

TENIWOOD SECURITIES LIMITED

FINANCIAL STATEMENTS

31st MARCH 2005



COMPANY NO: 1054920

TENIWOOD SECURITIES LIMITED

CONTENTS

	Page
Company information	1
Report of the directors	2-3
Report of the auditors	4-5
Profit and loss account	6
Reconciliation of movements in shareholders' funds	6
Balance sheet	7
Notes to the financial statements	8-16

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 EC4M 7BP

TENIWOOD SECURITIES 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 2005.

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 £415,478 (2004: £734,960).

The directors do not recommend the payment of a dividend (2004: £Nil).

Review of the business

The major securities markets continued the trend established last year and recorded another improvement over the year as a whole, but the recovery was at a slower pace than experienced in the previous year. This has resulted in a further increase in the market value of the investment portfolio, allowing a significant reduction in the provisions against potential losses. Net realised gains from the sale of investments more than doubled in comparison with the previous year.

There was a welcome improvement to the operating profit margin as total income grew by 14%, whilst expenditure was reduced by 3%.

The directors will continue the policy of holding investments in securities for the medium and long term and to seek new investment opportunities both at home and overseas in quality companies with good dividend records.

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	
	31 st March 2005	31 st March 2004
P H Lawson	1	1

This share is held as a nominee holding on behalf of Iowa Land Company Limited. The remaining directors had no interest in the shares of the company.

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 20th September 2005 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 2005 set out on pages 6 to 16. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

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.

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.

TENIWOOD SECURITIES LIMITED

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

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 2005 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, EC4M 7BP

27. September 2005

TENIWOOD SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2005**

	Note	2005 £	2004 £
Income: Continuing operations			
Income from investments	2	185,995	170,264
Investment interest receivable		10,595	11,659
Other operating income		9,162	8,992
Loss on exchange		(3,365)	(13,232)
		<hr/>	<hr/>
		202,387	177,683
Administrative expenses		(163,621)	(168,848)
		<hr/>	<hr/>
Operating profit: continuing operations	3	38,766	8,835
Profit on fixed asset investments	6	417,520	659,614
		<hr/>	<hr/>
Profit on ordinary activities before taxation		456,286	668,449
Tax on profit on ordinary activities	7	(40,808)	66,511
		<hr/>	<hr/>
Profit for the year	16	415,478	734,960
		<hr/>	<hr/>

The company has no recognised gains or losses other than the results disclosed above for the two years ended 31st March 2005.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st March 2005**

	2005 £	2004 £
Profit for the financial year	415,478	734,960
Opening shareholders' funds	(6,416)	(741,376)
	<hr/>	<hr/>
Closing shareholders' funds	409,062	(6,416)
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED

BALANCE SHEET at 31st March 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	2,758	523
Investments	9	5,155,348	5,217,202
Investment in subsidiary undertakings	10	59,214	59,214
		<hr/>	<hr/>
		5,217,320	5,276,939
		<hr/>	<hr/>
Current assets			
Debtors due within one year	11	1,814,278	1,443,153
Debtors due after one year	11	23,000	23,000
Cash at bank and in hand		175,410	78,434
		<hr/>	<hr/>
		2,012,688	1,544,587
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	(73,412)	(80,408)
		<hr/>	<hr/>
Net current assets		1,939,276	1,464,179
		<hr/>	<hr/>
Total assets less current liabilities		7,156,596	6,741,118
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13	(6,747,534)	(6,747,534)
		<hr/>	<hr/>
		409,062	(6,416)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	8,110	8,110
Profit and loss account	16	400,952	(14,526)
		<hr/>	<hr/>
Shareholders' funds (including non-equity)	17	409,062	(6,416)
		<hr/>	<hr/>

The financial statements were approved by the Board on 20th Sept 2005 and signed on its behalf by:

C. P. R. Stroyan

Colin Strathearn Ropner Stroyan
Director

NOTES TO THE FINANCIAL STATEMENTS

31st March 2005

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.

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 2005****2. INCOME FROM INVESTMENTS**

	2005	2004
	£	£
Listed investments	185,995	170,264

3. OPERATING PROFIT

	2005	2004
	£	£
Operating profit is arrived at after charging:		
Auditors remuneration	9,017	8,225
Depreciation	1,644	501
and after crediting:		
Interest receivable	9,079	11,321
Interest receivable from a subsidiary company	1,516	338

4. EMPLOYEE AND STAFF COSTS (including directors)

	2005	2004
	£	£
Wages and salaries	80,176	77,970
Social Security costs	7,228	7,028
	87,404	84,998

	2005	2004
	No.	No.
The average monthly number of employees (including directors) during the period was as follows:		
Office and management	4	4

TENTIWOOD SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31st March 2005**5. DIRECTORS**

	2005	2004
	£	£
Directors emoluments	36,850	37,450

6. PROFIT ON FIXED ASSET INVESTMENTS

	2005	2004
	£	£
Net profit on sale of listed and unlisted investments	142,521	61,073
Amounts written off against permanent diminution in value of listed and unlisted investments	219,999	458,541
	362,520	519,614
Decrease of provision against inter company debtor	55,000	140,000
	417,520	659,614

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005	2004
	£	£
(a) Analysis of tax charge for the year:		
UK Corporation tax	(19,138)	(38,000)
Overseas tax	8,014	7,119
Prior year adjustment	(2,268)	(5,830)
	(13,392)	(36,711)
Current tax credit	54,200	(29,800)
Deferred tax (note 14)		
	40,808	(66,511)

NOTES TO THE FINANCIAL STATEMENTS
31st March 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2005 £	2004 £
(b) Factors affecting current tax charge for the year:		
Profit on ordinary activities before tax at 30%	136,886	200,535
Effect of:		
Indexation allowances on capital gains	(29,740)	(10,851)
Short term timing differences on investments	(87,964)	(193,764)
Non taxable investment income	(36,368)	(34,292)
Other	(1,952)	372
Prior year over provision	(2,268)	(5,830)
Irrecoverable overseas tax	8,014	7,119
	<hr/>	<hr/>
Current tax credit	(13,392)	(36,711)
	<hr/>	<hr/>

8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Electronic equipment and software £	Total £
Cost				
At 1 st April 2004	9,621	5,499	9,307	24,427
Additions	-	175	3,784	3,959
Disposals	-	(926)	(240)	(1,166)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2005	9,621	4,748	12,851	27,220
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 st April 2004	9,621	5,331	8,952	23,904
Charge for the year	-	185	1,459	1,644
Depreciation on disposals	-	(926)	(160)	(1,086)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2005	9,621	4,590	10,251	24,462
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 2005	-	158	2,600	2,758
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2004	-	168	355	523
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31st March 2005

9. INVESTMENTS

	Listed in United Kingdom £	Listed abroad £	Unlisted £	Total £
Cost				
At 1 st April 2004	2,735,055	2,557,992	781,912	6,074,959
Additions	873,671	398,556	11,050	1,283,277
Disposals	(764,759)	(738,683)	(61,688)	(1,565,130)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2005	2,843,967	2,217,865	731,274	5,793,106
	<hr/>	<hr/>	<hr/>	<hr/>
Provisions				
At 1 st April 2004	111,848	423,960	321,949	857,757
Movement in the year	(64,648)	(155,351)	-	(219,999)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2005	47,200	268,609	321,949	637,758
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 2005	2,796,767	1,949,256	409,325	5,155,348
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2004	2,623,207	2,134,032	459,963	5,217,202
	<hr/>	<hr/>	<hr/>	<hr/>
Market value of investments				
At 31 st March 2005	3,434,883	2,325,571	960,002	6,720,456
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2004	3,022,936	2,548,050	1,015,872	6,586,858
	<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.

If the investment portfolio was to be disposed at market value, there would be a potential tax liability of approximately £159,000 (2004: £48,000) and a write back of provisions less deferred tax credit of £190,000 (2004: £240,000).

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2005

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	Principal activity
Murray Campbell & Co. Ltd	England	Ordinary	50%	Dormant
		Deferred	50%	
Pelican Estates Inc.	USA	Common	40%	Property
Quail Estates Inc.	USA	Common	29%	Property

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2005 £	2004 £
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

	2005 £	2004 £
Due within one year		
Amounts owed by group undertakings	1,041,900	949,541
Other debtors	557,969	219,226
Prepayments and accrued income	18,979	5,894
Deferred taxation (Note 14)	176,292	230,492
Group relief receivable	19,138	38,000
	<hr/>	<hr/>
	1,814,278	1,443,153
	<hr/>	<hr/>
Due after one year		
Amounts owed by a subsidiary undertaking	23,000	23,000
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31st March 2005****12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005	2004
	£	£
Amount owed to group undertakings	249	249
Other taxes and social security costs	4,746	6,047
Other creditors	45,059	45,059
Accruals	23,358	29,053
	<u>73,412</u>	<u>80,408</u>

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

	2005	2004
	£	£
Loan from parent undertaking:- Iowa Land Company Limited	6,747,534	6,747,534
	<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

	2005	2004
	£	£
Balance at 1 st April	230,492	200,692
Short term timing differences on investments	(54,200)	29,800
	<u>176,292</u>	<u>230,492</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.

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31st March 2005

15. CALLED UP SHARE CAPITAL

	2005 £	2004 £
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.

16. PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
At 1 st April	(14,526)	(749,486)
Profit retained for the year	415,478	734,960
	<u>400,952</u>	<u>(14,526)</u>

NOTES TO THE FINANCIAL STATEMENTS
31st March 2005

17. SHAREHOLDERS' FUNDS

	2005 £	2004 £
Equity shareholders' interests	407,452	(4,806)
Non-equity shareholders' interests	1,610	(1,610)
	<hr/>	<hr/>
	409,062	(6,416)
	<hr/>	<hr/>

18. LEASE OBLIGATIONS

The company had the following annual commitments under non-cancellable operating leases which expire:

	<u>Land and Buildings</u>	
	2005 £	2004 £
Within one year	13,000	-
Between one and two years	-	13,000
	<hr/>	<hr/>
	13,000	13,000
	<hr/>	<hr/>

19. PARENT UNDERTAKING

The ultimate parent undertaking is Iowa Land Company Limited, a company incorporated in England and Wales. At 31st March 2004, 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.