |
|---|---|---|
| *UK corporation tax* | | |
| Current tax expense on income for the year | 76 | 5 |
| Adjustment in respect of prior years | 11 | – |
| | 87 | 5 |
| *Foreign tax* | | |
| Current tax expense/(credit) on income for the year | 93 | (378) |
| Adjustment in respect of prior years | 52 | 133 |
| Total current tax | 232 | (240) |
| *Deferred taxation (see note 21)* | | |
| Origination and reversal of timing differences | 104 | (1,007) |
| Change in tax rate | 47 | 50 |
| Total deferred tax | 151 | (957) |
| Total tax expense/(credit) | 383 | (1,197) |

| | 2019<br>£'000<br>Current tax | 2019<br>£'000<br>Deferred tax | 2019<br>£'000<br>Total tax | 2018<br>£'000<br>Current tax | 2018<br>£'000<br>Deferred tax | 2018<br>£'000<br>Total tax |
|---|---|---|---|---|---|---|
| Recognised in profit and loss account | 232 | 151 | 383 | (240) | (957) | (1,197) |
| | 232 | 151 | 383 | (240) | (957) | (1,197) |

**Reconciliation of effective tax rate**

| | 2019<br>£'000 | 2018<br>£'000 |
|---|---|---|
| Profit for the year | 5,978 | 3,530 |
| Total tax expense/(credit) | 383 | (1,197) |
| Profit excluding taxation | 6,361 | 2,333 |
| Tax using the UK corporation tax rate of 19% *(2018: 19%)* | 1,210 | 443 |
| Reduction in tax rate on deferred tax balances | (47) | 50 |
| Non-deductible expenses | 592 | 207 |
| Tax exempt revenues | (1,802) | (1,116) |
| Indexation on capital gains | 377 | (111) |
| Current year losses for which no deferred tax asset was recognised | 63 | 15 |
| Deferred tax not previously recognised | (175) | (685) |
| Overseas tax differences | 102 | – |
| Under provided in prior years | 63 | – |
| Total tax expense/(credit) included in profit or loss | 383 | (1,197) |

In accordance with FRS 102.29, deferred tax assets are only recognised to the extent that it is probable they are recoverable against future taxable profits or deferred tax liability reversals. Accordingly a deferred tax asset of £338,000 *(2018: £707,000)* has not been recorded on the grounds that there is currently insufficient evidence that the asset will be recoverable against suitable taxable profits in the short term.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax liability at 31 March 2019 has been calculated based on these rates.

## 10 Profit for the financial year

| | 2019 | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Dealt with in the accounts of the holding company | **6,340** | 33,186 |
| Retained by subsidiary undertakings | **(362)** | (29,656) |
| | **5,978** | 3,530 |

## 11 Dividends

| | 2019 | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Amounts recognised as distributions to equity shareholders in the year | | |
| Final dividends for the year ended 31 March 2018 | | |
| Ordinary A shares 10.0100p, *(31 March 2017: 9.5800p)* per share | **75** | 72 |
| Ordinary B shares 11.0110p, *(31 March 2017: 10.5380p)* per share | **686** | 657 |
| Interim dividends for the year ended 31 March 2019 | | |
| Ordinary A shares 7.2700p, *(31 March 2018: 7.1100p)* per share | **55** | 53 |
| Ordinary B shares 7.9970p, *(31 March 2018: 7.8210p)* per share | **498** | 487 |
| Total dividends paid in the year | **1,314** | 1,269 |

| | 2018 | 2017 |
|---|---|---|
| | **£'000** | £'000 |
| Proposed final dividends for the year ended 31 March 2019 | | |
| Ordinary A shares 10.2700p, *(31 March 2018: 10.0100p)* per share | **77** | 75 |
| Ordinary B shares 11.2970p, *(31 March 2018: 11.0110p)* per share | **704** | 686 |
| | **781** | 761 |

In May 2019 dividends of £77,000 and £704,000 for Ordinary A shares and Ordinary B shares respectively were proposed by the directors for approval at the forthcoming Annual General Meeting. They have therefore not been accounted for in the current accounting period.

# Notes on the accounts
continued

12 Fixed assets: Tangible assets

| Group: | *Freehold land* £'000 | *Freehold property* £'000 | *Freehold property trading* £'000 | *Other tangible assets* £'000 | *Total* £'000 |
|---|---|---|---|---|---|
| Cost or valuation: | | | | | |
| 1 April 2018 | 354 | 2,035 | 2,399 | 1,058 | 5,846 |
| Additions | – | – | – | 70 | 70 |
| Disposals | – | – | – | (19) | (19) |
| Revaluations | – | – | – | (9) | (9) |
| **31 March 2019** | **354** | **2,035** | **2,399** | **1,100** | **5,888** |

| Group: | *Freehold land* £'000 | *Freehold property* £'000 | *Freehold property trading* £'000 | *Other tangible assets* £'000 | *Total* £'000 |
|---|---|---|---|---|---|
| Depreciation: | | | | | |
| 1 April 2018 | – | 90 | 567 | 713 | 1,370 |
| Charged in year | – | 81 | 37 | 68 | 186 |
| Disposals | – | – | – | (15) | (15) |
| **31 March 2019** | **–** | **171** | **604** | **766** | **1,541** |
| Net book value: | | | | | |
| 1 April 2018 | 354 | 1,945 | 1,832 | 345 | 4,476 |
| **31 March 2019** | **354** | **1,864** | **1,795** | **334** | **4,347** |

| Company: | *Freehold land* £'000 | *Freehold property* £'000 | *Other tangible assets* £'000 | *Total* £'000 |
|---|---|---|---|---|
| Cost or valuation: | | | | |
| 1 April 2018 | 354 | 2,035 | 164 | 2,553 |
| Additions | – | – | 19 | 19 |
| Disposals | – | – | – | – |
| **31 March 2019** | **354** | **2,035** | **183** | **2,572** |

| Company: | *Freehold land* £'000 | *Freehold property* £'000 | *Other tangible assets* £'000 | *Total* £'000 |
|---|---|---|---|---|
| Depreciation: | | | | |
| 1 April 2018 | – | 90 | 75 | 165 |
| Charged in year | – | 81 | 11 | 92 |
| Disposals | – | – | – | – |
| **31 March 2019** | **–** | **171** | **86** | **257** |
| Net book value: | | | | |
| 1 April 2018 | 354 | 1,945 | 89 | 2,388 |
| **31 March 2019** | **354** | **1,864** | **97** | **2,315** |

## 13 Investment property

| | £'000 |
|---|---|
| *Group:* | |
| At 1 April 2018 | 7,965 |
| Net loss from fair value adjustments | (395) |
| **At 31 March 2019** | **7,570** |
| Historical cost net book value | 5,937 |

| | £'000 |
|---|---|
| *Company:* | |
| At 1 April 2018 | 3,485 |
| Net loss from fair value adjustments | (75) |
| **At 31 March 2019** | **3,410** |
| Historical cost net book value | 3,764 |

There were no contractual obligations to purchase, construct or develop investment property as of 31 March 2019, nor any contractual obligations for repairs, maintenance or enhancements of investment property.

£7,570,000 *(2018: £7,965,000) (Company: £3,410,000 (2018: £3,485,000))* of investment property fair value is based on a valuation by an external independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. The valuation, which is supported by market evidence, is prepared by considering the future sale proceeds from the disposal of the properties and where relevant, any associated costs.

Any gain or loss arising from a change in fair value is recognised in profit or loss.

# Notes on the accounts

continued

14 **Fixed assets: Investments in joint ventures**

| | BAM TCP Atlantic Square Limited £'000 | Bowmore Estates Limited £'000 | Total £'000 |
|---|---|---|---|
| Cost or valuation: | | | |
| At beginning of year | (959) | 1,573 | 614 |
| Write off due to liquidation | – | (1,573) | (1,573) |
| **At end of year** | **(959)** | **–** | **(959)** |

| | BAM TCP Atlantic Square Limited £'000 | Bowmore Estates Limited £'000 | Total £'000 |
|---|---|---|---|
| Share of post acquisition reserves: | | | |
| At beginning of year | 2,939 | (1,573) | 1,366 |
| Retained profits less losses | 51 | – | 51 |
| Write off due to liquidation | – | 1,573 | 1,573 |
| **At end of year** | **2,990** | **–** | **2,990** |
| Net book value: | | | |
| 1 April 2018 | 1,980 | – | 1,980 |
| **31 March 2019** | **2,031** | **–** | **2,031** |

At both 1 April 2018 and 31 March 2019 the Group held 50% of the voting rights and exercised joint control of BAM TCP Atlantic Square Limited (BAM TCP), a property development company registered in England and Wales.

On 11 December 2018 Bowmore Estates Limited was placed into members' liquidation.

## 15 Fixed assets: Other investments

| | Listed £'000 | Other £'000 | Total £'000 |
|---|---|---|---|
| *Group:* | | | |
| Cost or market value: | | | |
| At beginning of year | 110,043 | 13,626 | 123,669 |
| Additions | 28,559 | 8,341 | 36,900 |
| Return of capital | – | (317) | (317) |
| Disposals | (28,649) | – | (28,649) |
| Movement in fair value | 5,156 | – | 5,156 |
| Translation difference | – | 347 | 347 |
| **At end of year** | **115,109** | **21,997** | **137,106** |

| | £'000 | £'000 | £'000 |
|---|---|---|---|
| *Group:* | | | |
| Provisions: | | | |
| At beginning of year | – | 1,458 | 1,458 |
| Increase in the year | – | 2,063 | 2,063 |
| Disposals | – | – | – |
| **At end of year** | **–** | **3,521** | **3,521** |
| Net book value: | | | |
| 1 April 2018 | 110,043 | 12,168 | 122,211 |
| **31 March 2019** | **115,109** | **18,476** | **133,585** |

| | *Shares in subsidiary undertakings* £'000 | *Listed* £'000 | *Other* £'000 | *Total* £'000 |
|---|---|---|---|---|
| *Company:* | | | | |
| Cost or valuation: | | | | |
| At beginning of year | 28,175 | 110,043 | 9,098 | 147,316 |
| Additions | – | 28,559 | 4,487 | 33,046 |
| Return of capital | – | – | (315) | (315) |
| Disposals | – | (28,649) | – | (28,649) |
| Movement in fair value | – | 5,156 | – | 5,156 |
| **At end of year** | **28,175** | **115,109** | **13,270** | **156,554** |

| | £'000 | £'000 | £'000 | £'000 |
|---|---|---|---|---|
| *Company:* | | | | |
| Provisions | | | | |
| At beginning of year | 1,592 | – | 1,459 | 3,051 |
| Increase in the year | – | – | 2,063 | 2,063 |
| Disposals | – | – | – | – |
| **At end of year** | **1,592** | **–** | **3,522** | **5,114** |
| Net book value: | | | | |
| 1 April 2018 | 26,583 | 110,043 | 7,639 | 144,265 |
| **31 March 2019** | **26,583** | **115,109** | **9,748** | **151,440** |

Listed investments are valued at market values. Unlisted investments are valued at cost less impairment.

# Notes on the accounts
continued

16 **Subsidiary undertakings**

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

| | *Percentage of equity owned at 31 March 2019* | *Percentage of equity owned at 31 March 2018* | *Country of registration/ incorporation* |
|---|---|---|---|
| **Property** | | | |
| TCP Developments Limited | 100 | 100 | Scotland |
| BAM TCP Atlantic Square Limited | 50* | 50* | England |
| Taylor Clark Properties Limited | 100 | 100 | Scotland |
| TCP Pilgrim Limited (dormant) | 100* | 100* | England |
| Bowmore Estates Limited (in members' voluntary liquidation) | 50* | 50* | England |
| **Farming** | | | |
| Wylye Valley Farming Limited | 100 | 100 | England |
| **USA** | | | |
| Taylor Clark Inc | 100* | 100* | USA |
| Castlehill Properties Inc (dissolved 23 May 2019) | 100* | 100* | USA |
| **Other** | | | |
| Taylor Clark International | 100 | 100 | England |
| Taylor Clark Leisure plc | 100 | 100 | Scotland |

**Owned by a subsidiary undertaking.*

Wholly owned subsidiaries:
Registered Office for England – 20 York Street, London, W1U 6PU
Registered Office for Scotland – 185 St Vincent Street, Glasgow, G2 5QD
Registered Office for USA – 983 Azalea Drive, Costa Mesa, California 92626, USA

Joint ventures:
Registered Office for BAM TCP Atlantic Square Limited – Breakspear Park, Breakspear Way, Hemel Hempstead HP2 4FL
Registered Office for Bowmore Estates Limited – 15 Canada Square, London E14 5GL

17 **Stock**

| | *Group* | |
|---|---|---|
| | **2019 £'000** | 2018 £'000 |
| Stock comprises: | | |
| Farm produce | **180** | 188 |
| | **180** | 188 |

## 18 Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 |
| *Amounts due after one year* | | | | |
| Amounts owed by joint ventures | 9,618 | 9,155 | – | – |
| | 9,618 | 9,155 | – | – |
| *Amounts due within one year* | | | | |
| Trade debtors | 15 | 6 | – | – |
| Group relief | – | – | – | – |
| Amounts owed by subsidiary undertakings | – | – | 1,871 | 1,451 |
| Corporation tax receivable | – | 193 | – | – |
| Other debtors | 830 | 126 | 165 | 107 |
| Prepayments and accrued income | 100 | 80 | 90 | 73 |
| | 945 | 405 | 2,126 | 1,631 |

The amount due after one year of £9,618,000 *(2018: £9,155,000)* is a shareholder loan to BAM TCP Atlantic Square Limited (BAM TCP), a jointly controlled entity and is made up of £9,501,000 *(2018: £9,074,000)* principal and accrued interest of £117,000 *(2018: £81,000)*.

BAM TCP is developing two commercial properties in Glasgow, one of which has been forward sold and the second being developed speculatively. Work on the site commenced in March 2018.

Interest on the loan is charged at 5% and capitalised on 30 June and 31 December each year. The principal and interest is repayable after the second building is sold which at the date of signing these accounts is undetermined but expected to be more than one year.

Amounts owed by subsidiaries are repayable on demand.

## 19 Cash and cash equivalents

| | 2019 | 2018 |
|---|---|---|
| | £'000 | £'000 |
| Cash at bank and in hand | 38,474 | 45,841 |
| | 38,474 | 45,841 |

The above balance includes restricted cash of £nil *(2018: £2,139,000)* relating to a legal dispute concerning a hotel the Group sold in March 2015.

The dispute was resolved in December 2018.

# Notes on the accounts
continued

20 **Creditors: amounts falling due within one year**

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Trade creditors | **62** | 132 | **55** | 123 |
| Amounts owed to subsidiary undertakings | **–** | – | **24,871** | 24,862 |
| Other creditors including taxation and social security | **108** | 143 | **40** | 33 |
| Accruals and deferred income | **143** | 220 | **71** | 68 |
| | **313** | 495 | **25,037** | 25,086 |

Amounts owed to subsidiaries are repayable on demand.

21 **Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributed to the following:

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| *Group* | | |
| Accelerated capital allowances | **(5)** | 105 |
| Unused management expenses | **(641)** | (550) |
| Revalution of investment property | **(6)** | 221 |
| Revalution of fixed asset investments | **3,151** | 2,669 |
| Net tax liability | **2,499** | 2,445 |

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| *Company* | | |
| Accelerated capital allowances | **54** | 51 |
| Unused management expenses | **(641)** | (550) |
| Revalution of investment property | **(175)** | – |
| Revalution of fixed asset investments | **3,151** | 2,669 |
| Net tax liability | **2,389** | 2,170 |

In addition to the deferred tax assets and liabilities above, the Group has an unrecognised deferred tax asset of £338,000 *(2018: £707,000)*, in respect of losses (see Note 10).

The Company has an unrecognised deferred tax asset of £0 *(2018: £27,000)*, in respect of losses.

22 **Provisions**

| *Group* | Provision £'000 | Total £'000 |
|---|---|---|
| At 1 April 2018 | 713 | 713 |
| Provisions released during the year | (713) | (713) |
| **At 31 March 2019** | **–** | **–** |

The provision of £713,000 was released in December 2018 when a settlement was reached in relation to a legal dispute concerning a hotel the Group sold in March 2015.

| *Company* | Provision £'000 | Total £'000 |
|---|---|---|
| At 1 April 2018 | – | – |
| Provisions made during the year | – | – |
| **At 31 March 2019** | **–** | **–** |

23 **Capital and reserves**

| | *Ordinary A shares of £0.10* | | *Ordinary B shares of £0.10* | | *Total* |
|---|---|---|---|---|---|
| | *Number* | *Value* | *Number* | *Value* | *Value* |
| **Share capital** | | *£'000* | | *£'000* | *£'000* |
| *Allotted, called up and fully paid* | | | | | |
| **At 31 March 2018 and 2019** | 748,236 | 75 | 6,232,033 | 623 | 698 |

| | **2019** | 2018 |
|---|---|---|
| **Capital redemption reserve** | **£'000** | £'000 |
| *Group:* | | |
| **At 31 March 2018 and 2019** | **1,605** | 1,605 |

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| *Company:* | | |
| **At 31 March 2018 and 2019** | **1,605** | 1,605 |

| | **2019** | 2018 |
|---|---|---|
| **Profit and loss account** | **£'000** | £'000 |
| *Group:* | | |
| At beginning of year | **186,265** | 183,211 |
| Profit for the year | **5,978** | 3,530 |
| Currency translation difference | **706** | (1,342) |
| Dividends paid | **(1,314)** | (1,269) |
| Loss of control of subsidiary | **–** | 2,135 |
| At end of year | **191,635** | 186,265 |

Profit and loss reserves at 31 March 2019 comprise £168,776,000 available for distribution and £22,859,000 non-distributable *(2018: £158,177,000 distributable and £28,088,000 non-distributable).*

# Notes on the accounts

continued

23 **Capital and reserves** *(continued)*

| | 2019<br>£'000 | 2018<br>£'000 |
|---|---|---|
| *Company:* | | |
| At beginning of year | 162,444 | 130,527 |
| Profit for the year | 5,738 | 33,186 |
| Dividends paid | (1,314) | (1,269) |
| At end of year | 166,868 | 162,444 |

Profit and loss reserves at 31 March 2019 comprise £147,987,000 available for distribution and £18,881,000 non-distributable *(2018: £137,854,000 distributable and £24,590,000 non-distributable).*

24 **Financial instruments**

The carrying amounts of the financial assets and liabilities include:

| | 2019<br>£'000 | 2018<br>£'000 |
|---|---|---|
| *Group:* | | |
| Assets measured at fair value through profit and loss | 115,109 | 110,043 |
| Assets measured at cost less impairment | 18,448 | 12,144 |
| Assets measured at cost | 10,563 | 9,560 |
| Liabilities measured at cost | (313) | (495) |
| | 143,807 | 131,252 |

| | 2019<br>£'000 | 2018<br>£'000 |
|---|---|---|
| *Company:* | | |
| Assets measured at fair value through profit and loss | 115,109 | 110,043 |
| Assets measured at cost less impairment | 9,722 | 7,616 |
| Assets measured at cost | 2,126 | 1,631 |
| Liabilities measured at cost | (25,037) | (25,086) |
| | 101,920 | 94,204 |

An explanation of the fair value method can be found in note 28.

25 **Commitments**

The Company holds investments which may result in the drawdown of further funds in future periods. Under this arrangement, the Company is committed to providing further investment of £22,478,000 *(2018: £28,972,000).*

In January 2018 the Company's wholley owned subsidiary BAM TCP Atlantic Square Limited became a 50:50 joint venture with BAM Properties Limited. Under the joint venture agreement the Company together with the joint venture partner and BAM Properties' parent company, BAM Construct UK, has guaranteed the joint venture's obligations in relation to its development site in Glasgow.

Planning consent for the development of two multi-storey office buildings (Building 1 and 2) and a residential apartment building (Building 3) together with ancillary uses was granted in early 2016. In January 2018 Building 1 was forward sold to Legal and General. The joint venture is speculatively developing Building 2 in tandem with the development of Building 1.

## 26 Related parties

*Identity of related parties with which the Group has transacted*

**BAM TCP Atlantic Square Limited**

On 26 January 2018 the wholly owned subsidiary BAM TCP Atlantic Square Limited (BAM TCP) became a 50:50 joint venture between the Group and BAM Properties Limited (BAM). To that effect, transactions occurred after that date between the Group and BAM TCP that do not fall within the exception contained in FRS 102.33.

A loan of £9,501,000 *(2018: £9,074,000)* and interest of £117,000 *(2018: £81,000)* are receivable from BAM TCP at the year end.

*Transactions with key management personnel*

Total compensation of key management personnel in the year amounted to £458,000 *(2018: £326,000)*.

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

## 27 Ultimate parent company and parent company of the larger group

The Company is the ultimate parent company. The ultimate controlling parties of the Company are Mr R Clark and family and Mr C Clark who are the only shareholders.

No other group financial statements include the results of the Company.

## 28 Accounting estimates and judgements

In the application of the Group's accounting policies which are described in Note 1, the directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

For assets and liabilities held at fair value, the directors' estimate of fair value is based upon valuations provided annually by external, independent valuers, each of whom have an appropriate recognised professional qualification and relevant experience.

There are no other critical judgements or key sources of estimation uncertainty that the directors have made in the process of applying the company's accounting policies that would have a significant effect on the amounts recognised in the financial statements.

# Financial record

for the year ended 31 March

| | 2019<br>£'000 | 2018<br>£'000 | 2017<br>£'000 | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|---|---|---|
| **Group turnover** | **469** | 551 | 502 | 1,648 | 16,067 |
| **Reconciliation of movements in shareholders' funds** | | | | | |
| Profit/(loss) after taxation | **5,978** | 3,530 | 8,127 | 2,700 | 26,985 |
| Dividends | **(1,314)** | (1,269) | – | (925) | (3,246) |
| Other recognised gains | **706** | (1,342) | 7,066 | 1,348 | 2,675 |
| Loss of control of subsidiary | **–** | 2,135 | – | – | – |
| Purchase of own shares | **–** | – | – | (17,515) | – |
| Net movement in shareholders' funds | **5,370** | 3,054 | 15,193 | (14,392) | 26,414 |
| Opening balance of shareholders' funds | **188,568** | 185,514 | 170,321 | 184,713 | 158,299 |
| **Closing balance of shareholders' funds** | **193,938** | 188,568 | 185,514 | 170,321 | 184,713 |

| | 2019<br>£'000 | 2018<br>£'000 | 2017<br>£'000 | 2016<br>£'000 | 2015<br>£'000 |
|---|---|---|---|---|---|
| **Balance sheet** | | | | | |
| Fixed assets: | | | | | |
| Investment property | **7,570** | 7,965 | 7,734 | 9,619 | 3,893 |
| Tangible assets | **4,347** | 4,476 | 3,993 | 2,167 | 10,058 |
| Investments | **135,616** | 124,191 | 122,465 | 107,642 | 102,965 |
| Net current assets | **48,904** | 55,094 | 54,131 | 51,569 | 70,367 |
| Other liabilities and provisions | **(2,499)** | (3,158) | (2,809) | (676) | (2,570) |
| **Net assets** | **193,938** | 188,568 | 185,514 | 170,321 | 184,713 |
| **Capital and reserves** | | | | | |
| Called up share capital | **698** | 698 | 698 | 698 | 935 |
| Revaluation reserve | **–** | – | – | – | – |
| Other reserves | **193,240** | 187,870 | 184,816 | 169,623 | 183,778 |
| **Shareholders' funds** | **193,938** | 188,568 | 185,514 | 170,321 | 184,713 |