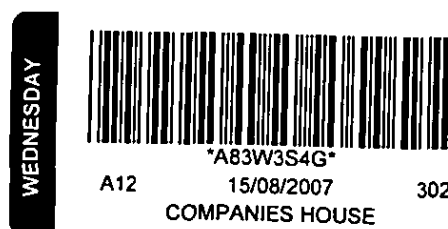


SCOTTISH TRUST MANAGERS LIMITED

FINANCIAL STATEMENTS

31st MARCH 2007



COMPANY NO: 315883

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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

C N Bardswell

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

SCOTTISH TRUST MANAGERS 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 2007

Principal activity

The principal activity of the company is property investment

Review of the business

The prices of London residential property continued to surge across the market throughout the year, which again frustrated the attempts to expand the portfolio

The refurbishment project started last year was completed and the property put back into the rental market. All properties in the portfolio were let at the year end and produce a reasonable rate of return

There are signs that the residential property market is coming under pressure, which could in turn provide improved buying opportunities, but the directors will not be drawn into situations which are deemed purely speculative in nature

Results and dividend

The profit for the year after tax amounted to £8,253 (2006 £9,576 loss). The directors do not recommend the payment of a dividend (2006 £Nil)

Directors

The directors who held office during the period were

C S R Stroyan
P H Lawson (retired 1st November 2006)
E Y Whittingdale
C N Bardswell (appointed 1st November 2006)
S A Talbot-Williams

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

REPORT OF THE DIRECTORS
(Continued)

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 1st August 2007 and signed on its behalf by



Roger William Toye
Secretary

SCOTTISH TRUST MANAGERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SCOTTISH TRUST MANAGERS LIMITED

We have audited the financial statements of Scottish Trust Managers Limited for the year ended 31st March 2007 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.

SCOTTISH TRUST MANAGERS LIMITED

**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 2007 and of its 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, EC4M 7BP

1st August 2007



Moore Stephens LLP
Registered Auditor
Chartered Accountants

SCOTTISH TRUST MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2007

	Note	2007 £	2006 £
Turnover: continuing operations	1	26,458	24,823
Administration expenses		(28,813)	(23,181)
		<hr/>	<hr/>
Operating (loss)/profit: continuing operations	2	(2,355)	1,642
Loss on disposal of investment property		-	(11,435)
		<hr/>	<hr/>
Loss on ordinary activities before interest		(2,355)	(9,793)
Interest receivable	3	7,639	1,494
Interest payable	4	-	(1,277)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		5,284	(9,576)
Tax on profit/(loss) on ordinary activities	6	2,969	-
		<hr/>	<hr/>
Profit/(loss) for the year	11	8,253	(9,576)
		<hr/>	<hr/>

SCOTTISH TRUST MANAGERS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st March 2007**

	2007	2006
	£	£
Profit/(loss) for the financial year	8,253	(9,576)
Unrealised surplus on property revaluation	78,383	100,000
Corporation tax on realisation	-	(10,357)
	<hr/>	<hr/>
Total recognised gains	86,636	80,067
	<hr/>	<hr/>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31st March 2007**

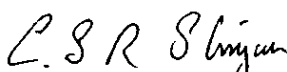
	2007	2006
	£	£
Reported profit/(loss) on ordinary activities before taxation	5,284	(9,576)
Realisation of property revaluation gains of previous years	-	63,644
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	5,284	54,068
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation	8,253	43,711
	<hr/>	<hr/>

SCOTTISH TRUST MANAGERS LIMITED**BALANCE SHEET
at 31st March 2007**

	Note	2007 £	2006 £
Tangible assets	7	644,000	559,000
Current assets			
Debtors	8	2,048	2,000
Cash at bank		196,037	203,837
Creditors: Amounts falling due within one year	9	198,085 (6,070)	205,837 (15,458)
Net current assets		192,015	190,379
Net assets		836,015	749,379
Capital and reserves			
Called up share capital	10	8,000	8,000
Revaluation reserve	11	507,156	428,773
Other reserve	11	3,065	3,065
Profit and loss account	11	317,794	309,541
Shareholders' funds		836,015	749,379

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 1st August 2007 and signed on its behalf by


Colin Strathearn Ropner Stroyan
Director

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

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 United Kingdom Generally Accepted Accounting Practice

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

	2007 £	2006 £
Operating profit is arrived at after charging		
Auditors' remuneration	2,467	2,409
	<hr/>	<hr/>

3. INTEREST RECEIVABLE

	2007 £	2006 £
Bank interest	7,639	1,494
	<hr/>	<hr/>

SCOTTISH TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

4. INTEREST PAYABLE

	2007 £	2006 £
Interest on a loan from immediate parent undertaking repayable on notice within two years	-	1,277

5. EMPLOYEES AND DIRECTORS

The company has no employees and the directors did not receive any emoluments in the year (2006 Nil)

Interest in transactions

Payments for advice and property services, including the collection of rents, amounting to £6,844 (2006 £6,258) were made to a company controlled by S A Talbot-Williams

6. TAXATION

	2007 £	2006 £
(a) Analysis of tax credit for the year		
UK Corporation tax	918	-
Prior year over provision	(3,887)	-
	<u> </u>	<u> </u>
Current tax credit	(2,969)	-
	<u> </u>	<u> </u>
(b) Factors affecting current tax charge for the year		
Profit/(loss) on ordinary activities before tax at 30%	1,585	(2,873)
Effect of		
Other	(667)	(558)
Indexation allowances	-	3,431
Prior year over provision	(3,887)	-
	<u> </u>	<u> </u>
Current tax credit	(2,969)	-
	<u> </u>	<u> </u>

SCOTTISH TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

7. TANGIBLE ASSETS

	Freehold investment properties £
Open Market value at 1 st April 2006	559,000
Additions in year	6,617
Revaluation in year	78,383
	<hr/>
Open market value at 31 st March 2007	644,000
	<hr/>

The properties were revalued by the directors at the balance sheet date at the open market value. Comparable historical cost of properties is £136,844

Taxation of £152,147 (2006 £128,632) would be payable if the properties were disposed of at their market value

8. DEBTORS

	2007 £	2006 £
Prepayments and accrued income	2,048	2,000
	<hr/>	<hr/>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Corporation Tax	918	10,357
Accruals and deferred income	5,152	5,101
	<hr/>	<hr/>
	6,070	15,458
	<hr/>	<hr/>

SCOTTISH TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

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

	2007 £	2006 £
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
	<hr/>	<hr/>
	8,000	8,000
	<hr/>	<hr/>

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.

11. RESERVES

	Revaluation reserve £	Other reserve £	Profit and loss account £
At 1 st April 2006	428,773	3,065	309,541
Movement during the year	78,383	-	8,253
	<hr/>	<hr/>	<hr/>
At 31 st March 2007	507,156	3,065	317,794
	<hr/>	<hr/>	<hr/>

SCOTTISH TRUST MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

12. RECONCILIATION OF SHAREHOLDERS' FUNDS

	2007 £	2006 £
Opening shareholders' funds	749,379	669,312
Profit/(loss) for the year	8,253	(9,576)
Revaluation in the year	78,383	100,000
Corporation tax on realisation	-	(10,357)
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Closing shareholders' funds	836,015	749,379
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13. 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.