

Companies House copy  
Taylor Clark Limited  
00340727

# Annual report

for the year ended 31 March 2013

Contents	Page
Directors and advisers	2
Report of the directors	3
Independent auditor's report	9
Statement of directors' responsibilities	11
Consolidated profit and loss account	12
Group statement of total recognised gains and losses	13
Note of historical cost profits and losses	13
Group reconciliation of movements in shareholders' funds	13
Group balance sheet	14
Consolidated cash flow statement	15
Company balance sheet	16
Notes on the accounts	17
Financial record	39
Directors of principal subsidiary companies	40



## Directors and advisers

Directors	<p>*Andrew R Clark</p> <p>John A Dippie FCA <i>Finance</i></p> <p>Reginald J Harvey <i>Chief Executive</i></p> <p>*Briony J Wilson</p> <p>*Non-executive</p>
Secretary	John A Dippie FCA
Consultant	Robin Clark FCA Hon FRCSLT
Registered and Head Office	<p>Fourth Floor South, 35 Portman Square, London W1H 6LR Telephone 020 7486 0100 Fax 020 7224 0384 Email mail@taylorclark.co.uk</p>
California Office	<p>c/o Crawford International Inc 833 Dover Drive, Suite 14 Newport Beach, CA 92663 Telephone 001 949 722 0125 Fax 001 949 722 0151</p>
Auditor	KPMG LLP
Principal Bankers	Clydesdale Bank PLC
Registered number	00340727
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 2013

## 75th Anniversary

27 May 2013 was the 75th Anniversary of the founding of the Company. Only a minority of companies manage to survive, grow and prosper over a long period. The Board would like to thank the shareholders for their support and input which plays a very important part in the success of the business.

## 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

Group policy is to invest in financial markets and property funds to deliver long-term capital growth and to pay regular dividends to shareholders. As discussed in recent Annual Reports to shareholders the Group is selling directly owned property when satisfactory prices can be obtained.

In order to manage the Group's investment risk the Board sets limits on the funds allocated to particular activities. The allocation is reviewed at five meetings a year that are attended by an independent economist.

## Performance

Group net assets increased from £152.0m at 31 March 2012 to £156.5m at 31 March 2013. Adding back £1.5m of dividends payable to shareholders during the year the increase was £6.0m which is 4% of the opening net assets.

## Business review

The market value of the financial investments increased significantly in the year. Property investments in the UK and Europe had a better year. The recovery in the US hotel business continued.

More detailed comments by investment category are set out below.

## Quoted financial investments

The Company has a spread of financial investments comprising 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 are made to the portfolio.

# Report of the directors

continued

At 31 March 2013 the market value of these investments was £84.7m (2012 £78.3m) and represented 54% (2012 52%) of Group net assets. The increase of £6.4m during the year comprises a net gain in value of £9.2m offset by net sales of £2.8m.

The FTSE All-Share index fell over the first six months of the year, was stable for the next three months and rose rapidly in the last three months to show an increase of 13% for the whole year.

During the year funds were fully withdrawn from a global equity manager and an absolute return manager, both of whom were considered to be underperforming. The value of listed private equity improved dramatically towards the year end and the opportunity was taken to reduce these holdings. The majority of the proceeds were invested in four equity income funds.

The portfolio includes funds whose managers aim to deliver positive returns with low volatility. This means losses should be minimised but if markets rise sharply these managers are unlikely to capture the entire rise.

## US portfolio

The net book value of the US portfolio at 31 March 2013 was £37.8m (2012 £35.4m) and represented 24% (2012 23%) of Group net assets.

Over the year the US dollar strengthened by 5% against sterling. The US dollar translation gains for the year total £2.1m of which £0.7m is included in profit and loss account and £1.4m 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 strengthen against sterling and accordingly the US dollar exposure is being maintained.

As reported last year 101 Post Street, an investment property in San Francisco, was sold very successfully at the end of April 2012. No gain or loss is recognised in the current year because in the Group balance sheet at 31 March 2012 this property was valued at the net sales proceeds receivable. The sale realised prior year revaluations of £5.9m that were transferred directly from revaluation reserve to profit and loss account reserve in the current year.

Throughout the year the Group owned the Marriott Courtyard and Residence Inn hotels in Stockton, California and the Heathman Hotels in Portland, Oregon and Kirkland, Washington.

The recovery in the US hotel market that started in 2009 continued during the year. According to hotel industry research 2012 saw earnings of all categories of hotels improve but upmarket hotels again performed better than economy hotels. The market outlook for 2013 is for a small improvement in occupancy combined with above inflation increases in room rates and profits. Hopefully the failure to date of US politicians to reach a budget settlement will not lead to disruption in airport security.

processing or air traffic control. Such disruption would adversely affect hotel business, particularly at our two Heathman Hotels.

The local economy in Stockton, California has been slow to recover from the recession. As a result the recovery in room rates at the Marriott Courtyard and Residence Inn was below the national average. The Marriott Courtyard's net operating income increased by 27% in the year, mainly due to improved occupancy. At Residence Inn a major renovation of guest rooms took place in the last four months of the year. Twenty rooms were out of service nightly during this period giving a total loss of available room nights of 2,400. Occupancy fell compared to last year but was offset by better room rates. Overall, the net operating income at Residence Inn fell 8% compared to last year. Both hotels have for many years outperformed the local competition and continue to do so.

Increased leisure travel to Portland, Oregon is contributing to improved hotel occupancy and less resistance to higher room rates. The Heathman captured its share of these improvements which led to an increase in net operating income of 16% compared to last year. Business in April and May 2013 has got off to an excellent start which bodes well for the important summer season in Portland.

The Heathman Hotel in Kirkland, Washington was closed for ten weeks for repairs following a major leak at the end of May 2012. The guest rooms and the restaurant re-opened in early August and the meeting rooms (situated on the lower floor) became available over the next couple of months. Full insurance was in place and we are pleased to report the insurer dealt with the claims promptly and professionally and full payment was received during the year.

The closure of the hotel enabled improvements to be made to the facilities that reflect trading experience since the hotel opened in 2007. The spa has been removed and the space used to create additional meeting rooms. The gym has been relocated downstairs and an impressive meeting/private dining room created in the attractive ground floor area it formerly occupied.

While the hotel was closed our competitors put considerable effort into winning back clients who had moved their business to the Heathman. It was encouraging to find that guest room and restaurant business picked up very quickly after re-opening. Meeting room business has been slower as bookings are often made months or even a year or more ahead. Including the business interruption insurance proceeds the net operating loss decreased 69% compared to last year. We are optimistic that 2013/14 will see the first net operating profit since the hotel opened.

#### **UK property**

In May 2012 the Group sold the development property at 140 West George Street, Glasgow and in a separate transaction acquired a site known as Atlantic Square in the Broomielaw area of Glasgow.

# Report of the directors

continued

The acquisition of Atlantic Square came about because in 2008 the Company lent a third party the majority of the funds needed to acquire the site. That loan was due to be repaid in 2013. By 2012, due to the lack of demand for property development outside London, it was clear this timetable could not be met. An agreement was reached with the third party and as a result the Company exchanged its loan for equity in the company now known as TCP Developments Limited ('Developments'). The remaining shares in Developments were also acquired and it became a wholly owned subsidiary. The Atlantic Square site is held by a wholly owned subsidiary of Developments.

Since acquisition the development possibilities of the Atlantic Square site have been thoroughly explored with architects, property agents and other advisers. An outline scheme has been created that we believe is more in tune with today's market than the scheme granted planning permission a few years ago. Any whole or partial realisation of the Group's interest in the site depends on finding occupier(s) willing to commit to lease space in the completed development, so that is where our efforts are presently focused.

There are several investments in unquoted property funds. These give access to the expertise of various managers and a chance to participate in investments that would be too big for the Company to undertake on its own. The investments made by these funds are in Western Europe, including the UK. The Board continues to evaluate opportunities for investment in this area.

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 ('Estates'). Current policy for both Bowmore and Estates is to realise their remaining projects as quickly as is consistent with obtaining a satisfactory price.

## Farming and forestry

The principal investment is 1,000 acres of farmland in Wiltshire. The Wiltshire farms produce beef cattle and arable crops. Whilst the trading results do not significantly affect those of the Group the capital value has grown substantially since acquisition.

There is also an investment in 1,725 acres of Scottish forestry that is currently being marketed and which will be sold if a satisfactory offer is forthcoming.

## Cash and loans

At 31 March 2013 the Company held free funds of £13m (2012 £15m). The majority of these funds are placed directly with UK banks.

During the year third party loans of £13.1m were repaid leaving the Group with debt at 31 March 2013 of just £1.6m.

## **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.

## **Future developments**

The performance of the US hotels is strongly influenced by the level of growth in the US economy. It is pleasing to see the recovery in the US economy continuing. The Group will continue to maintain a balance between indirect property investments and financial market investments.

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. Our portfolio of financial investments is designed to avoid the worst of any downturn whilst participating in any upturn.

## **Results**

As shown by the consolidated profit and loss account the loss for the financial year was £3,733,000 (2012 loss £9,855,000).

## **Dividends**

On 6 March 2013 an interim dividend of 6.600 pence (2012 nil) per Ordinary A Share and 7.260 pence (2012 nil) per Ordinary B Share was declared for payment on 10 April 2013. The directors recommend payment of a final dividend of 8.640 pence (2012 8.460 pence) per Ordinary A Share and 9.504 pence (2012 9.306 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. In addition Douglas Boyd and Christopher Edwards served as directors throughout the year until their resignations on 31 March 2013. Both Douglas and Christopher were involved with the Company for many years, initially as advisers and subsequently as non-executive directors. The Board expresses its thanks for their valuable input and wise counsel over the years.

## **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.

# Report of the directors

continued

## Shareholders

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

At 31 March 2013 the Underwood Trust, a Registered Charity, owned 2,107,177 (2012 2,107,177) B (non-voting) shares of £0.10 each, representing 24.5% (2012 24.5%) of the B shares in issue and 22.5% (2012 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 2013 and amounts owed to its trade creditors at the end of the year was 18 days (2012 23 days)

## Political and charitable gifts

The Group did not make any political donations during the year (2012 £nil). The Group did not make any charitable donations during the year (2012 £25,000)

## 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 a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

## Auditor

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

On behalf of the Board,

J A Dippie

Director and Secretary



Fourth Floor South,  
35 Portman Square,  
London W1H 6LR  
30 July 2013



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

We have audited the financial statements of Taylor Clark Limited for the year ended 31 March 2013 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditor**

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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **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 2013 and of its loss 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**

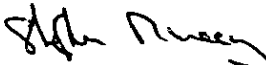
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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

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

continued

- 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



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

30 July 2013

## **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)

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 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,
- 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 parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

# Consolidated profit and loss account

for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Turnover of the group including its share of joint ventures		18,632	14,586
Less Share of turnover of joint ventures		(345)	(95)
<b>Group turnover</b>	2	<b>18,287</b>	<b>14,491</b>
Cost of sales		(18,239)	(15,917)
<b>Gross profit/(loss)</b>		<b>48</b>	<b>(1,426)</b>
Administrative expenses – other		(3,414)	(2,604)
– exceptional	7	–	(3,747)
Other operating income		936	518
<b>Group operating loss</b>	3	<b>(2,430)</b>	<b>(7,259)</b>
Share of operating (loss)/profit of joint ventures		(231)	(245)
<b>Total operating loss</b>		<b>(2,661)</b>	<b>(7,504)</b>
Loss on disposal of property		(115)	–
Gain/(loss) on fixed asset investment disposals		396	(901)
Provisions released against tangible fixed assets in joint ventures		15	62
Provisions released/(made) against fixed asset investments		748	(1,711)
<b>Loss before interest</b>		<b>(1,617)</b>	<b>(10,054)</b>
Interest receivable and similar income	4	803	616
Interest payable and similar charges	5	(369)	(641)
Share of net interest payable by joint ventures		124	(124)
<b>Loss on ordinary activities before taxation</b>	2, 3	<b>(1,059)</b>	<b>(10,203)</b>
Taxation (charge)/credit on loss on ordinary activities	8	(2,674)	348
<b>Loss for the financial year</b>	9	<b>(3,733)</b>	<b>(9,855)</b>

A statement of movement in reserves is given in note 23

All items dealt with in arriving at the operating loss for 2013 and 2012 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 2013

	2013 £'000	2012 £'000
Loss for the financial year		
Group	(3,661)	(9,563)
Share of joint ventures	(72)	(292)
	<b>(3,733)</b>	<b>(9,855)</b>
Unrealised surplus on revaluation of properties	-	2,872
Unrealised surplus on revaluation of investments	8,431	1,119
Currency translation difference on foreign currency net assets	1,418	80
Pension scheme actuarial loss	-	(1,513)
Deferred tax on pension scheme actuarial loss	-	317
Other recognised gains and losses	9,849	2,875
Total recognised gains and losses relating to the financial year	<b>6,116</b>	<b>(6,980)</b>

## Note of historical cost profits and losses

for the year ended 31 March 2013

	2013 £'000	2012 £'000
Reported loss on ordinary activities before taxation	(1,059)	(10,203)
Realisation of revaluation gains of previous years	9,925	4,054
Historical cost profit/(loss) on ordinary activities before taxation	<b>8,866</b>	<b>(6,149)</b>
Historical cost profit/(loss) for the year retained after taxation and dividends	<b>4,655</b>	<b>(6,612)</b>

## Group reconciliation of movements in shareholders' funds

for the year ended 31 March 2013

	2013 £'000	2012 £'000
Loss for the financial year	(3,733)	(9,855)
Dividends paid (note 10)	(1,537)	(811)
Transfer to reserves	(5,270)	(10,666)
Other recognised gains and losses	9,849	2,875
Net movement in shareholders' funds	<b>4,579</b>	<b>(7,791)</b>
Opening balance of shareholders' funds	<b>151,962</b>	<b>159,753</b>
Closing balance of shareholders' funds	<b>156,541</b>	<b>151,962</b>

# Group balance sheet

at 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Intangible asset	11	253	262
Tangible assets	12	41,236	49,526
Investments in joint ventures			
Share of gross assets		4,733	4,802
Share of gross liabilities		(1,003)	(1,170)
	13	3,730	3,632
Other investments	14	92,604	88,467
		<b>137,823</b>	<b>141,887</b>
<b>Current assets</b>			
Property and developments		4,729	3,735
Stocks	17	241	276
Debtors due after more than one year	18	1,750	–
Debtors due within one year	18	1,386	1,876
Investments		704	629
Cash at bank and in hand		16,295	19,768
		<b>25,105</b>	<b>26,284</b>
Creditors amounts falling due within one year	19	(5,085)	(12,131)
<b>Net current assets</b>		<b>20,020</b>	<b>14,153</b>
<b>Total assets less current liabilities</b>		<b>157,843</b>	<b>156,040</b>
Creditors amounts falling due after more than one year	20	–	(4,078)
Provisions for liabilities and charges	21	(1,302)	–
<b>Net assets</b>		<b>156,541</b>	<b>151,962</b>
<b>Capital and reserves</b>			
Called up share capital	22	935	935
Capital redemption reserve	23	1,368	1,368
Revaluation reserve	23	17,555	18,756
Profit and loss account	23	136,683	130,903
<b>Shareholders' funds</b>		<b>156,541</b>	<b>151,962</b>

Approved by the Board on 30 July 2013 and signed on its behalf by

J A Dippie  
R J Harvey

Directors

*Satirine*  
*Harvey*

The notes referred to above form part of these accounts

# Consolidated cash flow statement

for the year ended 31 March 2013

	2013 £'000	2012 £'000
Net cash inflow/(outflow) from operating activities	4,028	(7,121)
Returns on investments and servicing of finance	(336)	(153)
Taxation	(1,340)	(74)
Capital expenditure and financial investment	8,994	(635)
Acquisitions and disposals	(170)	(870)
Dividends paid (note 10)	(1,537)	(811)
<b>Cash inflow/(outflow) before use of liquid resources and financing</b>	<b>9,639</b>	<b>(9,664)</b>
Management of liquid resources	1,937	(602)
Financing		
Decrease in debt	(13,127)	(242)
<b>Decrease in cash</b>	<b>(1,551)</b>	<b>(10,508)</b>

## Reconciliation of net cash flow to movement in net funds

	2013 £'000	2012 £'000
Decrease in cash in the year	(1,551)	(10,508)
Cash (outflow)/inflow from movement in liquid resources	(1,937)	602
Decrease in debt	13,127	242
<b>Movement resulting from cash flows</b>	<b>9,639</b>	<b>(9,664)</b>
Translation difference	(453)	(33)
<b>Movement in the year</b>	<b>9,186</b>	<b>(9,697)</b>
<b>Net funds at 1 April 2012</b>	<b>6,176</b>	<b>15,873</b>
<b>Net funds at 31 March 2013</b>	<b>15,362</b>	<b>6,176</b>

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

# Company balance sheet

at 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	12	184	216
Investment in joint venture	13	597	357
Other investments	14	118,702	110,412
		<b>119,483</b>	<b>110,985</b>
<b>Current assets</b>			
Debtors due after one year	18	25,031	19,962
Debtors due within one year	18	401	292
Investments		704	629
Cash at bank and in hand		12,773	15,217
		<b>38,909</b>	<b>36,100</b>
Creditors amounts falling due within one year	19	(27,898)	(23,691)
<b>Net current assets</b>		<b>11,011</b>	<b>12,409</b>
<b>Total assets less current liabilities</b>		<b>130,494</b>	<b>123,394</b>
<b>Net assets</b>		<b>130,494</b>	<b>123,394</b>
<b>Capital and reserves</b>			
Called up share capital	22	935	935
Capital redemption reserve	23	1,368	1,368
Revaluation reserve	23	17,555	13,139
Profit and loss account	23	110,636	107,952
<b>Shareholders' funds</b>		<b>130,494</b>	<b>123,394</b>

Approved by the Board on 30 July 2013 and signed on its behalf by

J A Dippie  
R J Harvey

Directors

*Suzanne Harvey*

The notes referred to above form part of these accounts

Company number 00340727



# 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 Group's business activities are set out in the Business Review section of the Directors' Report. 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

### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2013. 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 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 result 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 operated a pension scheme providing benefits based on final pensionable pay. Following closure of the scheme to future accrual on 31 December 2010, the Company decided to formally wind up the scheme. The Company paid additional contributions to enable the scheme's liabilities to be bought out by two insurance companies. The scheme was formally wound up on 31 March 2012 with all liabilities and assets of the scheme being extinguished on that date and the settlement cost being recognised in the charge to profit and loss account.

Pension scheme assets were measured using market values. Pension scheme liabilities were 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 was recoverable) or deficit was recognised in full. The movement in the scheme deficit was 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*

2013	<i>Property</i> £'000	<i>Hotels and leisure</i> £'000	<i>Financial investments</i> £'000	<i>Other</i> £'000	<i>Total</i> £'000
Group turnover	4,102	13,792	-	393	18,287
Operating (loss)/profit					
Group	(128)	(196)	886	(2,992)	(2,430)
Share of joint ventures	(231)	-	-	-	(231)
	(359)	(196)	886	(2,992)	(2,661)
Loss on property disposals	(13)	(102)	-	-	(115)
Gain on fixed asset investment disposals	-	-	396	-	396
Provisions released against tangible fixed assets in joint ventures	15	-	-	-	15
Provisions released against fixed asset investments	-	-	748	-	748
Interest receivable	(141)	2	-	942	803
Interest payable	-	(267)	-	(102)	(369)
Share of joint ventures net interest	124	-	-	-	124
Loss before taxation	(374)	(563)	2,030	(2,152)	(1,059)
Assets employed					
Group	6,512	38,492	92,303	15,504	152,811
Share of joint ventures	3,730	-	-	-	3,730
	10,242	38,492	92,303	15,504	156,541
2012					
Group turnover	432	13,657	-	402	14,491
Operating (loss)/profit					
Group	(565)	(1,094)	493	(6,093)	(7,259)
Share of joint ventures	(245)	-	-	-	(245)
	(810)	(1,094)	493	(6,093)	(7,504)
Loss on fixed asset investment disposals	-	-	(901)	-	(901)
Provisions released against tangible fixed assets in joint ventures	62	-	-	-	62
Provisions made against fixed asset investments	-	-	(1,711)	-	(1,711)
Interest receivable	58	2	-	556	616
Interest payable	-	(353)	-	(288)	(641)
Share of joint ventures net interest	(124)	-	-	-	(124)
Loss before taxation	(814)	(1,445)	(2,119)	(5,825)	(10,203)
Assets employed					
Group	14,346	32,393	78,919	22,672	148,330
Share of joint ventures	3,632	-	-	-	3,632
	17,978	32,393	78,919	22,672	151,962

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

## 2 Turnover and business segment analysis (continued)

By geographical market  
(by destination and origin)

	2013			2012		
	UK	USA	Total	UK	USA	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group turnover	4,452	13,835	18,287	563	13,928	14,491
Operating loss						
Group	(1,529)	(901)	(2,430)	(6,387)	(872)	(7,259)
Share of joint ventures	(231)	-	(231)	(245)	-	(245)
	(1,760)	(901)	(2,661)	(6,632)	(872)	(7,504)
Loss on property disposals	-	(115)	(115)	-	-	-
Gain/(loss) on fixed assets investment disposals	396	-	396	(901)	-	(901)
Provisions released against tangible fixed assets in joint ventures	15	-	15	62	-	62
Provisions released/(made) against fixed assets investments	748	-	748	(1,711)	-	(1,711)
Interest receivable	132	671	803	608	8	616
Interest payable	(61)	(308)	(369)	523	(1,164)	(641)
Share of joint ventures/associates net interest	124	-	124	(124)	-	(124)
Loss before taxation	(406)	(653)	(1,059)	(8,175)	(2,028)	(10,203)
Assets employed						
Group	114,976	37,835	152,811	112,888	35,442	148,330
Share of joint ventures	3,730	-	3,730	3,632	-	3,632
	118,706	37,835	156,541	116,520	35,442	151,962

## 3 Loss on ordinary activities before taxation

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

	2013	2012
	£'000	£'000
<i>Crediting</i>		
Income from listed investments	1,634	508
<i>Charging</i>		
Depreciation	2,621	2,753
Auditor's remuneration		
Audit of these financial statements	54	57
Audit of subsidiaries	108	98
Tax and other services	298	206

# Notes on the accounts

continued

## 4 Interest receivable and similar income

	2013	2012
	£'000	£'000
Bank and other interest receivable	33	502
Currency translation differences	770	114
	<b>803</b>	<b>616</b>

## 5 Interest payable and similar charges

	2013	2012
	£'000	£'000
Bank loans and overdrafts	369	641

## 6 Staff costs and directors' emoluments

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

	2013	2012
	Number	Number
Property, management and administration	12	12
Hotels	200	200
Other	3	3
	<b>215</b>	<b>215</b>

The aggregate payroll costs of these persons were as follows

	2013	2012
	£'000	£'000
Wages and salaries	4,689	4,451
Social security costs	557	578
Other pension costs	110	3,663
	<b>5,356</b>	<b>8,692</b>

### Directors' remuneration

	2013	2012
	£'000	£'000
Directors' emoluments	561	536

The aggregate of emoluments of the highest paid director (excluding pension contributions) were £151,000 (2012 £203,000)

	Number of directors	
	2013	2012
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 operated a defined benefit pension scheme for group employees with the assets being held separately from those of the company

Following closure of the scheme to future accrual on 31 December 2010, the Company decided to formally wind up the scheme. The Company paid additional contributions to enable the scheme's liabilities to be bought out by two insurance companies. The scheme was formally wound up on 31 March 2012 with all liabilities and assets of the scheme being extinguished on that date.

The pension contribution for the year was £nil (2012 £5,869,000). The contribution of the group for the scheme was nil% (2012 nil%) of total pensionable salary. The employees contributed an additional nil% (2012 nil%).

### Financial Statement

The amounts recognised in the balance sheet are as follows

	2013 £'000	2012 £'000
Present value of funded liabilities	-	-
Fair value of scheme assets	-	-
Deficit	-	-
Related deferred tax asset	-	-
Net liability	-	-

The amounts recognised in profit or loss are as follows

	2013 £'000	2012 £'000
Interest cost	-	603
Expected return on pension scheme assets	-	(797)
Losses on any settlements	-	3,747
Total	-	3,553
Actual return on scheme assets	-	628

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

	2013 £'000	2012 £'000
Opening cumulative STRGL	(3,837)	(2,324)
Actuarial losses	-	(1,513)
Closing cumulative STRGL	(3,837)	(3,837)

# Notes on the accounts

continued

## 7 Pensions (continued)

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

	2013 £'000	2012 £'000
Opening defined benefit liability	-	10,977
Interest cost	-	603
Actuarial losses	-	1,344
Liabilities extinguished on settlements	-	(12,889)
Benefits paid	-	(35)
Closing defined benefit liability	-	-

Changes in the fair value of scheme assets are as follows

	2013 £'000	2012 £'000
Opening fair value of scheme assets	-	10,174
Expected return	-	797
Actuarial gains	-	(169)
Assets distributed on settlements	-	(16,636)
Contributions by employer	-	5,869
Benefits paid	-	(35)
Closing fair value of scheme assets	-	-

Following the purchase of annuity policies with Legal & General and Met Life Assurance, the Employer contributions ceased from 1 September 2011

Disclosure of principal assumptions

	2013	2012
Discount rate	n/a	4.75%
Expected return on scheme assets at 31 March	n/a	n/a
Future salary increases	n/a	n/a
Future pension increases	n/a	3.78%
Post retirement mortality	*	*

\* S1NMA – CMI\_2011 tables projected by birth year allowing for a 1% underpin



## 7 Pensions (continued)

### Historical pension scheme information

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Defined benefit liability	-	-	(10,977)	(10,520)	(7,513)
Scheme assets	-	-	10,174	8,720	7,002
Surplus/(deficit)	-	-	(803)	(1,800)	(511)
Experience adjustments on scheme liabilities	-	(1,344)	181	253	58
Experience adjustments on scheme assets	-	(169)	124	870	(1,022)

### Defined contribution pension scheme

Since 1 January 2011 the Group has operated a defined contribution pension scheme for certain UK based employees. The pension cost charge for the period includes contributions payable by the Group to the scheme of £86,000 (2012 £82,000). The contribution of the Group for the scheme was 27.5% (2012 27.5%) of total pensionable salary. The employees contributed an additional 6% (2012 6%).

Contributions amounting to £nil (2012 £8,298) were payable to the scheme at the year end and are included in creditors.

## 8 Taxation

	2013	2012
	£'000	£'000
Analysis of charge/(credit) in the year		
<i>UK corporation tax</i>		
Adjustments in respect of prior years	61	15
	61	15
<i>Foreign tax</i>		
Current tax on income for the year	986	5
Adjustments in respect of prior years	-	6
Total current tax	1,047	26
Deferred tax (note 21)	1,647	(359)
Share of joint ventures tax	(20)	(15)
Tax charge/(credit) on loss on ordinary activities	2,674	(348)

# Notes on the accounts

continued

## 8 Taxation (continued)

### Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2012 higher) than the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are explained below

	2013 £'000	2012 £'000
Current tax reconciliation		
Loss on ordinary activities before taxation	(1,059)	(10,203)
Current tax at 24% (2012 26%)	(254)	(2,653)
Effects of		
Gains from fixed asset disposals	1,875	-
Provision movements not chargeable	(180)	445
Chargeable gains	155	857
Depreciation in excess of capital allowances	-	114
Capital allowances in excess of depreciation	(37)	-
Income not taxable	(212)	(148)
Expenses not deductible	-	(168)
Tax losses brought forward utilised	(1,477)	(7)
Unrelieved tax losses carried forward	1,034	520
Pension payments (deductible)/not deductible in year	(295)	907
Higher overseas tax rate	294	-
Sundry other items	83	138
Adjustments in respect of prior years	61	21
Total current tax charge	1,047	26

### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Group's future current tax charge accordingly.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Group's future current tax charge.

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 £nil (2012 £2,591,000) and for fixed asset investments £2,236,000 (2012 £1,170,000).

In accordance with the Financial Reporting Standard 19 "Deferred Tax", deferred tax assets are only recognised to the extent that they are regarded as recoverable. Accordingly a deferred tax asset of £1,554,000 (2012 £1,610,000) in respect of management expenses 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.

## 9 Loss for the financial year

	2013 £'000	2012 £'000
Dealt with in the accounts of the holding company	206	(8,119)
Retained by subsidiary undertakings	(3,939)	(1,736)
	(3,733)	(9,855)

## 10 Dividends

	2013 £'000	2012 £'000
Amounts recognised as distributions to equity shareholders in the year		
Final dividends for the year ended 31 March 2012		
Ordinary A shares 8 460p, (31 March 2011 7 950p) per share	63	59
Ordinary B shares 9 306p, (31 March 2011 8 745p) per share	801	752
Interim dividends for the year ended 31 March 2013		
Ordinary A shares 6 600p, (31 March 2012 nil) per share	49	–
Ordinary B shares 7 260p, (31 March 2012 nil) per share	624	–
Total dividends paid in the year	1,537	811
	2013 £'000	2012 £'000
Proposed final dividends for the year ended 31 March		
Ordinary A shares, 8 640p (2012 8 460p) per share	65	63
Ordinary B shares, 9 504p (2012 9 306p) per share	817	801
	882	864

## 11 Intangible asset

Purchased goodwill	£'000
Group	
1 April 2012	262
Amortisation	(23)
Translation difference	14
31 March 2013	253

The fair values of assets acquired as part of a business are determined by the purchase price  
The goodwill arises from the acquisition of Heathman Hotel Portland LLC

## 12 Fixed assets Tangible assets

	Freehold property		Other tangible	
	Investment	Trading	assets	Total
Group	£'000	£'000	£'000	£'000
Cost or valuation				
1 April 2012	10,251	40,590	13,318	64,159
Additions	–	1,114	1,746	2,860
Disposals	(10,786)	(51)	(568)	(11,405)
Translation difference	535	1,883	634	3,052
Surplus on revaluation	–	–	–	–
31 March 2013	–	43,536	15,130	58,666

# Notes on the accounts

continued

## 12 Fixed assets Tangible assets (continued)

<i>Group</i>	<i>Freehold property</i>		<i>Other</i>	<i>Total</i>
	<i>Investment</i>	<i>Trading</i>	<i>tangible</i>	
	£'000	£'000	assets £'000	£'000
Depreciation				
1 April 2012	–	6,116	8,517	14,633
Charged in year	–	969	1,652	2,621
Disposals	–	(95)	(418)	(513)
Translation difference	–	290	399	689
<b>31 March 2013</b>	<b>–</b>	<b>7,280</b>	<b>10,150</b>	<b>17,430</b>
Net book value				
1 April 2012	10,251	34,474	4,801	49,526
<b>31 March 2013</b>	<b>–</b>	<b>36,256</b>	<b>4,980</b>	<b>41,236</b>

	<i>Other</i>
	<i>tangible</i>
	<i>assets</i>
	£'000
<i>Company</i>	
Cost or valuation	
1 April 2012	518
Additions	27
Disposals	(22)
<b>31 March 2013</b>	<b>523</b>
Depreciation	
1 April 2012	302
Charged in year	54
Disposals	(17)
<b>31 March 2013</b>	<b>339</b>
Net book value	
1 April 2012	216
<b>31 March 2013</b>	<b>184</b>

Tangible fixed assets at 31 March 2013 have been included on the following bases

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

### 13 Fixed assets Investments in joint ventures

	<i>Group</i>	<i>Company</i>
	£'000	£'000
At 1 April 2012	3,632	357
Additions	170	–
Provisions released	–	240
Share of earnings	(72)	–
<b>At 31 March 2013</b>	<b>3,730</b>	<b>597</b>

At both 1 April 2012 and 31 March 2013 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 2013 the Group advanced £170,000 to Bowmore (2012 £870,000) At 31 March 2013 the principal of the loan was £4,758,307 (2012 £4,588,307) and interest of £nil (2012 £141,016) was accrued on the loan Interest of £nil (2012 £nil) was paid on the loan during the year During the year ended 31 March 2013 the Group and Bowmore determined that Bowmore will not be able to fully repay the loan principal and interest Accordingly the interest accrued but unpaid to 31 March 2012 was cancelled and the loan became interest free,
- 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  

In March 2013 the Group advanced £1,750,000 to Estates The loan is for two years, is secured on the two properties owned by Estates and is included in Debtors (note 18) At 31 March 2013 interest of £3,452 was due

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

	<i>Group share of joint ventures</i>
	£'000
Turnover	345
Loss before taxation	(92)
Taxation	20
Loss after taxation	(72)
Fixed assets	1,425
Current assets	3,308
Liabilities due within one year	(128)
Liabilities due after one year	(875)

Estates and Bowmore are subject to UK corporation tax

# Notes on the accounts

continued

## 14 Fixed assets Other investments

	<i>Listed</i> £'000	<i>Forestry</i> £'000	<i>Other</i> £'000	<i>Total</i> £'000
<i>Group</i>				
Cost or market value				
1 April 2012	82,247	944	10,745	93,936
Additions	22,769	60	2,037	24,866
Disposals	(26,708)	–	(4,361)	(31,069)
Revaluation surplus	8,431	–	–	8,431
<b>31 March 2013</b>	<b>86,739</b>	<b>1,004</b>	<b>8,421</b>	<b>96,164</b>
Provisions				
1 April 2012	3,957	–	1,512	5,469
Decrease in year	(748)	–	–	(748)
Disposals	(1,161)	–	–	(1,161)
<b>31 March 2013</b>	<b>2,048</b>	<b>–</b>	<b>1,512</b>	<b>3,560</b>
Net book value				
31 March 2012	78,290	944	9,233	88,467
<b>31 March 2013</b>	<b>84,691</b>	<b>1,004</b>	<b>6,909</b>	<b>92,604</b>
		<i>Shares in subsidiary undertakings</i>		
	<i>Listed</i> £'000	£'000	<i>Other</i> £'000	<i>Total</i> £'000
<i>Company</i>				
Cost or market value				
1 April 2012	82,247	23,778	10,745	116,770
Additions	22,769	4,397	2,037	29,203
Disposals	(26,708)	–	(4,361)	(31,069)
Revaluation surplus	8,431	–	–	8,431
<b>31 March 2013</b>	<b>86,739</b>	<b>28,175</b>	<b>8,421</b>	<b>123,335</b>
Provisions				
1 April 2012	3,957	889	1,512	6,358
(Decrease)/increase in year	(748)	184	–	(564)
Disposals	(1,161)	–	–	(1,161)
<b>31 March 2013</b>	<b>2,048</b>	<b>1,073</b>	<b>1,512</b>	<b>4,633</b>
Net book value				
31 March 2012	78,290	22,869	9,233	110,412
<b>31 March 2013</b>	<b>84,691</b>	<b>27,102</b>	<b>6,909</b>	<b>118,702</b>

At 31 March 2012, for both the Group and the Company, the 'Other' column included a loan of £4,361,654 to a third party property development company ('the borrower') that was secured on a development site controlled by the borrower. Interest accrued but unpaid on the loan to 31 March 2012 was £3,007,571. The Company regarded the accrued interest as a contingent asset and it has not been recognised as income. As more fully explained in note 15, on 31 May 2012 the loan and interest accrued but unpaid were exchanged for new shares issued by the borrower and as a result the borrower became a subsidiary of the Company.

## 15 Acquisition

At 31 March 2012 the Company had advanced £4,361,654 to a company called TCP Developments Limited ('Developments'). Developments was owned by a third party property developer. Further details of the loan are given in note 14. The loan was due for repayment in 2013 but following agreement with the third party the Company exchanged its loan for ordinary shares in Developments on 31 May 2012. The Company also acquired the remaining issued share capital of Developments, which became a wholly owned subsidiary of the Company. Developments has a wholly owned subsidiary, TCP Atlantic Square Limited ('Atlantic Square'), which owns a site suitable for commercial development in the Broomielaw area of Glasgow.

The assets of Developments and Atlantic Square at the date of acquisition were as follows:

	<i>Book and fair value to group £'000</i>
Property and developments	4,500
Debtors	1
Cash	28
Creditors due within one year	(24)
<b>Net assets</b>	<b>4,505</b>
Share of net assets acquired	4,505
Negative goodwill arising on acquisition	(108)
	<b>4,397</b>
Represented by	
Exchange of loan notes for equity	4,361
Acquisition costs	36
	<b>4,397</b>

The negative goodwill arising on the acquisition has been credited in full to Cost of Sales in the current year.

The summarised profit and loss account of Developments and Atlantic Square for the period 1 June 2012 to 31 March 2013 is as follows:

	£'000
Turnover	32
Cost of sales	(83)
Gross loss	(51)
Administration expenses	(81)
Loss before tax	(132)
Tax	31
<b>Loss after tax</b>	<b>(101)</b>

The results have not been disclosed separately on the profit and loss account as they are not considered material to the results of the Group.

# Notes on the accounts

continued

## 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 2013	Country of registration/ incorporation
<b>Property</b>		
Taylor Clark Properties Limited	100	Scotland
TCP Atlantic Square Limited	100*	England
<b>Farming and forestry</b>		
Wylve Valley Farming Limited	100	England
<b>USA (Property, farming, hotels and restaurants)</b>		
Taylor Clark Inc	100*	USA
Castlehill Properties Inc	100*	USA
Heathman Hotel Portland LLC	100*	USA
Kirkland Hotel Group LLC	100*	USA

\*Owned by a subsidiary undertaking

## 17 Stocks

	Group	
	2013 £'000	2012 £'000
Stocks comprise		
Farm produce	241	276

## 18 Debtors

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
<i>Amounts due after one year</i>				
Amounts owed by subsidiary undertakings	-	-	23,281	19,962
Amounts owed by joint ventures	1,750	-	1,750	-
<i>Amounts due within one year</i>				
Trade debtors	261	379	3	2
Owed by subsidiary undertaking	-	-	152	1
Owed by joint ventures	9	4	9	4
Corporation tax receivable	418	64	66	64
Other debtors	417	770	34	67
Prepayments and accrued income	281	330	135	146
Deferred tax asset (note 21)	-	329	2	8
	1,386	1,876	401	292



**19 Creditors amounts falling due within one year**

	<i>Group</i>		<i>Company</i>	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,637	10,143	1,637	1,746
Trade creditors	1,227	1,023	65	63
Amounts owed to subsidiary undertakings	–	–	25,206	21,732
Other creditors including taxation and social security	619	289	213	9
Accruals and deferred income	1,602	676	777	141
	<b>5,085</b>	<b>12,131</b>	<b>27,898</b>	<b>23,691</b>
Other creditors including taxation and social security comprise				
Corporation tax	61	–	–	–
Other creditors	558	289	213	9
	<b>619</b>	<b>289</b>	<b>213</b>	<b>9</b>

£1,637,000 (2012 £10,143,000) of the bank loans and overdrafts are secured by a debenture granted to a bank over the whole assets and undertaking of the Company

£8,136,000 of the bank loans and overdrafts at 31 March 2012 related to a UK bank loan of US\$13 million which was fully repaid in June 2012

**20 Creditors amounts falling due after one year**

	<i>Group</i>	
	2013	2012
	£'000	£'000
Bank loans		
Repayable between 1 and 2 years	–	588
Repayable between 2 and 5 years	–	1,075
Repayable over 5 years	–	2,415
	<b>–</b>	<b>4,078</b>

£4,078,000 of the bank loans at 31 March 2012 related to a mortgage loan secured against the Heathman Hotel, Portland. The terms of the loan allowed for early repayment without penalty from 1 January 2013. The Group fully repaid the loan on 2 January 2013.

**21 Provisions for liabilities and charges**

	<i>Deferred taxation</i>
	£'000
<i>Group</i>	
1 April 2012 – asset, see note 18	(329)
Charged to profit and loss account	1,647
Translation difference	(16)
<b>31 March 2013</b>	<b>1,302</b>
<i>Company</i>	
1 April 2012 – asset, see note 18	(8)
Charged to profit and loss account	6
<b>31 March 2013 – asset, see note 18</b>	<b>(2)</b>

# Notes on the accounts

continued

## 21 Provisions for liabilities and charges (continued)

The elements of deferred taxation are as follows

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Difference between accumulated depreciation and amortisation and capital allowances	800	731	-	-
Basis difference and other timing differences	672	304	-	-
Deferred tax provision	1,472	1,035	-	-
Deferred tax assets				
Expenses not currently deductible	170	163	2	8
Losses not utilised in year	-	1,201	-	-
	170	1,364	2	8
Deferred tax liability/(asset)	1,302	(329)	(2)	(8)

## 22 Share capital

The authorised share capital at 31 March 2012 and 2013 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 2012 and 2013	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

	<i>Capital redemption reserve £'000</i>	<i>Revaluation reserve Properties £'000</i>	<i>Listed investments £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
<i>Group</i>					
1 April 2012	1,368	5,617	13,139	130,903	151,027
Loss for the year	-	-	-	(3,733)	(3,733)
Dividends paid	-	-	-	(1,537)	(1,537)
Increase arising on revaluation	-	-	8,431	-	8,431
Realised on disposal	-	(5,910)	(4,015)	9,925	-
Currency translation difference	-	293	-	1,125	1,418
<b>31 March 2013</b>	<b>1,368</b>	<b>-</b>	<b>17,555</b>	<b>136,683</b>	<b>155,606</b>

	<i>Capital redemption reserve £'000</i>	<i>Revaluation reserve Listed investments £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
<i>Company</i>				
1 April 2012	1,368	13,139	107,952	122,459
Profit for the year	-	-	206	206
Dividends paid	-	-	(1,537)	(1,537)
Increase arising on revaluation	-	8,431	-	8,431
Realised on disposal	-	(4,015)	4,015	-
<b>31 March 2013</b>	<b>1,368</b>	<b>17,555</b>	<b>110,636</b>	<b>129,559</b>

At 31 March 2013, the cumulative negative goodwill credited to group reserves amounted to £1,186,000 (2012 £1,078,000)

# Notes on the accounts

continued

## 24 Notes to the cash flow statement

### Reconciliation of operating loss to net cash outflow from operating activities

	2013	2012
	£'000	£'000
Group operating loss	(2,430)	(7,259)
Depreciation charges	2,621	2,753
Currency translation differences	262	85
Decrease/(increase) in stocks	35	(36)
(Increase)/decrease in debtors	(1,235)	67
Increase/(decrease) in creditors	1,399	(1,352)
Decrease in property and developments	3,367	915
Goodwill amortisation	9	22
Net pension service income	-	(2,122)
Pension other finance cost	-	(194)
Net cash inflow/(outflow) from operating activities	4,028	(7,121)

### Returns on investments and servicing of finance

Interest received	33	502
Interest paid	(369)	(655)
Net cash outflow from returns on investments and servicing of finance	(336)	(153)

### Capital expenditure and financial investment

Purchase of tangible fixed assets	(2,860)	(541)
Purchase of fixed asset investments	(24,866)	(10,289)
Proceeds from sales of tangible fixed assets	10,777	-
Proceeds from sales of fixed asset investments	25,943	10,195
Net cash inflow/(outflow) from capital expenditure and financial investment	8,994	(635)

### Acquisitions and disposals

Investments in joint ventures	(170)	(870)
Net cash outflow from acquisitions and disposals	(170)	(870)

### Management of liquid resources

Cash withdrawn from/(added to) fixed deposits	2,012	(828)
(Increase)/decrease in current asset investments	(75)	226
Net cash inflow/(outflow) from management of liquid resources	1,937	(602)

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

**Analysis of net funds**

	1 April 2012	Cash flow	Exchange Movement	Transfers	31 March 2013
	£'000	£'000	£'000	£'000	£'000
Cash in hand and at bank	5,068	(1,660)	199	–	3,607
Overdrafts	(1,746)	109	–	–	(1,637)
		(1,551)			
Debt due after 1 year	(4,078)	4,716	(638)	–	–
Debt due within 1 year	(8,397)	8,411	(14)	–	–
Funds on deposit over one day	14,700	(2,012)	–	–	12,688
Current asset investments	629	75	–	–	704
<b>Total</b>	<b>6,176</b>	<b>9,639</b>	<b>(453)</b>	<b>–</b>	<b>15,362</b>

**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 £8,843,000 (2012 £11,863,000)

The Company has a commitment under an operating lease to pay rent for its offices of £197,000 per annum (2012 £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 2013 was £nil (2012 £8,136,000)

# 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	2013 £'000	2012 £'000
Management charge to The Underwood Trust, in respect of services provided by the group	1	23	22
Dividends paid by Taylor Clark Limited and received in a beneficial capacity by			
The Underwood Trust		349	184
Directors of Taylor Clark Limited		178	94

### Sub notes

- At 31 March 2013, The Underwood Trust held 2,107,177 B shares (2012 2,107,177 B shares) of £0.10 each, representing 24.5% (2012 24.5%) of the B shares in issue and 22.5% (2012 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.
- Mr R Clark and his family and Mr C Clark are the ultimate controlling parties of the group.
- During the year no amounts were written off any of the balances with related parties.

# Financial record

for the years ended 31 March

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Group turnover	18,287	14,491	13,663	16,590	13,635

## Reconciliation of movements in shareholders' funds

(Loss)/profit after taxation	(3,733)	(9,855)	2,986	6,052	(13,454)
Dividends	(1,537)	(811)	(1,381)	(742)	(1,921)
Other recognised gains	9,849	2,875	3,533	4,059	2,884
Purchase of own shares	-	-	-	(8,208)	(15,000)
Net movement in shareholders' funds	4,579	(7,791)	5,138	1,161	(27,491)
Opening balance of shareholders' funds	151,962	159,753	154,615	153,454	180,945
Closing balance of shareholders' funds	156,541	151,962	159,753	154,615	153,454

## Balance sheet

Fixed assets					
Tangible assets	41,489	49,788	49,005	61,710	66,502
Investments	96,334	92,099	92,920	74,942	51,803
Net current assets	20,020	14,153	31,412	34,274	42,194
Other liabilities and provisions	(1,302)	(4,078)	(13,584)	(16,311)	(7,045)
Net assets	156,541	151,962	159,753	154,615	153,454

## Capital and reserves

Called up share capital	935	935	935	935	1,079
Revaluation reserve	17,555	18,756	18,811	16,264	9,826
Other reserves	138,051	132,271	140,007	137,416	142,549
Shareholders' funds	156,541	151,962	159,753	154,615	153,454

## Directors of principal subsidiary companies

Taylor Clark Properties Limited	Jon Brand John Dippie Reg Harvey
Wylve Valley Farming Limited	Andrew Clark Reg Harvey
Taylor Clark Inc	Reg Harvey* John Dippie* Andy Macdonald

*Managers*  
Crawford International Inc

\*Non-executive