
IOWA LAND COMPANY LIMITED

FINANCIAL STATEMENTS

31st MARCH 2006



IOWA LAND COMPANY LIMITED

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IOWA LAND COMPANY LIMITED

COMPANY INFORMATION

Directors C S R Stroyan T.D., W.S. (Chairman)
P H Lawson
E Y Whittingdale

Secretary R W Toye

Registered Office Bridge House
181 Queen Victoria Street
London EC4V 4DZ

Registered Number 15399

Auditors Moore Stephens LLP
Chartered Accountants
St. Paul's House
Warwick Lane
London EC4M 7BP

Solicitors Wilsons
Steynings House
Chapel Place
Fisherton Street
Salisbury
Wiltshire SP2 7RJ

Bankers The Royal Bank of Scotland plc
62-63 Threadneedle Street
London EC2R 8LA

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited consolidated financial statements of the company and its subsidiaries for the year ended 31st March 2006.

Principal activities

The principal activities of the company and its subsidiaries are investment in shares, property and land, and farming in Scotland.

Results and dividend

The Group profit for the year before taxation was £896,774 (2005: £418,313) after taking account of profits from investment and fixed asset disposals net of provisions of £747,789 (2005: £369,776). The profit after taxation and minority interest of £670,080 (2005: £360,274) is accounted for through the profit and loss account.

The directors do not propose a dividend.

Review of the business

The year ended 31st March 2006 turned out to be substantially better than the previous year, with pre-tax profit more than double that of the year to 31st March 2005. Stockmarkets continued firm and the overall farming results made a useful contribution.

The investment company had an excellent year with a continued improvement in dividend and interest income and only a modest increase in expenditure. With a further rise in stockmarkets both in the UK and overseas it was possible not only to realise profits where appropriate, but also to reverse provisions made in previous years. The market value of the retained investments showed a worthwhile increase.

The dealing company had a quiet year with little activity in traded options where the market proved difficult. A modest profit was however achieved for the year.

The property company had another disappointing year returning a small loss on ordinary activities. One disposal made during the year realised an overall profit, but it was not possible to make any acquisitions. The London property market remained strong and it is difficult to find properties where a reasonable return can be made.

The Scottish companies achieved a useful contribution to the overall results, but this included a capital profit on the disposal of a house and substantial profit from the organic farming partnership. This partnership has now been dissolved and a corresponding interest taken in a company growing organic vegetables in both Scotland and England. Traditional farming operations remain difficult with low grain prices, reducing subsidies and the high price of fuel. A continued improvement in the cost of other estate activities has been maintained.

The current year is likely to prove difficult. Stockmarkets have shown considerable volatility and returns in the investment and dealing companies are unlikely to be as good as in the previous year. In farming, no improvements in the price of grain or other commodities is expected and the investment in the organic company will not provide a return until the year ending 31st March 2008. Against this background the directors will continue to act with extreme caution.

IOWA LAND COMPANY LIMITED

REPORT OF THE DIRECTORS

(Continued)

Directors' responsibilities for financial statements

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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors have:

- * selected suitable accounting policies and applied them consistently;
- * made judgements and estimates that are reasonable and prudent;
- * followed applicable accounting standards; and
- * prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who held office during the year together with their share holdings in the company, all non-beneficial, were as follows:

	Ordinary shares of 10p each	
	31 st March 2006	31 st March 2005
C S R Stroyan	1,000	1,000
P H Lawson	1,000	1,000
E Y Whittingdale	-	-

None of the directors held any of the 4.55% preference shares.

Fixed assets

Movements in tangible fixed assets are disclosed in Note 9.

The group's Scottish estates are included at a professional valuation of £11,529,000 as at 31st March 2005, net of current year disposals. The group's English freehold properties are included on the basis of the directors' estimate of the current market value at 31st March 2006.

Auditors

A resolution for the appointment of Moore Stephens LLP as auditors will be proposed at the Annual General Meeting.

REPORT OF THE DIRECTORS

(Continued)

Directors' Disclosure of Information to Auditors

Each of the persons who are directors at the time when this report is approved has confirmed that:

- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) each director has taken all steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The report of the directors was approved by the Board on 2nd August 2006 and signed on its behalf by:



Roger William Toye
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
IOWA LAND COMPANY LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Iowa Land Company Limited for the year ended 31st March 2006 set out on pages 7 to 28. 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities..

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 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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of 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 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.

IOWA LAND COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IOWA LAND COMPANY LIMITED (Continued)

Opinion

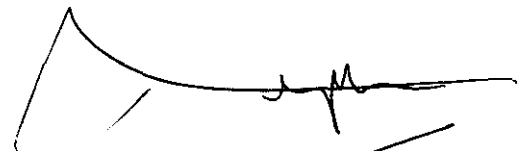
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31st March 2006 and of the group's 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.

St Paul's House
Warwick Lane
London, ECM 7BP

25 August

2006



Moore Stephens LLP
Registered Auditor
Chartered Accountants

IOWA LAND COMPANY LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2006**

	Note	2006 £	2005 £
Income: continuing operations			
Turnover: Farming activities		1,343,667	1,300,670
Rental income		299,085	237,879
Investment dealing activities		6,007	60,927
Investment income		197,086	195,424
Investment interest receivable		55,630	25,503
		<hr/>	<hr/>
Total income		1,901,475	1,820,403
Operating costs	2	(1,748,084)	(1,733,669)
		<hr/>	<hr/>
Operating profit: continuing operations		153,391	86,734
		<hr/>	<hr/>
Profit on disposal of tangible fixed assets		88,050	7,256
Profit on fixed asset investments	4	659,739	362,520
		<hr/>	<hr/>
		747,789	369,776
		<hr/>	<hr/>
Profit before interest		901,180	456,510
Interest payable	6	(32,644)	(34,832)
Exchange profit/(loss)		28,238	(3,365)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		896,774	418,313
Tax on profit on ordinary activities	7	(229,088)	(59,153)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		667,686	359,160
Minority Interest		2,394	1,114
		<hr/>	<hr/>
Retained profit for the financial year	23	670,080	360,274
		<hr/> <hr/>	<hr/> <hr/>

Movements in reserves are shown in notes 22 and 23 on page 27.

IOWA LAND COMPANY LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st March 2006**

	2006	2005
	£	£
Result for the financial year	670,080	360,274
Unrealised surplus on property revaluation (net of minority interest)	75,000	1,847,984
Corporation tax on realisation	(57,603)	-
	<hr/>	<hr/>
Total recognised gains for the year	687,477	2,208,258
	<hr/>	<hr/>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31st March 2006**

	2006	2005
	£	£
Reported profit on ordinary activities before taxation	896,774	418,313
Realisation of property revaluation gains of previous years	268,644	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	1,165,418	418,313
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation	878,727	360,274
	<hr/>	<hr/>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 31st March 2006**

	2006	2005
	£	£
Opening shareholders' funds at 1 st April	19,843,179	17,634,921
Total recognised gains for the year	687,477	2,208,258
	<hr/>	<hr/>
Closing shareholders' funds at 31 st March	20,530,656	19,843,179
	<hr/>	<hr/>

IOWA LAND COMPANY LIMITED**CONSOLIDATED BALANCE SHEET**
at 31st March 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible fixed assets	9	13,093,727	13,185,883
Investments	10	5,561,255	5,328,290
		<hr/>	<hr/>
		18,654,982	18,514,173
		<hr/>	<hr/>
Current assets			
Stocks	11	574,871	507,810
Debtors	12	1,351,171	835,051
Investments	13	292,248	181,337
Cash at bank and in hand		1,089,254	697,075
		<hr/>	<hr/>
		3,307,544	2,221,273
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	14	(1,043,705)	(692,092)
Provisions for liabilities and charges	17	(130,500)	-
		<hr/>	<hr/>
Net current assets		2,133,339	1,529,181
		<hr/>	<hr/>
Total assets less current liabilities		20,788,321	20,043,354
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	15	(70,222)	(35,338)
		<hr/>	<hr/>
Net assets		20,718,099	20,008,016
		<hr/> <hr/>	<hr/> <hr/>

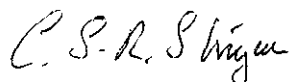
IOWA LAND COMPANY LIMITED

CONSOLIDATED BALANCE SHEET at 31st March 2006 (Continued)

	Note	2006 £	2005 £
Capital and reserves			
Called up share capital	21	104,842	104,842
Share premium account		163,163	163,163
Capital redemption reserve	22	310,843	310,843
Revaluation reserve	22	8,962,899	8,887,899
Other reserves	22	5,068,565	5,068,565
Profit and loss account	23	5,920,344	5,307,867
		<hr/>	<hr/>
Shareholders' funds		20,530,656	19,843,179
Minority interests		187,443	164,837
		<hr/>	<hr/>
		20,718,099	20,008,016
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 2nd August 2006 and signed on its behalf by:



Colin Strathearn Ropner Stroyan
Director

IOWA LAND COMPANY LIMITED**BALANCE SHEET**
at 31st March 2006

	Note	2006 £	2005 £
Fixed assets			
Investments		1	1
Investments in subsidiary undertakings	8	1,532,973	1,532,973
		<hr/>	<hr/>
		1,532,974	1,532,974
		<hr/>	<hr/>
Current assets			
Debtors due within one year	12	3,684,276	3,671,557
Debtors due after one year	12	1,605,494	1,605,494
Cash at bank and in hand		70,552	68,456
		<hr/>	<hr/>
		5,360,322	5,345,507
Creditors: Amounts falling due within one year	14	(1,262,924)	(1,249,854)
		<hr/>	<hr/>
Net current assets		4,097,398	4,095,653
		<hr/>	<hr/>
Total assets less current liabilities		5,630,372	5,628,627
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	21	104,842	104,842
Share premium account		163,163	163,163
Capital redemption reserve	22	310,843	310,843
Capital reserve	22	4,949,336	4,949,336
Profit and loss account	23	102,188	100,443
		<hr/>	<hr/>
Shareholders' funds		5,630,372	5,628,627
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board of Directors on 2nd August 2006 and signed on its behalf by:



Colin Strathearn Ropner Stroyan
Director

IOWA LAND COMPANY LIMITED

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2006

	Note	2006	2005
		£	£
Net cash outflow from operating activities	19	(100,310)	(185,973)
Other returns on investments and servicing of finance	20 A	(4,406)	(38,197)
Taxation	20 B	(33,291)	(17,494)
Capital expenditure and financial investment	20 C	553,453	368,986
Cash inflow before management of liquid resources and financing		415,446	127,322
Management of liquid resources and financing:			
Management of liquid resources	20 D	(104,904)	84,916
Loan made	12	(245,880)	-
Financing	20 E	56,202	(42,450)
Increase in cash		120,864	169,788

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS for the year ended 31st March 2006

	Cash	Overdrafts	2006 Total	2005
	£	£	£	£
Cash flow in year	392,179	(271,315)	120,864	169,788
Balance at 1 st April	697,075	(385,971)	311,104	141,316
Balance at 31st March	1,089,254	(657,286)	431,968	311,104

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

1. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared in accordance with applicable accounting standards under the historical cost basis of accounting as modified by the revaluation of land and buildings.

Basis of consolidation

The consolidated financial statements incorporate those of Iowa Land Company Limited and its subsidiary companies.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the financial statements.

Fixed assets and depreciation

No division is made of the cost or valuation of freehold land and buildings into the proportion relating to land and the proportion relating to buildings. In the opinion of the directors it would not be meaningful to do so given the nature of the buildings which are, for the most part, farm buildings. Depreciation is provided to write off fixed assets over their expected useful lives at the following rates:

Farm buildings	2%
Short leaseholds	Over the period of lease
Implements, plant and machinery	10% - 15% pa
Office equipment, furniture, fixtures and fittings	4% - 33% pa
Motor vehicles	25% pa

Investment properties

Investment properties are revalued annually at open market value and any temporary surplus or deficit is transferred to investment property revaluation reserve. Permanent deficits on individual properties are charged in the profit and loss account which is also credited with subsequent reversals.

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Farming stocks

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

Investments

Investments held as fixed assets are included at cost. Provision is made where in the opinion of the directors any diminution in value is permanent.

Investments held as trading stock are shown as current assets and are included at the lower of cost or market value.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

1. ACCOUNTING POLICIES (Continued)

Income from investments

Income from investment in equities is included when received. Interest income from fixed interest and index linked stock is accrued to the end of the financial year.

Investment interest receivable

Interest on cash deposits is accrued to the end of the financial year.

Taxation

The charge for taxation is based on the result for the year and takes into account deferred or accelerated taxation.

Deferred taxation is provided on timing differences that have originated, but not reversed by the balance sheet date on a non-discounted basis.

Deferred taxation assets are recognised only to the extent that it is more likely than not that there will be suitable trading profits from which future reversals of the underlying timing differences can be deducted. No provision is made where the amounts involved are not material.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at the year end.

Turnover

Turnover represents income earned from sales of farming produce, exclusive of VAT.

Government Grants

Grants of a revenue nature are credited to the profit and loss account in the year in which they accrue.

Grants of a capital nature received for land and buildings (which are not depreciated) have been deducted from the original cost of the relevant asset. This is not in accordance with schedule 4 to the Companies Act 1985, which requires fixed assets to be shown at their purchase price or production cost and hence grants and contributions would be presented as deferred income. This departure from the requirements of the Act is, in the opinion of the directors, necessary since complying with the Act would not give a true and fair view as no provision is made for depreciation and any grants and contributions relating to such assets would not be taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

1. ACCOUNTING POLICIES (Continued)

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the group. The pension cost charge represents contributions payable in the year

2. OPERATING COSTS

	2006 £	2005 £ (Reclassified)
Other direct expenses and farming activities		
Cost of livestock and other direct costs	703,836	812,956
Administration costs - all companies	1,044,248	920,713
	<hr/>	<hr/>
	1,748,084	1,733,669
	<hr/>	<hr/>

The allocation of costs between direct and administrative was changed in the current year so as to provide better information for management. The comparative figures for 2005 have been adjusted accordingly.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006 £	2005 £
Profit on ordinary activities is arrived at after charging:		
Auditors remuneration	23,495	19,627
Depreciation - owned assets	100,103	92,162
- held under Hire Purchase Agreements	53,424	49,300
	<hr/>	<hr/>
and after crediting:		
Subsidies and grants	301,559	381,960
Bank interest receivable	55,630	25,503
	<hr/>	<hr/>

4. PROFIT ON FIXED ASSET INVESTMENTS

	2006 £	2005 £
Profit on disposal of investments	30,502	142,521
Investment provision decrease	629,237	219,999
	<hr/>	<hr/>
	659,739	362,520
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS**31st March 2006****5. EMPLOYEES AND STAFF COSTS**

	2006	2005
	£	£
Costs incurred in respect of employees (including directors) were:-	488,053	409,324
Social security costs	43,791	39,781
Other pension costs	7,380	5,459
	<hr/>	<hr/>
	539,224	454,564
	<hr/>	<hr/>

	No.	No.
The average monthly number of employees including directors during the year was as follows:		
Administration	5	5
Farming	19	19
	<hr/>	<hr/>
	24	24
	<hr/>	<hr/>

	2006	2005
	£	£
Directors emoluments:-		
Other emoluments	36,650	36,850
	<hr/>	<hr/>

No pension costs were incurred in respect of directors of the company.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Bank loans and overdrafts	23,776	31,346
Hire purchase agreements	8,868	3,486
	<hr/>	<hr/>
	32,644	34,832
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

7. TAXATION

	2006 £	2005 £
(a) Analysis of tax charge for the year:		
Corporation tax	16,869	7,539
Overseas tax	6,995	8,014
Prior year adjustment	18,432	(8,000)
	<hr/>	<hr/>
Current tax charge	42,296	7,553
Deferred tax (Note 17)	186,792	51,600
	<hr/>	<hr/>
Charge	229,088	59,153
	<hr/>	<hr/>
(b) Factors affecting current tax charge for the year:		
Profit on ordinary activities before tax at 30%	270,354	125,494
Effect of:		
Utilisation of prior year losses	(6,548)	-
Indexation allowances on capital gains	(27,748)	(29,740)
Short term timing differences on investments	(175,758)	(71,464)
Non taxable investment income	(31,711)	(36,815)
Other	(114)	(4,443)
Losses, net of gains, not available for offset	31,626	40,189
Timing differences between capital allowances and depreciation	(10,171)	(15,682)
Irrecoverable overseas taxation	6,995	8,014
Other short term timing differences	(33,062)	-
	<hr/>	<hr/>
	23,863	15,553
Prior year adjustment	18,433	(8,000)
	<hr/>	<hr/>
Current tax charge	42,296	7,553
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006**8. INTERESTS IN SUBSIDIARIES**

Principal subsidiaries	Parent and group interest in ordinary shares and voting rights	Country of incorporation and registration	Principal activity
<i>Teniwood Securities Ltd</i>	100%	<i>England and Wales</i>	<i>Investment holding</i>
<i>The London Commercial and Mercantile Company Limited</i>	100%	<i>England and Wales</i>	<i>Investment dealing</i>
<i>Scottish Trust Managers Limited</i>	75%	<i>England and Wales</i>	<i>Property investment</i>
<i>Culfargie Estates Limited</i>	100%	<i>Scotland</i>	<i>Farming and property investment</i>
<i>Tay and Torridon Estates Limited</i>	100%	<i>Scotland</i>	<i>Farming</i>
<i>Cotswold & General Farms Limited</i>	100%	<i>England and Wales</i>	<i>Dormant</i>
<i>Fingask and Kinnaird Properties Limited</i>	100%	<i>Scotland</i>	<i>Dormant</i>
<i>Strathtay and Perthshire Properties Limited</i>	100%	<i>Scotland</i>	<i>Dormant</i>

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006
9. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Short leaseholds £	Plant equipment and motor vehicles £	Total £
Cost or valuation				
At 1 st April 2005	12,451,305	11,079	1,732,158	14,194,542
Additions	151,581	-	331,310	482,891
Disposals	(468,500)	-	(169,616)	(638,116)
Revaluation	100,000	-	-	100,000
At 31 st March 2006	12,234,386	11,079	1,893,852	14,139,317
Depreciation				
At 1 st April 2005	-	11,079	997,580	1,008,659
Charge for the year	-	-	153,527	153,527
Released on disposal	-	-	(116,596)	(116,596)
At 31 st March 2006	-	11,079	1,034,511	1,045,590
Net book value				
At 31 st March 2006	12,234,386	-	859,341	13,093,727
At 31 st March 2005	12,451,305	-	734,578	13,185,883
Historical cost				
At 31 st March 2006	3,365,799	11,079	1,893,851	5,270,729

Freehold land and buildings includes investment properties revalued by the directors at the balance sheet date at the open market value of £559,000 (2005: £689,000).

The group's Scottish estates were revalued on 31st March 2005 at £11,529,000 net of current year disposals on the basis of their open market value, by Bell Ingram, Chartered Surveyors in accordance with the RICS Appraisal and Valuation Manual. This valuation is incorporated in the financial statements.

Financial Reporting Standard (FRS) 15 requires all assets excluding investment properties to be depreciated over their estimated economic life taking account of any residual value of assets. The group's freehold land and buildings are considered to have a high residual value and a useful economic life in excess of fifty years. It is the directors' policy to maintain the buildings in a continual state of sound repair and accordingly the depreciation charge is considered immaterial. Therefore, no charge has been made.

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006
9. TANGIBLE FIXED ASSETS (continued)

Where no charge for depreciation is made and where the useful economic life exceeds fifty years an impairment review should be carried out on an annual basis. Such a review has been performed and in the Directors' opinion the market value and residual value of freehold land and buildings is in excess of the carrying value and there is no impairment.

Included in Plant and Equipment are assets financed under hire purchase agreements with a net book value of £358,419 (2005: £265,602) and a depreciation charge of £53,424 (2005: £49,300).

10. FIXED ASSET INVESTMENTS

Group Cost	Listed in United Kingdom £	Listed abroad £	Unlisted £	Total £
At 1 st April 2005	2,843,967	2,217,865	904,216	5,966,048
Additions	334,547	832,305	39,814	1,206,666
Disposals	(727,333)	(695,336)	(180,269)	(1,602,938)
At 31 st March 2006	2,451,181	2,354,834	763,761	5,569,776
Provisions				
At 1 st April 2005	47,200	268,609	321,949	637,758
Movement in the year	(47,111)	(268,609)	(313,517)	(629,237)
At 31 st March 2006	89	-	8,432	8,521
Net book value				
At 31 st March 2006	2,451,092	2,354,834	755,329	5,561,255
At 31 st March 2005	2,796,767	1,949,256	582,267	5,328,290
Market value				
At 31 st March 2006	3,779,191	3,091,811	1,155,734	8,026,736
At 31 st March 2005	3,434,883	2,325,571	1,132,944	6,893,398

The market value of listed investments is based on mid-market published prices.

The market value of unlisted investments has been estimated by the directors on the basis of the most recent financial information.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

10. FIXED ASSET INVESTMENTS (Continued)

Companies in which the group holds over 20% of the issued equity capital are as follows:

	Country of registration	Description of shares/stock	Percentage held	Principal activity
Murray Campbell & Co. Ltd.	England	Ordinary	50%	Dormant
		Deferred	50%	
Pelican Estates Inc.	U S A	Common	40%	Property
Quail Estates Inc.	U S A	Common	29%	Property
		Preference	29%	
Taylorgrown Ltd.	Scotland	Ordinary	33%	Farming

The directors are of the opinion that as they do not exert significant influence over the day-to-day management of these companies it is not appropriate to consolidate their results.

11. STOCKS

	2006 £	2005 £
Group		
Stocks, all of which relate to farming, comprise the following:		
Cattle and sheep	434,000	386,978
Crops	88,409	75,586
Sundry	52,462	45,246
	<hr/>	<hr/>
	574,871	507,810
	<hr/>	<hr/>

12. DEBTORS

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Due within one year				
Trade debtors	1,019,500	699,134	-	-
Other debtors	31,304	20,489	-	-
Amounts due from subsidiary undertakings	-	-	3,684,276	3,671,557
Prepayments and accrued income	54,487	59,136	-	-
Deferred taxation (note 17)	-	56,292	-	-
Loan to undertaking in which the group has a participating interest (Taylorgrown Ltd.)	245,880	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,351,171	835,051	3,684,276	3,671,557
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

12. DEBTORS (Continued)

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Due after one year				
Amounts owed by subsidiary undertaking	-	-	1,605,494	1,605,494
	<u>-</u>	<u>-</u>	<u>1,605,494</u>	<u>1,605,494</u>
	<u>-</u>	<u>-</u>	<u>1,605,494</u>	<u>1,605,494</u>

13. CURRENT ASSET INVESTMENTS

	2006	2005
Group	£	£
Listed, at lower of cost and market value	292,248	181,337
	<u>292,248</u>	<u>181,337</u>
Market value, based on mid-market published prices	298,974	189,280
	<u>298,974</u>	<u>189,280</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loan and overdrafts	657,286	385,971	-	-
Obligations under finance				
Leases	107,757	86,439	-	-
Tax and social security	4,669	4,746	-	-
Trade creditors	79,963	104,304	-	-
Other creditors	45,686	45,686	2,713	2,713
Amounts due to subsidiary undertakings	-	-	1,259,535	1,246,815
Accruals and deferred income	73,872	57,082	-	-
Corporation Tax	74,472	7,864	676	326
	<u>1,043,705</u>	<u>692,092</u>	<u>1,262,924</u>	<u>1,249,854</u>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group	2006 £	2005 £
Obligations under finance leases	70,222	35,338

16. DEBT ANALYSIS

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Repayable within 1 year	765,043	472,410	-	-
Repayable in 2 - 5 years	70,222	35,338	-	-
	<u>835,265</u>	<u>507,748</u>	<u>-</u>	<u>-</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

Group	2006 £	2005 £
The deferred taxation balance comprises:		
Accelerated capital allowances	(139,000)	(120,000)
Short term timing differences on investments	8,500	176,292
	<u>(130,500)</u>	<u>56,292</u>
Liability (2005: asset - Note 12)		
	2006 £	2005 £
Balance at 1 st April	56,292	107,892
Movement in year	(186,792)	(51,600)
	<u>(130,500)</u>	<u>56,292</u>
Balance at 31 st March		

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006

17. DEFERRED TAXATION (continued)

	2006	2005
	£	£
Group potential tax liability on disposal at market value of:		
Fixed asset investments	538,000	159,000
Investment properties	128,000	117,725
	<u>666,000</u>	<u>276,725</u>

No provision for this liability has been made in these accounts.

18. CASH FLOW INFORMATION

In accordance with the revised FRS 1 the following definitions have been applied:

- (i) Cash: cash in hand, overnight deposits and overnight borrowings.
- (ii) Liquid resources: all monetary assets (excluding cash at (i) above) which are convertible into cash at, or close to, the carrying value in the balance sheet.
- (iii) Debt financing: all borrowings other than overnight.

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2006	2005
	£	£
Operating profit	153,391	86,734
Depreciation	153,527	141,462
Decrease in stocks	(67,061)	1,725
Increase in debtors	(326,532)	(268,293)
Decrease in creditors	(7,628)	(86,674)
Profit on disposal of current asset investments	(6,007)	(60,927)
	<u>(100,310)</u>	<u>(185,973)</u>

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006

20. ANALYSIS OF CASH FLOWS GIVEN IN THE CASH FLOW STATEMENT

A. Other returns on investments and servicing of finance

	2006	2005
	£	£
Exchange profit/(loss)	28,238	(3,365)
Bank interest paid	(23,776)	(31,346)
Interest element of finance lease payments	(8,868)	(3,486)
	<hr/>	<hr/>
Net cash outflow from other returns on investments and servicing of finance	(4,406)	(38,197)
	<hr/>	<hr/>

B. Taxation

	2006	2005
	£	£
Net UK corporation tax and overseas tax	(33,291)	(17,494)
	<hr/>	<hr/>

C. Capital expenditure and financial investment

	2006	2005
	£	£
Purchase of tangible fixed assets	(482,891)	(202,572)
Sale of tangible fixed assets	609,570	80,964
Purchase of fixed asset investments	(1,206,666)	(1,283,277)
Sale or reduction of fixed asset investments	1,633,440	1,773,871
	<hr/>	<hr/>
Net cash inflow from capital expenditure and financial investment	553,453	368,986
	<hr/>	<hr/>

D. Management of liquid resources

	2006	2005
	£	£
Purchase of current asset investments	(357,565)	(456,463)
Sale of current asset investments	252,661	541,379
	<hr/>	<hr/>
Net cash (outflow)/inflow	(104,904)	84,916
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

**20. ANALYSIS OF CASH FLOWS GIVEN IN THE CASH FLOW STATEMENT
(continued)**

E. Financing

	2006	2005
	£	£
Increase/(decrease) in finance leases	56,202	(42,450)
	<u>56,202</u>	<u>(42,450)</u>
Cash inflow/(outflow)	<u>56,202</u>	<u>(42,450)</u>

21. CALLED UP SHARE CAPITAL

	2006	2005
	£	£
Authorised		
450,000 4.55% Non-cumulative preference shares of £ 1 each	450,000	450,000
565,000 ordinary shares of 10p each	56,500	56,500
	<u>506,500</u>	<u>506,500</u>

	2006	2005
	£	£
Allotted and fully paid:		
49,484 4.55% Non-cumulative preference shares of £1 each	49,484	49,484
553,583 ordinary shares of 10p each	55,358	55,358
	<u>104,842</u>	<u>104,842</u>

The preference shareholders are entitled to a fixed preferential dividend at the rate of 4.55% per annum payable out of the profits which the directors determine to distribute.

On a winding up, the preference shares carry priority over other classes of share as to the repayment of capital, but not as to arrears of dividend as they are non-cumulative.

The preference shares are non-voting shares and have no redemption date.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

22. OTHER RESERVES

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Capital reserve				
Balance at 1 st April				
and at 31 st March	5,068,565	5,068,565	4,949,336	4,949,336
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revaluation reserve				
Balance at 1 st April	8,887,899	7,039,915	-	-
Revaluation in the year	75,000	1,847,984	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 st March	8,962,899	8,887,899	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The revaluation in the year is net of minority interests.

Capital redemption reserve				
Balance at 1 st April				
and at 31 st March	310,843	310,843	310,843	310,843
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

23. PROFIT AND LOSS ACCOUNT

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
At 1 st April	5,307,867	4,947,593	100,443	98,117
Result for the financial year	670,080	360,274	1,745	2,326
Corporation tax on realisation	(57,603)	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 st March	5,920,344	5,307,867	102,188	100,443
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

24. LEASE OBLIGATIONS

There were the following annual commitments under non-cancellable operating leases which expire:

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Land and Buildings				
Within one year	-	13,000	-	-
Between one and two years	-	-	-	-
Between two and three years	32,500	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	32,500	13,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>