

TENIWOOD SECURITIES LIMITED

FINANCIAL STATEMENTS

31st MARCH 2007

COMPANY NO: 1054920

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TENIWOOD SECURITIES LIMITED

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TENIWOOD SECURITIES LIMITED

COMPANY INFORMATION

Directors

C S R Stroyan
E Y Whittingdale
C N Bardswell

Secretary

R W Toye

Registered office

Bridge House
181 Queen Victoria Street
London EC4V 4DZ

Registered number

1054920

Auditors

Moore Stephens LLP
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 2007

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 £397,619 (2006 £563,201)

The directors do not recommend the payment of a dividend (2006 £Nil)

Review of the business

The general upward trend in the securities markets during the course of the year allowed the realisation of substantially increased capital gains and improvement in market values of the underlying portfolio. Overall, the company has continued to make good progress.

The reported income from investments benefited from a change in accounting policies which now recognise dividend income at the point when stocks are marked ex dividend by the market rather than at the pay date. The effect of this change is set out in the notes to the Financial Statements (page 8).

The continuing effort to improve the efficiency of the operations once again had some success, with administrative expenses being limited to an increase of just 0.6% over the previous year.

The general outlook at the end of the year was cautiously optimistic and the directors will continue with 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 period were

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

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 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.

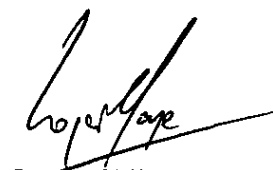
Directors' Disclosure of Information to Auditors

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

**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 2007 set out on pages 6 to 16. 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.

TENIWOOD SECURITIES LIMITED

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

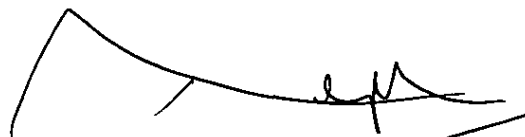
Opinion

In our opinion

- the financial statements give a true and fair view, 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

TENIWOOD SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2007**

	Note	2007 £	2006 £
Income: Continuing operations			
Income from investments	2	229,054	188,476
Investment interest receivable		34,945	25,594
Other operating income		6,468	6,715
(Loss)/profit on exchange		(10,687)	28,238
		<hr/>	<hr/>
		259,780	249,023
Administrative expenses		(171,948)	(170,865)
		<hr/>	<hr/>
Operating profit: continuing operations	3	87,832	78,158
Profit on fixed asset investments	6	404,215	659,739
		<hr/>	<hr/>
Profit on ordinary activities before taxation		492,047	737,897
Tax on profit on ordinary activities	7	(94,428)	(174,696)
		<hr/>	<hr/>
Profit for the year	16	397,619	563,201
		<hr/>	<hr/>

The company has no recognised gains or losses other than the results disclosed above for the two years ended 31st March 2007

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st March 2007**

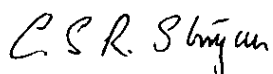
	2007 £	2006 £
Profit for the financial year	397,619	563,201
Opening shareholders' funds	972,263	409,062
	<hr/>	<hr/>
Closing shareholders' funds	1,369,882	972,263
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED**BALANCE SHEET
at 31st March 2007**

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	8	1,190	2,678
Investments	9	5,975,370	5,551,558
Investment in subsidiary undertakings	10	59,214	59,214
		<hr/>	<hr/>
		6,035,774	5,613,450
		<hr/>	<hr/>
Current assets			
Debtors due within one year	11	2,176,696	2,068,204
Cash at bank and in hand		67,932	114,817
		<hr/>	<hr/>
		2,244,628	2,183,021
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	(117,778)	(76,674)
		<hr/>	<hr/>
Net current assets		2,126,850	2,106,347
		<hr/>	<hr/>
Total assets less current liabilities		8,162,624	7,719,797
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13	(6,747,534)	(6,747,534)
Provisions for liabilities and charges	14	(45,208)	-
		<hr/>	<hr/>
		1,369,882	972,263
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	8,110	8,110
Profit and loss account	16	1,361,772	964,153
		<hr/>	<hr/>
Shareholders' funds		1,369,882	972,263
		<hr/>	<hr/>

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

Accounting convention

The financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice and under the historical cost convention

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 on a receivable basis (2006 on a received basis). Interest income from fixed interest and index linked stock is accrued to the end of the financial year

Tax deducted at source, but not UK tax credits, on investment income is shown as part of investment income for the year

The change of policy in the recognition of dividend income results in an increase in investment income of £34,564. The comparative figure for 2006 has not been restated

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

Group accounts

The company has taken advantage of the exemption from preparing group financial statements afforded by Section 248 of the Companies Act 1985

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

2. INCOME FROM INVESTMENTS

	2007 £	2006 £
Listed investments	229,054	188,476

3. OPERATING PROFIT

	2007 £	2006 £
Operating profit is arrived at after charging		
Auditors remuneration	10,575	10,575
Depreciation	2,019	1,919
and after crediting		
Interest receivable	34,945	24,317
Interest receivable from a subsidiary company	-	1,277

4. EMPLOYEE AND STAFF COSTS (including directors)

	2007 £	2006 £
Wages and salaries	79,659	80,650
Social Security costs	6,919	7,241
	86,578	87,891

	2007 No.	2006 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 2007****5. DIRECTORS**

	2007	2006
	£	£
Directors emoluments	39,087	36,650

6. PROFIT ON FIXED ASSET INVESTMENTS

	2007	2006
	£	£
Net profit on sale of listed and unlisted investments	374,215	30,502
Amounts written off against permanent diminution in value of listed and unlisted investments	-	629,237
	374,215	659,739
Decrease of provision against inter company debtor	30,000	-
	404,215	659,739

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£	£
(a) Analysis of tax charge for the year		
UK Corporation tax	46,145	-
Overseas tax	-	6,995
Prior year adjustment	(5,425)	(91)
	40,720	6,904
Current tax charge	53,708	167,792
Deferred tax (note 14)		
	94,428	174,696

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2007 £	2006 £
(b) Factors affecting current tax charge for the year		
Profit on ordinary activities before tax at 30%	147,614	221,369
Effect of		
Indexation allowances on capital gains	(12,689)	(13,297)
Short term timing differences on investments	(36,950)	(175,758)
Non taxable investment income	(43,241)	(30,883)
Other	(8,589)	(1,431)
Prior year over provision	(5,425)	(91)
Irrecoverable overseas tax	-	6,995
	<hr/>	<hr/>
Current tax charge	40,720	6,904
	<hr/>	<hr/>

8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Electronic equipment and software £	Total £
Cost				
At 1 st April 2006	9,621	4,825	9,623	24,069
Additions	-	-	531	531
Disposals	-	-	(308)	(308)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2007	9,621	4,825	9,846	24,292
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 st April 2006	9,621	4,490	7,280	21,391
Charge for the year	-	39	1,980	2,019
Depreciation on disposals	-	-	(308)	(308)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2007	9,621	4,529	8,952	23,102
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 2007	-	296	894	1,190
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2006	-	335	2,343	2,678
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

9. INVESTMENTS

	Listed in United Kingdom £	Listed abroad £	Unlisted £	Total £
Cost				
At 1 st April 2006	2,451,180	2,354,835	754,064	5,560,079
Additions	207,122	626,266	96,591	929,979
Disposals	(146,248)	(351,459)	(8,460)	(506,167)
At 31 st March 2007	2,512,054	2,629,642	842,195	5,983,891
Provisions				
At 1 st April 2006	89	-	8,432	8,521
Movement in the year	-	-	-	-
At 31 st March 2007	89	-	8,432	8,521
Net book value				
At 31 st March 2007	2,511,965	2,629,642	833,763	5,975,370
At 31 st March 2006	2,451,091	2,354,835	745,632	5,551,558
Market value of investments				
At 31 st March 2007	3,916,914	2,965,824	1,106,792	7,989,530
At 31 st March 2006	3,779,191	3,091,811	982,792	7,853,794

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 £449,000 (2006 £538,000) and a write back of provisions less deferred tax credit of £45,208 (2006 £8,500)

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

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%	
Quail Estates Inc	USA	Common	39%	Property
		Preference	29%	

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2007 £	2006 £
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.

Share capital, reserves and results of the above companies for the year ended 31st March 2007 were

	Share Capital £	Reserves £	Profit for the year £
London Commercial and Mercantile Company Limited	35,007	(84,313)	40,512
Scottish Trust Managers Limited	8,000	828,015	8,253

The company's share of net assets in Scottish Trust Managers Limited is £628,961

TENIWOOD SECURITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31st March 2007****11. DEBTORS**

	2007	2006
	£	£
Due within one year		
Amounts owed by group undertakings	1,445,665	1,163,091
Other debtors	672,120	873,391
Prepayments and accrued income	58,911	23,222
Deferred taxation (Note 14)	-	8,500
	<u>2,176,696</u>	<u>2,068,204</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Amount owed to group undertakings	249	249
Other taxes and social security costs	5,313	4,669
Other creditors	45,059	45,059
Corporation tax	40,487	-
Accruals	26,670	26,697
	<u>117,778</u>	<u>76,674</u>

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

	2007	2006
	£	£
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

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

14. DEFERRED TAXATION

	2007	2006
	£	£
Balance at 1 st April	8,500	176,292
Short term timing differences on investments	(53,708)	(167,792)
	<hr/>	<hr/>
Balance at 31 st March	(45,208)	8,500
	<hr/>	<hr/>

15. CALLED UP SHARE CAPITAL

	2007	2006
	£	£
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

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2007

16. PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
At 1 st April	964,153	400,952
Profit retained for the year	397,619	563,201
	<hr/>	<hr/>
At 31 st March	1,361,772	964,153
	<hr/>	<hr/>

17. LEASE OBLIGATIONS

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

	<u>Land and Buildings</u>	
	2007 £	2006 £
Within one year	-	-
Between one and two years	13,000	-
Between two and three years	-	13,000
	<hr/>	<hr/>
	13,000	13,000
	<hr/>	<hr/>

18. PARENT UNDERTAKING

The ultimate parent undertaking is Iowa Land Company Limited, a company incorporated in England and Wales. At 31st March 2007, 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.