

TENIWOOD SECURITIES LIMITED

FINANCIAL STATEMENTS

31st MARCH 2004



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COMPANIES HOUSE 06/08/04

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 2004.

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 £734,960 (2003: £490,275 loss).

The directors do not recommend the payment of a dividend (2003: £Nil).

Review of the business

The directors continued to apply the policy of holding investments in securities for the medium and long term. The welcome recovery in the world's major stock markets produced a substantial return of value to the portfolio.

The consistent application of the method adopted to provide against potential investment losses allowed the majority of the additional provisions set aside last year, in the face of a significant fall in market values, to be released in the current year as the markets recovered. This factor coupled with the net realised gains from the sale of investments resulted in reporting a greatly improved profit for the year.

The directors will continue 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 2004	31 st March 2003
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:

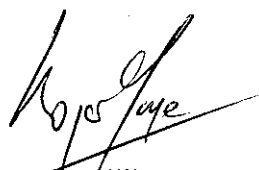
- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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 28th July 2004 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 2004 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.

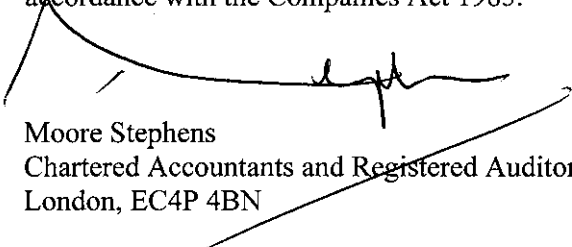
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2004 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

28th July 2004

TENIWOOD SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2004**

	Note	2004 £	2003 £
Income: Continuing operations			
Income from investments	2	170,264	152,429
Investment interest receivable		11,659	17,382
Other operating income		8,992	9,977
(Loss)/gain on exchange		(13,232)	4,293
		<hr/>	<hr/>
		177,683	184,081
Administrative expenses		(168,848)	(166,175)
		<hr/>	<hr/>
Operating profit: continuing operations	3	8,835	17,906
Profit/(loss) on fixed asset investments	6	659,614	(457,366)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		668,449	(439,460)
Tax on profit/(loss) on ordinary activities	7	66,511	(50,815)
		<hr/>	<hr/>
Profit/(Loss) for the year	16	734,960	(490,275)
		<hr/>	<hr/>

The company has no recognised gains or losses other than the results disclosed above for the two years ended 31st March 2004.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st March 2004**

	2004 £	2003 £
Profit/(loss) for the financial year	734,960	(490,275)
Opening shareholders' funds	(741,376)	(251,101)
	<hr/>	<hr/>
Closing shareholders' funds	(6,416)	(741,376)
	<hr/>	<hr/>

TENIWOOD SECURITIES LIMITED

BALANCE SHEET at 31st March 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	523	552
Investments	9	5,217,202	4,206,790
Investment in subsidiary undertakings	10	59,214	59,214
		<hr/>	<hr/>
		5,276,939	4,266,556
		<hr/>	<hr/>
Current assets			
Debtors due within one year	11	1,443,153	1,826,790
Debtors due after one year	11	23,000	-
Cash at bank and in hand		78,434	37,713
		<hr/>	<hr/>
		1,544,587	1,864,503
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	12	(80,408)	(124,901)
		<hr/>	<hr/>
Net current assets		1,464,179	1,739,602
		<hr/>	<hr/>
Total assets less current liabilities		6,741,118	6,006,158
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13	(6,747,534)	(6,747,534)
		<hr/>	<hr/>
		(6,416)	(741,376)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	8,110	8,110
Profit and loss account	16	(14,526)	(749,486)
		<hr/>	<hr/>
Shareholders' funds (including non-equity)	17	(6,416)	(741,376)
		<hr/>	<hr/>

The financial statements were approved by the Board on 28th July 2004 and signed on its behalf by:

C. S. R. Stroyan

Colin Strathearn Ropner Stroyan
Director

NOTES TO THE FINANCIAL STATEMENTS

31st March 2004

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 2004****2. INCOME FROM INVESTMENTS**

	2004	2003
	£	£
Listed investments	170,264	152,429

3. OPERATING PROFIT

	2004	2003
	£	£
Operating profit is arrived at after charging:		
Auditors remuneration	8,225	8,225
Depreciation	501	543
and after crediting:		
Interest receivable	11,321	16,889
Interest receivable from a subsidiary company	338	493

4. EMPLOYEE AND STAFF COSTS (including directors)

	2004	2003
	£	£
Wages and salaries	77,970	75,133
Social Security costs	7,028	6,151
	84,998	81,284

	2004	2003
	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 2004****5. DIRECTORS**

	2004	2003
	£	£
Directors emoluments	37,450	37,450

6. PROFIT/(LOSS) ON FIXED ASSET INVESTMENTS

	2004	2003
	£	£
Net profit on sale of listed and unlisted investments	61,073	289,957
Amounts written off against permanent diminution in value of listed and unlisted investments	458,541	(642,323)
	519,614	(352,366)
Decrease/(increase) of provision against inter company debtor	140,000	(105,000)
	659,614	(457,366)

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2004	2003
	£	£
(a) Analysis of tax charge for the year:		
UK Corporation tax	(38,000)	53,000
Overseas tax	7,119	-
Prior year adjustment	(5,830)	315
	(36,711)	53,315
Current tax (credit)/charge	(36,711)	53,315
Deferred tax (note 14)	(29,800)	(2,500)
	(66,511)	50,815

NOTES TO THE FINANCIAL STATEMENTS

31st March 2004

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2004	2003
	£	£
(b) Factors affecting current tax charge for the year:		
Profit/(Loss) on ordinary activities before tax at 30%	200,535	(131,838)
Effect of:		
Indexation allowances on capital gains	(10,851)	(17,506)
Short term timing differences on investments	(193,764)	227,427
Non taxable investment income	(34,292)	(25,329)
Other	372	246
Prior year (over)/under provision	(5,830)	315
Irrecoverable overseas tax	7,119	-
	<hr/>	<hr/>
Current tax (credit)/charge	(36,711)	53,315
	<hr/>	<hr/>

8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Electronic equipment and software £	Total £
Cost				
At 1 st April 2003	9,621	5,499	9,552	24,672
Additions	-	-	472	472
Disposals	-	-	(717)	(717)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2004	9,621	5,499	9,307	24,427
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 st April 2003	9,621	5,111	9,388	24,120
Charge for the year	-	220	281	501
Depreciation on disposals	-	-	(717)	(717)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2004	9,621	5,331	8,952	23,904
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 st March 2004	-	168	355	523
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st March 2003	-	388	164	552
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2004

9. INVESTMENTS

	Listed in United Kingdom £	Listed abroad £	Unlisted £	Total £
Cost				
At 1 st April 2003	2,395,353	2,337,363	790,372	5,523,088
Additions	962,010	590,130	-	1,552,140
Disposals	(622,308)	(369,501)	(8,460)	(1,000,269)
At 31 st March 2004	2,735,055	2,557,992	781,912	6,074,959
Provisions				
At 1 st April 2003	455,017	539,332	321,949	1,316,298
Movement in the year	(343,169)	(115,372)	-	(458,541)
At 31 st March 2004	111,848	423,960	321,949	857,757
Net book value				
At 31 st March 2004	2,623,207	2,134,032	459,963	5,217,202
At 31 st March 2003	1,940,336	1,798,031	468,423	4,206,790
Market value of investments				
At 31 st March 2004	3,022,936	2,548,050	1,015,872	6,586,858
At 31 st March 2003	2,113,120	2,041,589	1,024,332	5,179,041

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 £48,000 (2003: £ Nil) and a write back of provisions less deferred tax credit of £240,000 (2003: £200,000).

NOTES TO THE FINANCIAL STATEMENTS

31st March 2004

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 Deferred	50% 50%	Dormant
Pelican Estates Inc.	USA	Common	40%	Property
Quail Estates Inc.	USA	Common	29%	Property

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2004 £	2003 £
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

	2004 £	2003 £
Due within one year		
Amounts owed by group undertakings	949,541	876,322
Other debtors	219,226	735,883
Prepayments and accrued income	5,894	8,856
Taxation recoverable	-	5,037
Deferred taxation (Note 14)	230,492	200,692
Group relief receivable	38,000	-
	<u>1,443,153</u>	<u>1,826,790</u>
Due after one year		
Amounts owed by a subsidiary undertaking	23,000	-
	<u>23,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS**31st March 2004****12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004	2003
	£	£
Amount owed to group undertakings	249	249
Other taxes and social security costs	6,047	6,139
Other creditors	45,059	45,059
Accruals	29,053	20,454
Corporation Tax	-	53,000
	<u>80,408</u>	<u>124,901</u>

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

	2004	2003
	£	£
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

	2004	2003
	£	£
Balance at 1 st April	200,692	198,192
Short term timing differences on investments	29,800	2,500
	<u>230,492</u>	<u>200,692</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 2004

15. CALLED UP SHARE CAPITAL

	2004	2003
	£	£
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

	2004	2003
	£	£
At 1 st April	(749,486)	(259,211)
Profit/(Loss) retained for the year	734,960	(490,275)
	<u>(14,526)</u>	<u>(749,486)</u>

NOTES TO THE FINANCIAL STATEMENTS

31st March 2004

17. SHAREHOLDERS' FUNDS

	2004 £	2003 £
Equity shareholders' interests	(4,806)	(739,766)
Non-equity shareholders' interests	(1,610)	(1,610)
	<hr/>	<hr/>
	(6,416)	(741,376)
	<hr/>	<hr/>

18. 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.