Taylor Clark Properties Limited

Directors' report and financial statements

Registered number SC26722

31 March 2008

Contents

Directors and advisers

Directors

JS Brand FRICS (Managing Director)
JA Dippie FCA
CP Edwards FRICS
RJ Harvey

Secretary

Taylor Clark Limited

Registered office

5 Drummond Street
Inverness
IV1 1QF

London office

Fourth Floor South
35 Portman Square
London
W1H 6LR
020 7486 0100

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 2008

Principal activities

The principal activity of the company and its subsidiaries is commercial and residential property development in England and Scotland

Business Review

For a number of years the Company has not acquired new commercial development sites because they were too expensive Property prices fell during the year and have continued to fall since the year end The Board anticipates being able to bid more competitively for new business in the future The majority of the Company's funds continue to be lent to its immediate parent and are available at short notice should they be needed

During the year the Company acquired an office building in Glasgow with approximately 24,000 square feet of net lettable space The refurbishment of this building as offices was completed after the year end and it is currently being marketed for rent

The results for the year are set out in the profit and loss account on page 6 and the related notes

Proposed dividend

The directors recommend the payment of a dividend for the year of £860,000 (2007 £1,153,000)

Change of accounting treatment

The company has an investment in Bowmore Estates Limited ('Bowmore') which was acquired in the year ended 31 March 2005 The company owns 50% of the voting rights of this property development company and exercises joint control Until 31 March 2007 this investment was accounted for as a joint arrangement which is not an entity (JANE) as defined by FRS 9 In accordance with FRS 9 the company accounted directly for its part of the income and expenditure, assets, liabilities and cash flows of Bowmore The business of Bowmore has developed beyond the group of projects which it was formed to acquire As a result of this change in activity the directors have decided that with effect from 1 April 2007 it is appropriate to account for Bowmore as a joint venture This is not a change in accounting policy which requires a prior year adjustment In consequence the results for 2007/08 include Bowmore as a joint venture but the comparative figures for 2006/07 include Bowmore as a JANE

Directors

The Directors in office at the date of this report are set out on page 1 Mr TJA Simon and Mr JWW Fox served as directors during the year but resigned on 31 May 2007

Directors' indemnity

The Group maintains a Directors and Officers liability insurance policy which indemnifies the directors of the Company if a claim is made against them in their capacity as a director of the Company

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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 Limited

Secretary

Fourth Floor South
35 Portman Square
London
W1H 6LR

17 July 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 to prevent and detect fraud and other irregularities

KPMG

6 Lower Brook Street
Ipswich
IP4 1AP
United Kingdom

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

We have audited the financial statements of Taylor Clark Properties Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,

- *the financial statements have been properly prepared in accordance with* the Companies Act 1985, and

- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP
Chartered Accountants
Registered Auditor

17 July 2008

Profit and loss account

for the year ended 31 March 2008

	Note	**2008** **£000**	2007 £000
Turnover	*2*		5,710
Cost of sales		**(37)**	(4,728)
Gross (loss) / profit		**(37)**	982
Administrative expenses		**(581)**	(545)
Operating (loss) / profit		**(618)**	437
Income from shares in group undertakings			1,600
(Loss) / profit before interest		**(618)**	2,037
Interest receivable and similar income	*5*	**1,236**	563
Interest payable and similar charges	*6*		(289)
Profit on ordinary activities before taxation	*3*	**618**	2,311
Tax on profit on ordinary activities	*7*	**(190)**	(242)
Profit for financial year		**428**	2,069

Continuing operations

All items dealt with in arriving at the operating profit for 2008 and 2007 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 2008

	Note	2008 £000	2008 £000	2007 £000	2007 £000
Fixed assets					
Shares in group undertakings	9	8,200		8,200	
Investment in joint ventures	9	3,392			
			11,592		8,200
Current assets					
Property and developments		6,070		7,672	
Debtors	10	14,255		17,358	
Cash at bank		773		2,452	
		21,098		27,482	
Creditors: amounts falling due within one year	11	(9,792)		(11,085)	
Net current assets			11,306		16,397
Creditors: amounts falling due after more than one year	12				(974)
Net assets			22,898		23,623
Capital and reserves					
Called up share capital	13		17,500		17,500
Profit and loss account			5,398		6,123
Equity shareholders' funds	14		22,898		23,623

These financial statements were approved by the board of directors on 17 July 2008 and were signed on its behalf by

R Harvey
Director

R Harvey
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

The company has an investment in Bowmore Estates Limited ('Bowmore') which was acquired in the year ended 31 March 2005 The company owns 50% of the voting rights of this property development company and exercises joint control Until 31 March 2007 this investment was accounted for as a joint arrangement which is not an entity (JANE) as defined by FRS 9 In accordance with FRS 9 the company accounted directly for its part of the income and expenditure, assets, liabilities and cash flows of Bowmore The business of Bowmore has developed beyond the group of projects which it was formed to acquire As a result of this change in activity the directors have decided that with effect from 1 April 2007 it is appropriate to account for Bowmore as a joint venture This is not a change in accounting policy which requires a prior year adjustment In consequence the results for 2007/08 include Bowmore as a joint venture but the comparative figures for 2006/07 include Bowmore as a JANE

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 Limited, 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 of income from the sale of properties held for development, rental income and management fee income excluding VAT

Notes *(continued)*

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting policies 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

2 Turnover

	2008	2007
	£000	£000
Turnover comprises		
Proceeds from sale of properties		5,710
Rental income		
		5,710

All turnover arose in the UK

3 Profit on ordinary activities before taxation

	2008	2007
	£000	£000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration		
Audit of these financial statements	**20**	15
Other services relating to taxation	**6**	5
Management charge from parent company	**531**	488

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

4 Directors' remuneration

	2008	2007
	£000	£000
Directors		
Directors' emoluments	**237**	300

The aggregate of emoluments (excluding pension contributions) of the highest paid director were £125,543 (*2007* £128,000) 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 £27,425 (*2007* £ 22,340)

	Number of directors	
	2008	2007
Retirement benefits are accruing to the following number of directors under a defined benefit scheme	**2**	2

Notes *(continued)*

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

5 Interest receivable and similar income

	2008 £000	2007 £000
Bank interest	**53**	106
On loans to parent company	**805**	428
Other interest	**378**	29
	1,236	563

6 Interest payable and similar charges

	2008 £000	2007 £000
On bank loans and overdrafts		289
		289

7 Taxation

Analysis of charge in year

UK corporation tax	2008 £000	2007 £000
Corporation tax payable for the year	**190**	94
Prior year adjustment		26
Total current tax	**190**	120
Deferred tax (Note 10)		122
Tax on profit on ordinary activities	**190**	242

Notes *(continued)*

7 Taxation *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is greater than *(2007 lower than)* the standard rate of corporation tax in the UK 30% *(2007 30%)* The differences are explained below

	2008 **£000**	2007 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**618**	2,311
Current tax charge at 30% *(2007 30%)*	**185**	694
Effects of		
Tax losses available for offset		(122)
Tax credit on group income		(480)
Expenses not deductible for tax purposes	**5**	2
Prior year adjustment		26
Total current tax charge (see above)	**190**	120

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

8 Dividends

The directors have proposed a final dividend of £860,000 *(2007 £1,153,000)* This is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements

Notes *(continued)*

9 Fixed asset investments

	Investment in joint venture £'000	Shares in group undertakings £000
At cost		
At 1 April 2007		8,200
Reclassification of the investment in Bowmore Estates Limited as a joint venture (see explanation below)	3,392	
At 31 March 2008	3,392	8,200

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

Company	Activity
TCP Chertsey Limited	Business centre operator
TCP Flat 12 Limited	Dormant
TCP Winchester Limited	Property development
TCP Citypoint Limited	Property development
TCP Canterbury Limited	Dormant

In addition, the company has an investment in Bowmore Estates Limited ('Bowmore') which was acquired in the year ended 31 March 2005 Bowmore is a property development company incorporated in England and Wales The company owns 50% of the voting rights of Bowmore and exercises joint control Until 31 March 2007 this investment was accounted for as a joint arrangement which is not an entity (JANE) as defined by FRS 9 In accordance with FRS 9 the company accounted directly for its part of the income and expenditure, assets, liabilities and cash flows of Bowmore The business of Bowmore has developed beyond the group of projects which it was formed to acquire As a result of this change in activity the directors have decided that with effect from 1 April 2007 it is appropriate to account for Bowmore as a joint venture This is not a change in accounting policy which requires a prior year adjustment In consequence the results for 2007/08 include Bowmore as a joint venture but the comparative figures for 2006/07 include Bowmore as a JANE

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

10 Debtors

	2008 £000	2007 £000
Amounts due within one year		
Amounts due from parent company	**13,893**	11,951
Amounts due from group undertakings		4,816
Other debtors	**362**	502
	14,255	17,269
Amounts due after more than one year		
Deferred taxation		89
	14,255	17,358

The deferred tax asset in the prior year represents the company's share of the trading tax losses in Bowmore Estates Limited

Notes *(contιnued)*

11 Credιtors. amounts fallιng due wιthιn one year

	2008	2007
	£000	£000
Bank loans and overdraft		2,453
Trade credιtors	**17**	11
Corporatιon tax	**91**	
Accruals and deferred ιncome	**259**	410
Amounts due to group undertakιngs	**9,379**	8,169
Other credιtors	**46**	42
	9,792	11,085

12 Creditors: amounts fallιng due after more than one year

	2008	2007
	£000	£000
Bank loans		974

In the prιor year comparatιves the bank loans were secured on property developments held by Bowmore Estates Lιmιted and bore ιnterest at Barclays Bank PLC base rate plus 1 25%

13 Called up share capιtal

	2008	2007
	£000	£000
Authorιsed, called up and fully paιd		
Ordιnary shares of £1 each	**17,500**	17,500

14 Reconcιlιatιon of movement ιn shareholders' funds

	2008	2007
	£000	£000
Profit for the financιal year	**428**	2,069
Dιvιdends paιd	**(1,153)**	(365)
Net movement ιn shareholders' funds	**(725)**	1,704
Openιng shareholders' funds	**23,623**	21,919
Closιng shareholders' funds	**22,898**	23,623

Notes *(continued)*

15 Capital commitments

No provision has been made in the financial statements in respect of financial commitments of £895,000 (2007 £4,050,000) 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 has entered into an agreement with a third party to provide funding for a property development by the third party The funding is secured by a second charge on the property and the loan bears interest at 2 0% above the base rate of Barclays Bank PLC Construction of the development was completed during the year and a number of units were sold which enabled the loan to be repaid The amount outstanding at 31 March 2008 was £Nil (2007 £420,850 advanced)

17 Related party disclosures

The company has an investment in Bowmore Estates Limited ('Bowmore') which was acquired in the year ended 31 March 2005 The company owns 50% of the voting rights of this property development company and exercises joint control of this investment

During the year ended 31 March 2008 Bowmore repaid £1,400,000 of the funding loan provided by the company (2007 £1,733,500 advanced to Bowmore) At 31 March 2008 the principal of the loan was £3,600,000 (2007 £5,000,000) and interest of £71,577 (2007 £94,025) was accrued on the loan Interest on the loan of £376,778 was paid during the year (2007 £450,662)

The company and its joint venture partner have given joint and several guarantees for the obligations of Bowmore under two building contracts Both these contracts were completed during the year and the amount outstanding under the guarantees at 31 March 2008 was £Nil (2007 £7,113,000)

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 Limited 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 Limited 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