

Taylor Clark Properties Limited

**Directors' report and financial
statements**

Registered number SC26722

31 March 2004



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Directors and advisers

Directors

CP Edwards FRICS (Chairman)
JS Brand FRICS (Managing Director)
JA Dippie FCA
JWW Fox MRICS
RJ Harvey
TJA Simon FRICS

Secretary

Taylor Clark plc

Registered office

5 Drummond Street
Inverness
IV1 1QF

London office

32 Haymarket
London
SW1Y 4TP
020 7930 8494

Auditors

KPMG LLP

Bankers

Clydesdale Bank plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2004.

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 do not recommend the payment of a dividend for the year (2003: £3,000,000). The retained loss of £325,000 (2003: loss of £1,302,000) 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. In addition, Mr Robin Clark served as a Director during the year until his resignation on 18 February 2004.

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.

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



JA Dippie for Taylor Clark plc

Secretary

7 July 2004

32 Haymarket
London
SW1Y 4TP

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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' report to the members of Taylor Clark Properties Limited

We have audited the financial statements on pages 5 to 13.

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 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 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.

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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

7th July 2004

Profit and loss account

for the year ended 31 March 2004

	<i>Note</i>	2004 £000	2003 £000
Turnover	2	14,644	3,998
Cost of sales		(14,518)	(2,866)
Gross profit		126	1,132
Administrative expenses	3	(432)	535
Operating (loss) / profit		(306)	1,667
Interest receivable and similar income	5	23	168
Interest payable and similar charges	6	(182)	(2)
Income from shares in group undertakings		-	415
(Loss) / profit on ordinary activities before taxation	3	(465)	2,248
Tax on profit on ordinary activities	7	140	(550)
(Loss) / profit on ordinary activities after taxation		(325)	1,698
Dividend proposed		-	(3,000)
Retained loss for the year		(325)	(1,302)
Retained profit brought forward		3,193	4,495
Retained profit carried forward		2,868	3,193

Continuing operations

All items dealt with in arriving at the operating loss for 2004 and 2003 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

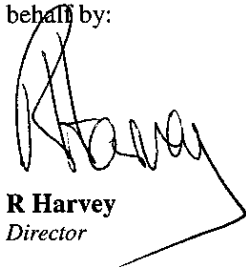
There is no material difference between the loss on ordinary activities before taxation and the retained profit for the year as stated in the profit and loss account above, and their historical cost equivalents.

Balance sheet

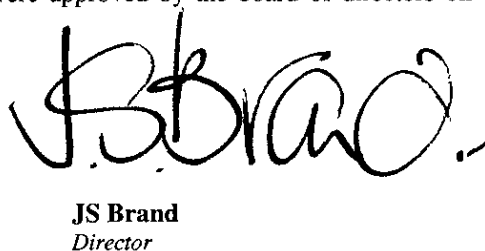
at 31 March 2004

	Note	2004 £000	2003 £000
Fixed assets			
Shares in group undertakings	8	11,200	10,700
Current assets			
Property and developments		5,666	13,969
Debtors	9	14,137	3,749
Cash at bank		101	30
		<u>19,904</u>	<u>17,748</u>
Creditors: amounts falling due within one year	10	<u>(10,736)</u>	<u>(7,755)</u>
Net current assets		<u>9,168</u>	<u>9,993</u>
Net assets		<u>20,368</u>	<u>20,693</u>
Capital and reserves			
Called up share capital	11	17,500	17,500
Profit and loss account		2,868	3,193
Equity shareholders' funds	12	<u>20,368</u>	<u>20,693</u>

These financial statements were approved by the board of directors on 7 July 2004 and were signed on its behalf by:



R Harvey
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

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.

Notes (continued)

2 Turnover

	2004 £000	2003 £000
Turnover comprises:		
Proceeds from sale of properties	14,328	3,927
Rental income	312	28
Other income	4	43
	<u>14,644</u>	<u>3,998</u>

All turnover arose in the UK.

3 Profit on ordinary activities before taxation

	2004 £000	2003 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	22	18
Other services	17	13
Management charge from parent company	382	1,389
	<u>421</u>	<u>1,420</u>

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

	2004 £000	2003 £000
Directors		
Directors' emoluments	226	317
Amounts receivable under long term management incentive plan	-	675
	<u>226</u>	<u>992</u>

The aggregate of emoluments (excluding pension contributions) of the highest paid director were £101,000 (2003: £429,000). 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 £13,892 (2003: £12,177).

	Number of directors 2004	2003
Retirement benefits are accruing to the following number of directors under a defined benefit scheme	2	2

Certain of the directors of the company are members of the Taylor Clark plc Retirement and Death Benefit Scheme, details of which can be found in the accounts of Taylor Clark plc.

Notes (continued)

5 Interest receivable and similar income

	2004 £000	2003 £000
Bank interest	1	11
Interest from fellow subsidiaries	15	150
Other interest	7	7
	<u>23</u>	<u>168</u>

6 Interest payable and similar charges

	2004 £000	2003 £000
On bank loans and overdrafts	3	2
On loans from parent company	179	-
	<u>182</u>	<u>2</u>

7 Taxation

Analysis of credit / (charge) in year

<i>UK corporation tax</i>	2004 £000	2004 £000	2003 £000	2003 £000
Group relief on losses for the year	140		96	
Adjustments in respect of prior years	-		-	
	<u>140</u>		<u>96</u>	
Total current tax		140		96
Deferred tax		-		(646)
		<u>140</u>		<u>(550)</u>
Tax on profit on ordinary activities		140		(550)

Notes *(continued)*

7 Taxation *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is equal to *(2003: lower than)* the standard rate of corporation tax in the UK 30% *(2003: 30%)*. The differences are explained below:

	2004 £000	2003 £000
<i>Current tax reconciliation</i>		
(Loss) / profit on ordinary activities before tax	(465)	2,248
	<hr/>	<hr/>
Current tax (credit) / charge at 30% <i>(2003: 30%)</i>	(140)	674
<i>Effects of:</i>		
(Income) / expenses not assessable / deductible for tax purposes	-	(394)
Dividends from subsidiaries not taxable	-	(123)
Provision for long term management incentive now utilised	-	(253)
	<hr/>	<hr/>
Total current tax credit (see above)	(140)	(96)
	<hr/>	<hr/>

Factors that may affect future tax charges

At the year end there were no significant circumstances that were likely to affect future tax charges.

Notes (continued)

8 Fixed asset investments

	Shares in group und £000
<i>At cost</i>	
At 1 April 2003	10,700
Additions	500
	<hr/>
At 31 March 2004	11,200
	<hr/>

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

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

*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 cash flows 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

	2004 £000	2003 £000
<i>Amounts due within one year</i>		
Trade debtors	62	105
Tax recoverable	2	138
Group relief receivable	86	-
Amounts due from parent company	-	3,456
Amounts due from group undertakings	13,945	-
Other debtors	42	50
	<hr/>	<hr/>
Total debtors	14,137	3,749
	<hr/>	<hr/>

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Bank overdraft	31	8
Trade creditors	34	24
Accruals and deferred income	166	275
Amounts due to parent company	6,985	11
Amounts due to group undertakings	3,369	4,117
Dividends payable	-	3,000
Other creditors	151	320
	<hr/> 10,736 <hr/>	<hr/> 7,755 <hr/>

11 Called up share capital

	2004 £000	2003 £000
<i>Authorised, called up and fully paid</i>		
Ordinary shares of £1 each	17,500	17,500
	<hr/> 17,500 <hr/>	<hr/> 17,500 <hr/>

12 Reconciliation of movement in shareholders' funds

	2004 £000	2003 £000
(Loss) / profit for the financial year	(465)	1,698
Dividends paid	-	(3,000)
	<hr/> (465) <hr/>	<hr/> (1,302) <hr/>
Net decrease in shareholders' funds	(465)	(1,302)
Opening shareholders' funds	20,693	21,995
	<hr/> 20,693 <hr/>	<hr/> 20,693 <hr/>
Closing shareholders' funds	20,228	20,693
	<hr/> 20,228 <hr/>	<hr/> 20,693 <hr/>

Notes *(continued)*

13 Capital commitments

No provision has been made in the financial statements in respect of financial commitments of £958,000 (2003: £Nil) 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.

14 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 2004 was £1,075,607 (2003: £64,408).

15 Related party disclosures

The company has an investment in Equinox 2001 Limited ('Equinox') which was acquired in the year ended 31 March 2001. 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.

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

During the year ended 31 March 2004 the company received £12,500 from Equinox. At 31 March 2004 the amount due to Equinox was £50,850.

16 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.