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TENIWOOD SECURITIES LIMITED

COMPANY INFORMATION

Directors

P H Lawson
C S R Stroyan
E Y Whittingdale

Secretary

R W Toye

Registered office

Bridge House
181 Queen Victoria Street
London EC4V 4DZ

Registered number

1054920

Auditors

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

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 2002.

Principal activities

The company is an investment holding company, and in addition supplies secretarial and administrative services within the group.

Results and dividend

The profit for the year after tax was £48,017 (2001: £279,679).

The directors do not recommend the payment of a dividend (2001: £Nil).

Review of the business

This year the markets were dominated by concern for the timing and speed of economic recovery and temporarily overwhelmed by the horrendous acts of terrorism in the USA on 11th September 2001. The company took a long term view of the markets, trusting in the underlying value inherent in the portfolio. Liquidity was maintained at a high level throughout the year, but the prevailing lower rates of interest resulted in a fall in income.

The directors will continue to adopt a cautious approach to the markets, but nevertheless seek to invest funds when opportunities occur.

Directors

The directors who held office during the year were:

P H Lawson
C S R Stroyan
E Y Whittingdale

The interests of the directors in the share capital of the company are set out below:

	Ordinary shares of £1 each	
	31st March 2002	31st March 2001
P H Lawson	1	1

This share is held as a nominee holding on behalf of Iowa Land Company 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 1st August 2002 and signed on its behalf by:



Roger William Toye
Secretary

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TENIWOOD SECURITIES LIMITED**

We have audited the financial statements of Teniwood Securities Limited for the year ended 31st March 2002 set out on pages 5 to 16. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

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.

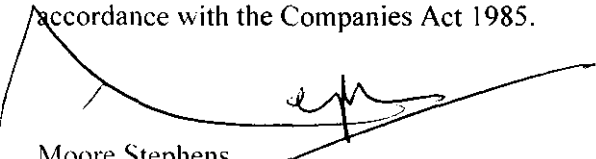
Basis of opinion

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 2002 and of its profit 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

1st August 2002

TENIWOOD SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31st March 2002

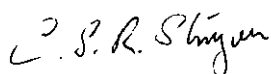
	Note	2002 £	2001 £ Restated
Income: Continuing operations			
Income from investments	2	153,353	145,170
Investment interest receivable		39,583	49,259
Other operating income		8,671	5,682
(Loss)/Gain on exchange		(418)	8,234
		<hr/>	<hr/>
		201,189	208,345
Administrative expenses		(153,320)	(137,388)
		<hr/>	<hr/>
Operating profit: continuing operations	3	47,869	70,957
(Loss)/Profit on disposal of fixed asset investments	6	(25,240)	276,599
		<hr/>	<hr/>
Profit on ordinary activities before taxation		22,629	347,556
Tax on profit on ordinary activities	7	25,388	(67,877)
		<hr/>	<hr/>
Profit for the year	16	48,017	279,679
		<hr/> <hr/>	<hr/> <hr/>

TENIWOOD SECURITIES LIMITED

BALANCE SHEET at 31st March 2002

	Note	2002 £	2001 £ Restated
Fixed assets			
Tangible assets	8	975	2,123
Investments	9	4,718,554	4,430,296
Investment in subsidiary undertakings	10	59,214	59,214
		<hr/>	<hr/>
		4,778,743	4,491,633
		<hr/>	<hr/>
Current assets			
Debtors due within one year	11	2,233,265	2,440,875
Debtors due after one year	11	200,000	360,000
Cash at bank and in hand		267,005	338,727
		<hr/>	<hr/>
		2,700,270	3,139,602
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	(982,580)	(1,182,819)
		<hr/>	<hr/>
Net current assets		1,717,690	1,956,783
		<hr/>	<hr/>
Total assets less current liabilities		6,496,433	6,448,416
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13	(6,747,534)	(6,747,534)
		<hr/>	<hr/>
		(251,101)	(299,118)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	8,110	8,110
Profit and loss account	16	(259,211)	(307,228)
		<hr/>	<hr/>
Shareholders' funds (including non-equity)	17	(251,101)	(299,118)
		<hr/>	<hr/>

The financial statements were approved by the Board on 1st August 2002 and signed on its behalf by:



Colin Strathearn Ropner Stroyan
Director

TENIWOOD SECURITIES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st March 2002**

	2002 £	2001 £ Restated
Profit for the financial year	48,017	279,679
Prior year adjustment	136,756	-
	<hr/>	<hr/>
	184,773	279,679
	<hr/>	<hr/>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £ Restated
Profit for the financial year	48,017	279,679
Prior year adjustment	-	138,415
Opening shareholders' funds	(299,118)	(717,212)
	<hr/>	<hr/>
Closing shareholders' funds	(251,101)	(299,118)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2002

1. ACCOUNTING POLICIES

Accounting convention

The 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 it will not seek repayment of its long term debt (see note 13).

Depreciation

Depreciation is provided so as to write off the cost of tangible fixed assets over their estimated useful lives by equal annual instalments at the following rates:-

Fixtures and fittings:	10%
Electronic equipment and software:	33%

Investments

Investments are stated at cost less provision for permanent diminution in value. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

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.

The adoption of FRS 19 has resulted in a credit of £136,756, of which £138,415 relates to periods prior to 1st April 2000 and a charge of £1,659 relates to the year ended 31st March 2001. Where appropriate, comparative figures have been restated.

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.

Foreign exchange

Foreign exchange is dealt with under the closing rate method of accounting.

Cash flow statement

The company is exempt from publishing a cash flow statement.

TENIWOOD SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31st March 2002****2. INCOME FROM INVESTMENTS**

	2002	2001
	£	£
Listed investments	153,353	145,170

3. OPERATING PROFIT

	2002	2001
	£	£
Operating profit is arrived at after charging:		
Auditors remuneration	7,990	7,720
Depreciation	1,402	2,216
and after crediting:		
Bank interest receivable	19,967	25,392
Interest receivable from a subsidiary company	19,616	23,867

4. EMPLOYEE AND STAFF COSTS (including directors)

	2002	2001
	£	£
Wages and salaries	76,303	76,090
Social Security costs	6,300	6,610
	82,603	82,700

	2002	2001
	No.	No.
The average monthly number of employees (including directors) during the period was as follows:		
Office and management	4	4

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31st March 2002

5. DIRECTORS

	2002 £	2001 £
Directors emoluments	37,450	37,088

6. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS

	2002 £	2001 £
Net profit on sale of listed and unlisted investments	192,879	271,070
Amounts written (off)/back against permanent diminution in value of listed and unlisted investments	(218,119)	5,529
	(25,240)	276,599

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £ Restated
(a) Analysis of tax charge for the year:		
UK Corporation tax	8,700	91,000
Prior year adjustment	1,548	1,018
Current tax charge	10,248	92,018
Deferred tax (note 14)	(35,636)	(24,141)
(Credit)/charge	(25,388)	67,877
(b) Factors affecting current tax charge for the year:		
Profit on ordinary activities before tax at 30%	6,788	104,267
Effect of:		
Indexation allowances on capital gains	(12,874)	(15,273)
Short term timing differences on investments	39,120	24,079
Non taxable investment income	(24,345)	(22,202)
Other	11	129
Prior year under provision	1,548	1,018
Current tax charge	10,248	92,018

NOTES TO THE FINANCIAL STATEMENTS
31st March 2002

8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Electronic equipment and software £	Total £
Cost				
At 1 st April 2001	9,621	6,244	9,575	25,440
Additions	-	-	254	254
At 31 st March 2002	9,621	6,244	9,829	25,694
Depreciation				
At 1 st April 2001	9,621	5,330	8,366	23,317
Charge for the year	-	263	1,139	1,402
At 31 st March 2002	9,621	5,593	9,505	24,719
Net book value				
At 31 st March 2002	-	651	324	975
At 31 st March 2001	-	914	1,209	2,123

NOTES TO THE FINANCIAL STATEMENTS
31st March 2002

9. INVESTMENTS

	Listed in United Kingdom £	Listed abroad £	Unlisted £	Total £
Cost				
At 1 st April 2001	1,993,218	2,085,643	807,291	4,886,152
Additions	835,017	1,047,021	-	1,882,038
Disposals	(683,400)	(683,802)	(8,459)	(1,375,661)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2002	2,144,835	2,448,862	798,832	5,392,529
	<hr/>	<hr/>	<hr/>	<hr/>
Provisions				
At 1 st April 2001	169,426	127,998	158,432	455,856
Movement in the year	13,420	141,182	63,517	218,119
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2002	182,846	269,180	221,949	673,975
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 2002	1,961,989	2,179,682	576,883	4,718,554
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2001	1,823,792	1,957,645	648,859	4,430,296
	<hr/>	<hr/>	<hr/>	<hr/>
Market value of investments				
At 31 st March 2002	2,929,173	2,962,602	618,093	6,509,868
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2001	2,762,839	2,803,439	690,070	6,256,348
	<hr/>	<hr/>	<hr/>	<hr/>

The market value for listed investments is based upon 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.

There would be a potential tax liability of approximately £268,527 (2001: £325,482) if the investment portfolio was to be disposed at market value. No provision for this liability has been made in these accounts.

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2002

9. INVESTMENTS (continued)

Investments representing more than 20% of the issued equity capital are held in the following companies:

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

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2002 £	2001 £
The London Commercial and Mercantile Company Limited		
35,007 £1 ordinary shares at cost	51,264	51,264
Scottish Trust Managers Limited		
150 "A" ordinary shares of £1 each and 7,800 £1 deferred shares at cost	7,950	7,950
	<u>59,214</u>	<u>59,214</u>

The London Commercial and Mercantile Company Limited is a wholly-owned investment dealing subsidiary and Scottish Trust Managers Limited is a 75% investment property subsidiary. Both companies are incorporated in England and Wales.

11. DEBTORS

	2002 £	2001 £ Restated
Due within one year		
Amounts owed by group undertakings	1,641,457	1,991,435
Other debtors	376,853	253,076
Prepayments and accrued income	13,108	23,867
Taxation recoverable	3,655	9,941
Deferred taxation (Note 14)	198,192	162,556
	<u>2,233,265</u>	<u>2,440,875</u>
Due after one year		
Amounts owed by a subsidiary undertaking	200,000	360,000

TENIWOOD SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31st March 2002****12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Amount owed to group undertakings	911,706	1,097,183
Other taxes and social security costs	7,601	5,555
Other creditors	45,059	45,059
Accruals	18,214	15,244
Corporation Tax	-	19,778
	<u>982,580</u>	<u>1,182,819</u>

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

	2002	2001
	£	£
Loan from parent undertaking:- Iowa Land Company Limited	<u>6,747,534</u>	<u>6,747,534</u>

In connection with certain facilities granted by its bankers, the Company together with Iowa Land Company Limited, the company's ultimate parent undertaking, have entered into a Deed of Subordination with the bank agreeing that this loan will not be repaid until such time as the company's other obligations have been met in full.

14. DEFERRED TAXATION

	2002	2001
	£	£
		Restated
Balance at 1 st April 2001	162,556	-
Prior year adjustment	-	138,415
Short term timing differences on investments	35,636	24,141
	<u>198,192</u>	<u>162,556</u>

The deferred tax asset relates to relief that the company is expected to be able to claim on investment provisions on the disposal of the underlying investments.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2002

15. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised		
Ordinary shares of £1 each	8,390	8,390
7% Non cumulative non participating preference shares of £1 each	1,610	1,610
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>
Allotted and fully paid		
Ordinary shares of £1 each	6,500	6,500
7% Non cumulative non participating preference shares of £1 each	1,610	1,610
	<hr/>	<hr/>
	8,110	8,110
	<hr/>	<hr/>

The preference shareholders are entitled to a fixed preferential dividend at the rate of 7% per annum payable out of the profits which the directors determine to distribute.

On a winding up, the preference shares rank pari passu with the ordinary shares as to the repayment of paid up capital, but do not participate in the distribution of any further surplus of assets.

The preference shares are non-voting shares.

16. PROFIT AND LOSS ACCOUNT

	2002 £
At 1 st April 2001 - as previously reported	(443,984)
Prior year adjustment following adoption of FRS 19	136,756
	<hr/>
At 1 st April 2001 - as restated	(307,228)
Profit retained for the year	48,017
	<hr/>
At 31 st March 2002	(259,211)
	<hr/>

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2002

17. SHAREHOLDERS' FUNDS

	2002 £	2001 £ Restated
Equity shareholders' interests	(249,491)	(297,508)
Non-equity shareholders' interests	(1,610)	(1,610)
	<hr/>	<hr/>
	(251,101)	(299,118)
	<hr/>	<hr/>

18. PARENT UNDERTAKING

The ultimate parent undertaking is Iowa Land Company Limited, a company incorporated in England and Wales. At 31st March 2002, Iowa Land Company owned all the share capital of the company. Group accounts for Iowa Land Company Limited are available to the public on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Cardiff, CF4 3UZ.