

LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

CONTENTS

	Page
Company information	1
Report of the directors	2-3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7-9



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 4DD
Registered number	120030
Auditors	Robson Rhodes Chartered Accountants 186 City Road London EC4 2NU

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 1996.

Principal activity

The company is an investment dealing company.

Review of business

It proved a difficult year for the company. The realised gain of £14,160 on dealing activities is an improvement on the profit of £5,279 in the previous year, but the market decline in the price of the equity positions held at the end of the year necessitated an increase in provisions of £32,642.

The company continues to benefit from a group restructuring of the loans required to finance the balance sheet net liability position resulting in interest payable falling to a level of insignificance.

Results and dividends

The loss for the year after tax amounted to £14,246 (1995 profit: £23,383). The directors do not recommend the payment of a dividend (1995: 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	
	1996	1995
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.

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.

LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

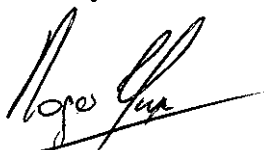
REPORT OF THE DIRECTORS (Continued)

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

During the year the directors decided that the audit of the company should be subject to competitive tender and as a result a resolution to appoint Moore Stephens of St. Paul's House, Warwick Lane, London EC4P 4BN, a member firm of Moore Stephens International Limited, will be proposed at an Extraordinary General Meeting to be held on the same day as the ultimate parent company's Annual General Meeting.

The report of the directors was approved by the Board on *30th July* 1996 and signed on its behalf by:



Roger William Toye
Secretary

LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

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

We have audited the financial statements on pages 5 to 9 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on pages 2 and 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 as at 31st March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes
Chartered Accountants and Registered Auditor

London

30 July 1996

LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st March 1996

	Note	1996 £	Period Ended 31 st March 1995 £
Income: continuing operations			
Realised dealing gain		14,160	5,279
(Increase)/decrease in provision to reduce investments to market value		(32,642)	32,475
Investment income		4,399	4,980
Interest receivable		518	8
		<hr/>	<hr/>
		(13,565)	42,742
Administrative expenses		(9,406)	(8,840)
Interest payable		(275)	(10,519)
		<hr/>	<hr/>
(Loss)/Profit on ordinary activities before taxation	2	(23,246)	23,383
Tax credit on loss on ordinary activities	3	9,000	-
		<hr/>	<hr/>
(Loss)/Profit for the period	8	(14,246)	23,383
		<hr/>	<hr/>

Movements in reserves are shown in note 8 on page 9.

The company has no recognised gains or losses other than the profit for the two periods ended 31st March 1996.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 31st March 1996

	1996 £	Period Ended 1995 £
Total recognised (loss)/gains	(14,246)	23,383
Opening shareholders' funds	(204,761)	(228,144)
	<hr/>	<hr/>
Closing shareholders' funds	(219,007)	(204,761)
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LONDON COMMERCIAL AND MERCANTILE COMPANY LIMITED

BALANCE SHEET at 31st March 1996

	Note	1996 £	1995 £
Current assets			
Debtors	4	1,389	996
Investments	5	159,225	97,728
Cash at bank		111,405	-
		<u>272,019</u>	<u>98,724</u>
Creditors: Amounts falling due within one year	6	(491,026)	(303,485)
Total assets less current liabilities		<u>(219,007)</u>	<u>(204,761)</u>
Capital and reserves			
Called up share capital	7	35,007	35,007
Profit and loss account	8	(254,014)	(239,768)
Shareholders' Funds - equity		<u>(219,007)</u>	<u>(204,761)</u>

The financial statements were approved by the Board on 30th July 1996 and signed on its behalf by:

C. S. R. Stroyan

Colin Strathearn Ropner Stroyan
Director

NOTES TO THE FINANCIAL STATEMENTS

31st March 1996

1. ACCOUNTING POLICIES

Accounting period

The decision early in 1995 to change the company's accounting reference date to 31st March resulted in an extended accounting period to 31st March 1995. Accordingly, the comparative figures in the profit and loss account are for the period 24th March 1994 to 31st March 1995.

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.

Income

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 is included when received.

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)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation is arrived at after charging:-

	1996	Period Ended 1995
	£	£
Auditors remuneration	2,702	2,700
Directors fees	6,250	5,460
	<hr/>	<hr/>

Apart from the two directors who receive remuneration there are no other employees of the company.

NOTES TO THE FINANCIAL STATEMENTS
31st March 1996

3. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	1996 £	1995 £
Group relief receivable	9,000	-

4. DEBTORS

	1996 £	1995 £
Corporation tax recoverable	879	996
Accrued Income	510	-
	1,389	996

5. INVESTMENTS

	1996 £	1995 £
Listed		
Equity, at lower of cost and market value	159,225	97,728

Total market value of listed investments at 31st March 1996 was £168,975 (1995: £97,728).

Included in listed investments are the following holdings which are valued at amounts in excess of ten per cent of the company's assets:-

Name	Country of Registration	Description of shares/stock	Percentage held
British Gas plc	UK	Shares-ordinary	Less than 0.1%
London Fiduciary Trust plc	UK	Shares-ordinary	0.1%
The Peninsular and Oriental Steam Navigation Company plc	UK	Shares-Dfd Stk	Less than 0.1%
J Sainsbury plc	UK	Shares-ordinary	Less than 0.1%

NOTES TO THE FINANCIAL STATEMENTS
31st March 1996

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank overdraft	-	6,067
Amount due to ultimate parent undertaking	49,521	49,521
Amounts due to fellow subsidiary undertakings	437,780	244,932
Other taxes and social security costs	250	250
Accruals	3,475	2,715
	<u>491,026</u>	<u>303,485</u>

The overdraft has been secured against a guarantee supported by a memorandum of deposit given by Teniwood Securities Limited.

7. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised		
200,000 ordinary shares of £1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
Allotted and fully paid		
35,007 ordinary shares of £1 each	35,007	35,007
	<u>35,007</u>	<u>35,007</u>

8. PROFIT AND LOSS ACCOUNT

	1996 £	1995 £
At 1 st April 1995	(239,768)	(263,151)
(Loss)/Profit for the year	(14,246)	23,383
	<u>(254,014)</u>	<u>(239,768)</u>
At 31 st March 1996	(254,014)	(239,768)

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.