

TENIWOOD SECURITIES LIMITED

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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 2000.

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 £389,233 (1999: £374,254).

The directors do not recommend the payment of a dividend (1999: £Nil).

Review of the business

The year was one of steady progress. Investment income, which has been presented in accordance with FRS 16 with the comparative figures for 1999 restated, received a boost from several significant income distributions from companies arranging a capital reconstruction. Administration expenses also contain a number of items which would not be expected to reoccur on a regular basis. These factors, combined with the lower levels of interest received and profit taken on the disposal of fixed asset investments, result in the 10.1% decline in profit on ordinary activities before taxation.

The level of unrealised profit contained in the portfolio continued to grow satisfactorily year on year. The directors remain cautious of much of the emerging high technology sector in the markets, particularly new start-up companies, but continue to seek investment opportunities where underlying value and expected future performance pertain.

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 2000	31st March 1999
P H Lawson	1	1

This share is held as a nominee holding on behalf of Iowa Land Company Limited.

REPORT OF THE DIRECTORS

(Continued)

Directors (continued)

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.

Year 2000

The costs incurred in insuring that the company was not adversely effected by the Year 2000 problem were not material. No significant problems resulting from the Year 2000 have been experienced and no future problems are envisaged.

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 27th July 2000 and signed on its behalf by:



Roger William Toye
Secretary

TENIWOOD SECURITIES LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS OF TENIWOOD SECURITIES LIMITED

We have audited the financial statements on pages 5 to 15 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 page 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 2000 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
27th July 2000

TENIWOOD SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31st March 2000

	Note	2000 £	1999 £
Income: Continuing operations			
Income from investments	2	168,168	136,976
Investment interest receivable		67,984	77,348
Other operating income		7,185	5,231
Gain on exchange		5,805	16,944
		<hr/>	<hr/>
		249,142	236,499
Administrative expenses		(155,599)	(138,394)
Interest payable		(3)	-
		<hr/>	<hr/>
Operating profit: continuing operations	3	93,540	98,105
Profit on disposal of fixed asset investments	6	363,040	403,507
		<hr/>	<hr/>
Profit on ordinary activities before taxation		456,580	501,612
Tax on profit on ordinary activities	7	(67,347)	(127,358)
		<hr/>	<hr/>
Profit for the year	15	389,233	374,254
		<hr/>	<hr/>

The company has no recognised gains or losses other than the profit for the two years ended 31st March 2000.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st March 2000

	2000 £	1999 £
Total recognised gains	389,233	374,254
Opening shareholders' funds	(1,106,445)	(1,480,699)
	<hr/>	<hr/>
Closing shareholders' funds	(717,212)	(1,106,445)
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED

BALANCE SHEET at 31st March 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	8	3,875	3,415
Investments	9	4,378,531	3,858,684
Investment in subsidiary undertakings	10	59,214	59,214
		<hr/>	<hr/>
		4,441,620	3,921,313
		<hr/>	<hr/>
Current assets			
Debtors due within one year	11	2,456,493	2,376,633
Debtors due after one year	11	259,000	411,000
Cash at bank and in hand		279,952	568,698
		<hr/>	<hr/>
		2,995,445	3,356,331
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	(1,406,743)	(1,636,555)
		<hr/>	<hr/>
Net current assets		1,588,702	1,719,776
		<hr/>	<hr/>
Total assets less current liabilities		6,030,322	5,641,089
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13	(6,747,534)	(6,747,534)
		<hr/>	<hr/>
		(717,212)	(1,106,445)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	8,110	8,110
Profit and loss account	15	(725,322)	(1,114,555)
		<hr/>	<hr/>
Shareholders' funds (including non-equity)	16	(717,212)	(1,106,445)
		<hr/>	<hr/>

The financial statements were approved by the Board on 27th July 2000 and signed on its behalf by:

C.S.R. Stroyan

Colin Strathearn Ropner Stroyan
Director

NOTES TO THE FINANCIAL STATEMENTS

31st March 2000

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 using the liability method in respect of the taxation effect, where material, of timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

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 2000****2. INCOME FROM INVESTMENTS**

	2000	1999
	£	£
Listed investments	168,168	136,976

3. OPERATING PROFIT

	2000	1999
	£	£
Operating profit is arrived at after charging:		
Auditors remuneration	7,653	7,491
Depreciation	2,240	1,842
and after crediting:		
Bank interest receivable	40,102	44,241
Interest receivable from a subsidiary company	27,882	33,107

4. EMPLOYEE AND STAFF COSTS (including directors)

	2000	1999
	£	£
Wages and salaries	78,253	84,892
Social Security costs	6,798	7,514
Other costs	10,000	-
	95,051	92,406

	2000	1999
	No.	No.
The average monthly number of employees (including directors) during the period was as follows:		
Office and management	4	5

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31st March 2000****5. DIRECTORS**

	2000	1999
	£	£
Directors emoluments	33,750	26,562

6. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS

	2000	1999
	£	£
Net profit on sale of listed and unlisted investments	346,997	417,158
Amounts written back/(off) against permanent diminution in value of listed and unlisted investments	16,043	(13,651)
	<u>363,040</u>	<u>403,507</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Based on the profit for the year:		
Corporation tax	60,000	141,260
Prior year adjustment	7,347	(13,902)
	<u>67,347</u>	<u>127,358</u>

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31st March 2000****8. TANGIBLE FIXED ASSETS**

	Short leasehold property £	Fixtures and fittings £	Electronic equipment and software £	Total £
Cost				
At 1 st April 1999	9,621	6,244	6,762	22,627
Additions	-	-	2,699	2,699
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2000	9,621	6,244	9,461	25,326
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 st April 1999	9,621	4,698	4,893	19,212
Charge for the year	-	344	1,895	2,239
Depreciation on disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2000	9,621	5,042	6,788	21,451
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 2000	-	1,202	2,673	3,875
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1999	-	1,546	1,869	3,415
	<hr/>	<hr/>	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31st March 2000****9. INVESTMENTS**

	Listed in United Kingdom £	Listed abroad £	Unlisted £	Total £
Cost				
At 1 st April 1999	1,835,432	1,728,639	772,041	4,336,112
Additions	1,400,287	1,607,607	11,050	3,018,944
Disposals	(1,418,238)	(1,096,902)	-	(2,515,140)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2000	1,817,481	2,239,344	783,091	4,839,916
	<hr/>	<hr/>	<hr/>	<hr/>
Provisions				
At 1 st April 1999	178,952	190,044	108,432	477,428
Movement in the year	(6,224)	(59,819)	50,000	(16,043)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2000	172,728	130,225	158,432	461,385
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 2000	1,644,753	2,109,119	624,659	4,378,531
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1999	1,656,480	1,538,595	663,609	3,858,684
	<hr/>	<hr/>	<hr/>	<hr/>
Market value of investments				
At 31 st March 2000	2,933,970	3,709,274	665,870	7,309,114
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1999	2,885,777	2,411,565	704,820	6,002,162
	<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 is a potential tax liability of approximately £671,300 (1999 - £431,900) if the portfolio was disposed at valuation.

TENIWOOD SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31st March 2000****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	U.S.A.	Common	40%
Quail Estates Inc	U.S.A.	Common	29%

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2000 £	1999 £
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
	<hr/>	<hr/>
	59,214	59,214
	<hr/>	<hr/>

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

	2000 £	1999 £
Due within one year		
Amounts owed by group undertakings	2,167,758	1,603,035
Other debtors	259,702	757,441
Prepayments and accrued income	13,574	16,157
Taxation recoverable	15,459	-
	<hr/>	<hr/>
	2,456,493	2,376,633
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31st March 2000****11. DEBTORS (continued)**

	2000	1999
	£	£
Due after one year		
Amounts owed by a subsidiary undertaking	259,000	411,000
	<u> </u>	<u> </u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Amount owed to group undertakings	1,340,407	1,437,206
Other taxes and social security costs	5,295	4,924
Other creditors	45,059	45,059
Accruals	15,982	20,844
Corporation Tax	-	128,522
	<u> </u>	<u> </u>
	1,406,743	1,636,555
	<u> </u>	<u> </u>

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

	2000	1999
	£	£
Loan from parent undertaking:-		
Iowa Land Company Limited	6,747,534	6,747,534
	<u> </u>	<u> </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.

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2000

14. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
Ordinary shares of £1 each	8,390	8,390
7% Non cumulative non participating preference shares of £1 each	1,610	1,610
	<u>10,000</u>	<u>10,000</u>
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
	<u>8,110</u>	<u>8,110</u>

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.

15. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
At 1 st April	(1,114,555)	(1,488,809)
Profit retained for the year	389,233	374,254
	<u>(725,322)</u>	<u>(1,114,555)</u>

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2000

16. SHAREHOLDERS' FUNDS

	2000 £	1999 £
Equity shareholders' interests	(715,602)	(1,104,835)
Non-equity shareholders' interests	(1,610)	(1,610)
	<hr/>	<hr/>
	(717,212)	(1,106,445)
	<hr/>	<hr/>

17. PARENT UNDERTAKING

The ultimate parent undertaking is Iowa Land Company Limited, a company incorporated in England and Wales. At 31st March 2000, 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.