

**THE LONDON COMMERCIAL AND
MERCANTILE COMPANY LIMITED**

FINANCIAL STATEMENTS

31st MARCH 2003



COMPANY NO: 120030

THE LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

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THE LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

COMPANY INFORMATION

Directors

C S R Stroyan
P H Lawson
E Y Whittingdale

Secretary

R W Toye

Registered office

Bridge House
181 Queen Victoria Street
London EC4V 4DZ

Registered number

120030

Auditors

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

THE LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited financial statements of the company for the year ended 31st March 2003.

Principal activity

The company is an investment dealing company.

Review of the business

The basic market posture adopted by the Company over the year was to back a recovery of market values. This policy proved incorrect in market conditions that continued to decline throughout the year and consequently produced disastrous results.

The nature of the basic market view remains unchanged with the expectation that the market will come to recognise fundamental values in many sectors which remain oversold. A substantial improvement in the position since the year end has been recorded.

Results and dividends

The loss for the year after tax amounted to £161,906 (2002: £16,441 loss). The directors do not recommend the payment of a dividend (2002: Nil).

Directors

The directors who held office during the period and their interests in the shares of the company were:

	Ordinary shares of £1 each	
	31 st March 2003	31 st March 2002
C S R Stroyan	1,000	1,000
P H Lawson	1,000	1,000
E Y Whittingdale	1,000	1,000

These shares are held as nominee holdings on behalf of Teniwood Securities Limited.

The interests of the directors in the shares of the ultimate parent undertaking Iowa Land Company Limited, are disclosed in the accounts of that company.

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 of the profit or loss of the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Moore Stephens are willing to continue in office and are deemed to be reappointed in accordance with the elective resolution dispensing with the requirement to appoint auditors annually.

The report of the directors was approved by the Board on 31st July 2003 and signed on its behalf by:



Roger William Toye
Secretary

THE LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

We have audited the financial statements of The London Commercial and Mercantile Company Limited for the year ended 31st March 2003 set out on pages 5 to 9. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

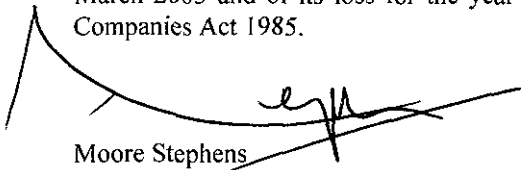
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2003 and of its loss 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 EC4P 4BN

13: August 2003

THE LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31st March 2003

	Note	2003 £	2002 £
Income: continuing operations			
Realised dealing loss		(168,203)	(166,204)
(Increase)/Decrease in provision to reduce investments to market value		(78,095)	111,717
Investment income		16,924	21,854
Interest receivable		2,825	11,279
		<hr/>	<hr/>
		(226,549)	(21,354)
Administrative expenses		(2,357)	(2,286)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(228,906)	(23,640)
Tax on profit on ordinary activities	3	67,000	7,199
		<hr/>	<hr/>
Loss for the year	8	(161,906)	(16,441)
		<hr/>	<hr/>

The company has no recognised gains or losses other than the results disclosed above for the two years ended 31st March 2003.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st March 2003

	2003 £	2002 £
Loss for the year	(161,906)	(16,441)
Opening shareholders' funds	(158,974)	(142,533)
	<hr/>	<hr/>
Closing shareholders' funds	(320,880)	(158,974)
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THE LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

BALANCE SHEET at 31st March 2003

	Note	2003 £	2002 £
Current assets			
Debtors	4	73,404	9,238
Investments	5	192,463	148,775
Cash at bank		113,094	250,829
		<u>378,961</u>	<u>408,842</u>
Creditors: Amounts falling due within one year	6	(699,841)	(567,816)
		<u>(699,841)</u>	<u>(567,816)</u>
Total assets less current liabilities		<u>(320,880)</u>	<u>(158,974)</u>
Capital and reserves			
Called up share capital	7	35,007	35,007
Profit and loss account	8	(355,887)	(193,981)
		<u>(320,880)</u>	<u>(158,974)</u>
Shareholders' Funds - equity		<u>(320,880)</u>	<u>(158,974)</u>

The financial statements were approved by the Board on 31st July 2003 and signed on its behalf by:



Colin Strathearn Ropner Stroyan
Director

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

1. ACCOUNTING POLICIES

Accounting convention

These financial statements are prepared in accordance with applicable accounting standards under the historical cost convention. The financial statements are prepared on a going concern basis as the ultimate parent undertaking has confirmed that it will continue its support of the company for the foreseeable future.

Dealing

Income includes profits less losses on sale of investments and traded option receipts less payments. Traded options have been recognised on date of receipt or payment of proceeds.

Investment Income

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.

Interest receivable

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

Investments

Investments are held for resale and are valued at the lower of cost and net realisable value.

Cash flow statement

The company is exempt from preparing a cash flow statement.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is arrived at after charging:-

	2003	2002
	£	£
Auditors remuneration	2,032	1,974
	<hr/>	<hr/>

Apart from the three (2002: three) directors, none of whom received any emoluments in the year, there are no other employees of the company.

THE LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31st March 2003****3. TAX ON RESULT ON ORDINARY ACTIVITIES**

	2003	2002
	£	£
(a) Analysis of tax charge for the year:		
UK Corporation tax credit	(67,000)	(7,100)
Prior year over provision	-	(99)
	<hr/>	<hr/>
Current tax credit	(67,000)	(7,199)
	<hr/>	<hr/>
(b) Factors affecting current tax charge for the year:		
(Loss) on ordinary activities before tax at 30%	(68,672)	(7,092)
Effect of:		
Non taxable investment income	(142)	-
Short term timing differences on investments	1,883	-
Other	(69)	(8)
Prior year over provision	-	(99)
	<hr/>	<hr/>
Current tax credit	(67,000)	(7,199)
	<hr/>	<hr/>

4. DEBTORS

	2003	2002
	£	£
Group relief recoverable	67,000	7,100
Other debtors	1,252	-
Accrued Income	5,152	2,138
	<hr/>	<hr/>
	73,404	9,238
	<hr/>	<hr/>

5. INVESTMENTS

	2003	2002
	£	£
Listed		
At lower of cost and market value	192,463	148,775
	<hr/>	<hr/>

Total market value of listed investments at 31st March 2003 was £200,126 (2002: £154,205).

THE LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Amounts due to fellow subsidiary undertakings	697,796	565,822
Accruals	2,045	1,994
	<u>699,841</u>	<u>567,816</u>

7. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised 200,000 ordinary shares of £1 each	200,000	200,000
Allotted and fully paid 35,007 ordinary shares of £1 each	35,007	35,007

8. PROFIT AND LOSS ACCOUNT

	2003 £	2002 £
At 1 st April	(193,981)	(177,540)
Loss for the year	(161,906)	(16,441)
At 31 st March	<u>(355,887)</u>	<u>(193,981)</u>

9. PARENT COMPANY

The company is a wholly owned subsidiary of Teniwood Securities Limited, a company incorporated in England and Wales. The ultimate parent company is Iowa Land Company Limited, a company incorporated in England and Wales. Group accounts are available to the public on payment of the appropriate fee from Companies Registration Office, Companies House, Crown Way, Cardiff CF4 3UZ.