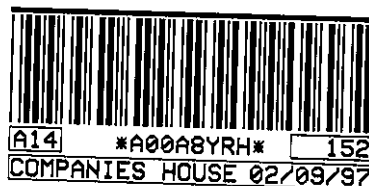


**IOWA LAND COMPANY LIMITED**

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**CONTENTS**

	<b>Page</b>
Company information	1
Notice of meeting	2
Report of the directors	3-4
Auditors' Report	5
Consolidated profit and loss account	6
Statement of total recognised gains and losses	7
Reconciliation of movements in shareholders' funds	7
Consolidated balance sheet	8
Company balance sheet	9
Cash flow statement	10
Notes to the financial statements	11-26



## **IOWA LAND COMPANY LIMITED**

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### **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 4DD

**Registered Number** 15399

**Auditors** Moore Stephens  
Chartered Accountants  
St. Paul's House  
Warwick Lane  
London EC4P 4BN

**Solicitors** Wilsons  
Steynings House  
Chapel Place  
Fisherton Street  
Salisbury  
Wiltshire SP2 7R3

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

## **IOWA LAND COMPANY LIMITED**

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### **NOTICE OF MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of this company will be held at Mitre House, 160 Aldersgate Street, London EC1A 4DD on 4<sup>th</sup> November 1997 at 10:00 am for the following purposes:

1. To receive the directors' report and accounts for the year ended 31<sup>st</sup> March 1997.
2. To re-appoint Moore Stephens as the auditors of the company.
3. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



Roger W Toyne  
Secretary

31<sup>st</sup> July 1997

NOTE: Any person entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote (on a poll) in his place and such proxy need not be a member.

## **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 31<sup>st</sup> March 1997.

### **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 £132,468 (1996: £414,070) after taking account of profits from investment and fixed asset disposals net of provisions of £73,207 (1996: £206,092). The profit after taxation and minority interest of £67,960 (1996: £362,568) is accounted for through the profit and loss account.

The directors do not propose a dividend.

### **Review of the business**

Operating results from continuing operations of the Group provided a satisfactory profit of £163,099. Farming activities produced a profit although rather less than the previous year. Due to a long dry summer grain yields were down and cattle sales were affected by the BSE problem. The London property investment was again profitable and the dealing company made a small contribution to the overall result.

The main investment company reported a satisfactory year although profits were reduced due to a loss on foreign currency and prudent reserving against fluctuations in investment values. A substantial saving in operating costs was successfully achieved.

The Directors will continue to proceed with caution while seeking new investment opportunities wherever possible.

### **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.

## IOWA LAND COMPANY LIMITED

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### REPORT OF THE DIRECTORS

(Continued)

#### Directors

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

	Ordinary shares of 10p each	
	31 <sup>st</sup> March 1997	31 <sup>st</sup> March 1996
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 10.

The group's Scottish estates are included at professional valuation of £5,952,000 as at 9<sup>th</sup> August 1993. The group's English freehold and long leasehold properties are included on the basis of the directors' estimate of the current market value at 31<sup>st</sup> March 1997.

#### Auditors

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

The report of the directors was approved by the Board on 31<sup>st</sup> July 1997 and signed on its behalf by:



Roger William Toye  
Secretary

## **IOWA LAND COMPANY LIMITED**

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### **AUDITORS REPORT TO THE SHAREHOLDERS OF IOWA LAND COMPANY LIMITED**

We have audited the financial statements on pages 6 to 26 which have been prepared on the basis of the accounting policies set out on pages 11 and 12.

#### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


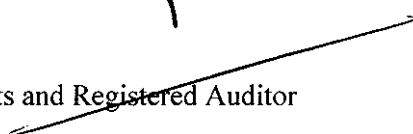
#### **Basis of opinion**

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 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 affairs of the Company and the Group as at 31<sup>st</sup> March 1997 and of the profit, total recognised gains and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens  
Chartered Accountants and Registered Auditor

London  
31<sup>st</sup> July 1997

**IOWA LAND COMPANY LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the year ended 31<sup>st</sup> March 1997**

	Note	1997 £	1996 £
<b>Income: continuing operations</b>			
Turnover: Farming activities		1,582,333	1,509,709
Rental income		76,464	51,136
Investment dealing activities		16,027	(18,482)
Investment income		207,247	186,657
Investment interest receivable		47,713	94,759
<b>Total income</b>		1,929,784	1,823,779
Operating costs	2	(1,766,685)	(1,607,728)
<b>Operating profit: continuing operations</b>		163,099	216,051
Profit on disposal of tangible fixed assets		42,049	36,247
Profit on disposal of fixed asset investments	7	31,158	169,845
		73,207	206,092
<b>Profit before interest</b>		236,306	422,143
Interest payable	4	(81,920)	(80,491)
Exchange (losses)/gains		(21,918)	72,418
<b>Profit on ordinary activities before taxation</b>		132,468	414,070
Tax on profit on ordinary activities	8	(61,598)	(49,649)
<b>Profit on ordinary activities after taxation</b>		70,870	364,421
Minority Interest		(2,910)	(1,853)
<b>Profit for the financial year</b>	24	67,960	362,568

Movements in reserves are shown in notes 23 and 24 on page 25.

**IOWA LAND COMPANY LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31<sup>st</sup> March 1997**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	67,960	362,568
Unrealised surplus on property revaluation	44,931	9,359
Less: Share of minority interest	(11,233)	(2,339)
	<hr/>	<hr/>
Total recognised gains	101,658	369,588
	<hr/>	<hr/>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**  
**for the year ended 31<sup>st</sup> March 1997**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Total recognised gains	101,658	369,588
Other adjustment	-	(8,000)
Opening shareholders' funds	12,343,694	11,982,106
	<hr/>	<hr/>
Closing shareholders' funds	12,445,352	12,343,694
	<hr/>	<hr/>



# **IOWA LAND COMPANY LIMITED**

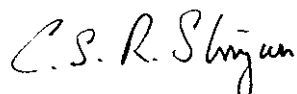
## **CONSOLIDATED BALANCE SHEET at 31<sup>st</sup> March 1997**

	<b>Note</b>	<b>1997 £</b>	<b>1996 £</b>
<b>Fixed assets</b>			
Tangible fixed assets	10	7,271,339	6,900,640
Investments	11	4,436,240	4,020,750
		<hr/>	<hr/>
		11,707,579	10,921,390
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	12	594,572	670,161
Debtors	13	583,954	254,497
Investments	14	155,330	159,225
Cash at bank and in hand		602,126	1,461,777
		<hr/>	<hr/>
		1,935,982	2,545,660
		<hr/>	<hr/>
<b>Creditors: Amounts falling due within one year</b>	15	(1,078,290)	(462,234)
		<hr/>	<hr/>
Net current assets		857,692	2,083,426
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		12,565,271	13,004,816
		<hr/>	<hr/>
<b>Creditors: Amounts falling due after more than one year</b>	16	(87,809)	(642,955)
		<hr/>	<hr/>
<b>Net assets</b>		12,477,462	12,361,861
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	22	104,842	104,842
Share premium account		163,163	163,163
Capital redemption reserve	23	310,843	310,843
Revaluation reserve	23	3,410,435	3,376,737
Other reserves	23	5,068,565	7,563,245
Profit and loss account	24	3,387,504	824,864
		<hr/>	<hr/>
<b>Shareholders' funds (including non-equity)</b>	25	12,445,352	12,343,694
<b>Minority interests' (equity)</b>		32,110	18,167
		<hr/>	<hr/>
		12,477,462	12,361,861
		<hr/>	<hr/>

**IOWA LAND COMPANY LIMITED****BALANCE SHEET  
at 31<sup>st</sup> March 1997**

	<b>Note</b>	<b>1997 £</b>	<b>1996 £</b>
<b>Fixed assets</b>			
Investments		1	1
Investments in subsidiary undertakings	9	1,532,973	1,532,773
		<hr/>	<hr/>
		1,532,974	1,532,774
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors due within one year	13	3,079,685	3,079,676
Debtors due after one year	13	1,605,494	1,605,494
Cash at bank and in hand		12,302	12,640
		<hr/>	<hr/>
		4,697,481	4,697,810
		<hr/>	<hr/>
<b>Creditors: Amounts falling due within one year</b>	15	(613,170)	(613,170)
		<hr/>	<hr/>
<b>Net current assets</b>		4,084,311	4,084,640
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		5,617,285	5,617,414
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	22	104,842	104,842
Share premium account		163,163	163,163
Capital redemption reserve	23	310,843	310,843
Capital reserve	23	4,949,336	4,949,336
Profit and loss account	24	89,101	89,230
		<hr/>	<hr/>
<b>Shareholders' funds (including non-equity)</b>	25	5,617,285	5,617,414
		<hr/>	<hr/>

The financial statements were approved by the Board on 31<sup>st</sup> July 1997 and signed on its behalf by:



Colin Strathearn Ropner Stroyan  
Director

**IOWA LAND COMPANY LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31<sup>st</sup> March 1997

	Notes	1997		1996	
		£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	20		(56,120)		923,593
Returns on investments and servicing of finance	21 A		(103,838)		(8,073)
Taxation	21 B		(54,191)		(29,433)
Capital expenditure and financial investment	21 C		(802,330)		315,402
Acquisition and disposals	21 D		(200)		-
<b>Cash (outflow)/inflow before management of liquid resources and financing</b>			(1,016,679)		1,201,489
<b>Management of liquid resources and financing:</b>					
Management of liquid resources	21 E	19,922		(79,979)	
Financing	21 F	70,319	90,241	(60,973)	(140,952)
<b>(Decrease)/increase in cash</b>			(926,438)		1,060,537

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
for the year ended 31<sup>st</sup> March 1997

	Cash £	Overdrafts £	1997 Total £	1996 £
Cash flow in year	(859,651)	(66,787)	(926,438)	1,060,537
Balance at 1 <sup>st</sup> April	1,461,777	(117,244)	1,344,533	283,996
<b>Balance at 31<sup>st</sup> March</b>	602,126	(184,031)	418,095	1,344,553

**NOTES TO THE FINANCIAL STATEMENTS**

**31<sup>st</sup> March 1997**

**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. No depreciation is provided for farm buildings, but all costs of maintaining the buildings to a high standard are written off as incurred. Depreciation is provided to write off other fixed assets over their expected useful lives at the following rates:

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.

As these properties are held for investment purposes not consumption, depreciation is not considered to be relevant. In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold and long leasehold investment properties. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount, which might otherwise be shown, cannot be separately identified or quantified.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

**31<sup>st</sup> March 1997**

**1. ACCOUNTING POLICIES (Continued)**

**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.

**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 profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is material and probable that the liability will become payable in the foreseeable future.

**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 invoiced 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.

**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.

**IOWA LAND COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 1997****2. SEGMENTAL INFORMATION**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>Other direct expenses and farming activities</b>		
Cost of livestock	341,237	274,793
Other direct costs	455,390	405,794
Administration costs - all companies	970,058	927,141
	<hr/>	<hr/>
	1,766,685	1,607,728
	<hr/>	<hr/>

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities is arrived at after charging:		
Auditors remuneration	15,492	22,363
Depreciation	134,279	121,996
	<hr/>	<hr/>
and after crediting:		
Subsidies and grants	356,558	318,922
Bank interest receivable	47,713	94,759
	<hr/>	<hr/>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	75,055	73,939
Other loans	6,865	6,552
	<hr/>	<hr/>
	81,920	80,491
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 1997****5. EMPLOYEES AND STAFF COSTS**

Directors interest in transactions:

Mr P H Lawson was a consultant to a firm of solicitors until 30<sup>th</sup> June 1996, which provides legal and other services to the Group.

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Costs incurred in respect of employees (including remuneration as per note 6) were:-		
Wages and salaries	340,424	345,150
Social security costs	30,725	31,440
Other pension costs	9,043	7,005
	<hr/>	<hr/>
	380,192	383,595
	<hr/>	<hr/>
	<b>No.</b>	<b>No.</b>
The average weekly number of employees (including directors) during the year was as follows	29	29
	<hr/>	<hr/>

**6. DIRECTORS**

Group emoluments of the company's directors.

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
As directors	30,875	23,875
	<hr/>	<hr/>

The emoluments of the Chairman, who is also the highest paid director were £15,500 (1996: £14,500).

**7. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Profit on disposal of investments	155,181	161,108
(Investment provisions)/write backs	(124,023)	8,737
	<hr/>	<hr/>
	31,158	169,845
	<hr/>	<hr/>

**IOWA LAND COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 1997****8. TAXATION**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Taxation charge based on the profit for the year:		
Corporation tax at 33% (1996: 33%)	39,800	28,915
Tax suffered on investment income	22,596	25,213
Recoverable ACT	-	(3,973)
	<hr/>	<hr/>
	62,396	50,155
Prior year adjustments:		
Corporation tax	(798)	(506)
	<hr/>	<hr/>
	61,598	49,649
	<hr/>	<hr/>

**9. INTERESTS IN SUBSIDIARIES**

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



**IOWA LAND COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 1997****10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold land and buildings £</b>	<b>Long leaseholds £</b>	<b>Short leaseholds £</b>	<b>Plant equipment and motor vehicles £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 <sup>st</sup> April 1996	6,228,041	110,000	11,079	1,219,522	7,568,642
Additions	343,058	-	-	289,443	632,501
Disposals	(109,900)	-	-	(158,014)	(267,914)
Revaluation	34,931	10,000	-	-	44,931
At 31 <sup>st</sup> March 1997	6,496,130	120,000	11,079	1,350,951	7,978,160
<b>Depreciation</b>					
At 1 <sup>st</sup> April 1996	-	-	11,079	656,923	668,002
Charge for the year	-	-	-	134,279	134,279
Released on disposal	-	-	-	(95,460)	(95,460)
At 31 <sup>st</sup> March 1997	-	-	11,079	695,742	706,821
<b>Net book value</b>					
At 31 <sup>st</sup> March 1997	6,496,130	120,000	-	655,209	7,271,339
At 31 <sup>st</sup> March 1996	6,228,041	110,000	-	562,599	6,900,640

Freehold land and buildings includes investment properties revalued by the directors at the balance sheet date at the open market value of £ 441,250 (1996: £193,750).

The group's Scottish estates were revalued on 9<sup>th</sup> August 1993 at £5,952,000 on the basis of their open market value, by a firm of Chartered Surveyors. This valuation is incorporated in the financial statements. The valuation has been reviewed by the directors and in their opinion is no less than the current market value.

The historical cost of freehold property is £3,084,462 (1996: £2,851,304).

Long leaseholds were revalued by the directors at the balance sheet date at the open market value of £120,000 (1996: £110,000).

There were no capital commitments at 31<sup>st</sup> March 1997 or 1996.

**IOWA LAND COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 1997****11. FIXED ASSET INVESTMENTS**

<b>Group</b>	<b>Listed in</b>	<b>Listed</b>	<b>Unlisted</b>	<b>Total</b>
<b>Cost</b>	<b>United Kingdom</b>	<b>abroad</b>	<b>£</b>	<b>£</b>
	<b>£</b>	<b>£</b>		
At 1 <sup>st</sup> April 1996	1,510,544	1,884,125	801,159	4,195,828
Additions	698,506	429,131	50,150	1,177,787
Disposals	(215,366)	(417,818)	(5,090)	(638,274)
At 31 <sup>st</sup> March 1997	1,993,684	1,895,438	846,219	4,735,341
<b>Provisions</b>				
At 1 <sup>st</sup> April 1996	51,940	23,390	99,748	175,078
Movement in the year	27,855	82,068	14,100	124,023
At 31 <sup>st</sup> March 1997	79,795	105,458	113,848	299,101
<b>Net book value</b>				
At 31 <sup>st</sup> March 1997	1,913,889	1,789,980	732,371	4,436,240
At 31 <sup>st</sup> March 1996	1,458,604	1,860,735	701,411	4,020,750
<b>Market value</b>				
At 31 <sup>st</sup> March 1997	3,101,703	2,181,117	768,920	6,051,740
At 31 <sup>st</sup> March 1996	2,596,734	2,248,289	743,797	5,588,820

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.

## IOWA LAND COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31<sup>st</sup> March 1997

#### 11. FIXED ASSET INVESTMENTS (Continued)

Companies in which the group holds over 10% of the issued equity capital are as follows:

	Country of registration	Description of shares/stock	Percentage held
Murray Campbell & Co Ltd	England	Ordinary	50%
		Deferred	50%
Pelican Estates Inc	U S A	Common	40%
Quail Estates Inc	U S A	Common	29%

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.

#### 12. STOCKS

Group	1997 £	1996 £
Stocks, all of which related to farming, comprised the following:		
Cattle and sheep	399,118	397,685
Crops	120,209	173,635
Sundry	75,245	98,841
	<hr/>	<hr/>
	594,572	670,161
	<hr/>	<hr/>

#### 13. DEBTORS

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
<b>Due within one year</b>				
Trade debtors	380,931	62,248	-	-
Other debtors	140,592	138,872	-	-
Corporation tax and income tax recoverable	7,120	7,119	-	-
Amounts due from subsidiary undertakings	-	-	3,079,677	3,079,671
Prepayments and accrued income	55,311	46,258	8	5
	<hr/>	<hr/>	<hr/>	<hr/>
	583,954	254,497	3,079,685	3,079,676
	<hr/>	<hr/>	<hr/>	<hr/>

**IOWA LAND COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 1997****13. DEBTORS (Continued)**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Due after one year</b>				
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>

**14. CURRENT ASSET INVESTMENTS**

<b>Group</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Listed, at lower of cost and market value	155,330	159,225
	<u>155,330</u>	<u>159,225</u>
Market value, based on mid-market published prices	155,330	168,975
	<u>155,330</u>	<u>168,975</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan and overdrafts	784,031	117,244	-	-
Obligations under finance leases	80,689	55,224	-	-
Tax and social security	5,874	3,179	-	-
Trade creditors	66,382	88,888	-	-
Other creditors	45,686	104,680	2,713	2,713
Amounts due to subsidiary undertakings	-	-	610,457	610,457
Accruals and deferred income	73,995	78,794	-	-
Corporation Tax	21,633	14,225	-	-
	<u>1,078,290</u>	<u>462,234</u>	<u>613,170</u>	<u>613,170</u>

A subsidiary company has guaranteed the bank loan of £600,000 granted to a fellow subsidiary supported by a Memorandum of Deposit over marketable securities.

# **IOWA LAND COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31<sup>st</sup> March 1997**

### **16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

<b>Group</b>	<b>1997 £</b>	<b>1996 £</b>
Bank loans	-	600,000
Obligations under finance leases	87,809	42,955
	<hr/>	<hr/>
	87,809	642,955
	<hr/>	<hr/>

### **17. DEBT ANALYSIS**

	<b>Group</b>		<b>Company</b>	
	<b>1997 £</b>	<b>1996 £</b>	<b>1997 £</b>	<b>1996 £</b>
Repayable within 1 year	864,720	172,468	-	-
Repayable in 1 - 2 years	-	600,000	-	-
Repayable in 2 - 5 years	87,809	42,955	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	952,529	815,423	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

### **18. PROVISION FOR LIABILITIES AND CHARGES**

<b>Group</b>	<b>1997 £</b>	<b>1996 £</b>
<b>Deferred taxation</b>		
The provision for deferred taxation which comprises the full potential liability is:		
Accelerated capital allowances	73,733	78,592
Other short term timing differences		-
Less: unrelieved trading losses	(73,733)	(78,592)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 1997****19. CASH FLOW INFORMATION**

The group has adopted the revised version of FRS 1 'Cash flow statements'. As a result comparative figures for 1996 have been restated.

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.

**20. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/  
INFLOW FROM OPERATING ACTIVITIES**

	1997 £	1996 £
Operating profit	163,099	216,051
Depreciation	134,279	121,996
Decrease/(increase) in stocks	75,589	(71,358)
Decrease/(increase) in debtors	(329,456)	550,567
(Decrease)/increase in creditors	(83,604)	90,569
(Decrease)/increase in current asset investment provision	(73,771)	32,642
Loss/(profit) on disposal of current asset investments	57,744	(14,160)
Profit on disposal of fixed assets	-	(2,714)
	<hr/>	<hr/>
	(56,120)	923,593
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**

**31<sup>st</sup> March 1997**

**21. ANALYSIS OF CASH FLOWS GIVEN IN THE CASH FLOW STATEMENT**

**A. Returns on investments and servicing of finance**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Exchange (losses)/gains	(21,918)	72,418
Bank interest paid	(75,055)	(73,939)
Interest element of finance lease payments	(6,865)	(6,552)
	<hr/>	<hr/>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(103,838)</b>	<b>(8,073)</b>
	<hr/>	<hr/>

**B. Taxation**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Net UK corporation tax and overseas tax	31,595	4,220
Tax suffered on UK investment income	22,596	25,213
	<hr/>	<hr/>
<b>Net cash outflow for taxation</b>	<b>54,191</b>	<b>29,433</b>
	<hr/>	<hr/>

**C. Capital expenditure and financial investment**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Purchase of tangible fixed assets	(632,501)	(333,999)
Sale of tangible fixed assets	214,503	203,092
Purchase of fixed asset investments	(1,177,787)	(1,029,739)
Sale of fixed asset investments	793,455	1,476,048
	<hr/>	<hr/>
<b>Net cash (outflow)/inflow for capital expenditure and financial investment</b>	<b>(802,330)</b>	<b>315,402</b>
	<hr/>	<hr/>

**D. Acquisitions and disposals**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Decrease in investment in subsidiary by minority	(200)	-
	<hr/>	<hr/>
<b>Net cash outflow from acquisitions and disposals</b>	<b>(200)</b>	<b>-</b>
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 1997****21. ANALYSIS OF CASH FLOWS GIVEN IN THE CASH FLOW STATEMENT  
(continued)****E. Management of liquid resources**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Purchase of current asset investments	(280,694)	(186,985)
Sale of current asset investments	300,616	107,006
	<hr/>	<hr/>
<b>Net cash inflow/(outflow)</b>	<b>19,922</b>	<b>(79,979)</b>
	<hr/>	<hr/>

**F. Financing**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Increase/(decrease) in finance leases	70,319	(60,973)
	<hr/>	<hr/>
<b>Net cash inflow/(outflow)</b>	<b>70,319</b>	<b>(60,973)</b>
	<hr/>	<hr/>



## IOWA LAND COMPANY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

31<sup>st</sup> March 1997

#### 22. CALLED UP SHARE CAPITAL

	1997 £	1996 £
<b>Authorised</b>		
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
	<hr/>	<hr/>
	506,500	506,500
	<hr/>	<hr/>
	1997 £	1996 £
<b>Allotted and fully paid:</b>		
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
	<hr/>	<hr/>
	104,842	104,842
	<hr/>	<hr/>

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.

**IOWA LAND COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 1997****23. OTHER RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Capital reserve</b>				
Balance at 1 <sup>st</sup> April	7,563,245	7,571,245	4,949,336	4,949,336
Transfer to profit and loss account	(2,494,680)	-	-	-
Other adjustment	-	(8,000)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 <sup>st</sup> March	5,068,565	7,563,245	4,949,336	4,949,336
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Revaluation reserve</b>				
Balance at 1 <sup>st</sup> April	3,376,737	3,369,717	-	-
Revaluation	33,698	7,020	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 <sup>st</sup> March	3,410,435	3,376,737	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Capital redemption reserve</b>				
Balance at 1 <sup>st</sup> April and at 31 <sup>st</sup> March	310,843	310,843	310,843	310,843
	<hr/>	<hr/>	<hr/>	<hr/>

**24. PROFIT AND LOSS ACCOUNT**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 <sup>st</sup> April	824,864	462,296	89,230	82,748
Profit/(loss) for the financial year	67,960	362,568	(129)	6,482
Transfer from capital reserve (note 23)	2,494,680	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March	3,387,504	824,864	89,101	89,230
	<hr/>	<hr/>	<hr/>	<hr/>

## IOWA LAND COMPANY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

31<sup>st</sup> March 1997

#### 25. SHAREHOLDERS' FUNDS

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Equity shareholders' interests	12,395,868	12,294,210	5,567,801	5,567,930
Non-equity shareholders' interests	49,484	49,484	49,484	49,484
	<hr/>	<hr/>	<hr/>	<hr/>
	12,445,352	12,343,694	5,617,285	5,617,414
	<hr/>	<hr/>	<hr/>	<hr/>

Non-equity interests of £49,484 (1996: £49,484) comprise 49,484 4.55% non-cumulative preference shares of £1 each.