Taylor Clark Limited
00340727

Annual report
for the year ended 31 March 2011

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Directors and advisers

Directors	*Douglas T Boyd OBE CA FRSAMD
	*Andrew R Clark
	John A Dippie FCA *Finance*
	*Christopher P Edwards FRICS
	Reginald J Harvey *Chief Executive*
	*Briony J Wilson
	*Non-executive
Secretary	John A Dippie FCA
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California Office	c/o Crawford International Inc 833 Dover Drive, Suite 14 Newport Beach, CA 92663 Telephone 001 949 722 0125 Fax 001 949 722 0151
Auditors	KPMG LLP
Principal Bankers	Clydesdale Bank PLC
Registered number	340727
Date of Incorporation	27 May 1938

Report of the directors

The directors have pleasure in submitting their annual report, together with the financial statements for the year ended 31 March 2011

Group activities

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

Investment policy

The objectives of the Group are to deliver long-term capital growth and to provide an income stream sufficient to pay regular dividends to shareholders in normal economic circumstances In recent years this has been achieved by investing in financial and property markets in the UK and USA without taking excessive risks During the year it was decided to work towards the realisation of illiquid investments. Although this may take some time to achieve, the result will be a portfolio of investments and cash where changes can be made quickly

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

Performance

Group net assets increased from £154 6m at 31 March 2010 to £159 8m at 31 March 2011 Adding back £1 4m of dividends paid to shareholders during the year the increase was £6 6m which represents an increase of 4% on the opening net assets

Business review

During the year the financial investments continued to recover from the March 2009 low, although the rate of recovery was slower than last year The progress of the property investments has been patchy with gains in some areas and falls in others Significant profits were realised in the year from the sale of the Scottish Sporting Estate, two of the three investments in Scottish forestry and the 47 5% interest in the Hill Creek Farms joint venture in California

More detailed comments by investment category are set out below

Quoted financial investments

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

Report of the directors
continued

At 31 March 2011 the market value of these investments was £79 4m *(2010 £60 6m)* and represented 50% *(2010 39%)* of Group net assets The increase in value of £18 8m during the year comprises net investment of £12 2m and unrealised gains of £6 6m

During the year the FTSE All-Share index increased by 5% Our portfolio did modestly better than this mainly due to good recoveries in quoted private equity, property, technology and natural resources The portfolio includes funds whose managers aim to deliver positive returns that are less volatile than equity indices. Generally this means losses should be minimised but if markets rise sharply our portfolio is unlikely to capture the entire rise

US portfolio

The net book value of the US portfolio at 31 March 2011 was £35 1m *(2010 £38 0m)* and represents 22% *(2010 25%)* of Group net assets

During 2010/11 the dollar weakened by 6% against sterling resulting in unrealised currency translation losses of £2 0m of which £0 5m is included in the profit and loss account and £1 5m is taken directly to reserves Currency exposure is reviewed regularly At present the Board believes that in the short to medium term the US dollar is likely to be stronger than sterling and accordingly the US dollar exposure is being maintained

As noted in last year's Annual Report the Group's 47 5% interest in a farming joint venture, Hill Creek Farms LLC, was bought back by the LLC in April 2010. The profit on sale was £1 9m ($3 0m) and is included in the results for the year

Throughout the year the Group owned the Marriott Courtyard and Residence Inn hotels in Stockton, California, the Heathman Hotel in Portland, Oregon, the Heathman Hotel in Kirkland, Washington and 101 Post Street, a retail investment property in San Francisco

The US hotel industry experienced a modest recovery during the year This follows two years which saw steep falls in occupancy, room rates and profits Hotel industry research shows that in 2010 the most expensive hotels saw a significant improvement in profits whereas many economy hotels saw no improvement or even a further decline in profits The market outlook for 2011 is for further modest improvements in occupancy, room rates and profits

The Marriott Courtyard and Residence Inn in Stockton have for many years outperformed the local competition and continue to do so During the year the lobby of the Courtyard was modified to create a new 'Starbucks' style food and beverage area This area also offers free Wi-fi and a variety of seating options It reflects a hotel industry trend for lobbies designed around work and socialising and has proved popular with guests The Courtyard showed a small rise in occupancy compared to last year but room rates fell This was mainly due to competition, the depressed local economy and disruption caused by the building work Net income fell 19% compared to last year The Residence Inn saw an increase in occupancy that was offset by a drop in room rates which left net income unchanged from last year

The Heathman Hotel in Portland experienced improved occupancy and room rates which led to an increase in net income of 10% compared to last year This increase reflects improvements in hotel occupancy and room rates in Portland Trading in the first two months of 2011/12 has seen these positive trends continue In previous years this hotel was managed by an external hotel management company, Rim Hospitality, who employed all the hotel staff. During the year the Group decided to manage the hotel itself and as a result the hotel staff previously employed by Rim became directly employed by the Group

The Heathman Hotel in Kirkland, Washington opened in October 2007 Management continues to make progress in building business against the difficult economic backdrop Both occupancy and room rates increased compared to last year and as a result the net operating loss was reduced by 21% The results for the first two months of 2011/12 are encouraging and if the US economy continues to grow the hotel should get close to break even in 2011/12

In December 2010 the retail property investment at 101 Post Street, San Francisco was let to ING Bank, fsb (trading as ING Direct, an internet bank) Achieving a letting such as this reflects the strength of both the location and the building ING intends to use the building as one of a number of 'Cafés' it has in the USA that enable ING Direct customers to meet ING advisers in person ING aims to complete its fit-out and open for business in the Autumn At 31 March 2011 the property was valued by an independent firm of appraisers at £7 3m ($11 75m) Last year's Director's valuation was £7 9m ($12 0m) Capital One Financial Corporation (a US bank) has recently announced it has agreed to buy ING Bank, fsb This acquisition will not be completed for several months as Capital One has to raise funds for the acquisition and regulatory approvals are required To date there is no indication this acquisition will have any impact on the use of 101 Post Street proposed by ING Direct

UK property

The Group's roots are in UK property but in recent years exposure to this market has been kept low because it looked over-priced In line with the new policy of not holding illiquid investments the Company is no longer seeking any new property investments or development projects During the year the investment property in Canterbury was sold for £6 9m (compared to 31 March 2010 carrying value of £7.0m). This leaves the partly let development property at 140 West George Street, Glasgow as the last remaining directly held property

There are two investments in property joint ventures The first is in residential property in the South West of England through a 50% interest in Bowmore Estates Limited (Bowmore) The second, smaller, investment is in commercial property in Scotland through a 50% interest in Heathman Estates Limited (Heathman)

Report of the directors
continued

Our partners in both these joint ventures acknowledge that we do not wish the joint ventures to take on new projects Bowmore's current policy is to realise the remaining projects as quickly as is consistent with obtaining a satisfactory price Heathman owns two investment properties and the best way to maximise their value over the next year or two is being considered

There are several investments in quoted and unquoted property funds that give access to the varied expertise of different managers The investments made by these funds are mostly in the UK and Western Europe The value of the investments in quoted property companies increased by 8% during the year

Farming and forestry

During the year the Scottish Sporting Estate was sold as were two of the Scottish forestry investments These sales realised a profit of £4 8m This profit in part reflects 25 years of careful management of, and investment in, the Scottish Estate

The remaining investments are 1,000 acres of farmland in Wiltshire and 1,725 acres of forest in Scotland The Wiltshire farms produce beef cattle and arable crops Whilst the trading results of these operations do not significantly affect those of the Group the capital value has increased significantly since they were acquired

Sale of investment in associate

In 2001 Cairnstar Limited undertook a management buy-out of some of the Scottish cinemas and restaurants and a nightclub that were previously owned by the Group As part of the deal the Group took a 33% interest in Cairnstar In March 2011 the Group sold its investment in Cairnstar Limited back to that company resulting in a loss on sale to the Group of £0 7m This loss reflects the difficult trading conditions experienced by restaurants and especially nightclubs in the last couple of years Given the location of Cairnstar's units this is not a situation that is likely to change soon Over the period of the investment the distributions received by the Group from Cairnstar have slightly exceeded the amount invested

Cash

At 31 March 2011 the Company held free funds of £25m *(2010 £26m)* The majority of these funds are placed directly with UK banks

Risk

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

Pension Schemes

The Company has a final salary scheme (the Scheme) which covers UK employees In recent years, and in common with many other such schemes, there has been a dramatic increase in both the funding and administrative costs of the Scheme. As a result the Scheme was closed to further accrual with effect from 31 December 2010 During 2011/12 the Company intends to provide the additional funding needed to enable the Scheme liabilities to be taken over by an insurance company. The Scheme can then be wound up The amount of additional funding needed depends on the shortfall between the market value of the investments held by the Scheme and the amount required by the insurance company to take over the Scheme's obligations to pay present and future pensions These values will only be known at the time the buy out takes place The latest estimate of the shortfall is that it will be in the region of £6m The net pension liability at 31 March 2011 as shown in the accounts is £0 8m so if the buy out with the insurance company happens in 2011/12 there will be a charge of about £5m to profit and loss account

With effect from 1 January 2011 a defined contribution scheme has been put in place for UK employees The Company makes contributions to this scheme but the investment risk is borne by the employees and future administrative costs will be minimal

Future developments

At present there is an abundance of political and economic uncertainties As outlined above, the Group has a conservative asset allocation including significant holdings of cash This position is reinforced by the low levels of bank borrowing To date markets have generally held up well Our portfolio of financial investments should avoid the worst of any downturn whilst participating in any upturn

The performance of the US hotels is strongly influenced by the level of growth in the US economy We are cautiously optimistic that the improvement seen in 2010 will continue through 2011

Results

As shown by the consolidated profit and loss account the profit for the financial year was £2,986,000 *(2010 £6,052,000)*

Dividends

On 20 January 2011 interim dividends of 6 30 pence *(2010 6 30 pence)* per ordinary A Share and 6.93 pence *(2010 6 93 pence)* per ordinary B Share were paid The directors recommend payment of a final dividend of 7.95 pence *(2010 7 230 pence)* per ordinary A Share and 8 745 pence *(2010 7 953 pence)* per ordinary B Share

Report of the directors
continued

Directors

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

Directors' indemnity provisions

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

Shareholders

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

At 31 March 2011 the Underwood Trust, a Registered Charity, owned 2,107,177 *(2010 2,107,177)* B (non-voting) shares of £0 10 each, representing 24 5% *(2010 24 5%)* of the B shares in issue and 22 5% *(2010 22 5%)* of the total shares in issue

Payments to suppliers

The Company agrees terms and conditions for its business transactions with suppliers, with payment subject to the supplier fulfilling its obligations

The ratio, expressed in days, between the amounts invoiced to the Company by its suppliers in the year ended 31 March 2011 and amounts owed to its trade creditors at the end of the year was 22 days *(2010 23 days)*

Political and charitable gifts

The Group did not make any political or charitable gifts during the year *(2010 £nil)*

Disclosure of information to auditors

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

Auditors

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

On behalf of the Board,

J A Dipple

Director and Secretary

Fourth Floor South,
35 Portman Square,
London W1H 6LR
22 July 2011

Independent auditors' report to the members of Taylor Clark Limited

We have audited the financial statements of Taylor Clark Limited for the year ended 31 March 2011 set out on pages 12 to 38 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group and the parent company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

Steve Muncey

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

22 July 2011

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

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

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

Consolidated profit and loss account

for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover of the group including its share of joint ventures		13,765	18,362
Less Share of turnover of joint ventures		(102)	(1,772)
Group turnover	2	13,663	16,590
Cost of sales		(15,599)	(17,374)
Gross loss		(1,936)	(784)
Administrative expenses		(2,463)	(2,894)
Other operating income		970	1,352
Group operating loss	3	(3,429)	(2,326)
Share of operating profit of joint ventures		31	16
Share of operating loss of associate		(161)	(24)
Total operating loss		(3,559)	(2,334)
Gain on disposal of property		3,480	–
Gain on fixed asset investment disposals		1,355	411
Loss on disposal of associate		(729)	–
Gain on disposal of joint venture		1,896	–
Goodwill expensed on liquidation of subsidiaries	15	(728)	–
Provisions released against tangible fixed assets		–	1,026
Provisions released against fixed asset investments		1,631	6,961
Profit before interest		3,346	6,064
Interest receivable and similar income	4	309	373
Interest payable and similar charges	5	(1,403)	(1,378)
Share of net interest payable by joint ventures		(123)	(146)
Share of net interest receivable by associate		1	2
Profit on ordinary activities before taxation	2, 3	2,130	4,915
Taxation credit on profit on ordinary activities	8	856	1,137
Profit for the financial year	9	2,986	6,052

A statement of the reserves is given in note 23

All items dealt with in arriving at the operating loss for 2011 and 2010 relate to continuing operations

The notes referred to above form part of these accounts

Group statement of total recognised gains and losses

for the year ended 31 March 2011

	2011 £'000	2010 £'000
Profit/(loss) for the financial year		
Group	3,152	5,976
Share of joint ventures	(28)	93
Share of associate	(138)	(17)
	2,986	6,052
Unrealised deficit on revaluation of properties	(302)	(1,318)
Unrealised surplus on revaluation of investments	4,693	8,161
Currency translation difference on foreign currency net assets	(1,503)	(1,687)
Pension scheme actuarial loss	(51)	(1,524)
Deferred tax on pension scheme actuarial loss	(32)	427
Other recognised gains and losses	2,805	4,059
Total recognised gains and losses relating to the financial year	5,791	10,111

Note of historical cost profits and losses

for the year ended 31 March 2011

	2011 £'000	2010 £'000
Reported profit on ordinary activities before taxation	2,130	4,915
Realisation of revaluation gains of previous years	1,671	141
Historical cost profit on ordinary activities before taxation	3,801	5,056
Historical cost profit for the year retained after taxation and dividends	3,276	5,451

Group reconciliation of movements in shareholders' funds

for the year ended 31 March 2011

	2011 £'000	2010 £'000
Profit for the financial year	2,986	6,052
Dividends paid (Note 10)	(1,381)	(742)
Transfer to reserves	1,605	5,310
Other recognised gains and losses	2,805	4,059
Purchase of own shares	–	(8,208)
Liquidation of subsidiaries	728	–
Net movement in shareholders' funds	5,138	1,161
Opening balance of shareholders' funds	154,615	153,454
Closing balance of shareholders' funds	159,753	154,615

Group balance sheet
at 31 March 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible asset	11	283	322
Tangible assets	12	48,722	61,388
Investments in joint ventures			
Share of gross assets		4,805	9,550
Share of gross liabilities		(1,751)	(5,911)
	13	3,054	3,639
Investment in associated undertaking	14	–	917
Other investments	15	89,866	70,386
		141,925	136,652
Current assets			
Property and developments		4,650	5,210
Stocks	17	240	228
Debtors due after one year	18	–	18
Debtors due within one year	18	1,567	3,005
Investments		855	817
Cash at bank and in hand		29,486	29,375
		36,798	38,653
Creditors amounts falling due within one year	19	(5,386)	(4,379)
Net current assets		31,412	34,274
Total assets less current liabilities		173,337	170,926
Creditors amounts falling due after more than one year	20	(12,436)	(13,395)
Provisions for liabilities and charges	21	(554)	(1,620)
Net pension liability	7	(594)	(1,296)
Net assets		159,753	154,615
Capital and reserves			
Called up share capital	22	935	935
Capital redemption reserve	23	1,368	1,368
Revaluation reserve	23	18,811	16,264
Profit and loss account	23	138,639	136,048
Shareholders' funds		159,753	154,615

Approved by the Board on 22 July 2011 and signed on its behalf by

J A Dippie
R J Harvey *Directors*

The notes referred to above form part of these accounts

Consolidated cash flow statement

for the year ended 31 March 2011

	2011 £'000	2010 £'000
Net cash (outflow)/inflow from operating activities	(2,107)	1,549
Returns on investments and servicing of finance	(391)	(333)
Taxation	1,578	292
Capital expenditure and financial investment	(1,173)	(9,254)
Acquisitions and disposals	2,463	–
Dividends paid (note 10)	(1,381)	(742)
Cash outflow before use of liquid resources and financing	(1,011)	(8,488)
Management of liquid resources	(1,310)	6,024
Financing		
Decrease in debt	(310)	(2,469)
Purchase of own shares	–	(8,208)
Decrease in cash	(2,631)	(13,141)

Reconciliation of net cash flow to movement in net funds

	2011 £'000	2010 £'000
Decrease in cash in the year	(2,631)	(13,141)
Cash inflow/(outflow) from movement in liquid resources	1,310	(6,024)
Decrease in debt	310	2,469
Movement resulting from cash flows	(1,011)	(16,696)
Translation difference	607	1,599
Movement in the year	(404)	(15,097)
Net funds at 1 April 2010	16,277	31,374
Net funds at 31 March 2011	15,873	16,277

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

Company balance sheet
at 31 March 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	12	268	7,341
Investment in joint venture	13	357	357
Investment in associated undertaking	14	-	900
Other investments	15	111,983	96,602
		112,608	105,200
Current assets			
Debtors due after one year	18	20,226	20,648
Debtors due within one year	18	201	361
Investments		855	817
Cash at bank and in hand		25,107	27,036
		46,389	48,862
Creditors amounts falling due within one year	19	(26,002)	(24,814)
Net current assets		20,387	24,048
Total assets less current liabilities		132,995	129,248
Provisions for liabilities and charges	21	-	(464)
Net pension liability	7	(594)	(1,296)
Net assets		132,401	127,488
Capital and reserves			
Called up share capital	22	935	935
Capital redemption reserve	23	1,368	1,368
Revaluation reserve	23	16,074	12,651
Profit and loss account	23	114,024	112,534
Shareholders' funds		132,401	127,488

Approved by the Board on 22 July 2011 and signed on its behalf by

J A Dippie
R J Harvey *Directors*

The notes referred to above form part of these accounts

Company number 340727

Notes on the accounts

1 **Accounting policies**

Basis of preparation

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

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

Going concern

The Company's business activities are set out in the Business Review section of the Directors' Report On the basis of their assessment of the Company's financial position and resources, the directors believe that the Company is well placed to manage its business risks Therefore, the Company's directors have a reasonable expectation that the Company 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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2011 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

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

Under section 408(3) of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Goodwill and negative goodwill

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

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

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

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

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

Notes on the accounts
continued

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

Depreciation of fixed assets

Fixed assets are depreciated on a straight line basis over their estimated useful lives adopting the following rates per annum

Investment properties and freehold land	–	nil
Freehold buildings	–	0%-4%
Other tangible assets		
Short life equipment	–	50%
Farming equipment	–	At between 10% and 20%
Other plant and equipment	–	At between 10% and 33%
Assets in course of construction	–	nil

Investment property

In accordance with SSAP 19, as amended in July 1994, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, except where there is a deficit on an individual investment property that is expected to be permanent, which is charged to the profit and loss account for the period No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over twenty one years to run

This treatment, as regards certain of the group's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets However, these properties are held for investment and the directors consider that systematic annual depreciation would be inappropriate The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified The profits and losses on disposal of investment properties are computed by reference to the valuation at the previous year end of the assets concerned plus subsequent expenditure

Trading property

Trading properties are stated at cost less depreciation

Fixed asset investments

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

Other investments held as fixed assets are shown at cost less provision, where in the opinion of the directors there has been an impairment in value

Forestry

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

Current asset investments

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

Derivative financial instruments

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

Derivative financial instruments are included at cost

1 Accounting policies *(continued)*

Property and developments held as current assets

Properties held for development are included in current assets at the lower of cost and net realisable value Cost comprises the original cost of the property, together with subsequent third party development costs until the property is complete and available for use

Stocks

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

Leased assets

Rentals payable under operating leases are charged to the profit and loss account as they are incurred

Turnover

Turnover represents income from sales of property held for development, rents, farm produce and leisure operations, excluding Value Added Tax

Taxation

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

Foreign currency

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

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

Pensions

The Group operates a pension scheme providing benefits based on final pensionable pay that was closed to further accrual on 31 December 2010 The assets of the scheme are held separately from those of the group

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

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

From 1 January 2011 a defined contribution scheme was introduced and the Company contributions to this scheme are included in the pension charge for the year

Cash and liquid resources

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

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

Notes on the accounts
continued

2 Turnover and business segment analysis

By activity

2011	*Property* £'000	*Hotels and leisure* £'000	*Financial investments* £'000	*Other* £'000	*Total* £'000
Group turnover	897	12,306	–	460	13,663
Operating (loss)/profit					
Group	(184)	(1,891)	870	(2,224)	(3,429)
Share of joint ventures	31	–	–	–	31
Share of associate	–	(161)	–	–	(161)
	(153)	(2,052)	870	(2,224)	(3,559)
Gains on property disposals	(271)	–	–	3,751	3,480
Gains on fixed asset investment disposals	–	–	369	986	1,355
Loss on disposal of associate	–	(729)	–	–	(729)
Gain on disposal of joint venture	–	–	–	1,896	1,896
Goodwill expensed on liquidations	–	(728)	–	–	(728)
Provisions released against fixed asset investments	–	–	1,631	–	1,631
Interest receivable	54	1	–	254	309
Interest payable	–	(369)	–	(1,034)	(1,403)
Share of joint ventures/associates net interest	(123)	1	–	–	(122)
Profit/(loss) before taxation	(493)	(3,876)	2,870	3,629	2,130
Assets employed					
Group	12,194	31,708	80,255	32,542	156,699
Share of joint ventures	3,054	–	–	–	3,054
	15,248	31,708	80,255	32,542	159,753
2010					
Group turnover	3,991	12,221	–	378	16,590
Operating (loss)/profit					
Group	1,311	(1,815)	1,297	(3,119)	(2,326)
Share of joint ventures	(13)	–	–	29	16
Share of associate	–	(24)	–	–	(24)
	1,298	(1,839)	1,297	(3,090)	(2,334)
Gains on fixed asset investment disposals	–	–	411	–	411
Provisions released against tangible fixed assets	1,026	–	–	–	1,026
Provisions released against fixed asset investments	–	–	6,961	–	6,961
Interest receivable	47	1	–	325	373
Interest payable	–	(463)	–	(915)	(1,378)
Share of joint ventures/associates net interest	(110)	2	–	(36)	(144)
Profit/(loss) before taxation	2,261	(2,299)	8,669	(3,716)	4,915
Assets employed					
Group	19,992	35,581	69,265	25,221	150,059
Share of joint ventures	2,903	–	–	736	3,639
Share of associated undertaking	–	917	–	–	917
	22,895	36,498	69,265	25,957	154,615

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

2 Turnover and business segment analysis *(continued)*

By geographical market (by destination and origin)		2011			2010	
	UK	*USA*	*Total*	*UK*	*USA*	*Total*
	£'000	£'000	£'000	£'000	£'000	£'000
Group turnover	**1,357**	**12,306**	**13,663**	4,153	12,437	16,590
Operating (loss)/profit						
Group	**(1,385)**	**(2,044)**	**(3,429)**	(154)	(2,172)	(2,326)
Share of joint ventures	**31**	**–**	**31**	(13)	29	16
Share of associate	**(161)**	**–**	**(161)**	(24)	–	(24)
	(1,515)	**(2,044)**	**(3,559)**	(191)	(2,143)	(2,334)
Gains on property disposals	**3,480**	**–**	**3,480**	–	–	–
Gains on fixed assets investment disposals	**1,355**	**–**	**1,355**	411	–	411
Loss on disposal of associate	**(729)**	**–**	**(729)**	–	–	–
Gains on disposal of joint venture	**–**	**1,896**	**1,896**	–	–	–
Goodwill expensed on liquidations	**(728)**	**–**	**(728)**	–	–	–
Provisions released against tangible fixed assets	**–**	**–**	**–**	1,026	–	1,026
Provisions released against fixed assets investments	**1,631**	**–**	**1,631**	6,961	–	6,961
Interest receivable	**298**	**11**	**309**	355	18	373
Interest payable	**(197)**	**(1,206)**	**(1,403)**	(1)	(1,377)	(1,378)
Share of joint ventures/associates net interest	**(122)**	**–**	**(122)**	(108)	(36)	(144)
Profit/(loss) before taxation	**3,473**	**(1,343)**	**2,130**	8,453	(3,538)	4,915
Assets employed						
Group	**121,839**	**34,860**	**156,699**	112,805	37,254	150,059
Share of joint ventures	**3,054**	**–**	**3,054**	2,903	736	3,639
Share of associated undertaking	**–**	**–**	**–**	917	–	917
	124,893	**34,860**	**159,753**	116,625	37,990	154,615

3 Profit on ordinary activities before taxation

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

	2011	2010
	£'000	£'000
Crediting		
Income from listed investments	**695**	969
Charging		
Depreciation	**2,938**	3,068
Auditors' remuneration		
Audit of these financial statements	**51**	52
Audit of subsidiaries	**102**	139
Tax and other services	**143**	177
Pension service cost for defined benefit scheme	**172**	135

Notes on the accounts
continued

4 **Interest receivable and similar income**

	2011 £'000	2010 £'000
Bank and other interest receivable	242	373
Currency translation differences	67	–
	309	373

5 **Interest payable and similar charges**

	2011 £'000	2010 £'000
Bank loans and overdrafts	631	706
Currency translation differences	772	672
	1,403	1,378

6 **Staff costs and directors' emoluments**

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

	2011 Number	2010 Number
Property, management and administration	12	12
Hotels	200	125
Other	4	5
	216	142

The aggregate payroll costs of these persons were as follows

	2011 £'000	2010 £'000
Wages and salaries	3,599	3,013
Social security costs	467	329
Other pension costs	1,065	238
	5,131	3,580

Directors' remuneration

	2011 £'000	2010 £'000
Directors' emoluments	934	522

The aggregate of emoluments of the highest paid director (excluding pension contributions) were £178,000 *(2010. £173,000)* 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 £90,000 (*2010 £86,000*)

	Number of directors 2011	2010
Retirement benefits accrued to 31 December 2010 for the following number of directors under a defined benefit scheme	3	3

7 **Pensions**

Taylor Clark Limited Retirement and Death Benefit Scheme

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

With effect from 31 December 2010 the defined benefit pension scheme was closed to future accrual This is a 'curtailment' as defined in FRS 17 As more fully described in the Directors' Report the Company, advised by its consultants, intends to arrange for an insurance company to take on the liabilities of the scheme during 2011/12 Once that process is complete the scheme will be wound up

The pension contribution for the year was £1,067,000 *(2010 £370,000)* The contribution of the group for the scheme was 27 5% *(2010 27 5%)* of total pensionable salary The employees contributed an additional 6% *(2010 6%)*

Financial Statement

The amounts recognised in the balance sheet are as follows

	2011	2010
	£'000	£'000
Present value of funded liabilities	10,977	10,520
Fair value of scheme assets	(10,174)	(8,720)
Deficit	803	1,800
Related deferred tax asset	(209)	(504)
Net liability	594	1,296

The amounts recognised in profit or loss are as follows

	2011	2010
	£'000	£'000
Current service cost	172	135
Interest cost	584	507
Expected return on pension scheme assets	(558)	(507)
Past service costs	476	–
Gains on any curtailments	(613)	–
Losses on any settlements	3	–
Total	64	135
Actual return on scheme assets	682	1,377

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

	2011	2010
	£'000	£'000
Opening cumulative STRGL	(2,273)	(749)
Actuarial (losses)	(51)	(1,524)
Closing cumulative STRGL	(2,324)	(2,273)

Notes on the accounts

continued

7 **Pensions** *(continued)*

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

	2011 £'000	2010 £'000
Opening defined benefit liability	10,520	7,513
Service cost	172	135
Employee contributions	30	39
Interest cost	584	507
Actuarial losses	175	2,394
Past service costs	476	–
Gains on curtailments	(613)	–
Liabilities extinguished on settlements	(353)	–
Benefits paid	(14)	(68)
Closing defined benefit liability	10,977	10,520

Changes in the fair value of scheme assets are as follows

	2011 £'000	2010 £'000
Opening fair value of scheme assets	8,720	7,002
Expected return	558	507
Actuarial gains	124	870
Assets distributed on settlements	(311)	–
Contributions by employer	1,067	370
Contributions by members	30	39
Benefits paid	(14)	(68)
Closing fair value of scheme assets	10,174	8,720

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

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

	2011	2010
Equities	7.1%	7 8%
Diversified growth fund	23.7%	25 5%
Bonds	23.8%	26 0%
Annuities	35.4%	38 3%
Other	10.0%	2 4%

Disclosure of principal assumptions

	2011	2010
Discount rate	5.50%	5 50%
Expected return on scheme assets at 31 March	6.08%	6 12%
Future salary increases	n/a	5 60%
Future pension increases	3 85%	3 80%
Post retirement mortality	†	*

† S1NMA – CMI_2009 tables projected by birth year allowing for a 1% underpin

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

7 Pensions *(continued)*

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

	2011	2010
Equities and diversified growth fund	**7.75%**	7 75%
Bonds and annuities	**5.50%**	5 50%
Other	**4.40%**	0 50%

Historical pension scheme information

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Defined benefit liability	**(10,977)**	(10,520)	(7,513)	(7,711)	(8,265)
Scheme assets	**10,174**	8,720	7,002	7,343	7,406
Surplus/(deficit)	**(803)**	(1,800)	(511)	(368)	(859)
Experience adjustments on scheme liabilities	**181**	253	58	(180)	276
Experience adjustments on scheme assets	**124**	870	(1,022)	(1,043)	(101)

Defined contribution pension scheme

Since 1 January 2011 the Group has operated a defined contribution pension scheme The pension cost charge for the period includes contributions payable by the Group to the scheme of £19,000 *(2010 £nil)*

Contributions amounting to £7,715 *(2010 £nil)* were payable to the scheme at the year end and are included in creditors

8 Taxation

	2011	2010
	£'000	£'000
Analysis of credit in period		
UK corporation tax		
Current tax on income for the period	**19**	(100)
Adjustments in respect of prior years	**(17)**	(15)
	2	(115)
Foreign tax		
Current tax on income for the period	**(4)**	1,390
Adjustments in respect of prior periods	**31**	48
Total current tax	**29**	1,323
Deferred tax (note 21)	**741**	(414)
Share of joint ventures tax	**64**	223
Share of associate's tax	**22**	5
Tax credit on profit on ordinary activities	**856**	1,137

Notes on the accounts

continued

8 **Taxation** *(continued)*

Factors affecting the tax credit for the current period

The current tax credit for the period is lower *(2010 lower)* than the standard rate of corporation tax in the UK of 28% *(2010 28%)* The differences are explained below.

	2011 £'000	2010 £'000
Current tax reconciliation		
Profit on ordinary activities before taxation	2,130	4,915
Current tax at 28% (2010 28%)	596	1,376
Effects of		
Gains from fixed asset disposals and liquidations	394	–
Provision movements not chargeable	(65)	(2,198)
Chargeable gains	(1,390)	(118)
Depreciation in excess of/(less than) capital allowances	123	(80)
Income not taxable	(212)	(192)
Expenses not deductible	–	15
Tax losses brought forward utilised	(182)	–
Unrelieved tax losses carried forward	631	55
Adjustments to prior periods	(19)	(32)
Higher overseas tax rates	(2)	(262)
Sundry other items	97	113
Total current tax credit	(29)	(1,323)

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax liability which has been included in the figures above

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing properties to their market value or on fixed asset investments revalued The total amounts not provided for properties are £1,609,000 *(2010 £1,734,000)* and for fixed asset investments £2,668,000 *(2010 £1,664,000)* At present it is not envisaged that any tax will become payable in the foreseeable future

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

	2011 £'000	2010 £'000
Dealt with in the accounts of the holding company	1,684	8,411
Retained by subsidiary undertakings	1,302	(2,359)
	2,986	6,052

10 **Dividends**

	2011 £'000	2010 £'000
Amounts recognised as distributions to equity shareholders in the year		
Final dividends for the year ended 31 March 2010		
Ordinary A shares 7 230p, *(31 March 2009 nil)* per share	54	–
Ordinary B shares 7 953p, *(31 March 2009 nil)* per share	684	–
Interim dividends for the year ended 31 March 2011		
Ordinary A shares 6 30p, *(31 March 2010 6 30p)* per share	47	56
Ordinary B shares 6 93p, *(31 March 2010 6 93p)* per share	596	686
Total dividends paid in the year	1,381	742

10 Dividends *(continued)*

	2011 £'000	2010 £'000
Proposed final dividends for the year ended 31 March		
Ordinary A shares, 7 950p *(2010 7 230p)* per share	59	54
Ordinary B shares, 8 745p *(2010 7 953p)* per share	752	684
	811	738

11 Intangible asset

Purchased goodwill

	£'000
Group	
1 April 2010	322
Amortisation	(22)
Translation difference	(17)
31 March 2011	283

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

12 Fixed assets Tangible assets

Group	*Freehold property* *Investment* £'000	*Trading* £'000	*Leasehold property investment* £'000	*Other tangible assets* £'000	*Total* £'000
Cost or valuation					
1 April 2010	7,911	43,387	6,994	13,299	71,591
Additions	146	585	–	699	1,430
Disposals	–	(1,479)	(6,994)	(225)	(8,698)
Translation difference	(425)	(2,030)	–	(642)	(3,097)
Deficit on revaluation	(302)	–	–	–	(302)
31 March 2011	**7,330**	**40,463**	**–**	**13,131**	**60,924**
Cost	–	40,463	–	13,131	53,594
Valuation	7,330	–	–	–	7,330
	7,330	**40,463**	**–**	**13,131**	**60,924**
Depreciation					
1 April 2010	–	4,864	–	5,339	10,203
Charged in year	–	834	–	2,104	2,938
Disposals	–	(284)	–	(188)	(472)
Translation difference	–	(224)	–	(243)	(467)
31 March 2011	**–**	**5,190**	**–**	**7,012**	**12,202**
Net book value					
1 April 2010	7,911	38,523	6,994	7,960	61,388
31 March 2011	**7,330**	**35,273**	**–**	**6,119**	**48,722**
Historical cost of items valued under the alternative accounting rules	4,593	–	–	–	4,593

Notes on the accounts

continued

12 **Fixed assets Tangible assets** *(continued)*

	Leasehold investment property £'000	*Other tangible assets* £'000	*Total* £'000
Company			
Cost or valuation			
1 April 2010	7,017	517	7,534
Disposal	(7,017)	–	(7,017)
31 March 2011	**–**	**517**	**517**
Cost	–	517	517
Valuation	–	–	–
	–	**517**	**517**
Depreciation			
1 April 2010	–	193	193
Charged in year	–	56	56
31 March 2011	**–**	**249**	**249**
Net book value			
1 April 2010	7,017	324	7,341
31 March 2011	**–**	**268**	**268**
Historical cost of items valued under the alternative accounting rules	–	–	–

Tangible fixed assets at 31 March 2011 have been included on the following bases

- The freehold investment property has been valued on an open market basis at 31 March 2011 by Integra Realty Resources, Inc independent professional property valuers
- Trading property is included at cost less depreciation
- Other tangible assets comprise fixtures, fittings, plant, machinery and motor vehicles These assets are included at cost less provision for depreciation and, if appropriate, impairment in value

13 Fixed assets Investments in joint ventures

	Group £'000	*Company* £'000
At 1 April 2010	3,639	357
Additions	180	-
Share of earnings	(28)	-
Translation difference	(40)	-
Disposals	(697)	-
At 31 March 2011	**3,054**	**357**

At 1 April 2010 the Group held a 47 5% interest in Hill Creek Farms LLC which operates an almond orchard and vineyard in Northern California In April 2010 the Group's entire interest in Hill Creek Farms LLC was bought back by that company for $4,156,250

At both 1 April 2010 and 31 March 2011 the Group held interests in the following joint ventures

- 50% of the voting rights and exercises joint control of Bowmore Estates Limited ("Bowmore"), a property development company incorporated in England and Wales,

  During the year ended 31 March 2011 the Group advanced £180,000 to Bowmore *(2010 £nil)* At 31 March 2011 the principal of the loan was £3,718,307 *(2010 £3,538,307)* and interest of £80,577 *(2010 £26,465)* was accrued on the loan Interest of £nil *(2010 £84,919)* was paid on the loan during the year,

- 50% of the voting rights and exercises joint control of Heathman Estates Limited ("Estates"), a property investment company incorporated in Scotland The company was formed to acquire a portfolio of investment properties in Scotland

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

	Group share of joint ventures £'000
Turnover	102
Loss before taxation	(92)
Taxation	65
Profit after taxation	27
Fixed assets	1,333
Current assets	3,472
Liabilities due within one year	(1,751)

Estates and Bowmore are subject to UK corporation tax

Notes on the accounts
continued

14 **Fixed assets Investment in associated undertaking**

	Group £'000	*Company* £'000
1 April 2010	917	900
Share of results	(138)	–
Disposals	(779)	(900)
31 March 2011	–	–

The associated undertaking is Cairnstar Limited, a company registered in Scotland Cairnstar was formed to effect a management buy out of certain of the Group's leisure businesses in the North of Scotland The Group's interest in Cairnstar at 31 March 2011 was 0% *(2010 33%)*

Further information as required by FRS 9 is set out below

	Group share of associate £'000
Turnover	879
Loss before tax	(160)
Taxation	22
Loss after tax	(138)
Fixed assets	–
Current assets	–
Liabilities due within one year	–
Liabilities due after one year	–

15 **Fixed assets Other investments**

	Listed £'000	*Forestry* £'000	*Other* £'000	*Total* £'000
Group				
Cost or market value				
1 April 2010	65,005	1,937	9,162	76,104
Additions	19,201	–	1,982	21,183
Disposals	(7,001)	(1,049)	–	(8,050)
Revaluation surplus	4,693	–	–	4,693
31 March 2011	**81,898**	**888**	**11,144**	**93,930**
Provisions				
1 April 2010	4,410	–	1,308	5,718
(Released)/charged	(1,888)	–	258	(1,630)
Disposals	(24)	–	–	(24)
31 March 2011	**2,498**	**–**	**1,566**	**4,064**
Net book value				
31 March 2010	60,595	1,937	7,854	70,386
31 March 2011	**79,400**	**888**	**9,578**	**89,866**

15 Fixed assets Other investments *(continued)*

	Listed £'000	Shares in subsidiary undertakings £'000	Other £'000	Total £'000
Company				
Cost or market value				
1 April 2010	65,005	34,775	9,161	108,941
Additions	19,200	–	1,982	21,182
Disposals	(7,001)	(10,997)	–	(17,998)
Revaluation surplus	4,693	–	–	4,693
31 March 2011	**81,897**	**23,778**	**11,143**	**116,818**
Provisions				
1 April 2010	4,410	6,621	1,308	12,339
(Released)/provided in year	(1,889)	87	258	(1,544)
Disposals	(24)	(5,936)	–	(5,960)
31 March 2011	**2,497**	**772**	**1,566**	**4,835**
Net book value				
31 March 2010	60,595	28,154	7,853	96,602
31 March 2011	**79,400**	**23,006**	**9,577**	**111,983**

For both the Group and the Company the 'Other' column includes a loan of £4,361,654 to a third party property development company and is secured on a development site controlled by that company The terms of the loan entitle the Company to a compound annual return of 15% pa Interest accrued but unpaid on the loan to 31 March 2011 is £2,046,367 Realisation of both interest and principal depends on the financial success of the project As the outcome of the project is not certain the Company regards the accrued interest as a contingent asset and it has not been recognised as income

The decrease in 'Shares in subsidiary undertakings' is the result of three dormant subsidiaries having been placed into members' voluntary liquidation during the year The goodwill on acquisition of one of these subsidiaries of £728,000 was written off many years ago directly to profit and loss account reserves. Current accounting rules require that on disposal of the subsidiary the amount previously written off directly to reserves is shown in the profit and loss account as part of the profit or loss on disposal This is the reason for the charge of £728,000 in the profit and loss account and the corresponding credit to the profit and loss account reserve

16 Subsidiary undertakings

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

	Percentage of equity owned at 31 March 2011	*Country of registration/ incorporation*
Property		
Taylor Clark Properties Limited	100	Scotland
Farming and forestry		
Wylye Valley Farming Limited	100	England
USA (Property, farming, hotels and restaurants)		
Taylor Clark Inc	100*	USA
Castlehill Properties Inc	100*	USA
HHP Equity Partners LLC	100*	USA
Kirkland Hotel Group LLC	100*	USA

**Owned by a subsidiary undertaking*

Notes on the accounts

continued

17 Stocks

	Group 2011 £'000	Group 2010 £'000
Stocks comprise		
Farm produce	240	228

18 Debtors

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts due after one year				
Amounts owed by subsidiary undertakings	–	–	20,226	20,584
Prepayments and accrued income	–	18	–	64
	–	18	20,226	20,648
Amounts due within one year				
Trade debtors	438	267	3	5
Corporation tax receivable	17	1,666	15	145
Other debtors	732	505	39	6
Prepayments and accrued income	380	567	133	205
Deferred tax asset	–	–	11	–
	1,567	3,005	201	361

19 Creditors amounts falling due within one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans and overdrafts	2,032	520	1,792	197
Trade creditors	1,040	1,291	73	38
Amounts owed to subsidiary undertakings	–	–	23,949	24,206
Other creditors including taxation and social security	1,639	1,834	7	64
Accruals and deferred income	675	734	181	309
	5,386	4,379	26,002	24,814
Other creditors including taxation and social security comprise				
Corporation tax	–	100	–	–
Other taxes	–	8	–	8
Social security	–	30	–	25
Other creditors	1,639	1,696	7	31
	1,639	1,834	7	64

£2,032,000 *(2010 £520,000)* of the bank loans and overdrafts are secured by a debenture granted to a bank over the whole assets and undertaking of the Company and by charges over certain of the group's assets

20 Creditors amounts falling due after one year

	Group		*Company*	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Bank loans				
Repayable between 1 and 2 years	**8,652**	529	**-**	-
Repayable between 2 and 5 years	**991**	9,538	**-**	-
Repayable over 5 years	**2,793**	3,328	**-**	-
	12,436	13,395	**-**	-

£4,326,000 *(2010 £4,825,000)* relates to a mortgage loan secured against the Heathman Hotel, Portland The formal terms of this loan are that it is repaid by regular instalments by March 2023 Interest is charged at 7 77% fixed until June 2013 when it will rise to a penal rate There is a six month period commencing in December 2012 when, at the Group's option, the loan can be repaid without penalty The Group intends to exercise this option The repayment schedule in the above table does not reflect the intended exercise of this option

£8,110,000 *(2010 £8,570,000)* relates to a UK bank loan of US$13 million repayable in June 2012 Interest is charged at 1 73% above the US$ three month LIBOR rate The loan is secured by a debenture over the whole assets and undertaking of the Company and two UK subsidiaries

A three year cap contract was purchased at the same time as the US$13 million loan was drawn and protects the Group from the overall interest rate rising above 4 73% The cap cost £147,133 and is being amortised over its three year life The principal of the cap is US$13 million which matches the loan drawn down The fair value of the cap at 31 March 2011 was £543 *(2010 £25,339)*

21 Provisions for liabilities and charges

	Deferred taxation
	£'000
Group	
1 April 2010	1,620
Credited to profit and loss account	(741)
Translation difference	(62)
Pension scheme deferred tax	(263)
31 March 2011	**554**

	Deferred taxation
Company	£'000
1 April 2010	464
Credited to profit and loss account	(212)
Pension scheme deferred tax	(263)
31 March 2011 – asset, see note 18	**(11)**

Notes on the accounts

continued

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

The elements of deferred taxation are as follows

	Group		*Company*	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Difference between accumulated depreciation and amortisation and capital allowances	**907**	1,110	**-**	481
Basis difference and other timing differences	**304**	679	**-**	-
Deferred tax provision	**1,211**	1,789	**-**	481
Deferred tax assets				
Expenses not currently deductible	**144**	169	**11**	17
Losses not utilised in year	**513**	-	**-**	-
	657	169	**11**	17
Deferred tax liability/(asset)	**554**	1,620	**(11)**	464

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax liability which has been included in the figures above

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above The overall effect of the further reductions from 26 per cent to 23 per cent, if these applied to the UK deferred tax balance at 31 March 2011, would not be significant

22 **Share capital**

The authorised share capital at 31 March 2010 and 2011 was 2,500,000 ordinary £0 10 A shares and 22,500,000 ordinary £0 10 B shares

	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 2010 and 2011	**748,236**	**75**	**8,598,877**	**860**	**935**

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

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

23 Reserves

	Capital redemption reserve £'000	Revaluation reserve Properties £'000	Revaluation reserve Listed investments £'000	Profit and loss account £'000	Total £'000
Group					
1 April 2010	1,368	3,613	12,651	136,048	153,680
Profit for the year	–	–	–	2,986	2,986
Dividends paid	–	–	–	(1,381)	(1,381)
(Decrease)/increase arising on revaluation	–	(302)	4,693	–	4,391
Realised on disposal	–	(401)	(1,270)	1,671	–
Currency translation difference	–	(173)	–	(1,330)	(1,503)
Liquidation of subsidiaries	–	–	–	728	728
Pension scheme actuarial loss after tax	–	–	–	(83)	(83)
31 March 2011	**1,368**	**2,737**	**16,074**	**138,639**	**158,818**
Reserves excluding pension related adjustments	1,368	2,737	16,074	139,233	159,412
Net pension liability	–	–	–	(594)	(594)
Reserves as adjusted	1,368	2,737	16,074	138,639	158,818

	Capital redemption reserve £'000	Revaluation reserve Listed investments £'000	Profit and loss account £'000	Total £'000
Company				
1 April 2010	1,368	12,651	112,534	126,553
Profit for the year	–	–	1,684	1,684
Dividends paid	–	–	(1,381)	(1,381)
Increase arising on revaluation	–	4,693	–	4,693
Realised on disposal	–	(1,270)	1,270	–
Pension scheme actuarial loss after tax	–	–	(83)	(83)
31 March 2011	**1,368**	**16,074**	**114,024**	**131,466**
Reserves excluding pension related adjustments	1,368	16,074	114,618	132,060
Net pension liability	–	–	(594)	(594)
Reserves as adjusted	1,368	16,074	114,024	131,466

At 31 March 2011, the cumulative negative goodwill credited to group reserves amounted to £1,078,000 *(2010 £350,000)*

Notes on the accounts
continued

24 **Notes to the cash flow statement**

Reconciliation of operating loss to net cash inflow from operating activities

	2011 £'000	2010 £'000
Group operating loss	(3,429)	(2,326)
Depreciation charges	2,938	3,068
(Profit)/loss on fixed asset disposals	(353)	63
Currency translation differences	(189)	(908)
Increase in stocks	(12)	(7)
(Increase)/decrease in debtors	(193)	98
(Decrease)/increase in creditors	(403)	1,166
Decrease in property and developments	560	653
Goodwill amortisation	22	43
Net pension service income	(1,074)	(235)
Pension other finance cost	26	(66)
Net cash (outflow)/inflow from operating activities	(2,107)	1,549

Returns on investments and servicing of finance		
Interest received	242	373
Interest paid	(633)	(706)
Net cash outflow from returns on investments and servicing of finance	(391)	(333)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,430)	(1,688)
Purchase of fixed asset investments	(21,183)	(12,130)
Proceeds from sales of tangible fixed assets	12,060	6
Proceeds from sales of fixed asset investments	9,380	4,558
Net cash outflow from capital expenditure and financial investment	(1,173)	(9,254)
Acquisitions and disposals		
Investments in joint ventures	(180)	-
Proceeds of sale of joint venture	2,593	-
Proceeds of sale of associate	50	-
Net cash inflow from acquisitions and disposals	2,463	-
Management of liquid resources		
Cash added from fixed deposits	(1,272)	(2,600)
(Increase)/decrease in current asset investments	(38)	8,624
Net cash (outflow)/inflow from management of liquid resources	(1,310)	6,024

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

Analysis of net funds

	1 April 2010 £'000	*Cash flow* £'000	*Exchange Movement* £'000	**31 March 2011 £'000**
Cash in hand and at bank	16,775	(1,036)	(125)	**15,614**
Overdrafts	(197)	(1,595)	–	**(1,792)**
		(2,631)		
Debt due after 1 year	(13,395)	240	719	**(12,436)**
Debt due within 1 year	(323)	70	13	**(240)**
Funds on deposit over one day	12,600	1,272	–	**13,872**
Current asset investments	817	38	–	**855**
Total	16,277	(1,011)	607	**15,873**

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 £18,549,000 *(2010 £16,213,000)*

The Company has a commitment under an operating lease to pay rent for its offices of £197,000 per annum *(2010 £197,000 per annum)* until June 2017, subject to the Company potentially exercising its option to break the contract in June 2014

26 Contingent liabilities

The Company, together with certain of its fellow group undertakings, has group facilities with its bankers In connection with these facilities each participating undertaking has guaranteed the debt due by its fellow participating undertakings to its bankers The Company's potential liability under the guarantee at 31 March 2011 was £8,110,000 *(2010 £8,658,000)*

Notes on the accounts

continued

27 **Related party transactions**

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

	Sub note	2011 £'000	2010 £'000
Management charge to The Underwood Trust, in respect of services provided by the group	1	**21**	20
Dividends paid by Taylor Clark Limited and received in a beneficial capacity by			
The Underwood Trust		**314**	146
Directors of Taylor Clark Limited		**160**	74

Sub notes

1 At 31 March 2011, The Underwood Trust held 2,107,177 B shares *(2010 2,107,177 B shares)* of £0 10 each, representing 24 5% *(2010 24 5%)* of the B shares in issue and 22 5% *(2010 22 5%)* of the total shares in issue

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

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

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

Financial record

for the years ended 31 March

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Group turnover	13,663	16,590	13,635	14,846	27,077
Reconciliation of movements in shareholders' funds					
Profit/(loss) after taxation	2,986	6,052	(13,454)	5,051	11,484
Dividends	(1,381)	(742)	(1,921)	(2,217)	(1,729)
Other recognised gains and (losses)	3,533	4,059	2,884	(2,063)	1,785
Purchase of own shares	-	(8,208)	(15,000)	–	-
Net movement in shareholders' funds	5,138	1,161	(27,491)	771	11,540
Opening balance of shareholders' funds	154,615	153,454	180,945	180,174	168,634
Closing balance of shareholders' funds	159,753	154,615	153,454	180,945	180,174
Balance sheet					
Fixed assets					
Tangible assets	49,005	61,710	66,502	36,992	42,119
Investments	92,920	74,942	51,803	82,873	67,755
Net current assets	31,412	34,274	42,194	65,769	89,236
Other liabilities and provisions	(13,584)	(16,311)	(7,045)	(4,689)	(18,936)
Net assets	159,753	154,615	153,454	180,945	180,174
Capital and reserves					
Called up share capital	935	935	1,079	1,351	1,351
Revaluation reserve	18,811	16,264	9,826	19,164	21,534
Other reserves	140,007	137,416	142,549	160,430	157,289
Shareholders' funds	159,753	154,615	153,454	180,945	180,174

Directors of principal subsidiary companies

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

*Non-executive

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