

1054920

# **TENIWOOD SECURITIES LIMITED**

## **FINANCIAL STATEMENTS**

**31<sup>st</sup> MARCH 2003**



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COMPANY NO: 1054920

# TENIWOOD SECURITIES LIMITED

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# TENIWOOD SECURITIES LIMITED

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## 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

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### 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 31<sup>st</sup> March 2003.

#### Principal activities

The company is an investment holding company, and in addition supplies secretarial and administrative services within the group.

#### Results and dividend

The loss for the year after tax was £490,275 (2002: £48,017 profit).

The directors do not recommend the payment of a dividend (2002: £Nil).

#### Review of the business

The primary policy, which continued throughout the year, was to hold investments in securities for the medium and long term with good dividend records. The persistent fall in the value of the world's major stock markets resulted in reporting a significant loss. This loss was the direct consequence of providing for a decline in value of certain investments held in the portfolio at the year end. Operating profits taken with realised gains on disposal showed a substantial profit for the year and an improvement over the previous year. The market value of the portfolio remains well above net book value.

The directors intend to continue to hold investments for the medium and long term and will seek to invest new funds when more favourable market conditions are encountered.

#### 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 <sup>st</sup> March 2003	31 <sup>st</sup> March 2002
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.

## TENIWOOD SECURITIES LIMITED

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### 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:

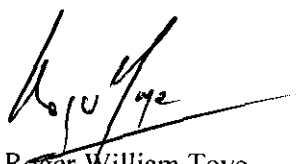
- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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 31<sup>st</sup> July 2003 and signed on its behalf by:



Roger William Toye  
Secretary

## TENIWOOD SECURITIES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TENIWOOD SECURITIES LIMITED

We have audited the financial statements of Teniwood Securities Limited for the year ended 31<sup>st</sup> March 2003 set out on pages 5 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.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> March 2003 and of its loss 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

13. August 2003

**TENIWOOD SECURITIES LIMITED****PROFIT AND LOSS ACCOUNT**  
**for the year ended 31<sup>st</sup> March 2003**

	Note	2003 £	2002 £
<b>Income: Continuing operations</b>			
Income from investments	2	152,429	153,353
Investment interest receivable		17,382	39,583
Other operating income		9,977	8,671
Gain/(loss) on exchange		4,293	(418)
		<hr/>	<hr/>
		184,081	201,189
Administrative expenses		(166,175)	(153,320)
		<hr/>	<hr/>
<b>Operating profit: continuing operations</b>	3	17,906	47,869
Loss on disposal of fixed asset investments	6	(457,366)	(25,240)
		<hr/>	<hr/>
<b>(Loss)/Profit on ordinary activities before taxation</b>		(439,460)	22,629
Tax on (loss)/profit on ordinary activities	7	(50,815)	25,388
		<hr/>	<hr/>
<b>(Loss)/Profit for the year</b>	16	(490,275)	48,017
		<hr/> <hr/>	<hr/> <hr/>

# TENIWOOD SECURITIES LIMITED

## BALANCE SHEET at 31<sup>st</sup> March 2003

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	8	552	975
Investments	9	4,206,790	4,718,554
Investment in subsidiary undertakings	10	59,214	59,214
		<hr/>	<hr/>
		4,266,556	4,778,743
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors due within one year	11	1,826,790	2,233,265
Debtors due after one year	11	-	200,000
Cash at bank and in hand		37,713	267,005
		<hr/>	<hr/>
		1,864,503	2,700,270
		<hr/>	<hr/>
<b>Creditors: Amounts falling due within one year</b>	12	(124,901)	(982,580)
		<hr/>	<hr/>
<b>Net current assets</b>		1,739,602	1,717,690
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		6,006,158	6,496,433
		<hr/>	<hr/>
<b>Creditors: Amounts falling due after more than one year</b>	13	(6,747,534)	(6,747,534)
		<hr/>	<hr/>
		(741,376)	(251,101)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	15	8,110	8,110
Profit and loss account	16	(749,486)	(259,211)
		<hr/>	<hr/>
<b>Shareholders' funds (including non-equity)</b>	17	(741,376)	(251,101)
		<hr/>	<hr/>

The financial statements were approved by the Board on 31<sup>st</sup> July 2003 and signed on its behalf by:

*Colin Strathearn Ropner Stroyan*

Colin Strathearn Ropner Stroyan  
Director



**TENIWOOD SECURITIES LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31<sup>st</sup> March 2003**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial year	(490,275)	48,017
Prior year adjustment	-	136,756
	<hr/>	<hr/>
	(490,275)	184,773
	<hr/>	<hr/>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial year	(490,275)	48,017
Opening shareholders' funds	(251,101)	(299,118)
	<hr/>	<hr/>
Closing shareholders' funds	(741,376)	(251,101)
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**

**31<sup>st</sup> March 2003**

**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****31<sup>st</sup> March 2003****2. INCOME FROM INVESTMENTS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Listed investments	152,429	153,353

**3. OPERATING PROFIT**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Operating profit is arrived at after charging:		
Auditors remuneration	8,225	7,990
Depreciation	543	1,402
and after crediting:		
Bank interest receivable	16,889	19,967
Interest receivable from a subsidiary company	493	19,616

**4. EMPLOYEE AND STAFF COSTS (including directors)**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Wages and salaries	75,133	76,303
Social Security costs	6,151	6,300
	81,284	82,603

	<b>2003</b>	<b>2002</b>
	<b>No.</b>	<b>No.</b>
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****31<sup>st</sup> March 2003****5. DIRECTORS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Directors emoluments	37,450	37,450

**6. LOSS ON DISPOSAL OF FIXED ASSET INVESTMENTS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Net profit on sale of listed and unlisted investments	289,957	192,879
Amounts written off against permanent diminution in value of listed and unlisted investments	(642,323)	(218,119)
	(352,366)	(25,240)
Increase of provision against inter company debtor	(105,000)	-
	(457,366)	(25,240)

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
(a) Analysis of tax charge for the year:		
UK Corporation tax	53,000	8,700
Prior year adjustment	315	1,548
	53,315	10,248
Current tax charge	(2,500)	(35,636)
Deferred tax (note 14)		
Charge/(credit)	50,815	(25,388)

NOTES TO THE FINANCIAL STATEMENTS

31<sup>st</sup> March 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2003 £	2002 £
(b) Factors affecting current tax charge for the year:		
(Loss)/Profit on ordinary activities before tax at 30%	(131,838)	6,788
Effect of:		
Indexation allowances on capital gains	(17,506)	(12,874)
Short term timing differences on investments	227,427	39,120
Non taxable investment income	(25,329)	(24,345)
Other	246	11
Prior year under provision	315	1,548
	<hr/>	<hr/>
Current tax charge	53,315	10,248
	<hr/>	<hr/>

8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Fixtures and fittings £	Electronic equipment and software £	Total £
<b>Cost</b>				
At 1 <sup>st</sup> April 2002	9,621	6,244	9,829	25,694
Additions	-	-	120	120
Disposals	-	(745)	(397)	(1,142)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March 2003	9,621	5,499	9,552	24,672
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 <sup>st</sup> April 2002	9,621	5,593	9,505	24,719
Charge for the year	-	263	280	543
Depreciation on disposals	-	(745)	(397)	(1,142)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March 2003	9,621	5,111	9,388	24,120
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 <sup>st</sup> March 2003	-	388	164	552
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March 2002	-	651	324	975
	<hr/>	<hr/>	<hr/>	<hr/>

**TENIWOOD SECURITIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31<sup>st</sup> March 2003****9. INVESTMENTS**

	<b>Listed in United Kingdom £</b>	<b>Listed abroad £</b>	<b>Unlisted £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 <sup>st</sup> April 2002	2,144,835	2,448,862	798,832	5,392,529
Additions	562,547	472,840	-	1,035,387
Disposals	(312,029)	(584,339)	(8,460)	(904,828)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March 2003	2,395,353	2,337,363	790,372	5,523,088
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Provisions</b>				
At 1 <sup>st</sup> April 2002	182,846	269,180	221,949	673,975
Movement in the year	272,171	270,152	100,000	642,323
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March 2003	455,017	539,332	321,949	1,316,298
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 <sup>st</sup> March 2003	1,940,336	1,798,031	468,423	4,206,790
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March 2002	1,961,989	2,179,682	576,883	4,718,554
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Market value of investments</b>				
At 31 <sup>st</sup> March 2003	2,113,120	2,041,589	1,024,332	5,179,041
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March 2002	2,929,173	2,962,602	618,093	6,509,868
	<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 would be a potential tax liability of approximately £ Nil (2002: £268,527) if the investment portfolio was to be disposed at market value.

# TENIWOOD SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31<sup>st</sup> March 2003

### 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.	USA	Common	40%
Quail Estates Inc.	USA	Common	29%

### 10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2003 £	2002 £
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

	2003 £	2002 £
<b>Due within one year</b>		
Amounts owed by group undertakings	876,322	1,641,457
Other debtors	735,883	376,853
Prepayments and accrued income	8,856	13,108
Taxation recoverable	5,037	3,655
Deferred taxation (Note 14)	200,692	198,192
	<u>1,826,790</u>	<u>2,233,265</u>
<b>Due after one year</b>		
Amounts owed by a subsidiary undertaking	-	200,000
	<u>-</u>	<u>200,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**31<sup>st</sup> March 2003**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amount owed to group undertakings	249	911,706
Other taxes and social security costs	6,139	7,601
Other creditors	45,059	45,059
Accruals	20,454	18,214
Corporation Tax	53,000	-
	<u>124,901</u>	<u>982,580</u>

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

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
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**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Balance at 1 <sup>st</sup> April	198,192	162,556
Short term timing differences on investments	2,500	35,636
	<u>200,692</u>	<u>198,192</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.

No recognition has been made of a potential deferred tax asset in respect of the increase in investment provisions in the current year.



# TENIWOOD SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31<sup>st</sup> March 2003

### 15. CALLED UP SHARE CAPITAL

	2003 £	2002 £
<b>Authorised</b>		
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>
<b>Allotted and fully paid</b>		
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

	2003 £	2002 £
At 1 <sup>st</sup> April	(259,211)	(307,228)
(Loss)/Profit retained for the year	(490,275)	48,017
	<u>(749,486)</u>	<u>(259,211)</u>
At 31 <sup>st</sup> March	(749,486)	(259,211)

## TENIWOOD SECURITIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

31<sup>st</sup> March 2003

#### 17. SHAREHOLDERS' FUNDS

	2003 £	2002 £
Equity shareholders' interests	(739,766)	(249,491)
Non-equity shareholders' interests	(1,610)	(1,610)
	<hr/>	<hr/>
	(741,376)	(251,101)
	<hr/>	<hr/>

#### 18. PARENT UNDERTAKING

The ultimate parent undertaking is Iowa Land Company Limited, a company incorporated in England and Wales. At 31<sup>st</sup> March 2003, 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.