Taylor Clark Properties Limited

Directors' report and financial statements

Registered number SC26722

31 March 2001

Contents

Directors and advisers

Directors

CP Edwards FRICS (Chairman)
JS Brand FRICS (Managing Director)
R Clark FCA
JA Dippie FCA
RJ Harvey
JWW Fox MRICS (Appointed 12 April 2000)

Secretary

Taylor Clark plc

Registered office

5 Drummond Street
Inverness
IV1 1QF

London office

32 Haymarket
London
SW1Y 4TP
020 7930 8494

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 2001.

Principal activities

The principal activity of the company is commercial property development in England and Scotland.

Business review

The results for the year are set out in the profit and loss account on page 5 and the related notes.

Proposed dividend and transfer to reserves

The directors recommend the payment of a dividend for the year £3,000,000 (2000: £5,282,000). The retained loss of £1,021,000 (2000: profit of £2,453,000) will be transferred to reserves.

Directors and Directors' interests

The Directors in office at the date of this report 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.

Directors' report *(continued)*

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.

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

18 July 2001

KPMG
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 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors

18 July 2001

Profit and loss account

for the year ended 31 March 2001

	Note	**2001**	2000
		£000	£000
Turnover	*2*	**24,807**	23,459
Cost of sales		**(19,846)**	(11,653)
Gross profit		**4,961**	11,806
Administrative expenses		**(1,514)**	(544)
Operating profit		**3,447**	11,262
Interest receivable and similar income	*5*	**197**	322
Interest payable and similar charges	*6*	**(473)**	(537)
Profit on ordinary activities before taxation	*3*	**3,171**	11,047
Tax on profit on ordinary activities	*7*	**(1,192)**	(3,312)
Profit on ordinary activities after taxation		**1,979**	7,735
Dividend proposed		**(3,000)**	(5,282)
Retained (loss)/profit for the year		**(1,021)**	2,453
Retained profit brought forward		**5,673**	3,220
Retained profit carried forward		**4,652**	5,673

Continuing operations

All items dealt with in arriving at the operating profit for 2001 and 2000 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 on ordinary activities before taxation and the retained profit for the year as stated in the profit and loss account above, and their historical cost equivalents.

Balance sheet

at 31 March 2001

	Note	2001 £000	2001 £000	2000 £000
Fixed assets				
Investment in subsidiary company	8		1,500	-
Current assets				
Property and developments		25,986		33,072
Debtors	9	3,922		743
Cash at bank		3,032		3,158
		32,940		36,973
Creditors: amounts falling due within one year	10	(12,288)		(8,673)
Net current assets			20,652	28,300
Total net assets less current liabilities			22,152	28,300
Creditors: amounts falling due after more than one year	11		-	(5,000)
Provisions for liabilities and charges	12		-	(127)
Net assets			22,152	23,173
Capital and reserves				
Called up share capital	13		17,500	17,500
Profit and loss account			4,652	5,673
Equity shareholders' funds	14		22,152	23,173

These financial statements were approved by the board of directors on 18 July 2001 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.

Where the company is party to a joint arrangement which is not an entity, the company accounts directly for its part of the income and expenditure, assets, liabilities and cashflows.

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

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. Cost comprises the original cost of the property, together with subsequent third party development costs until the property is complete and available for use.

Investments

Investments held as fixed assets are shown at cost less provision, where in the opinion of the directors there has been a permanent diminution in 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.

Notes *(continued)*

2 Turnover

	2001	2000
	£000	£000
Turnover comprises:		
Proceeds from sale of properties	**24,621**	22,815
Rental income	**170**	643
Management fee income from fellow subsidiaries	**16**	1
	24,807	23,459

All turnover arose in the UK.

3 Profit on ordinary activities before taxation

	2001	2000
	£000	£000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
Audit	**12**	12
Other services	**26**	8
Management charge from parent company	**651**	500

The management team of Taylor Clark Properties Limited is employed by Taylor Clark plc, the parent company. The management charge includes the cost of the management team's remuneration and accommodation.

4 Directors' remuneration

	2001	2000
	£000	£000
Directors		
Aggregate emoluments	**246**	170

The aggregate of emoluments of the highest paid director was £125,000 (2000:£85,000). He is a member of a defined benefit scheme, under which the accrued pension to which he would be entitled from his normal retirement date if he were to retire at the year end, was £8,000 (2000:£6,000).

	Number of directors	
	2001	2000
Retirement benefits are accruing to the following number of directors under a defined benefit scheme	2	1

Notes *(continued)*

5 Interest receivable and similar income

	2001 £000	2000 £000
Bank interest	**112**	319
Interest from fellow subsidiaries	**77**	-
Other interest	**8**	3
	197	322

6 Interest payable and similar charges

	2001 £000	2000 £000
On bank loans and overdrafts	**51**	113
On loans from parent company	**422**	423
Other interest payable	**-**	1
	473	537

7 Taxation

	2001 £000	2000 £000
Corporation tax payable at 30% (2000: 30%)	**(1,319)**	(3,316)
Deferred tax (note 12)	**127**	4
	(1,192)	(3,312)

Notes *(continued)*

8 Fixed asset investments

	Shares in group undertakings £000
At cost	
At 1 April 2000	-
Additions	1,500
At 31 March 2001	1,500

The company owns the entire share capital of the following property investment companies incorporated in England and Wales:

Company	Activity
Aqueous Business Centres Limited	Investment holding company
Aqueous Business Centres Birmingham Limited	Property investment company*
TCP Chertsey Limited	Dormant
TCP Flat 12 Limited	Dormant
TCP Winchester Limited	Dormant
TCP Citypoint Limited	Dormant
TCP Canterbury Limited	Dormant
TCP Worcester Limited	Dormant

*owned by a subsidiary undertaking

In addition, the company owns 50% of the share capital of Equinox 2001 Limited, a property development company incorporated in Scotland. This investment has been accounted for as a joint arrangement that is not an entity (as defined by FRS 9). Accordingly, the cost of the investment is not shown above, as the company accounts directly for its share of the income and expenditure, assets, liabilities and cashflows of the company.

In the opinion of the directors the investments are worth at least the amount at which they are stated in the balance sheet.

9 Debtors

	2001 £000	2000 £000
Amounts due within one year		
Trade debtors	**35**	105
Amounts due from group undertakings	**2,945**	-
Other debtors	**717**	413
	3,697	518
Amounts due after one year		
Amount due on sale of property	**225**	225
Total debtors	**3,922**	743

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank overdraft	**13**	4
Trade creditors	**279**	584
Accruals and deferred income	**2,570**	34
Amounts due to parent company	**5,121**	101
Corporation tax	**833**	2,279
Dividends payable	**3,000**	5,282
Other creditors	**472**	389
	12,288	8,673

11 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Loan from parent company	**-**	5,000

12 Provisions for liabilities and charges

	Deferred Taxation £000
At beginning of year	127
Credit for the period	(127)
At end of year	-

The amounts provided and the full potential liability for deferred taxation calculated under the liability method are set out below:

	2001 Provided £000	2001 Full potential liability £000	2000 Provided £000	2000 Full potential liability £000
Other timing differences	**-**	**-**	127	127

Notes *(continued)*

13 Called up share capital

	2001 £000	2000 £000
Authorised, called up and fully paid		
Ordinary shares of £1 each	**17,500**	17,500

14 Reconciliation of movement in shareholders' funds

	2001 £000	2000 £000
Retained (loss)/profit for the financial year	**(1,021)**	2,453
Opening shareholders' funds	**23,173**	20,720
Closing shareholders' funds	**22,152**	23,173

15 Commitments

No provision has been made in the financial statements in respect of financial commitments of £11,130,000 (2000: £1,786,000) which relate to payments which will become due under contracts entered into for the purchase of land and buildings and the construction or redevelopment of properties.

16 Contingent liability

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 2001 was £5,071,529 (2000: £5,169,084).

17 Related party disclosures

During the year, the company acquired an investment in Equinox 2001 Limited (formerly Pacific Shelf 942 Limited). The company owns 50% of the voting rights of this property development company and exercises joint control of this investment which is deemed to be a joint arrangement which is not an entity as defined by FRS 9.

On 12 June 2000 the company sold a development property to Equinox 2001 Limited which also reimbursed the company for various pre-commencement project costs. The total paid by Equinox 2001 Limited to the company was £2,464,687 (including VAT).

In addition, during the year the company has provided ongoing funding for this property development totalling £2,229,219. The balance outstanding with Equinox 2001 Limited at the year end was £2,229,219.

18 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.