Annual report

for the year ended 31 March 2016

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Directors and advisers

Directors	*Richard Bennison FCA *Chairman* Reg Harvey *Chief Executive* Caroline Madelin ACMA *Finance* *Non-executive
Secretary	Caroline Madelin ACMA
Consultant	Robin Clark OBE FCA Hon FRCSLT
Registered Office	Fourth Floor South, 35 Portman Square, London W1H 6LR Telephone: 020 7486 0100 Fax: 020 7224 0384 Email: mail@taylorclark.co.uk
Auditor	KPMG LLP
Registered number	00340727
Date of Incorporation	27 May 1938

Strategic report

The directors present their Strategic report for the year ended 31 March 2016.

Group activities

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

Strategy

The strategy of the Company is to invest to deliver long-term capital growth and to pay regular dividends to shareholders.

As an investment company for family shareholders the Company is able to take a medium to long term view of investments. The Board aims to participate in the gains resulting from rising markets balanced by a defensive element to the portfolio that should provide some protection if markets fall. This approach should result in long-term returns outperforming the market as a whole.

Group results

The results for year ended 31 March 2016 are the first of the Group's to be presented under the new UK accounting standard, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. This has produced a small increase of £0.2m to the Group net asset value at 31 March 2015. A full explanation of the transition to FRS 102 can be found in Note 28 to the accounts.

The Group net asset value decreased from £184.7m at 31 March 2015 to £170.3m at 31 March 2016. Adding back £0.9m of dividends paid and £17.5m used to purchase and cancel some of the Company's shares during the year, the Group net assets increased by £4.0m which is 2.2% of the opening net assets. The change in net asset value (before distributions to shareholders) is the main key performance indicator used by the Board.

More detailed comments by investment category are set out below.

Quoted financial investments

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

At 31 March 2016 the market value of these investments was £97.0m *(2015: £90.8m)* and represented 57% *(2015: 49%)* of Group net assets.

A number of equity funds were added to during the year. Although the value of equity funds in general decreased slightly, their overall performance since inception has been very good.

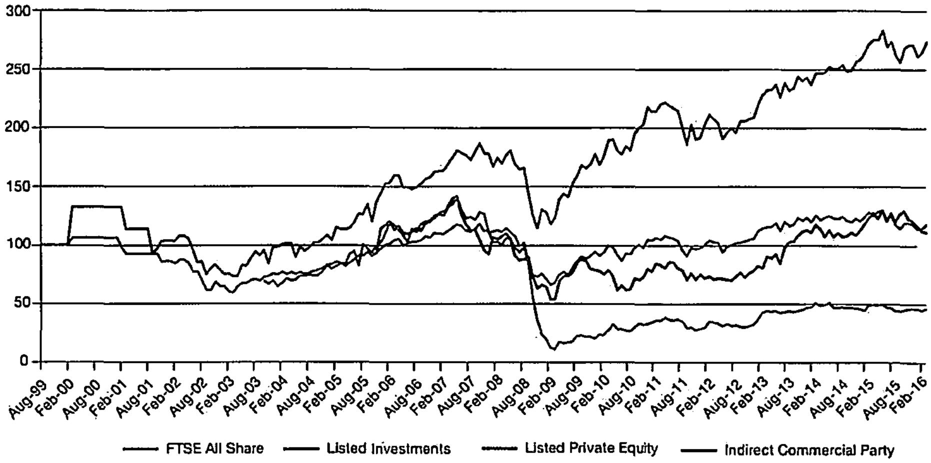
Nearly half of the net loss in value for the year relates to one hedge fund that is prone to volatility.

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

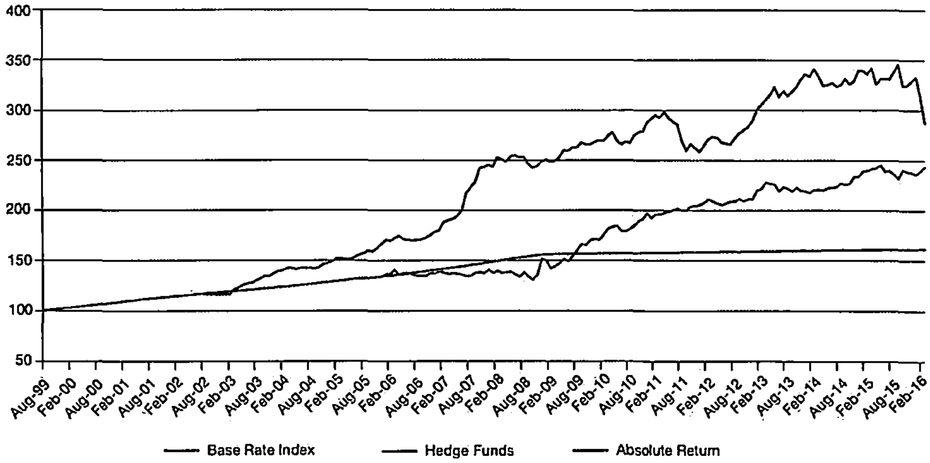
Strategic report
continued

The following graphs show the Group's various financial investments by category against what the Board considers appropriate benchmarks. For listed investments this is the FTSE All Share index and for hedge funds and absolute return funds it is the UK base rate.

Change in price compared to FTSE All Share Index from inception to 31 March 2016



Change in price compared to UK Base Rate index from inception to 31 March 2016



Assets held in the USA

The sale of the Marriott Courtyard and Residence Inn hotels in Stockton, California completed in June 2015. A profit on the sale of £8.7m was realised.

Following the sale of the hotels the Group currently holds substantial US dollar deposits with Wells Fargo bank. During the year we converted $25.0m of this to sterling at a rate of $1.45/£1.00 giving £17.2m. Subsequent to year end we have converted a further $10.0m at a rate of $1.30/£1.00 giving £7.7m. We have taken the strategic decision to hold the remaining dollars however the exchange rate is monitored and conversion can take place at short notice.

The net book value of the assets held in the US at 31 March 2016 was £42.3m *(2015: £56.4m)* of which £24.8m *(2015: £46.4m)* was held in US dollars as cash. This represented 25% *(2015: 31%)* of Group net assets.

Over the year the US dollar gained 3.2% against sterling resulting in unrealised gains of £1.3m taken directly to reserves and losses of £0.6m included in the profit and loss account.

Direct property investment and joint ventures

Atlantic Square, our development site in the Broomielaw district of Glasgow, was granted planning consent in early 2016 for the development of two multi-storey office buildings and a residential apartment building together with ancillary uses. Our development partner, BAM Properties Limited, has launched a marketing campaign.

Once a pre-let has been secured, we plan to start development of the site as a joint venture between BAM Properties and Taylor Clark.

The Group has a 50% joint venture interest in Bowmore Estates Limited, a residential property developer. During the year Bowmore sold its final assets and will now become dormant.

Investment in unquoted property funds

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

Our most recent investment is based in New York, where we have the opportunity to participate in the high end residential market. During the year these funds had great success.

As a result of this activity the Group received income distributions totalling £0.7m which are included under other operating income in the profit and loss account. In addition the Group received capital distributions of £4.0m and made further investments of £3.3m.

Two new commitments were made during the year to UK and US residential funds. At 31 March 2016 total commitments were £35.1m *(2015: £29.5m)* of which £21.2m *(2015: £14.2m)* had been drawn.

Strategic report
continued

Cash and borrowings

At 31 March 2016 the Group held US dollar and sterling bank balances totalling £43m *(2015: £64m)*. The majority of the sterling funds are currently placed with Clydesdale Bank and the majority of US dollars are currently placed with Wells Fargo. There were no bank borrowings at 31 March 2016.

Purchase of own shares

In February 2016 the shareholders approved, by special resolutions in writing, the purchase by the Company for cancellation of 343,954 ordinary £0.10 B shares at a price of £7.40 per share. This represented 4% of each shareholder's ordinary £0.10 B shares. The purchase of shares took place on 17 February 2016 at a total cost of £2,545,268 which was settled in cash.

In March 2016 the shareholders approved, by special resolutions in writing, the purchase by the Company for cancellation of 2,022,890 ordinary £0.10 B shares at a price of £7.40 per share. This represented 100% of The Underwood Trust's remaining £0.10 B shareholding. The purchase took place on 18 March 2016 at a total cost of £14,969,386 which was settled in cash. Further details are given in Note 21 to the accounts.

Principal risks

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

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

Future developments

As outlined above the Group has a conservative asset allocation and no debt. The sale of the hotels has greatly simplified the activities of the Group and resulted in large bank deposits. There are a number of commitments which the Board must consider carefully before investing. The recent strengthening of the US dollar is also a factor when making investment decisions. Whilst there is short-term uncertainty following the recent Referendum, the Board consider the Group is well positioned to respond to the challenges and opportunities which will arise.

On behalf of the Board,

C E Madelin
Director

27 July 2016

Directors' report

Directors

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

After serving as a director for over fourteen years Andrew Clark resigned with effect from 24 March 2016. John Dippie retired on 31 July 2015. He had served as Finance Director for over 9 years. The Board is grateful to both Andrew and John for their contribution over the years. On the 24 March 2016, Caroline Madelin was appointed Finance Director.

Directors' indemnity provisions

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

Dividends

There were no interim dividends paid in the year *(2015: 22.880 pence per Ordinary A Share and 25.168 pence per Ordinary B Share)*. Cash was returned to the shareholders by way of 2 share buybacks; please refer to note 22 for details. No final dividends are proposed to be paid *(2015: 9.060 pence per Ordinary A Share and 9.966 pence per Ordinary B Share)*.

Political contributions

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

Disclosure of information to auditor

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

Directors' report: statutory and other disclosures

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

On behalf of the Board,

C E Madelin
Director and Secretary
Fourth Floor South
35 Portman Square
London W1H 6LR

27 July 2016

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 2016 set out on pages 11 to 37. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 10, 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 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's 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 Strategic Report and 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.

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

27 July 2016

Statement of directors' responsibilities in respect of the annual report

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and other comprehensive income

for the year ended 31 March 2016

	Note	2016 Continuing £'000	2016 Discontinuing £'000	2016 Total £'000	2015 Continuing £'000	2015 Discontinuing £'000	2015 Total £'000
Turnover of the group including its share of joint ventures		1,670	1,037	2,707	1,561	15,589	17,150
Less: Share of turnover of joint ventures		(1,059)	–	(1,059)	(1,083)	–	(1,083)
Group turnover	3	611	1,037	1,648	478	15,589	16,067
Cost of sales		(556)	(912)	(1,468)	(515)	(13,928)	(14,443)
Gross profit		55	125	180	(37)	1,661	1,624
Administrative expenses		(2,020)	(314)	(2,334)	(2,355)	(1,970)	(4,325)
Other operating income	4	2,085	–	2,085	3,244	–	3,244
Group operating (loss)/profit		120	(189)	(69)	852	(309)	543
Share of operating profit/(loss) of joint ventures		177	–	177	(41)	–	(41)
Total operating profit		297	(189)	108	811	(309)	502
Gain on disposal of operations	2	–	8,676	8,676	–	28,762	28,762
Gain on fixed asset investment disposals		16	–	16	441	–	441
Provisions made against fixed asset investments		(1,361)	–	(1,361)	(626)	–	(626)
Profit before interest		(1,048)	8,487	7,439	626	28,453	29,079
Interest receivable and similar income	6	375	–	375	9,576	–	9,576
Interest payable and similar charges	7	(2,642)	–	(2,642)	(30)	–	(30)
Share of net interest receivable by joint ventures		–	–	–	5	–	5
Profit on ordinary activities before taxation		(3,315)	8,487	5,172	10,177	28,453	38,630
Taxation charge on profit on ordinary activities		1,111	(3,583)	(2,472)	(781)	(10,864)	(11,645)
Profit for the financial year		(2,204)	4,904	2,700	9,396	17,589	26,985
Other comprehensive income							
Foreign exchange differences on translation of foreign operations		1,348	–	1,348	2,675	–	2,675
Total comprehensive income for the year		(856)	4,904	4,048	12,071	17,589	29,660

Consolidated balance sheet
at 31 March 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	13	2,167	10,058
Investments in joint ventures:			
Share of gross assets		130	1,166
Share of gross liabilities		(1)	(54)
	15	129	1,112
Investment property	14	9,619	3,893
Other investments	16	107,513	101,853
		119,428	116,916
Current assets			
Property and developments		5,392	5,151
Stocks	18	166	226
Debtors due after more than one year	19	2,137	2,031
Debtors due within one year	19	373	596
Investments		810	917
Cash at bank and in hand		43,379	64,258
		52,257	73,179
Creditors: amounts falling due within one year	20	(688)	(2,812)
Net current assets		51,569	70,367
Total assets less current liabilities		170,997	187,283
Provisions for liabilities and charges	21	(676)	(2,570)
Net assets		170,321	184,713
Capital and reserves			
Called up share capital	22	698	935
Capital redemption reserve	22	1,605	1,368
Profit and loss account:			
Distributable		141,074	153,453
Non-distributable		26,944	28,957
	22	168,018	182,410
Shareholders' funds		170,321	184,713

Approved by the Board on 27 July 2016 and signed on its behalf by

C E Madelin *Director*

CMadelin

The notes on pages 17 to 37 form part of these financial statements.

Company balance sheet

at 31 March 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	13	54	93
Investment property	14	5,280	–
Other investments	16	130,602	126,944
		135,936	127,037
Current assets			
Debtors due within one year	19	4,945	24,780
Investments		810	917
Cash at bank and in hand		5,957	15,775
		11,712	41,472
Creditors: amounts falling due within one year	20	(24,543)	(23,745)
Net current assets		(12,831)	17,727
Total assets less current liabilities		123,105	144,764
Provisions for liabilities and charges	21	(327)	(1,359)
Net assets		122,778	143,405
Capital and reserves			
Called up share capital	22	698	935
Capital redemption reserve	22	1,605	1,368
Profit and loss account:			
Distributable		95,513	114,127
Non-distributable		24,962	26,975
	22	120,475	141,102
Shareholders' funds		122,778	143,405

Approved by the Board on 27 July 2016 and signed on its behalf by

C E Madelin *Director*

CMadelin

The notes on pages 17 to 37 form part of these financial statements.

Company number: 00340727

Consolidated statement of changes in equity

for the year ended 31 March 2016

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2014	935	1,368	155,996	158,299
Total comprehensive income for the year				
Profit or loss	–	–	26,985	26,985
Other comprehensive income				
Foreign exchange differences on translation of foreign operations	–	–	2,675	2,675
Total comprehensive income for the year	–	–	29,660	29,660
Transactions with owners, recorded directly in equity				
Dividends	–	–	(3,246)	(3,246)
Total contributions by and distributions to owners	–	–	(3,246)	(3,246)
Balance at 31 March 2015	935	1,368	182,410	184,713
Balance at 1 April 2015	935	1,368	182,410	184,713
Total comprehensive income for the year				
Profit or loss	–	–	2,700	2,700
Other comprehensive income				
Foreign exchange differences on translation of foreign operations	–	–	1,348	1,348
Total comprehensive income for the year	–	–	4,048	4,048
Transactions with owners, recorded directly in equity				
Repurchase of own shares	(237)	237	(17,515)	(17,515)
Dividends	–	–	(925)	(925)
Total contributions by and distributions to owners	(237)	237	(18,440)	(18,440)
Balance at 31 March 2016	698	1,605	168,018	170,321

Company statement of changes in equity
for the year ended 31 March 2016

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2014	935	1,368	129,923	132,226
Total comprehensive income for the year				
Profit or loss	–	–	14,425	14,425
Total comprehensive income for the year	–	–	14,425	14,425
Transactions with owners, recorded directly in equity				
Dividends	–	–	(3,246)	(3,246)
Total contributions by and distributions to owners	–	–	(3,246)	(3,246)
Balance at 31 March 2015	935	1,368	141,102	143,405
Balance at 1 April 2015	**935**	**1,368**	**141,102**	**143,405**
Total comprehensive income for the year				
Profit or loss	**–**	**–**	**(2,187)**	**(2,187)**
Total comprehensive income for the year	**–**	**–**	**(2,187)**	**(2,187)**
Transactions with owners, recorded directly in equity				
Repurchase of own shares	**(237)**	**237**	**(17,515)**	**(17,515)**
Dividends	**–**	**–**	**(925)**	**(925)**
Total contributions by and distributions to owners	**(237)**	**237**	**(18,440)**	**(18,440)**
Balance at 31 March 2016	**698**	**1,605**	**120,475**	**122,778**

Consolidated cash flow statement

for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Profit for the year		2,700	26,985
Adjustments for:			
Depreciation charges		283	2,179
Foreign exchange losses/(gains)		440	(1,796)
Increase in value of investment property		–	(125)
Share of (profit)/loss of joint ventures		(177)	36
Interest receivable and similar income		(185)	(7,780)
Interest payable and similar charges		2,012	30
Decrease in value of tangible fixed assets		–	9
Gain on sale of discontinued operations		(8,676)	(28,762)
Gain on sale of fixed asset investments		(16)	(396)
Gain on sale of joint ventures		–	(45)
Provisions made against fixed asset investments		1,361	626
Taxation		2,472	11,645
		214	2,606
(Increase)/decrease in trade and other debtors		(52)	244
Decrease/(increase) in stocks		60	(1)
Increase in property developments		(241)	(39)
(Decrease)/increase in trade and other creditors		(2,124)	188
		(2,143)	2,998
Interest received		185	122
Tax paid		(4,288)	(11,049)
Net cash from operating activities		(6,246)	(7,929)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		16,757	57,105
Proceeds from sale of fixed assets investments		508	10,562
Proceeds from sale of joint ventures		–	770
Return of capital	16	3,999	–
Received from joint ventures	15	1,225	1,106
Acquisition of tangible fixed assets	13	(32)	(1,575)
Acquisition of fixed asset investments	16	(13,468)	(12,430)
Acquisition of investment property	14	(5,726)	–
Net cash from investing activities		3,263	55,538
Cash flows from financing activities			
Repurchase of own shares	22	(17,515)	–
Dividends paid	12	(925)	(3,246)
Net cash from financing activities		(18,440)	(3,246)
Net (decrease)/increase in cash and cash equivalents		(21,423)	44,363
Cash and cash equivalents at 1 April 2015		65,175	20,308
Effect of exchange rate fluctuations on cash held		437	465
Cash and cash equivalents at 31 March 2016		44,189	65,136

Notes on the accounts

1 Accounting policies

Taylor Clark Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling, rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Group has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Group is provided in Note 28.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in Note 28.

FRS 102 grants first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Fair value or revaluation as deemed cost – The fair value at transition date has been used as deemed cost for biological assets (herd cattle and bulls) and investment properties (rental properties).
- Business combinations – Business combinations that took place prior to transition date have not been restated.
- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at transition date.

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

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Group and Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

1.1 Measurement convention

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

Notes on the accounts

continued

1 Accounting policies *(continued)*

1.2 Going concern

The Group's business activities are set out in the Strategic 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.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2016. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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

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

1.4 Foreign currency

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

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

1.5 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

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

1 Accounting policies *(continued)*

1.5 Basic financial instruments (continued)

Investments in ordinary shares

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 Other financial instruments

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

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

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

1.7 Tangible fixed assets

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

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

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

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

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

1.8 Discontinued operations

Discontinued operations are components of the group that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation or were subsidiaries acquired exclusively with a view to resale.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

Notes on the accounts
continued

1 Accounting policies *(continued)*

1.9 Investment property

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

Subsequent to initial recognition

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

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

1.10 Biological assets

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

1.11 Stocks

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

1.12 Impairment

Financial assets (including trade and other debtors)

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

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

1.13 Employee benefits

Defined contribution plans and other long term employee benefits

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

1 Accounting policies *(continued)*

1.14 Expenses

Operating lease

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

Interest receivable and Interest payable

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

1.15 Turnover

Turnover represents the amounts receivable (excluding value added tax) in respect of sales from property development, rents, farm produce and leisure operations.

1.16 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

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

2 Discontinued operations

As described in the Strategic Report all four hotels owned by the Group have now been sold.

The sales of the Heathman Portland and Heathman Kirkland hotels completed on 17 December 2014 and 19 February 2015 respectively.

The sales of the Marriott Courtyard and Residence Inn completed on 5 June 2015.

The trading results of all the hotels are presented as discontinued operations in the profit and loss account.

Notes on the accounts
continued

3 Turnover and business segment analysis

By activity

2016	*Property* £'000	*Hotels* £'000	*Financial investments* £'000	*Other* £'000	*Total* £'000
Group turnover	244	1,037	–	367	1,648
Operating profit/(loss)					
Group	224	(189)	2,014	(2,118)	(69)
Share of joint ventures	177	–	–	–	177
	401	(189)	2,014	(2,118)	108
Gains on disposal of discontinued operations	–	8,676	–	–	8,676
Gain on fixed asset investment disposals	–	–	16	–	16
Provisions made against fixed asset investments	–	–	(1,361)	–	(1,361)
Interest receivable	–	–	–	375	375
Interest payable	–	–	(2,012)	(630)	(2,642)
Profit/(loss) before taxation	401	8,487	(1,343)	(2,373)	5,172
Assets employed					
Group	15,195	1,939	108,324	44,734	170,192
Share of joint ventures	129	–	–	–	129
	15,324	1,939	108,324	44,734	170,321

2015					
Group turnover	119	15,589	–	359	16,067
Operating profit/(loss)					
Group	281	(309)	3,002	(2,431)	543
Share of joint ventures	(41)	–	–	–	(41)
	240	(309)	3,002	(2,431)	502
Gains on disposal of discontinued operations	–	28,762	–	–	28,762
Gain on fixed asset investment disposals	–	–	396	–	396
Gain on disposal of joint ventures	45	–	–	–	45
Provisions made against fixed asset investments	–	–	(626)	–	(626)
Interest receivable	1	11	7,628	1,936	9,576
Interest payable	–	–	–	(30)	(30)
Share of joint ventures net interest	5	–	–	–	5
Profit/(loss) before taxation	291	28,464	10,400	(525)	38,630
Assets employed					
Group	9,120	9,138	102,769	62,574	183,601
Share of joint ventures	1,112	–	–	–	1,112
	10,232	9,138	102,769	62,574	184,713

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

3 Turnover and business segment analysis *(continued)*

By geographical market (by origin)

	2016 UK	2016 USA	2016 Total	2015 UK	2015 USA	2015 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group turnover	614	1,034	1,648	478	15,589	16,067
Operating profit/(loss)						
Group	47	(116)	(69)	1,546	(1,003)	543
Share of joint ventures	177	–	177	(41)	–	(41)
	224	(116)	108	1,505	(1,003)	502
Gains on disposal of discontinued operations	–	8,676	8,676	–	28,762	28,762
Gain on fixed assets investment disposals	16	–	16	396	–	396
Gain on disposal of joint ventures	–	–	–	45	–	45
Provisions made against fixed assets investments	(1,361)	–	(1,361)	(626)	–	(626)
Interest receivable	256	119	375	7,877	1,699	9,576
Interest payable	(2,490)	(152)	(2,642)	(30)	–	(30)
Share of joint ventures net interest	–	–	–	5	–	5
Profit/(loss) before taxation	(3,355)	8,527	5,172	9,172	29,458	38,630
Assets employed						
Group	127,893	42,299	170,192	127,159	56,442	183,601
Share of joint ventures	129	–	129	1,112	–	1,112
	128,022	42,299	170,321	128,271	56,442	184,713

4 Other operating income

	2016	2015
	£'000	£'000
Income from fixed asset investments	2,102	3,004
Revaluation of investment property	–	168
Other items	(17)	72
	2,085	3,244

5 Expenses and auditor's remuneration

	2016	2015
	£'000	£'000
Included in profit/loss are the following:		
Provisions against fixed asset investments	1,361	626
Depreciation	283	2,179
Auditor's remuneration:		
Audit of these financial statements	43	44
Audit of subsidiaries	23	108
Tax compliance services	29	34
Other tax advisory services	139	114
	1,878	3,105

Notes on the accounts
continued

6 Interest receivable and similar income

	2016	2015
	£'000	£'000
Bank and other interest receivable	185	191
Currency translation differences	190	1,796
Gains on revaluation of fixed asset investments	–	7,589
	375	9,576

7 Interest payable and similar charges

	2016	2015
	£'000	£'000
Bank loans and overdrafts	–	30
Currency translation differences	630	–
Deficit on revaluation of fixed asset investments	2,012	–
	2,642	30

8 Staff costs and directors' emoluments

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

	2016	2015
	Number	Number
Property, management and administration	7	9
Hotels	–	174
Other	3	3
	10	217

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£'000	£'000
Wages and salaries	724	4,211
Social security costs	79	569
Other pension costs	89	102
	892	4,882

Directors' remuneration:

	2016	2015
	£'000	£'000
Directors' emoluments	393	420

The aggregate of emoluments of the highest paid director (excluding pension contributions) were £161,000 *(2015: £141,000).*

9 Pensions

Defined contribution pension scheme

Since 1 January 2011 the Group has operated a defined contribution pension scheme for certain UK based employees. The pension charge for the period includes contributions payable by the Group to the scheme of £89,000 *(2015: £80,000)*. The contribution of the Group for the scheme was *27.5% (2015: 27.5%)* of total pensionable salary. The employees contributed an additional 6% *(2015: 6%).*

There were no contributions payable to the scheme at the year end *(2015: £nil).*

10 Taxation

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

	2016 £'000	2015 £'000
UK corporation tax		
Share of joint venture tax	(65)	(35)
Adjustment in respect of prior years	47	85
	(18)	50
Foreign tax		
Current tax expense on income for the year	3,583	10,864
Adjustment in respect of prior years	827	-
Total current tax	4,392	10,914
Deferred taxation	(1,920)	731
Total tax expense	2,472	11,645

	2016 £'000 Current tax	2016 £'000 Deferred tax	2016 £'000 Total tax	2015 £'000 Current tax	2015 £'000 Deferred tax	2015 £'000 Total tax
Recognised in profit and loss account	4,392	(1,920)	2,472	10,914	731	11,645
	4,392	(1,920)	2,472	10,914	731	11,645

Reconciliation of effective tax rate

	2016 £'000	2015 £'000
Profit for the year	2,700	26,985
Total tax expense	2,472	11,645
Profit excluding taxation	5,172	38,630
Tax using the UK corporation tax rate of 20% *(2015: 21%)*	1,034	8,112
Reduction in tax rate on deferred tax balances	(138)	49
Non-deductible expenses	285	139
Tax exempt revenues	(512)	(990)
Pension cost relief in excess of pension cost charge	-	(268)
Indexation on capital gains	(347)	(415)
Current year losses for which no deferred tax asset was recognised	164	(395)
Deferred tax not previously recognised	(5)	-
Overseas tax differences	1,117	5,328
Under provided in prior years	874	85
Total tax expense included in profit or loss	2,472	11,645

Notes on the accounts
continued

10 Taxation *(continued)*

In accordance with FRS 102.29, deferred tax assets are only recognised to the extent that it is probable they are recoverable against future taxable profits or deferred tax liability reversals. Accordingly a deferred tax asset of £1,285,000 *(2015: £1,027,000)* has not been recorded on the grounds that there is currently insufficient evidence that the asset will be recoverable against suitable taxable profits in the short term.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. Deferred tax assets and liabilities at 31 March 2016 have been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge and deferred tax liability accordingly.

11 Profit for the financial year

	2016 £'000	2015 £'000
Dealt with in the accounts of the holding company	(2,187)	14,426
Retained by subsidiary undertakings	4,887	12,559
	2,700	26,985

12 Dividends

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity shareholders in the year		
Final dividends for the year ended 31 March 2015:		
Ordinary A shares 9.060p, *(31 March 2014: 8.920p)* per share	68	67
Ordinary B shares 9.966p, *(31 March 2014: 9.812p)* per share	857	844
Interim dividends for the year ended 31 March 2016:		
Ordinary A shares 0.000p, *(31 March 2015: 22.880p)* per share	-	171
Ordinary B shares 0.000p, *(31 March 2015: 25.168p)* per share	-	2,164
Total dividends paid in the year	925	3,246

	2016 £'000	2015 £'000
Proposed final dividends for the year ended 31 March 2016:		
Ordinary A shares 0.000p, *(31 March 2015: 9.060p)* per share	-	68
Ordinary B shares 0.000p, *(31 March 2015: 9.966p)* per share	-	857
	-	925

13. Fixed assets: Tangible assets

Group:	*Freehold property trading* £'000	*Other tangible assets* £'000	*Total* £'000
Cost or valuation:			
1 April 2015	12,584	5,487	18,071
Additions	-	32	32
Disposals	(10,185)	(4,216)	(14,401)
31 March 2016	2,399	1,303	3,702

Group:	*Freehold property trading* £'000	*Other tangible assets* £'000	*Total* £'000
Depreciation:			
1 April 2015	4,030	3,983	8,013
Charged in year	152	131	283
Disposals	(3,688)	(3,073)	(6,761)
31 March 2016	494	1,041	1,535
Net book value:			
1 April 2015	8,554	1,504	10,058
31 March 2016	1,905	262	2,167

Disposals include the sale during the year of the Marriott Courtyard and Residence Inn hotels (see note 2).

Notes on the accounts
continued

13 Fixed assets: Tangible assets *(continued)*

	Other tangible assets £'000
Company:	
Cost or valuation:	
1 April 2015 and 31 March 2016	480
Depreciation:	
1 April 2015	387
Charged in year	39
31 March 2016	426
Net book value:	
1 April 2015	93
31 March 2016	54

Tangible fixed assets at 31 March 2016 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.

14 Investment property

	£'000
Group:	
At 1 April 2015	3,893
Additions	5,726
31 March 2016	9,619
Company:	
At 1 April 2015	–
Additions	5,280
31 March 2016	5,280

There were no contractual obligations to purchase, construct or develop investment property as of 31 March 2016, nor any contractual obligations for repairs, maintenance or enhancements of investment property.

£4,339,000 *(2015: £3,893,000)* (Company: £nil *(2015: £nil)*) of investment property fair value is based on a valuation by an external independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

£5,280,000 *(Company: £5,280,000)* of investment property fair value is based on the cost of the property on acquisition. In the opinion of the directors, there is no change in fair value between the date of acquisition and the year end.

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

15 Fixed assets: Investments in joint ventures

	Group £'000
Cost or valuation:	
1 April 2015	2,926
Disposals	(1,225)
31 March 2016	1,701
	£'000
Share of post acquisition reserves:	
1 April 2015	(1,814)
Retained profits less losses	242
31 March 2016	(1,572)
Net book value:	
1 April 2015	1,112
31 March 2016	129

At both 1 April 2015 and 31 March 2016 the Group held 50% of the voting rights and exercised joint control of Bowmore Estates Limited ('Bowmore'), a property development company registered in England & Wales. At 31 March 2016 the Group's funding loan to Bowmore was £1,700,000 *(2015: £2,925,000)*. During the year Bowmore repaid £1,225,000 of the funding loan. No interest is payable on the loan.

Bowmore is subject to UK corporation tax.

Notes on the accounts
continued

16 Fixed assets: Other investments

	Listed £'000	Other £'000	Total £'000
Group:			
Cost or market value:			
1 April 2015	93,120	12,310	105,430
Additions	10,149	3,319	13,468
Return of capital	–	(3,999)	(3,999)
Disposals	(585)	–	(585)
Revaluations	(2,012)	–	(2,012)
Translation difference	–	56	56
31 March 2016	**100,672**	**11,686**	**112,358**

	£'000	£'000	£'000
Group:			
Provisions:			
1 April 2015	2,277	1,300	3,577
Increase/(decrease) in the year	1,486	(125)	1,361
Disposals	(93)	–	(93)
31 March 2016	**3,670**	**1,175**	**4,845**
Net book value:			
1 April 2015	90,843	11,010	101,853
31 March 2016	**97,002**	**10,511**	**107,513**

	Shares in subsidiary undertakings £'000	*Listed* £'000	*Other* £'000	*Total* £'000
Company:				
Cost or market value:				
1 April 2015	28,175	93,120	10,560	131,855
Additions	–	10,149	1,128	11,277
Return of capital	–	–	(3,542)	(3,542)
Disposals	–	(585)	–	(585)
Revaluations	–	(2,012)	–	(2,012)
31 March 2016	**28,175**	**100,672**	**8,146**	**136,993**

	£'000	£'000	£'000	£'000
Company:				
Provisions				
1 April 2015	1,334	2,277	1,300	4,911
Increase/(decrease) in the year	211	1,486	(125)	1,573
Disposals	–	(93)	–	(93)
31 March 2016	**1,545**	**3,670**	**1,175**	**6,391**
Net book value:				
1 April 2015	26,841	90,843	9,260	126,944
31 March 2016	**26,630**	**97,002**	**6,971**	**130,602**

17 Subsidiary undertakings

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

	Percentage of equity owned at 31 March 2016	*Country of registration/ incorporation*
Property		
Taylor Clark Properties Limited	100	Scotland
TCP Atlantic Square Limited	100*	England
TCP Developments Limited	100	Scotland
TCP Pilgrim Limited (dormant)	100*	England
Bowmore Estates Limited	50*	England
Farming		
Wylye Valley Farming Limited	100	England
USA		
Taylor Clark Inc	100*	USA
Castlehill Properties Inc	100*	USA
Heathman Hotel Portland LLC	100*	USA
Heathman Portland Manager Inc	100*	USA
Other		
Taylor Clark International Limited	100	England
Taylor Clark Leisure plc	100	Scotland

**Owned by a subsidiary undertaking*

18 Stocks

	Group	
	2016	2015
	£'000	£'000
Stocks comprise:		
Farm produce	**166**	226

19 Debtors

	Group		*Company*	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Amounts due after one year				
Amounts owed by third parties	**2,137**	2,031	**–**	–
	2,137	2,031	**–**	–
Amounts due within one year				
Trade debtors	**4**	87	**–**	2
Group relief	**–**	–	**–**	308
Amounts owed by subsidiary undertaking	**–**	–	**4,733**	24,300
Corporation tax receivable	**–**	169	**–**	–
Other debtors	**200**	171	**119**	59
Prepayments and accrued income	**169**	169	**93**	111
	373	596	**4,945**	24,780

Notes on the accounts
continued

19 Debtors *(continued)*

The amount due after one year of £2,137,000 is a promissory note receivable of $3,000,000 that was accepted from the buyer of the Heathman Kirkland hotel. The note is secured on the hotel property and bears interest of 4.5% for the first year, 5.5% for the second year and 6.5% for the third year. Principal and all accrued interest falls due in February 2018.

Amounts owed by subsidiaries are repayable on demand.

20 Creditors: amounts falling due within one year

	Group		*Company*	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Trade creditors	**38**	289	**27**	18
Amounts owed to subsidiary undertakings	**-**	-	**24,387**	23,583
Other creditors including taxation and social security	**236**	327	**56**	38
Accruals and deferred income	**414**	2,196	**73**	106
	688	2,812	**24,543**	23,745

Bank loans and overdrafts of £nil *(2015: £nil)* are secured by a debenture granted to a bank over the whole assets and undertaking of the Company.

Amounts owed to subsidiaries are repayable on demand.

21 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributed to the following:

	2016	2015
	£'000	£'000
Group		
Accelerated capital allowances	**121**	948
Unused management expenses	**(1,770)**	(1,724)
Revalution of fixed asset investments	**2,109**	3,091
Revalution of investment property	**216**	241
Basis difference and other timing differences	**-**	14
Net tax liability	**676**	2,570

	2016	2015
	£'000	£'000
Company		
Accelerated capital allowances	**(12)**	(8)
Unused management expenses	**(1,770)**	(1,724)
Revalution of fixed asset investments	**2,109**	3,091
Net tax liability	**327**	1,359

In addition to the deferred tax assets and liabilities above, the Group has an unrecognised deferred tax asset of £1,285,000 *(2015: £1,027,000)*, in respect of trading losses (see Note 10).

The Company has no unrecognised deferred tax assets *(2015: £nil)*.

22 Capital and reserves

	Ordinary A shares of £0.10		*Ordinary B shares of £0.10*		*Total*
	Number	*Value*	*Number*	*Value*	*Value*
Share capital		*£'000*		*£'000*	*£'000*
Allotted, called up and fully paid					
At 31 March 2015	748,236	75	8,598,877	860	935
Shares purchased and cancelled	–	–	(2,366,844)	(237)	(237)
At 31 March 2016	**748,236**	**75**	**6,232,033**	**623**	**698**

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.

In February 2016 the shareholders approved, by special resolutions in writing, the purchase by the Company for cancellation of 343,954 ordinary £0.10 B shares at a price of £7.40 per share. This represented 4% of each shareholder's ordinary £0.10 B shares. The purchase of shares took place on 17 February 2016 at a total cost of £2,545,268 which was settled in cash.

In March 2016 the shareholders approved, by special resolutions in writing, the purchase by the Company for cancellation of 2,022,890 ordinary £0.10 B shares at a price of £7.40 per share. This represented 100% of The Underwood Trust's remaining B shareholding. The purchase took place on 18 March 2016 at a total cost of £14,969,386 which was settled in cash.

R Bennison and R J Harvey are both directors of the Company and trustees of The Underwood Trust. They have no beneficial interest in the assets held by the trust.

	2016	2015
Capital redemption reserve	**£'000**	**£'000**
Group:		
At beginning of year	1,368	1,368
Repurchase of own shares	237	–
At end of year	**1,605**	1,368

	2016	2015
	£'000	£'000
Company:		
At beginning of year	1,368	1,368
Repurchase of own shares	237	–
At end of year	1,605	1,368

Notes on the accounts

continued

22 Capital and reserves *(continued)*

Profit and loss account	2016 £'000	2015 £'000
Group:		
At beginning of year	182,410	155,996
Profit for the year	2,700	26,985
Currency translation difference	1,348	2,675
Repurchase of own shares	(17,515)	-
Dividends paid	(925)	(3,246)
At end of year	168,018	182,410

Profit and loss reserves at 31 March 2016 comprise £141,074,000 available for distribution and £26,944,000 non-distributable *(2015: £153,453,000 distributable and £28,957,000 non-distributable).*

	2016 £'000	2015 £'000
Company:		
At beginning of year	141,102	129,922
(Loss)/profit for the year	(2,187)	14,426
Repurchase of own shares	(17,515)	-
Dividends paid	(925)	(3,246)
At end of year	120,475	141,102

Profit and loss reserves at 31 March 2016 comprise £95,513,000 available for distribution and £24,962,000 non-distributable (*2015: £114,127,000 distributable and £26,975,000 non-distributable*).

23 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016 £'000	2015 £'000
Group:		
Assets measured at fair value through profit and loss	97,002	90,843
Assets measured at cost less impairment	10,491	10,988
	107,493	101,831

	2016 £'000	2015 £'000
Company:		
Assets measured at fair value through profit and loss	97,002	90,843
Assets measured at cost less impairment	6,950	9,239
	103,952	100,082

An explanation of the fair value method can be found in Note 27.

24 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 £21,217,000 *(2015: £15,337,000).*

In November 2014 the Company (together with TCP Atlantic Square Limited and TCP Developments Limited) entered into a Development Agreement with BAM Properties Limited (BAM) to jointly promote the successful development of TCP Atlantic Square Limited's development site in Glasgow. The Company together with TCP Developments Limited has guaranteed TCP Atlantic Square Limited's obligations under the Development Agreement.

24 Commitments *(continued)*

Planning consent for the development of two multi-storey office buildings and a residential apartment building together with ancillary uses was granted in early 2016. The development will commence once an agreement for lease ('pre-let') has been entered into with an occupier for a significant part of the offices. In that event the Development Agreement with BAM will become a formal 50/50 joint venture. If there is no pre-let within three years of the grant of planning consent the site will be sold and the proceeds split between TCP Atlantic Square Limited and BAM in an agreed proportion.

The Company has a commitment under an operating lease to pay rent for its offices of £207,000 per annum *(2015: £207,000 per annum)* until June 2017.

25 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 2016 was £nil *(2015: £nil)*.

26 Related parties

Identity of related parties with which the Group has transacted

The Underwood Trust

The Underwood Trust is an English charitable trust which was established in 1973. The Trustees of The Underwood Trust include Mr R Clark who is also a shareholder in Taylor Clark Limited. In February and March 2016 the Trust sold 2,107,177 B shares of £0.10 each back to Taylor Clark Limited for £7.40 per share. Please refer to Note 22 for further details.

Prior to the sale and at 31 March 2015 the Trust held 2,107,177 B shares of £0.10 each, representing 24.5% of the B shares in issue and 22.5% of the total shares in issue. Following the sale the Trust ceased to be a shareholder of Taylor Clark Limited.

Transactions with key management personnel

Total compensation of key management personnel in the year amounted to £393,000 *(2015: £420,000)*.

Related party transactions

	2016 £'000	2015 £'000
Management charge to The Underwood Trust, in respect of services provided by the Group	24	24
Dividends paid by Taylor Clark Limited and received in a beneficial capacity by:		
The Underwood Trust	210	737
Directors of Taylor Clark Limited	66	376
Key management personnel of the Company and its group	393	420
At end of year	693	1,557

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.

27 Accounting estimates and judgements

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

27 Accounting estimates and judgements *(continued)*

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

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

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

28 Explanation of transition to FRS 102 from old UK GAAP

As stated in Note 1, these are the Group's and Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of profit and equity from old UK GAAP to FRS 102

	Note	Profit for the year ended 31 March 2015 £'000	Equity as at 31 March 2015 £'000	Equity as at 1 April 2014 £'000
Group				
Amount under old UK GAAP		20,263	184,506	157,225
Revaluation of investment property	(a)	168	1,968	1,801
Revaluation of biological assets	(b)	(9)	14	21
Deferred tax	(c)	(1,026)	(1,775)	(748)
Revaluation of fixed asset investments	(d)	7,589	–	–
Amount under FRS 102		26,985	184,713	158,299

	Note	Profit for the year ended 31 March 2015 £'000	Equity as at 31 March 2015 £'000	Equity as at 1 April 2014 £'000
Company				
Amount under old UK GAAP		7,844	144,772	132,585
Deferred tax	(c)	(1,008)	(1,367)	(359)
Revaluation of fixed asset investments	(d)	7,589	–	–
Amount under FRS 102		14,425	143,405	132,226

28 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Notes to the reconciliation of profit and equity

(a) Investment property

Previously held in fixed assets: tangible assets (freehold property trading) at cost less depreciation (buildings only) now classed as 'Investment Property' and held at fair value (see note 14). Going forward the properties will be revalued at each year end by a third party. Any changes in value are recognised in the profit and loss account.

The effect of this change in treatment for the year ended 31 March 2015 is an increase to the profit for the year of £168,000. The effect of this change on net assets as at 31 March 2015 is an increase to profit and loss reserves of £1,968,000, comprising an increase in investment property of £3,893,000 and a decrease in the net book value of freehold land and buildings of £1,925,000. The effect on net assets as at 1 April 2014 is an increase to profit and loss reserves of £1,801,000.

(b) Biological assets – herd cattle and bulls

Previously held at cost in current assets: stock. Now classed as biological assets (fixed assets: tangible assets, other tangible assets, see note 13) and held at fair value less costs to sell. Going forward the herd will be revalued at each year end by a third party. Any changes in value are recognised in the profit and loss account.

The effect of this change in treatment for the year ended 31 March 2015 is a decrease to the profit for the year of £9,000. The effect on net assets as at 31 March 2015 is an increase to profit and loss reserves of £14,000, comprising an increase in biological assets of £46,000 and a decrease in stocks of £32,000. The effect on net assets as at 1 April 2014 is an increase to profit and loss reserves of £21,000.

(c) Deferred taxation

Previously deferred tax had not been booked on the following:

- Gains on fixed asset investments for which no contract of sale was in place at year end (or intention to sell)
- Unused management expenses carried forward
- Fixed asset timing differences in Wylye Valley Farming Limited (due to them being netted off against trading losses).

Under FRS 102 such deferred tax assets and liabilities will be recognised. Deferred tax on gains on investment will also be recognised.

The effect of this change in treatment for the year ended 31 March 2015 is a decrease to the profit for the year of £1,026,000. The effect on net assets as at 31 March 2015 is a decrease to profit and loss reserves of £1,775,000. The effect on net assets as at 1 April 2014 is a decrease to profit and loss reserves of £748,000.

(d) Revaluation of fixed asset investments

Previously revaluation of fixed asset investments above cost was recognised in the revaluation reserve. Under FRS 102 any such revaluation will be recognised in the profit and loss account, with changes to the fair value of such investments recognised directly in the profit and loss account.

The effect of this change in treatment for the year ended 31 March 2015 is an increase to the profit for the year of £7,589,000. There is no net impact on total net assets as at either 31 March 2015 or 1 April 2014.

Financial record

for the years ended 31 March

	FRS 102		*Old UK GAAP*		
	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Group turnover	**1,648**	16,067	15,197	18,287	14,491

Reconciliation of movements in shareholders' funds					
Profit/(loss) after taxation	**2,700**	26,985	325	(3,733)	(9,855)
Dividends	**(925)**	(3,246)	(1,565)	(1,537)	(811)
Other recognised gains	**1,348**	2,675	1,924	9,849	2,875
Purchase of own shares	**(17,515)**	–	–	–	–
Net movement in shareholders' funds	**(14,392)**	26,414	684	4,579	(7,791)
Opening balance of shareholders' funds	**184,713**	158,299	156,541	151,962	159,753
Closing balance of shareholders' funds	**170,321**	**184,713**	**157,225**	**156,541**	**151,962**

Balance sheet					
Fixed assets:					
Investment property	**9,619**	3,893	–	–	–
Tangible assets	**2,167**	10,058	36,897	41,489	49,788
Investments	**107,642**	102,965	95,475	96,334	92,099
Net current assets	**51,569**	70,367	25,823	20,020	14,153
Other liabilities and provisions	**(676)**	(2,570)	(970)	(1,302)	(4,078)
Net assets	**170,321**	**184,713**	**157,225**	**156,541**	**151,962**

Capital and reserves					
Called up share capital	**698**	935	935	935	935
Revaluation reserve	**–**	–	19,386	17,555	18,756
Other reserves	**169,623**	183,778	136,904	138,051	132,271
Shareholders' funds	**170,321**	**184,713**	**157,225**	**156,541**	**151,962**

Directors of principal subsidiary companies

Taylor Clark Properties Limited	Jon Brand Reg Harvey
Wylye Valley Farming Limited	Andrew Clark Reg Harvey
Taylor Clark Inc	Reg Harvey* Andy Macdonald

*Non-executive