

SCOTTISH TRUST MANAGERS LIMITED

FINANCIAL STATEMENTS

31st MARCH 2006



COMPANY NO: 315883

CONTENTS

	Page
Company information	1
Report of the Directors	2 - 3
Auditors' report	4 - 5
Profit and loss account	6
Statement of total recognised gains and losses	7
Note of historical cost profits and losses	7
Balance sheet	8
Notes to the financial statements	9 - 13

SCOTTISH TRUST MANAGERS LIMITED

COMPANY INFORMATION

Directors

C S R Stroyan

E Y Whittingdale

P H Lawson

S A Talbot-Williams

Secretary

R W Toye

Registered office

Bridge House
181 Queen Victoria Street
London
EC4V 4DZ

Auditors

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

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 2006.

Principal activity

The principal activity of the company is property investment.

Review of the business

The London residential property market continued to be tight throughout the year frustrating attempts to expand the portfolio. The refurbishment of one property was successfully completed and the property sold, albeit at a consideration below the valuation at the end of previous year. This resulted in the company reporting a loss for the year on ordinary activities before tax. However, the company was fortunate to recover vacant possession of another property, which had the effect of giving a boost to the year end valuation of the portfolio. This property is now the subject of a refurbishment programme.

The directors continue to seek long term property investment opportunities, but will decline situations which are deemed purely speculative in nature.

Results and dividend

The loss for the year after tax amounted to £9,576 (2005: £4,457 loss). The directors do not recommend the payment of a dividend. (2005: £Nil)

Directors

The directors who held office throughout the year are detailed on page 1.

The following director had interests in the share capital of the company at 31st March:

	Ordinary 'B' £1 shares	
	2006	2005
S A Talbot-Williams	50	50

S A Talbot-Williams did not have an interest in shares in any other group company. No other director had any beneficial interest in the shares of the company. The interests of the remaining 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)

Statement of 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 LLP 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.

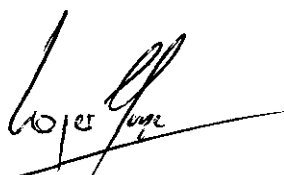
Directors' Disclosure of Information to Auditors

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
SCOTTISH TRUST MANAGERS LIMITED**

We have audited the financial statements of Teniwood Securities Limited for the year ended 31st March 2006 set out on pages 6 to 13. These financial statements have been prepared under the accounting policies set out herein.

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 (United Kingdom Generally Accepted Accounting Practice).

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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SCOTTISH TRUST MANAGERS LIMITED (Continued)**

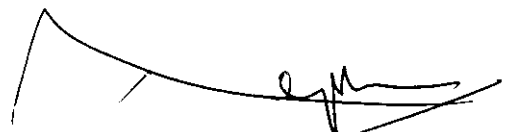
Opinion

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 company's affairs as at 31st March 2006 and of its loss 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

26 August 2006



Moore Stephens LLP
Registered Auditor
Chartered Accountants

SCOTTISH TRUST MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2006

	Note	2006 £	2005 £
Turnover: continuing operations	1	24,823	23,905
Administration expenses		(23,181)	(30,277)
		<hr/>	<hr/>
Operating profit/(loss): continuing operations	2	1,642	(6,372)
Loss on disposal of investment property		(11,435)	-
		<hr/>	<hr/>
Loss on ordinary activities before interest		(9,793)	(6,372)
Interest receivable	3	1,494	497
Interest payable	4	(1,277)	(1,516)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(9,576)	(7,391)
Tax on loss on ordinary activities	6	-	2,934
		<hr/>	<hr/>
Loss for the year	12	(9,576)	(4,457)
		<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st March 2006

	2006	2005
	£	£
Loss for the financial year	(9,576)	(4,457)
Unrealised surplus on property revaluation	100,000	70,000
Corporation tax on realisation	(10,357)	-
	<hr/>	<hr/>
Total recognised gains	80,067	65,543
	<hr/>	<hr/>

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

	2006	2005
	£	£
Reported loss on ordinary activities before taxation	(9,576)	(7,391)
Realisation of property revaluation gains of previous years	63,644	-
	<hr/>	<hr/>
Historical cost profit/(loss) on ordinary activities before taxation	54,068	(7,391)
	<hr/>	<hr/>
Historical cost profit/(loss) for the year retained after taxation	43,711	(4,457)
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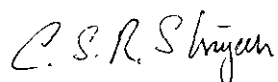
SCOTTISH TRUST MANAGERS LIMITED

BALANCE SHEET at 31st March 2006

	Note	2006 £	2005 £
Tangible assets	7	559,000	689,000
Current assets			
Debtors	8	2,000	4,549
Cash at bank		203,837	4,236
Creditors: Amounts falling due within one year	9	205,837 (15,458)	8,785 (5,473)
Net current assets		190,379	3,312
Total assets less current liabilities		749,379	692,312
Creditors: Amounts falling due after more than one year	10	-	(23,000)
Net assets		749,379	669,312
Capital and reserves			
Called up share capital	11	8,000	8,000
Revaluation reserve	12	428,773	392,417
Other reserve	12	3,065	3,065
Profit and loss account	12	309,541	265,830
Shareholders' funds		749,379	669,312

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

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of investment properties and in accordance with applicable accounting standards.

Turnover

Turnover comprises rental income.

Deferred 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.

Following the adoption of FRS 19 the company has ceased to provide for deferred taxation on revaluation surpluses.

Investment properties

Investment properties are revalued annually at open market value and any 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.

2. OPERATING PROFIT/(LOSS)

	2006	2005
	£	£
Operating profit/(loss) is arrived at after charging:		
Auditors' remuneration	2,409	2,115
	<hr/>	<hr/>

3. INTEREST RECEIVABLE

	2006	2005
	£	£
Bank interest	1,494	497
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

4. INTEREST PAYABLE

	2006 £	2005 £
Interest on a loan from immediate parent undertaking repayable on notice within two years	1,277	1,516

5. EMPLOYEES AND DIRECTORS

The company has no employees and the directors did not receive any emoluments in the year (2005: Nil).

Interest in transactions

Payments for advice and property services, including the collection of rents, amounting to £6,258 (2005: £6,544) were made to a company controlled by S A Talbot-Williams.

6. TAXATION

	2006 £	2005 £
(a) Analysis of tax credit for the year:		
UK Corporation tax	-	(2,934)
Current tax charge/(credit)	-	(2,934)
(b) Factors affecting current tax charge for the year:		
Loss on ordinary activities before tax at 30%	(2,873)	(2,217)
Effect of:		
Other	(558)	(717)
Indexation allowances	3,431	-
Current tax charge/(credit)	-	(2,934)

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006

7. TANGIBLE ASSETS

	Freehold investment properties £
Open Market value at 1 st April 2005	689,000
Additions in year	3,500
Disposal in year	(233,500)
Revaluation in year	100,000
	<hr/>
Open market value at 31 st March 2006	559,000
	<hr/> <hr/>

The properties were revalued by the directors at the balance sheet date at the open market value.

Taxation of £128,632 (2005: £117,725) would be payable if the properties were disposed of at their market value.

8. DEBTORS

	2006 £	2005 £
Group relief receivable	-	2,934
Prepayments and accrued income	2,000	1,615
	<hr/>	<hr/>
	2,000	4,549
	<hr/> <hr/>	<hr/> <hr/>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Corporation Tax	10,357	-
Accruals and deferred income	5,101	5,473
	<hr/>	<hr/>
	15,458	5,473
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NOTES TO THE FINANCIAL STATEMENTS

31st March 2006

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

	2006 £	2005 £
Loan from immediate parent undertaking repayable on notice within two years	-	23,000

11. CALLED UP SHARE CAPITAL
Authorised, allotted and fully paid

	2006 £	2005 £
150 "A" ordinary shares of £1 each	150	150
50 "B" ordinary shares of £1 each	50	50
7,800 deferred shares of £1 each	7,800	7,800
	8,000	8,000

Deferred shareholders' rights

Deferred shareholders have no rights to participate in the profits of the company. On a winding-up they are entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares have been paid, but have no other right to participate in the assets of the company. Deferred shareholders have no right to receive notice of or to attend or vote at a General Meeting of the company.

12. RESERVES

	Revaluation reserve £	Other reserve £	Profit and loss account £
At 1 st April 2005	392,417	3,065	265,830
Movement during the year	100,000	-	(9,576)
Realisation of gains reported in previous years	(63,644)	-	63,644
Corporation tax on realisation	-	-	(10,357)
At 31 st March 2006	428,773	3,065	309,541

NOTES TO THE FINANCIAL STATEMENTS
31st March 2006

13. RECONCILIATION OF SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Opening shareholders' funds	669,312	603,769
Loss for the year	(9,576)	(4,457)
Revaluation in the year	100,000	70,000
Corporation tax on realisation	(10,357)	-
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Closing shareholders' funds	749,379	669,312
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14. PARENT UNDERTAKING

The ultimate parent undertaking is Iowa Land Company Limited, which is 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.