

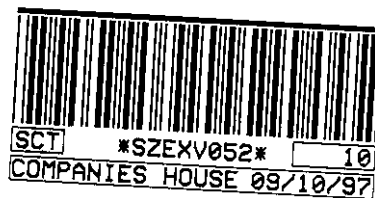
Taylor Clark Properties Limited

Directors' report and financial statements

31 March 1997

Registered number SC26722

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Directors' report and financial statements

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Directors and advisers

Directors

R Clark FCA (Chairman)
JS Brand FRICS
JA Dippie FCA (resigned 30 April 1997)
CP Edwards FRICS
RJ Harvey (resigned 30 April 1997)
JDD McDonald FRICS
TAF McGee LLB, FCIS (resigned 31 July 1996)
AW Woods FRICS (resigned 11 March 1997)

Secretary

Taylor Clark plc

Registered office

23/25 Huntly Street
Inverness
IV1 1LA

London office

32 Haymarket
London
SW1Y 4TP
0171 930 8494

Glasgow office

Regent House
76 Renfield Street
Glasgow, G2 1NQ
0141 332 6111

Auditors

KPMG

Bankers

Clydesdale Bank plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1997.

Principal activities

The principal activity of the company is property development. In addition the company provides management services to other group companies.

Business review

The results for the year are set out in the profit and loss account on page 5 and the related notes. The company is expected to continue its present activities for the foreseeable future.

Proposed dividend and transfer to reserves

The directors do not propose the payment of a dividend for the year (1996: £nil). The profit for the year of £1,903,000 has been transferred to reserves.

Directors and directors' interests

The directors who held office during the year are set out on page 1.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Mr Clark and Mr Harvey are also directors of Taylor Clark plc, the ultimate parent company, and their interests in the shares of Taylor Clark plc are disclosed in the directors' report of that company. The other directors had no interest in the shares of other group companies.

According to the register of directors' interests, no right to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Statement of directors' responsibilities

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

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


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

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



JA Dippie for Taylor Clark plc

Secretary

32 Haymarket
London
SW1Y 4TP

23 July 1997



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of Taylor Clark Properties Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

23 July 1997

Profit and loss account

for the year ended 31 March 1997

	Note	1997 £000	1996 £000
Turnover	2	7,306	1,800
Cost of sales (including exceptional write back of provisions against development properties of £3.2m)		(2,677)	(446)
Gross profit		<hr/> 4,629	<hr/> 1,354
Administrative expenses		(1,036)	(1,023)
Operating profit		<hr/> 3,593	<hr/> 331
Interest receivable and similar income	5	16	3
Interest payable and similar charges	6	(1,325)	(515)
Profit/(loss) on ordinary activities before taxation	3	<hr/> 2,284	<hr/> (181)
Tax on profit/(loss) on ordinary activities	7	(381)	71
Profit/(loss) for the financial year		<hr/> 1,903	<hr/> (110)
Balance brought forward		(5,440)	(5,330)
Balance carried forward		<hr/> <hr/> (3,537)	<hr/> <hr/> (5,440)

Continuing operations

All items dealt with in arriving at the operating profit for 1997 and 1996 relate to continuing operations.

Statement of total recognised gains and losses

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

Note of historical cost profits and losses

There is no material difference between the profit (1996: loss) on ordinary activities before taxation and the retained profit (1996: retained loss) for the year as stated in the profit and loss account above, and their historical cost equivalents.

Balance sheet

at 31 March 1997

	<i>Note</i>	1997 £000	1996 £000
Current assets			
Property and developments		32,164	28,970
Debtors	8	176	743
		<hr/>	<hr/>
		32,340	29,713
Creditors: amounts falling due within one year	9	(13,377)	(17,653)
		<hr/>	<hr/>
Net current assets		18,693	12,060
Creditors: amounts falling due after one year	10	(5,000)	-
		<hr/>	<hr/>
Net assets		13,963	12,060
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	17,500	17,500
Profit and loss account		(3,537)	(5,440)
		<hr/>	<hr/>
Equity shareholders' funds	12	13,963	12,060
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 23 July 1997 and were signed on its behalf by:



R Clark
Director



JS Brand
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow statement

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of Taylor Clark plc, which is incorporated in Great Britain, and whose consolidated financial statements include a consolidated cash flow statement which includes the cash flows of the company.

Related party disclosures

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose transactions with other group companies on the grounds that it is a wholly-owned subsidiary undertaking.

Property and developments

Property and developments are stated at the lower of cost and open market value.

Turnover

Turnover comprises the proceeds from the sale of properties, rental income and management fee income excluding VAT.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Turnover

	1997 £000	1996 £000
Turnover comprises:		
Proceeds from sale of properties	6,194	860
Rental income	368	200
Management fee income from fellow subsidiaries	744	740
	<hr/> 7,306	<hr/> 1,800
	<hr/> <hr/>	<hr/> <hr/>

All turnover arose in the UK.

Notes (continued)

3 Profit on ordinary activities before taxation

	1997 £000	1996 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	7	5
Other services	4	3
Management charge from parent company	1,020	996
Movement in provisions against development property	(3,209)	236
	<u> </u>	<u> </u>

4 Directors' remuneration

Mr CP Edwards received a consultancy fee of £10,000 (1996: £5,000) and Mr TAF McGee received a consultancy fee of £3,333 (1996: £7,000) for administrative services provided during the year. None of the other directors received any remuneration during the year (1996: £nil).

5 Interest receivable and similar income

	1997 £000	1996 £000
Bank interest	-	3
Other interest	16	-
	<u> </u>	<u> </u>
	16	3
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	1997 £000	1996 £000
On bank loans and overdrafts	559	510
On loans from parent company	766	5
	<u> </u>	<u> </u>
	1,325	515
	<u> </u>	<u> </u>

Notes (continued)

7	Taxation	1997	1996
		£000	£000
	Corporation tax payable	487	-
	Group relief receivable	-	(60)
	Adjustment relating to an earlier year	98	(11)
	ACT written back	(204)	-
		<hr/>	<hr/>
		381	(71)
		<hr/>	<hr/>
8	Debtors	1997	1996
		£000	£000
	Amounts owed by fellow subsidiary undertakings	-	21
	Other debtors	176	654
	Group relief	-	60
	Prepayments and accrued income	-	8
		<hr/>	<hr/>
		176	743
		<hr/>	<hr/>
9	Creditors: amounts falling due within one year	1997	1996
		£000	£000
	Bank overdraft	5,557	10,609
	Trade creditors	322	838
	Accruals and deferred income	315	6,206
	Loan from parent company	6,900	-
	Corporation tax	283	-
		<hr/>	<hr/>
		13,377	17,653
		<hr/>	<hr/>

Notes *(continued)*

10 Creditors: amounts falling due after one year

	1997 £000	1996 £000
Loan from parent company	5,000	-

11 Called up share capital

	1997 £000	1996 £000
<i>Authorised</i>		
Ordinary shares of £1 each	17,500	17,500
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	17,500	17,500

12 Reconciliation of movement in shareholders' funds

	1997 £000	1996 £000
Retained profit/(loss) for the financial year	1,903	(110)
Opening shareholders' funds	12,060	4,670
Increase in share capital	-	7,500
Closing shareholders' funds	13,963	12,060

13 Commitments

No provision has been made in the financial statements in respect of financial commitments of £28,000 which relate to staged payments which will become due under agreements with professional advisers in connection with the construction or redevelopment of properties.

14 Contingent liability

The company, together with certain of its fellow group undertakings, has a group overdraft facility with its bankers. In connection with this group overdraft facility 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 1997 was £5,114,463 (1996:£14,573,583).

The group overdraft facility is secured by one of the properties held as a development property in the company.

Notes (continued)

15 Ultimate parent company and parent undertaking of a larger group of which the company is a member and ultimate controlling parties

The company's ultimate parent company is Taylor Clark plc which is incorporated in Great Britain and registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Taylor Clark plc. The consolidated accounts of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF4 3UZ.

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

16 Post balance sheet events

Since 31 March 1997 the company has sold two development properties for total proceeds of £14,350,000.