

TENIWOOD SECURITIES LIMITED

FINANCIAL STATEMENTS

31st MARCH 1999

COMPANY NO: 1054920



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

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 1999.

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 £374,254 (1998: £200,780).

The directors do not recommend the payment of a dividend (1998: £Nil).

Review of the business

The company enjoyed an excellent trading year. Although income from investments continued its recent decline year on year, this was offset by an increased gain realised on foreign exchange activities. With a welcome further decline in administration expenses, the company has been able to report a 13.9% increase in profits from continuing operations.

The directors remain wary of the of the high ratings given to many companies listed on the stock exchanges in the United States of America and the United Kingdom, but will continue to seek fresh investment opportunities consistent with the existing policies while maintaining, in the present economic climate, a high level of liquidity within the portfolio.

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 1999	31 st March 1998
P H Lawson	1	1

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

TENIWOOD SECURITIES 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 directors believe that the company has taken all reasonable steps to eliminate any potential risks which may arise from the Year 2000 problem with regard to internal use of computer systems and embedded chips and has obtained similar assurances in connection with its principal relationships with third parties. The total costs of ensuring Year 2000 compliance have not been quantified, but are not considered to be significant.

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 29th July 1999 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.

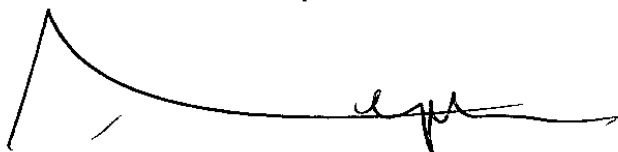
Basis of opinion

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 1999 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
29th July 1999

TENIWOOD SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31st March 1999

	Note	1999 £	1998 £
Income: Continuing operations			
Income from investments	2	154,287	167,915
Investment interest receivable		77,348	75,423
Other operating income		5,231	4,215
Gain on exchange		16,944	5,018
		<hr/>	<hr/>
Administrative expenses		253,810 (138,394)	252,571 (151,215)
		<hr/>	<hr/>
Operating profit: continuing operations	3	115,416	101,356
Profit on disposal of fixed asset investments	6	403,507	211,766
		<hr/>	<hr/>
Profit on ordinary activities before taxation		518,923	313,122
Tax on profit on ordinary activities	7	(144,669)	(112,342)
		<hr/>	<hr/>
Profit for the year	15	374,254	200,780
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains or losses other than the profit for the two years ended 31st March 1999.

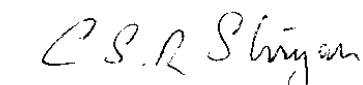
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st March 1999

	1999 £	1998 £
Total recognised gains	374,254	200,780
Opening shareholders' funds	(1,480,699)	(1,681,479)
	<hr/>	<hr/>
Closing shareholders' funds	(1,106,445)	(1,480,699)
	<hr/> <hr/>	<hr/> <hr/>

TENIWOOD SECURITIES LIMITED**BALANCE SHEET**
at 31st March 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	8	3,415	2,637
Investments	9	3,858,684	3,860,090
Investment in subsidiary undertakings	10	59,214	59,214
		<hr/>	<hr/>
		3,921,313	3,921,941
		<hr/>	<hr/>
Current assets			
Debtors due within one year	11	2,376,633	2,256,039
Debtors due after one year	11	411,000	314,000
Cash at bank and in hand		568,698	583,216
		<hr/>	<hr/>
		3,356,331	3,153,255
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	(1,636,555)	(1,808,361)
		<hr/>	<hr/>
Net current assets		1,719,776	1,344,894
		<hr/>	<hr/>
Total assets less current liabilities		5,641,089	5,266,835
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13	(6,747,534)	(6,747,534)
		<hr/>	<hr/>
		(1,106,445)	(1,480,699)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	8,110	8,110
Profit and loss account	15	(1,114,555)	(1,488,809)
		<hr/>	<hr/>
Shareholders' funds (including non-equity)	16	(1,106,445)	(1,480,699)
		<hr/>	<hr/>

The financial statements were approved by the Board on 29th July 1999 and signed on its behalf by:



Colin Strathearn Ropner Stroyan
Director

NOTES TO THE FINANCIAL STATEMENTS

31st March 1999

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 of all 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 1999****2. INCOME FROM INVESTMENTS**

	1999 £	1998 £
Listed investments	154,287	167,915
	<hr/>	<hr/>

3. OPERATING PROFIT

	1999 £	1998 £
Operating profit is arrived at after charging:		
Auditors remuneration	7,491	7,138
Depreciation	1,842	1,324
	<hr/>	<hr/>
and after crediting:		
Bank interest receivable	44,241	40,326
Interest receivable from a subsidiary company	33,107	35,097
	<hr/>	<hr/>

4. EMPLOYEE AND STAFF COSTS (including directors)

	1999 £	1998 £
Wages and salaries	84,892	83,275
Social Security costs	7,514	7,350
	<hr/>	<hr/>
	92,406	90,625
	<hr/>	<hr/>

	1999 No.	1998 No.
The average monthly number of employees (including directors) during the period was as follows:		
Office and management	5	5
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 1999

5. DIRECTORS

	1999 £	1998 £
Directors emoluments	26,562	25,250

6. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS

	1999 £	1998 £
Net profit on sale of listed and unlisted investments	417,158	390,542
Amounts written off against permanent diminution in value of listed and unlisted investments	(13,651)	(178,776)
	<u>403,507</u>	<u>211,766</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
Based on the profit for the year:		
Corporation tax	141,260	104,000
Tax suffered on UK investment income	17,311	19,770
Prior year adjustment	(13,902)	(11,428)
	<u>144,669</u>	<u>112,342</u>

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31st March 1999****8. TANGIBLE FIXED ASSETS**

	Short leasehold property £	Fixtures and fittings £	Electronic equipment and software £	Total £
Cost				
At 1 st April 1998	9,621	6,244	7,131	22,996
Additions	-	-	2,620	2,620
Disposals	-	-	(2,989)	(2,989)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1999	9,621	6,244	6,762	22,627
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 st April 1998	9,621	4,347	6,391	20,359
Charge for the year	-	351	1,491	1,842
Depreciation on disposals	-	-	(2,989)	(2,989)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1999	9,621	4,698	4,893	19,212
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 1999	-	1,546	1,869	3,415
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 1998	-	1,897	740	2,637
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31st March 1999

9. INVESTMENTS

	Listed in United Kingdom £	Listed abroad £	Unlisted £	Total £
Cost				
At 1 st April 1998	1,409,294	2,135,482	779,091	4,323,867
Additions	938,946	334,980	-	1,273,926
Disposal	(512,808)	(741,823)	(7,050)	(1,261,681)
At 31 st March 1999	1,835,432	1,728,639	772,041	4,336,112
Provisions				
At 1 st April 1998	129,488	225,857	108,432	463,777
Movement in the year	49,464	(35,813)	-	13,651
At 31 st March 1999	178,952	190,044	108,432	477,428
Net book value				
At 31 st March 1999	1,656,480	1,538,595	663,609	3,858,684
At 31 st March 1998	1,279,806	1,909,625	670,659	3,860,090
Market value of investments				
At 31 st March 1999	2,885,777	2,411,565	704,820	6,002,162
At 31 st March 1998	2,796,580	2,489,327	711,870	5,997,777

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.

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 1999

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

	1999 £	1998 £
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

	1999 £	1998 £
Due within one year		
Amounts owed by group undertakings	1,603,035	1,731,711
Other debtors	757,441	511,498
Prepayments and accrued income	16,157	12,830
	<hr/>	<hr/>
	2,376,633	2,256,039
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31st March 1999****11. DEBTORS (continued)**

	1999	1998
	£	£
Due after one year		
Amounts owed by a subsidiary undertaking	411,000	314,000

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£	£
Amount owed to group undertakings	1,437,206	1,648,407
Other taxes and social security costs	4,924	4,813
Other creditors	45,059	45,059
Accruals	20,844	20,201
Corporation Tax	128,522	89,881

	1,636,555	1,808,361
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13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999	1998
	£	£
Loan from parent undertaking:-		
Iowa Land Company Limited	6,747,534	6,747,534

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 1999

14. CALLED UP SHARE CAPITAL

	1999 £	1998 £
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.

15. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
At 1 st April	(1,488,809)	(1,689,589)
Profit retained for the year	374,254	200,780
	<hr/>	<hr/>
At 31 st March	(1,114,555)	(1,488,809)
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TENIWOOD SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 1999

16. SHAREHOLDERS' FUNDS

	1999 £	1998 £
Equity shareholders' interests	(1,104,835)	(1,479,089)
Non-equity shareholders' interests	(1,610)	(1,610)
	<hr/>	<hr/>
	(1,106,445)	(1,480,699)
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17. PARENT UNDERTAKING

The ultimate parent undertaking is Iowa Land Company Limited, a company incorporated in England and Wales. At 31st March 1999, 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.