

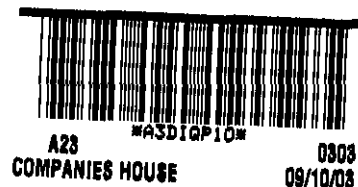
Taylor Clark plc
340727
Companies House copy

Annual report

for the year ended 31 March 2003

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Front cover: California almonds in blossom.



Directors and advisers

Directors

*R Clark *FCA Chairman*

R J Harvey *Chief Operating Officer*

*Mrs P A H Clark

*A R Clark

*D T Boyd *CA*

*R E Towner *MA*

*Non-executive

Secretary

J A Dippie *FCA*

Registered and Head Office

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Fax: 020 7930 5575
Email: mail@taylorclark.co.uk

California Office

c/o Crawford International Inc
833 Dover Drive, Suite 14
Newport Beach, CA 92663
Telephone: 001 949 722 0125
Fax: 001 949 722 0151

Auditors

KPMG LLP

Principal Bankers

Clydesdale Bank PLC

Registered number

340727

Date of Incorporation

27 May 1938

Chairman's statement

The Group profit before taxation was £936,000.

An otherwise generally satisfactory operating profit was adversely affected by realised and unrealised losses on equity investments resulting from further declines in world stock markets. The sterling value of the group's investment in the USA was also reduced as a result of the US dollar fall against sterling by 11% over the year. Whilst property development and investment again proved to be the most profitable activities weak occupier demand has delayed lettings and sales targeted for the year.

However the diversity of the group's investment portfolio with a much higher proportion of bonds and cash than equities plus our alternative investments has meant that any damage has been very limited. Indeed our investment strategy has left us in a much stronger position than many, maybe most, institutional investors. Most importantly our very strong liquid position enables us to take advantage of the much better investment values now available should we choose to increase our risk profile.

To celebrate the 20th anniversary of our initial investment in the USA the front cover features California almonds. One of the bright spots in this time of uncertainty and volatility is our 600 acre joint venture "Hill Creek" orchard in Stanislaus County which produced yields and sales well in excess of expectations. Whilst at this early stage of its life the orchard is not material to overall company results its success is encouraging and reflects the dedication and professionalism we have come to expect from our farming partners in the "Golden State".

The new financial year brings management changes. Reg Harvey, formerly General Manager, has been appointed Chief Operating Officer of Taylor Clark plc. Andy Macdonald who has been a non-executive director of our North American companies from our beginnings in the USA has become Taylor Clark Inc's Managing Director. Tim Simon has joined the board of Taylor Clark Properties Limited as non-executive Director. A strategic asset allocation committee of the Taylor Clark plc Board has been formed to monitor the balance of our investments and of our trading operations. Finally, this year I completed forty years of working for the group and retired as Chief Executive on 31 March. I remain non-executive Chairman.

These changes have been made with a specific view in mind of passing most managerial responsibilities for Taylor Clark's investment and property investment activities onto a younger generation of experienced professionals. I am confident that ours is a first class team and I wish them every success for the future.

In doing so we should recognise that the strong position which the new team inherits arises from the efforts of current and past managers. These go back to the company's foundation by my father in the 1930s and certainly include all the current and recently retired, or retiring managers and directors and advisers. I would like to thank John Coates who has recently left our UK farming company after having provided valuable counsel over many years. Also Ralph Wintrobe who was our legal adviser and one of our USA directors from the beginning.

I end this report with a personal thank you to all the staff, directors, professional advisers and colleagues in the UK and North America who have worked with me over the last forty years *and who have made my working life with the company such a happy and rewarding experience*. Whatever the future has in store I know that the group will continue its long established tradition of doing business in a way it can be proud of and being a catalyst for new ventures as well as producing financial results for shareholders. It will continue to work with good people, do things a little bit better and contribute positively to the economies in which it operates.

As non-executive Chairman I will have the continued pleasure of being associated with such a delightful group of people.

Robin Clark

9 July 2003

A handwritten signature in black ink, appearing to read 'Robin Clark', with a long horizontal flourish extending to the right.

Report of the directors

The directors have pleasure in submitting their annual report, together with the financial statements for the year ended 31 March 2003.

Group Activities

Taylor Clark plc is an investment holding company. The principal activities of its subsidiary undertakings are property development, farming and forestry, hotels and restaurants in the UK and North America.

Results and dividends

As shown by the consolidated profit and loss account the profit for the financial year amounted to £15,000 (2002: loss £1,670,000). After deducting £1,054,000 (2002: £1,038,000) for dividends paid and proposed, £1,039,000 (2002: £2,708,000) has been transferred from reserves.

On 23 January 2003 an interim dividend of 30p pence per share (2002: 30 pence per share) was paid. The directors recommend the payment of a final dividend of 37 pence per share (2002: 36 pence per share) making a total for the year of 67 pence per share (2002: 66 pence per share).

Directors

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

The interests of the directors in the ordinary £1 shares of the company at 1 April 2002 and 31 March 2003 are listed below:

	31 March 2003		1 April 2002	
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
Robin Clark	103,909	720,300	105,909	720,300
Mrs P A H Clark	103,909	720,300	108,909	720,300
A R Clark	61,450	—	61,450	—
R J Harvey	—	104,000	—	97,000

The non beneficial shareholdings shown above arise because certain of the directors act as trustees. Where more than one director is a trustee the shares held by a particular trust may be shown more than once.

At 1 April 2002 and 31 March 2003 Mr Towner and Mr Boyd did not have any interest in the shares of the company. None of the directors had any direct interest in the shares of subsidiary undertakings.

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

Major shareholder

The Underwood Trust, a Registered Charity, owns 680,300 (2002: 680,300) ordinary shares of £1 each, representing 43.3% (2002: 43.3%) of the issued share capital.

Payments to suppliers

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made to these terms subject to the supplier fulfilling its obligations.

The ratio, expressed in days, between the amounts invoiced to the company by its suppliers in the year ended 31 March 2003 and amounts owed to its trade creditors at the end of the year was 42 days (2002: 17 days).

Donations

The group made a charitable donation of £15,000 (2002: £nil) during the year. A political donation of £500 (2002: £nil) was made to "The NO Campaign".

Auditors

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

By Order of the Board,

J A Dippie

Secretary



32 Haymarket,
London SW1Y 4TP
9 July 2003

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 group and of the profit or loss 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 group 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 to 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 group and prevent and detect fraud and other irregularities.

Report of the independent auditors

To the Members of Taylor Clark plc

We have audited the financial statements on pages 9 to 32.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 7, 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 1985. 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.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 group'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 affairs of the company and the group as at 31 March 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG LLP

Chartered Accountants,
Registered Auditor
London

9 July 2003

Consolidated profit and loss account

for the year ended 31 March 2003

	Note	2003	2002
			As restated
		£'000	(Note 1) £'000
Turnover of the group including its share of joint ventures		19,145	33,846
Less: Share of turnover of joint ventures		(6,201)	(6,373)
Group turnover	2	12,944	27,473
Cost of sales		(7,646)	(21,244)
Gross profit		5,298	6,229
Administrative expenses		(1,652)	(3,632)
Other operating income		2,042	253
Group operating profit	3	5,688	2,850
Share of operating profit of joint ventures		731	759
Share of operating profit of associates		168	49
Total operating profit		6,587	3,658
Gains/(losses) on property disposals		190	(1,567)
Losses on fixed asset investment disposals		(3,111)	(221)
Provisions against fixed asset investments		(1,044)	(978)
Profit before interest		2,622	892
Interest receivable and similar income	4	599	859
Interest payable and similar charges	5	(1,369)	(530)
Share of net interest payable by joint ventures		(883)	(1,109)
Share of net interest payable by associates		(33)	(7)
Profit on ordinary activities before taxation	2, 3	936	105
Taxation on profit on ordinary activities	7	(921)	(1,775)
Profit/(loss) for the financial year	8	15	(1,670)
Dividends			
Paid		(472)	(472)
Proposed		(582)	(566)
Transfer from reserves		(1,039)	(2,708)

A statement of the reserves is given in note 19.

The notes referred to above form part of these accounts.

Group statement of total recognised gains and losses

for the year ended 31 March 2003

	2003	2002 As restated (Note 1)
	£'000	£'000
Profit/(loss) for the financial year	15	(1,670)
Unrealised (deficit)/surplus on revaluation of properties	(1,453)	4,235
Unrealised deficit on revaluation of investments	(573)	(304)
Currency translation difference on foreign currency net assets	(2,107)	(33)
Other recognised gains and losses	(4,133)	3,898
Total recognised gains and losses relating to the financial year	(4,118)	2,228
Prior year adjustment (Note 1)	(1,810)	
Total gains and losses since last annual report	(5,928)	

Note of historical cost profits and losses

for the year ended 31 March 2003

	2003	2002 As restated (Note 1)
	£'000	£'000
Reported profit on ordinary activities before taxation	936	105
Realisation of revaluation gains of previous years	1,861	1,793
Historical cost profit on ordinary activities before taxation	2,797	1,898
Historical cost profit/(loss) for the year retained after taxation and dividends	822	(915)

Group reconciliation of movements in shareholders' funds

for the year ended 31 March 2003

	2003	2002 As restated (Note 1)
	£'000	£'000
Profit/(loss) for the financial year	15	(1,670)
Dividends paid and proposed	(1,054)	(1,038)
Transfer (from) reserves	(1,039)	(2,708)
Other recognised gains and losses	(4,133)	3,898
Net movement in shareholders' funds	(5,172)	1,190
Opening balance of shareholders' funds	153,146	151,956
Closing balance of shareholders' funds	147,974	153,146

Group balance sheet

at 31 March 2003

	Note	2003 £'000	2002 As restated (Note 1) £'000
Fixed assets			
Property	9	48,020	52,067
Other tangible assets	9	1,799	2,330
Investments in joint ventures			
Share of gross assets		24,980	28,656
Share of gross liabilities		(13,046)	(14,731)
	10	11,934	13,925
Investment in associate	11	1,313	1,010
Other investments	12	22,771	28,198
		85,837	97,530
Current assets			
Property and developments		21,988	22,778
Stocks	14	154	182
Debtors	15	1,776	3,179
Investments		41,608	29,786
Cash at bank and in hand		1,286	9,720
		66,812	65,645
Creditors: amounts falling due within one year	16	(3,561)	(7,200)
Net current assets		63,251	58,445
Total assets less current liabilities		149,088	155,975
Provisions for liabilities and charges	17	(1,114)	(2,829)
Net assets		147,974	153,146
Capital and reserves			
Called up share capital	18	1,573	1,573
Capital redemption reserve	19	730	730
Revaluation reserve	19	16,160	20,285
Profit and loss account	19	129,511	130,558
Equity shareholders' funds		147,974	153,146

Approved by the Board on 9 July 2003 and signed on its behalf by

R Clark
R J Harvey *Directors*

The notes referred to above form part of these accounts.

Consolidated cash flow statement

for the year ended 31 March 2003

	2003 £'000	2002 £'000
Net cash inflow/(outflow) from operating activities	5,250	(434)
Returns on investments and servicing of finance	860	580
Taxation	(1,316)	(2,533)
Capital expenditure and financial investment	1,449	5,585
Acquisitions and disposals	29	(970)
Equity dividends paid	(1,038)	(1,006)
Cash inflow before use of liquid resources and financing	5,234	1,222
Management of liquid resources	(6,122)	4,343
(Decrease)/increase in cash	(888)	5,565

Reconciliation of net cash flow to movement in net funds

	2003 £'000	2002 £'000
(Decrease)/increase in cash in the year	(888)	5,565
Cash outflow/(inflow) from movement in liquid resources	6,122	(4,343)
Movement resulting from cash flows	5,234	1,222
Translation difference	(313)	(2)
Movement in the year	4,921	1,220
Net funds at 1 April 2002	37,861	36,641
Net funds at 31 March 2003	42,782	37,861

Further information concerning the consolidated cash flow statement is given in note 20 which forms part of these accounts.

Company balance sheet

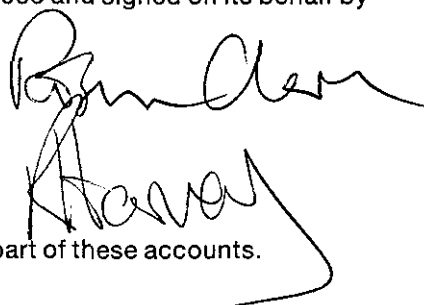
at 31 March 2003

	Note	2003 £'000	2002 As restated (Note 1) £'000
Fixed assets			
Property	9	28,329	29,810
Other tangible assets	9	108	133
Investment in associate	11	1,174	972
Other investments	12	65,489	70,063
		95,100	100,978
Current assets			
Debtors due after one year	15	23,450	24,000
Debtors due within one year	15	3,952	5,865
Investments		39,459	29,786
Cash at bank and in hand		89	12
		66,950	59,663
Creditors: amounts falling due within one year	16	(34,034)	(31,534)
Net current assets		32,916	28,129
Total assets less current liabilities		128,016	129,107
Provisions for liabilities and charges	17	(276)	(161)
Net assets		127,740	128,946
Capital and reserves			
Called up share capital	18	1,573	1,573
Capital redemption reserve	19	730	730
Revaluation reserve	19	10,305	12,590
Profit and loss account	19	115,132	114,053
Equity shareholders' funds		127,740	128,946

Approved by the Board on 9 July 2003 and signed on its behalf by

R Clark
R J Harvey

Directors



The notes referred to above form part of these accounts.

Notes on the accounts

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are *considered material in relation to the group's financial statements except for fixed asset investments* where the group has revised its accounting policy. The effect of the change in policy is described below. The group has followed the transitional arrangements of FRS 17 "Retirement benefits" in these statements.

Prior year adjustment

During the year the group carried out a review of its accounting policies, as required by FRS 18, and as a result has changed its accounting policy for fixed asset listed investments. Listed investments were previously revalued each year on a portfolio basis and any overall surplus or deficit for the year taken to the revaluation reserve. Under the new policy, which the directors now consider to be more appropriate, where the market value of any investment is below cost that deficit is charged to the profit and loss account.

The 2002 comparative figures have been restated as a prior year adjustment under FRS 3. The change in policy gives rise to a charge in respect of 'provisions against fixed asset investments' of £1,044,000 for the year ended 31 March 2003 and a restated charge of £678,000 for the prior year.

The net assets are unchanged by the change in accounting policy. However, the 1 April 2001 revaluation reserve has been restated and has increased by £1,185,000 and the profit and loss reserve has been restated and fallen by £1,185,000.

Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2003. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

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

Where a group company is party to a joint arrangement which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cashflows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Goodwill and negative goodwill

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

Notes on the accounts

continued

1 Accounting policies (*continued*)

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

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

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

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

Depreciation of fixed assets

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

Investment properties and
freehold land

— nil

Freehold buildings

— 0%-4%

Leasehold properties

— over the life of the lease, limited to the final fifty years.

Other tangible assets:

Short life equipment

— 50%

Farming equipment

— At between 10% and 20%

Other plant and equipment

— At between 10% and 33%

Assets in course of construction

— nil

Investment property

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

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

Trading property

On the adoption of FRS 15, the group has followed the transitional provisions to retain the net book value of land and buildings which were revalued in 1996 and which is now deemed to be cost.

Trading properties are therefore stated at cost or 1996 valuation. They will not be revalued in the future.

Any impairment in the value of properties is charged to the profit and loss account.

1 Accounting policies (*continued*)

Fixed asset investments

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

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

Current asset investments

Current asset investments comprise listed investments which are held on a short term basis and are valued at the lower of cost and net realisable value. Market value at 31 March 2003: £41,608,000 (2002: £29,786,000).

Woodlands

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

Property and developments held as current assets

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

Stocks

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

Leased assets

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

Turnover

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

Taxation

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

Foreign currency

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

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

Notes on the accounts

continued

1 Accounting policies (*continued*)

Pensions

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives within the group.

The parent is a member of that pension scheme but is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore as required by FRS 17 "Retirement benefits" accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the parent's profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Cash and liquid resources

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

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

2 Turnover and business segment analysis

By activity

2003	Property £'000	Leisure £'000	Other £'000	Total £'000
Group turnover	6,643	5,288	1,013	12,944
Profit/(loss) before interest	4,567	1,792	(3,737)	2,622
Profit/(loss) before taxation	4,141	1,177	(4,382)	936
Assets employed	59,187	19,558	69,229	147,974
2002 as restated (Note 1)				
Group turnover	15,885	10,163	1,425	27,473
Profit/(loss) before interest	3,098	(1,781)	(425)	892
Profit/(loss) before taxation	2,258	(2,578)	425	105
Assets employed	65,928	22,759	64,459	153,146

By geographical market

	2003			2002 as restated (Note 1)		
	North			North		
(by destination and origin)	UK £'000	America £'000	Total £'000	UK £'000	America £'000	Total £'000
Group turnover	8,009	4,935	12,944	20,004	7,469	27,473
Profit/(loss) before interest	796	1,826	2,622	(447)	1,339	892
Profit/(loss) before taxation	(398)	1,334	936	(669)	774	105
Assets employed	115,752	32,222	147,974	131,892	21,254	153,146

3	Profit on ordinary activities before taxation		
	The profit before taxation is arrived at after crediting and charging the following:		
		2003	2002
		£'000	£'000
	<i>Crediting:</i>		
	Income from listed investments	1,952	1,887
	<i>Charging:</i>		
	Depreciation (leased assets £nil (2002: £16,000))	688	1,258
	Impairment of freehold trading property	—	312
	Impairment of leasehold trading property	—	105
	Impairment of other tangible assets	—	375
	Auditors' remuneration:		
	Audit fees Group (including Company £33,000 (2002: £31,000))	125	132
	Other services	106	141
	Operating lease rental payments in respect of land and buildings	207	338
4	Interest receivable and similar income		
		2003	2002
		£'000	£'000
	Bank and other interest receivable	599	859
		599	859
5	Interest payable and similar charges		
		2003	2002
		£'000	£'000
	Bank loans and overdrafts	11	405
	Other interest charges	2	7
	Currency translation differences	1,356	118
		1,369	530
6	Staff costs and directors' emoluments		
	The average number of persons employed by the group during the year was as follows:		
		2003	2002
		Number	Number
	Property, management and administration	13	14
	Leisure (including approximately 60% part time)	63	258
	Other	6	7
		82	279
	The aggregate payroll costs of these persons were as follows:		
		2003	2002
		£'000	£'000
	Wages and salaries	2,199	2,879
	Social security costs	216	213
	Other pension costs	99	171
		2,514	3,263

Notes on the accounts

continued

6 Staff costs and directors' emoluments (continued)

Directors' remuneration:

	2003 £'000	2002 £'000
Directors' emoluments	316	249
Amount paid to third party in respect of directors' services	22	21
	338	270

The aggregate of emoluments of the highest paid director (excluding pension contributions) were £143,000 (2002: £110,000). 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 £45,000 (2002: £38,000).

	Number of directors	
	2003	2002
Retirement benefits are accruing to the following number of directors under a defined benefit scheme	2	2

7 Taxation

	2003 £'000	2002 £'000
Analysis of charge in period		
UK corporation tax		
Current tax on income for the period	(389)	(2,593)
Adjustments in respect of prior years	447	80
	58	(2,513)
Foreign tax		
Current tax on income for the period	(194)	(188)
Total current tax	(136)	(2,701)
Deferred tax	(751)	930
Share of associate's tax	(34)	(4)
Tax on profit on ordinary activities	(921)	(1,775)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2002: higher) than the standard rate of corporation tax in the UK 30% (2002: 30%). The differences are explained below.

	2003 £'000	2002 As restated (Note 1) £'000
Current tax reconciliation		
Profit on ordinary activities before taxation	936	105
Current tax at 30% (2002: 30%)	281	32
Effects of:		
Expenses not deductible for tax purposes	626	1,110
Capital allowances for period in (excess of)/less than depreciation	(251)	359
Tax due on properties reclassified to fixed assets	—	1,130
Adjustments to tax charge in respect of previous periods	(447)	(80)
Sundry other items	(73)	150
Total current tax charge	136	2,701

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing properties to their market value or on fixed asset investments revalued. The total amounts not provided for properties are £1,572,000 (2002: £1,690,000) and for fixed asset investments £690,000 (2002: £387,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

8	Profit/(loss) for the financial year	2003	2002 As restated (Note 1)
		£'000	£'000
	Dealt with in the accounts of the holding company	1,902	209
	Retained by subsidiary undertakings	(1,887)	(1,879)
		15	(1,670)

9 Fixed assets: Property and other tangible assets

	Freehold property		Leasehold property	Total property	Other tangible assets
	Investment	Trading	Trading	property	assets
	£'000	£'000	£'000	£'000	£'000
Group:					
Cost or valuation:					
1 April 2002	37,075	17,015	1,068	55,158	6,897
Additions	—	79	—	79	257
Disposals	—	(825)	(1,010)	(1,835)	(1,440)
Translation difference	(736)	(987)	—	(1,723)	(345)
Reclassification	—	(1,121)	—	(1,121)	(939)
Deficit on revaluation	(1,453)	—	—	(1,453)	—
31 March 2003	34,886	14,161	58	49,105	4,430
Cost	—	13,061	—	13,061	4,430
Valuation	34,886	1,100	58	36,044	—
	34,886	14,161	58	49,105	4,430
Depreciation:					
1 April 2002	—	2,326	765	3,091	4,567
Charged in year	—	251	20	271	417
Disposals	—	(315)	(771)	(1,086)	(1,257)
Reclassification	—	(1,121)	—	(1,121)	(939)
Translation difference	—	(70)	—	(70)	(157)
31 March 2003	—	1,071	14	1,085	2,631
Net book value:					
1 April 2002	37,075	14,689	303	52,067	2,330
31 March 2003	34,886	13,090	44	48,020	1,799
Historical cost of items valued under the alternative accounting rules	24,830	14,942	279	40,051	—

Notes on the accounts

continued

9 Fixed assets: Property and other tangible assets (*continued*)

	Freehold investment property £'000	Other tangible assets £'000
<i>Company:</i>		
Cost or valuation:		
1 April 2002	29,810	576
Additions	—	16
Disposals	—	(37)
Deficit on revaluation	(1,481)	—
31 March 2003	28,329	555
Cost	—	555
Valuation	28,329	—
	28,329	555
Depreciation:		
1 April 2002	—	443
Charged in year	—	41
Disposals	—	(37)
31 March 2003	—	447
Net book value:		
1 April 2002	29,810	133
31 March 2003	28,329	108
Historical cost of items valued under the alternative accounting rules	20,320	—

Tangible fixed assets at 31 March 2003 have been included on the following bases:

- Investment properties have been valued on an open market basis as at 31 March 2003 using the relevant professional guidelines applicable to each country in which the property is located. The portfolio was valued by:

	Group By value £'000	Company By value £'000
DTZ Debenham Tie Leung, International Property Advisers	13,220	13,220
Directors of group undertakings	6,693	—
G V A Grimley, International Property Advisers	14,973	15,109

- Trading property is included at cost or at 1996 valuation which under the transitional arrangements of FRS 15 is now deemed to be cost.
- 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.

10 Fixed assets: Investments in joint ventures

	£'000
<i>Group:</i>	
At 1 April 2002	13,925
Disposals	(212)
Distributions received	(19)
Share of earnings	(437)
Translation difference	(1,323)
At 31 March 2003	11,934

10 Fixed assets: Investments in joint ventures (*continued*)

At both 1 April 2002 and 31 March 2003 the group held interests in the following joint ventures:

- a 50% limited partnership interest in Hy's at the Mountain, a Canadian Limited Partnership which operates a restaurant.
- a 47.5% interest in Hill Creek Farms LLC, a limited liability company formed to develop and operate an almond orchard and vineyard in Northern California.
- a 37.5% interest in Liberty West Holdings LLC ("Liberty West"), a limited liability company formed to purchase and operate an office and retail property in Nevada.
- a 50% interest in Vallejo Hotel Group LLC, a limited liability company formed to renovate and operate a hotel in Northern California.
- a 50% interest in HHP Equity Partners LLC ("Heathman"), a limited liability company formed to purchase and operate the Heathman Hotel in Portland, Oregon.

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

	<i>Group share of joint ventures</i>	<i>Group share of Liberty West</i>	<i>Group share of Heathman</i>
	£'000	£'000	£'000
Turnover	6,201	1,414	2,110
(Loss) before and after taxation	(437)	(18)	(246)
Fixed assets	20,079	8,200	7,027
Current assets	4,901	570	2,811
Liabilities due within one year	580	103	230
Liabilities due after more than one year	12,466	6,193	3,012

None of the joint ventures are subject to corporate taxation. Tax is payable by the shareholders of the joint ventures on their share of income.

11 Fixed assets: Investments in associated undertakings

	<i>Group</i>	<i>Company</i>
	£'000	£'000
1 April 2002	1,010	972
Additions	202	202
Share of results	101	—
31 March 2003	1,313	1,174

The associated undertaking is Cairnstar Limited, a company registered in Scotland. Cairnstar was formed to effect a management buy out of certain of the Group's leisure businesses in the North of Scotland (see note 24). The Group's interest in Cairnstar at 31 March 2003 was 33% (2002: 29%).

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

	<i>Group share of associate</i>
	£'000
Turnover	1,405
Profit before tax	135
Taxation	(34)
Profit after tax	101
Fixed assets	906
Current assets	227
Liabilities due within one year	196
Liabilities due after one year	463

Notes on the accounts

continued

12 Fixed assets: Other investments

	Listed £'000	Woodlands £'000	Other £'000	Total £'000
<i>Group:</i>				
Cost or market value				
1 April 2002 as previously stated	24,528	2,208	2,860	29,596
Prior year adjustment (note 1)	1,810	—	—	1,810
1 April 2002 as restated	26,338	2,208	2,860	31,406
Additions	7,494	89	1,263	8,846
Disposals	(14,097)	—	(346)	(14,443)
Revaluation deficit	(573)	—	—	(573)
Translation difference	—	—	(36)	(36)
31 March 2003	19,162	2,297	3,741	25,200
Provisions				
1 April 2002 as previously stated	—	—	1,398	1,398
Prior year adjustment (note 1)	1,810	—	—	1,810
1 April 2002 as restated	1,810	—	1,398	3,208
Provided in year	1,044	—	—	1,044
Disposals	(1,477)	—	(346)	(1,823)
31 March 2003	1,377	—	1,052	2,429
Net book value:				
31 March 2002	24,528	2,208	1,462	28,198
31 March 2003	17,785	2,297	2,689	22,771

	Listed £'000	Shares in subsidiary undertakings £'000	Other £'000	Total £'000
<i>Company:</i>				
Cost or market value				
1 April 2002 as previously stated	24,528	55,107	2,493	82,128
Prior year adjustment (note 1)	1,810	—	—	1,810
1 April 2002 as restated	26,338	55,107	2,493	83,938
Additions	7,494	—	1,263	8,757
Disposals	(14,097)	—	(346)	(14,443)
Revaluation deficit	(573)	—	—	(573)
31 March 2003	19,162	55,107	3,410	77,679
Provisions				
1 April 2002 as previously stated	—	10,667	1,398	12,065
Prior year adjustment (note 1)	1,810	—	—	1,810
1 April 2002 as restated	1,810	10,667	1,398	13,875
Provided in year	1,044	(906)	—	138
Disposals	(1,477)	—	(346)	(1,823)
31 March 2003	1,377	9,761	1,052	12,190
Net book value:				
31 March 2002	24,528	44,440	1,095	70,063
31 March 2003	17,785	45,346	2,358	65,489

13 Subsidiary undertakings

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

	Percentage of equity owned at 31 March 2003	Country of registration/ incorporation
Property		
Taylor Clark Properties Limited	100	Scotland
Farming and woodlands		
Wylve Valley Farming Limited	100	England
USA (Property, farming, hotels and restaurants)		
Taylor Clark Inc	100*	USA
Castlehill Properties Inc	100*	USA
TCI Reno Inc	100*	USA

*Owned by a subsidiary undertaking

14 Stocks

	Group	
Stocks comprise:	2003 £'000	2002 £'000
Leisure operations	—	32
Farm produce	154	150
	154	182

15 Debtors

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
<i>Amounts due after one year</i>				
Amounts owed by subsidiary undertakings	—	—	23,450	24,000
<i>Amounts due within one year</i>				
Trade debtors	525	1,651	295	406
Amounts owed by subsidiary undertakings	—	—	3,018	4,935
Corporation tax receivable	194	50	—	—
Other debtors	224	684	38	43
Prepayments and accrued income	833	794	601	481
	1,776	3,179	3,952	5,865

Notes on the accounts

continued

16 Creditors: amounts falling due within one year	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Bank loans and overdrafts	112	1,645	64	1,551
Trade creditors	446	698	58	21
Amounts owed to subsidiary undertakings	—	—	31,701	28,685
Amounts owed to associated undertakings	53	22	—	—
Other creditors including taxation and social security	1,223	2,321	1,009	419
Accruals and deferred income	1,145	1,948	620	292
Dividends	582	566	582	566
	3,561	7,200	34,034	31,534

Other creditors including taxation and social security comprise:

Corporation tax	253	1,289	426	241
Other taxes	117	282	111	91
Social security	424	41	420	22
Other creditors	429	709	52	65
	1,223	2,321	1,009	419

£112,000 (2002: £1,645,000) of the bank loans and overdrafts are secured by charges over certain of the group's fixed assets.

17 Provisions for liabilities and charges

	Provision for long term management incentive plan £'000	Property provisions £'000	Deferred taxation £'000	Total £'000
Group				
1 April 2002	2,154	320	355	2,829
Utilised	(842)	—	—	(842)
(Released)/charged to profit and loss account	(1,312)	(216)	751	(777)
Translation difference	—	—	(96)	(96)
31 March 2003	—	104	1,010	1,114
				<i>Deferred taxation</i>
Company				£'000
1 April 2002				161
Charged to profit and loss account				115
31 March 2003				276

The provision for long term management incentive plan represents amounts provided for certain members of management. The end date for the plan was 31 March 2003. The financial performance targets for 2002/03 were not met resulting in a reduction of the amount payable under the plan.

The property provisions represent provisions for future rentals and associated costs in respect of trading properties.

17 Provisions for liabilities and charges *(continued)*

The elements of deferred taxation are as follows:

	<i>Group</i>		<i>Company</i>	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Difference between accumulated depreciation and amortisation and capital allowances	1,073	979	276	161
Other timing differences	241	293	—	—
Deferred tax provision	1,314	1,272	276	161
Deferred tax assets				
Expenses not currently deductible	304	271	—	—
Tax relief on provision for long term management incentive plan	—	646	—	—
	304	917	—	—
Deferred tax liability	1,010	355	276	161

18 Share capital

	<i>Authorised</i> £'000	<i>Allotted, called up and fully paid</i> £'000
Ordinary shares of £1 each:		
31 March 2003 and 2002	2,500	1,573

19 Reserves

	<i>Capital redemption reserve</i> £'000	<i>Revaluation reserves</i> <i>Listed Properties</i> £'000	<i>Investments</i> £'000	<i>Profit and loss account</i> £'000	<i>Total</i> £'000
<i>Group</i>					
1 April 2002 as previously stated	730	17,185	1,290	132,368	151,573
Prior year adjustment (note 1)	—	—	1,810	(1,810)	—
1 April 2002 as restated	730	17,185	3,100	130,558	151,573
Loss for the year	—	—	—	(1,039)	(1,039)
Decrease arising on revaluation	—	(1,453)	(573)	—	(2,026)
Realised on disposal	—	(1,630)	(231)	1,861	—
Currency translation difference	—	(238)	—	(1,869)	(2,107)
31 March 2003	730	13,864	2,296	129,511	146,401

Notes on the accounts

continued

19 Reserves (continued)

	Capital redemption reserve £'000	Revaluation reserves Properties Investments £'000 £'000	Profit and loss account £'000	Total £'000
<i>Company</i>				
1 April 2002 as previously stated	730	9,490	1,290	115,863
Prior year adjustment (note 1)	—	—	1,810	(1,810)
1 April 2002 as restated	730	9,490	3,100	114,053
Profit/(loss) for the year	—	—	—	848
Decrease arising on revaluation	—	(1,481)	(573)	—
Realised on disposal	—	—	(231)	231
31 March 2003	730	8,009	2,296	115,132

At 31 March 2003, the cumulative goodwill written off against group reserves amounted to £1,259,000 (2002: £1,259,000).

20 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2003	2002 As restated (Note 1)
	£'000	£'000
Group operating profit	5,688	2,850
Loss on sale of tangible fixed assets	—	10
Impairment of freehold trading property	—	312
Impairment of leasehold trading property	—	105
Impairment of other tangible assets	—	375
Depreciation charges	688	1,258
Currency translation differences	(46)	(101)
Decrease in stocks	28	34
Decrease in debtors	1,547	158
(Decrease) in creditors	(1,075)	(2,119)
Increase/(decrease) in property and developments	790	(5,790)
(Decrease)/increase in provisions	(2,370)	2,474
Net cash inflow/(outflow) from operating activities	5,250	(434)
Returns on investments and servicing of finance		
Interest received	884	1,052
Interest paid	(24)	(472)
Net cash inflow from returns on investments and servicing of finance	860	580

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

	2003 £'000	2002 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(336)	(847)
Purchase of fixed asset investments	(8,846)	(5,997)
Proceeds from sales of tangible fixed assets	1,122	8,949
Proceeds from sales of fixed asset investments	9,509	3,480
Net cash inflow from capital expenditure and financial investment	1,449	5,585

Acquisitions and disposals		
Investments in joint ventures	—	(193)
Investment in associate	(202)	(972)
Distributions received from joint ventures	19	70
Proceeds from disposals of joint ventures	212	125
Net cash inflow/(outflow) from acquisitions and disposals	29	(970)

Management of liquid resources		
Cash withdrawals from/(added) to fixed deposits	5,700	6,090
Increase in current asset investments	(11,822)	(1,747)
Net cash (outflow)/inflow from management of liquid resources	(6,122)	4,343

Analysis of net funds

	1 April 2002 £'000	Cash flow £'000	Exchange Movement £'000	31 March 2003 £'000
Cash in hand and at bank	4,020	(2,421)	(313)	1,286
Overdrafts	(1,645)	1,533	—	(112)
		(888)		
Funds on deposit over one day	5,700	(5,700)	—	—
Current asset investments	29,786	11,822	—	41,608
Total	37,861	5,234	(313)	42,782

21 Commitments

There were no capital commitments contracted for but not provided at 31 March 2003 (2002: £nil).

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 2004.

	2003 £'000	2002 £'000
Land and buildings		
Expiring:		
Between 2 and 5 years	30	30
Over 5 years	85	275
	115	305

Notes on the accounts

continued

21 Commitments (*continued*)

No provision has been made in the financial statements in respect of financial commitments of £nil (2002: £717,000) 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.

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 £1,690,000 (2002: £2,954,000).

22 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 2003 was £8,000 (2002: £21,000).

23 Pension costs

Taylor Clark plc Retirement and Death Benefit Scheme

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

Contributions to the scheme are charged to the profit and loss account so as to spread the cost over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent actuarial valuation was carried out as at 1 April 2001. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, rate of increase in salaries and rate of pension increases. It was assumed that investment returns would exceed salary increases by 1.9% per annum and pension increases by 1.9% per annum.

The actuarial valuation showed the actuarial value of the assets represented a funding level of 99%, but following a post valuation event in July 2001, the results have been recast to 1 April 2001 giving a funding level of 108%.

The pension charge for the year was £99,000 (2002: £171,000). There were no outstanding or prepaid contributions at either the beginning or end of the year. The contribution of the group for the scheme was 16% (2002: 16%) of total pensionable salary. The employees contribute an additional 4% (2002: 4%).

Whilst the group continues to account for pension costs in accordance with Statement of Standard Accountancy Practice 24 "Accounting for Pension costs" under FRS 17 "Retirement benefits" the following transitional disclosures are required:

The valuation at 31 March 2001 has been updated by the Independent Actuary on an FRS 17 basis as at 31 March 2003.

The major assumptions used by the Independent Actuary were:

	2003	2002
Discount rate	5.40% pa	6.00% pa
Rate of increase in salaries	4.50% pa	4.75% pa
Rate of increase in pensions in payment	3.00% pa	3.00% pa
Price Inflation	2.50% pa	2.75% pa
Rate of increase in defined pensions	2.50% pa	2.75% pa

23 Pension costs (*continued*)

The assets and liabilities in the Scheme and long-term expected rates of return are shown below:

	Value at 2003 £'000	Long-term expected return 2003 %	Value at 2002 £'000	Long-term expected return 2002 %
Equities and Property	2,493	8.75	3,803	7.50
Bonds	1,496	4.50	943	5.25
Cash	416	2.50	13	2.75
Total market value of Fund assets	4,405		4,759	
Present value of Fund liabilities	4,721		4,147	
(Deficit)/surplus in the scheme— Pension Asset	(316)		612	
Related deferred tax asset/(liability)	95		(184)	
Net pension (deficit)/asset	(221)		428	

The amount of this net pension deficit would have a consequential effect on the reserves.

Movement in surplus/deficit during the year

	£'000
Surplus in scheme at 1 April 2002	612
Current service cost	(128)
Contributions paid	95
Past service cost	—
Other finance income	84
Actuarial loss	(979)
Deficit in the scheme at 31 March 2003	(316)

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at operating profit

	2003 £'000
Current service costs	128
Total operating charge	128

Analysis of amounts included in other finance income/costs

	2003 £'000
Expected return on pension scheme assets	331
Interest on pension scheme liabilities	(247)
Net return	84

Notes on the accounts

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23 Pension costs (continued)

Analysis of amount recognised in statement of total recognised gains and losses

	2003 £'000
Actual return less expected return on scheme assets	(623)
Experience gains and losses arising on scheme liabilities	51
Changes in assumptions underlying the present value of scheme liabilities	(407)
Actuarial gain loss recognised in statement of total recognised gains and losses	(979)

24 Related party transactions

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

	Sub note	2003 £'000	2002 £'000
Management charge to The Underwood Trust, in respect of services provided by the group	1	17	17
Donation to The Underwood Trust	1	15	—
Dividends paid by Taylor Clark plc and received in a beneficial capacity by:			
The Underwood Trust		449	435
Directors of Taylor Clark plc		142	139
Fees paid to Richards Butler	2	11	115
Investment by Taylor Clark plc in share capital of Cairnstar Limited	3	171	729
Issue of loan stock to Taylor Clark plc by Cairnstar Limited	3	31	243
Sale of fixed assets by Caledonian Nightclubs Limited, Caledonian Cinemas Limited and Littlejohn's Restaurants (U.K.) Limited to Cairnstar Limited	3	384	2,350
Management charge by Cairnstar Limited, in respect of services provided to Littlejohn's Restaurants (U.K.) Limited and Caledonian Cinemas Limited	3	85	57
Rental income from Cairnstar Limited received by Caledonian Cinemas Limited and Littlejohn's Restaurants (U.K.) Limited	3	114	—

Sub notes

1 At 31 March 2003, The Underwood Trust held 680,300 ordinary shares (2002: 680,300) representing in aggregate 43.3% (2002: 43.3%) of the issued share capital of the company. 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 Chairman of Taylor Clark plc, together with Mrs P A H Clark, a fellow director of Taylor Clark plc.

2 Mr R E Towner, a director of Taylor Clark plc, is a consultant to Richards Butler, solicitors.

24 Related party transactions (*continued*)

3 On 17 December 2001 the Taylor Clark Group sold assets owned by Taylor Clark Leisure plc, Caledonian Nightclubs Limited, Caledonian Cinemas Limited and Littlejohn's Restaurants (U.K.) Limited, to Cairnstar Limited ("Cairnstar"), a company controlled by a management buyout team. On 30 January 2003 Littlejohn's Restaurants (U.K.) Limited sold additional assets to Cairnstar. The fixed assets were disposed of for the following consideration:

	2003 £'000	2002 £'000
Share capital (including share premium)	171	729
Loan stock	31	243
Cash	182	1,378
Total proceeds	384	2,350

At 31 March 2003 the group owned 33% (2002: 29%) voting rights in Cairnstar.

From 17 December 2001 to 30 January 2003 Cairnstar managed the remaining UK Leisure assets of the group. The group paid Cairnstar a management fee for the provision of these services.

On 28 March 2002 Cairnstar agreed to lease a property from Caledonian Cinemas Limited for a period of five years at an annual rental of £100,000. On 30 January 2003 Cairnstar agreed to sub-lease a property from Littlejohn's Restaurants (U.K.) Limited for 16 years at an annual rental of £85,000. Under a separate agreement Cairnstar agreed to pay a further £9,949 a year while the sub-lease continues. If the head landlord agrees to assign his lease to Cairnstar there will be additional consideration of £165,821 payable by Cairnstar to Littlejohn's Restaurants (U.K.) Limited. The rents payable under the sub-lease will cease on assignment of the head lease.

The amounts outstanding from Cairnstar at the year end were £274,000 (2002: £243,000) due to Taylor Clark plc in respect of the loan stock and £nil (2002: £4,202) due to Caledonian Cinemas Limited. Caledonian Nightclubs owed £nil (2002: £3,969) to Cairnstar.

4 The group has an investment in Equinox 2001 Limited ("Equinox") which was acquired in the year ended 31 March 2001. The group 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.

During the year ended 31 March 2002 the group provided Equinox with funding totalling £4,362,737 to complete its property development. The property was sold in March 2002 and the group received £9,376,122 from Equinox. The balance due to Equinox at 31 March 2002 was £2,884,166.

During the year ended 31 March 2003 the group repaid £1,001,816 to Equinox and received £156,000 from Equinox. In addition Equinox paid a dividend of £2,000,000 to the group. At 31 March 2003 the amount due to Equinox was £38,350.

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

Financial record

for the years ended 31 March

	2003	2002	2001	2000	1999	1998
		As restated (Note 1)	As restated (Note 1)	As restated (Note 1)		
	£'000	£'000	£'000	£'000	£'000	£'000
Balance sheet						
Fixed assets						
Property	48,020	52,067	47,053	55,410	52,967	56,041
Other tangible assets	1,799	2,330	4,059	4,216	3,854	3,852
Investments	36,018	43,133	41,670	34,094	11,124	9,745
Net current assets	63,251	58,445	60,460	60,881	73,814	67,383
Other liabilities and provisions	(1,114)	(2,829)	(1,286)	(6,103)	(6,752)	(11,882)
Minority interests	—	—	—	—	(367)	(354)
Net assets	147,974	153,146	151,956	148,498	134,640	124,785
Capital and reserves						
Called up share capital	1,573	1,573	1,573	1,573	1,573	1,573
Revaluation reserve	16,160	20,285	18,154	21,848	14,390	14,552
Other reserves	130,241	131,288	132,229	125,077	118,677	108,660
Equity shareholders' funds	147,974	153,146	151,956	148,498	134,640	124,785
Turnover and profits						
Turnover	12,944	27,473	36,280	41,408	35,079	53,448
Profit/(loss) after taxation	15	(1,670)	3,085	8,654	10,371	1,262
Dividends	(1,054)	(1,038)	(1,006)	(2,563)	(959)	(944)

Directors of principal subsidiary companies

Taylor Clark Properties Limited Jon Brand
Robin Clark
John Dippie
Christopher Edwards*
John Fox
Reg Harvey
Tim Simon*

Wylve Valley Farming Limited Andrew Clark
Robin Clark
Antony Cox
Reg Harvey

Taylor Clark Inc Robin Clark
Reg Harvey
Andy Macdonald

Managers
Crawford International Inc

*Non-executive