

FLOWIDEA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001
COMPANY NUMBER 2463564



SMITH & WILLIAMSON
Chartered Accountants
GUILDFORD

FLOWIDEA LIMITED

REPORT OF THE DIRECTOR

The director presents his annual report and the financial statements for the year ended 31 December 2001.

REVIEW OF BUSINESS

The principal activity of the company and its subsidiary is the holding of investments.

Interim dividends of £3,000 and £3,000 per share were paid in the year (2000 : £2,500 and £2,000 per share). No final dividend is proposed at the year end (2000 : £nil per share).

The profit after tax for the year amounted to £317,375 (2000 : £614,475). After dividends of £600,000 (2000 : £450,000) a loss of £282,625 (2000 : profit £164,475) was transferred to reserves.

The director has considered the future trading activities and expects the company to continue to be profitable.

DIRECTOR

The director who served during the year was H Angest. He was the beneficial owner of 100% of the company's share capital at 1 January 2001 and 31 December 2001.

DONATIONS

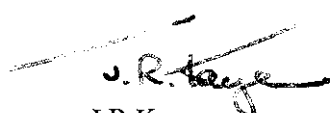
During the year £165,375 was donated to political organisations, see note 17 for details. Charitable donations of £20,000 were made in the year.

AUDITORS

The auditors, Smith & Williamson have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

Royex House
Aldermanbury Square
London
EC2V 7NU

By Order of the Board


J R Kaye
Secretary

24 May 2002

FLOWIDEA LIMITED

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the director 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 those financial statements, the director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act. He is 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF**FLOWIDEA LIMITED**

We have audited the financial statements of Flowidea Limited for the year ended 31 December 2001 on pages 4 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 the 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 within it.

Basis of audit 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 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**GUILDFORD**

30 May
2002

SMITH & WILLIAMSON
Chartered Accountants
Registered Auditors

FLOWIDEA LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2001**

	Note	2001 £	2000 £
INVESTMENT INCOME	2	1,762,327	1,682,930
INTEREST RECEIVABLE	3	12,743	17,662
Profit on disposal of investments		-	2,754
		<hr/> 1,775,070	<hr/> 1,703,346
Amounts written off investments	4	(452,972)	(22,374)
Interest payable and similar charges	5	(568,765)	(626,829)
Other operating expenses		(435,958)	(439,668)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<hr/> 317,375	<hr/> 614,475
Tax on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<hr/> 317,375	<hr/> 614,475
Dividends	7	(600,000)	(450,000)
RETAINED (LOSS)/PROFIT FOR THE YEAR	14	<hr/> <hr/> £(282,625)	<hr/> <hr/> £164,475

There are no recognised gains or losses in either year other than the profits reflected above.

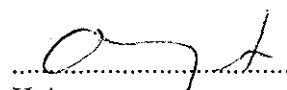
All the company's operations are classed as continuing.

A statement of the movement in shareholders' funds appears in note 15 to the financial statements.

FLOWIDEA LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2001**

	Note	2001 £	2000 £
FIXED ASSETS			
Investments	8&9	9,585,901	9,807,062
CURRENT ASSETS			
Debtors	10	21,057	2,160
Cash at bank and in hand		324,459	145,580
		<u>345,516</u>	<u>147,740</u>
CREDITORS: amounts falling due within one year	11	<u>(393,408)</u>	<u>(5,259,168)</u>
NET CURRENT (LIABILITIES)		<u>(47,892)</u>	<u>(5,111,428)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,538,009</u>	<u>4,695,634</u>
CREDITORS: amounts falling due after more than one year	12	<u>(7,525,000)</u>	<u>(2,400,000)</u>
NET ASSETS		<u><u>£2,013,009</u></u>	<u><u>£2,295,634</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account	14	2,012,909	2,295,534
EQUITY SHAREHOLDER'S FUNDS		<u><u>£2,013,009</u></u>	<u><u>£2,295,634</u></u>

These financial statements were approved by the director on 24th May 2002



 H Angest

Director

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable Accounting Standards. The particular policies adopted by the director are described below.

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Deferred taxation

Deferred taxation is provided using the liability method for all timing differences between the results as shown by the financial statements and those computed for taxation purposes other than those differences which are expected to continue in the foreseeable future.

c) Consolidated financial statements

The company has prepared financial statements as an individual undertaking having taken advantage of the exemption confirmed by Section 248 of the Companies Act 1985 from the requirement to prepare group financial statements.

d) Fixed asset investments

Investments in the shares held as fixed assets are stated at cost less any provision for impairment.

2. INVESTMENT INCOME

Investment income reflects net dividends received.

3. INTEREST RECEIVABLE

	2001 £	2000 £
Bank interest receivable	£12,743	£17,662

4. AMOUNTS WRITTEN OFF INVESTMENTS

Amounts written off fixed asset investments	£452,972	£22,374
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5. INTEREST PAYABLE AND SIMILAR CHARGES

On bank overdrafts	14	16
On bank loans repayable within five years	568,751	626,813
	£568,765	£626,829

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2001****6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2001	2000
	£	£
This is stated after charging the following:		
Auditors' remuneration - audit services	4,700	4,230
Exceptional item – payment under share option scheme guarantee, as noted in note 18.	194,000	-
	<u>194,000</u>	<u>-</u>

The number of employees (including the directors) was 1 (2000: 1)

The director did not receive any emoluments during the year (2000 : £nil).

7 DIVIDENDS

First Interim dividend	300,000	250,000
Second Interim dividend	300,000	200,000
Final proposed dividend	-	-
	<u>£600,000</u>	<u>£450,000</u>

8 FIXED ASSET INVESTMENTS

a.	Listed investments at cost		
	At 1 January 2001	9,556,803	9,541,504
	Additions	81,810	57,418
	Disposals	-	(19,746)
	Provision for diminution in value	(52,972)	(22,374)
	At 31 December 2001	<u>9,585,641</u>	<u>9,556,802</u>
b.	Other investments		
	Shares in subsidiary	100	100
	Loan to subsidiary	-	25,000
	Other loans	400,000	225,000
	Shares in Thurleigh Estates Ltd	160	160
	Provision for diminution in value	(400,000)	-
		<u>£9,585,901</u>	<u>£9,807,062</u>

The stock exchange value of the listed investments at 31 December 2001 was £26,684,787 (2000 : £21,305,011).

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2001****8. FIXED ASSET INVESTMENTS – cont'd**

The company owns 100% of the ordinary share capital and voting rights of Flowtrade Limited, an investment trading company registered in England and Wales. The capital and reserves of this company at 31 December 2001 were £(2,811) (2000 : £(466)). The loss for the year was £(2,345) (2000 : profit £704).

1,600 ordinary 10p shares are held in Thurleigh Estates Limited. This represents an interest of 15% of the ordinary share capital of Thurleigh Estates Limited and a further 45% interest is held by Wyler Investments Limited, a company which is wholly owned by Mr H Angest.

9. SIGNIFICANT INTERESTS

Name	Country of Incorporation	Class of capital	% Class held	% Equity held	Latest available accounts	Share Capital & Reserves £'000	Profit after tax for year £'000
Secure Trust Banking Group Plc	England	Ordinary	44	44	31.12.01	25,122	5,809

10. DEBTORS

	2001 £	2000 £
Due from subsidiary	3,335	2,160
Other debtors	-	-
Prepayments and accrued income	17,722	-
	<u>£21,057</u>	<u>£2,160</u>

The loan is interest free and has no set date for repayment.

11. CREDITORS: amounts falling due within one year

	£	£
Bank loans	150,000	5,200,000
Accruals	243,408	59,168
Dividends proposed	-	-
	<u>£393,408</u>	<u>£5,259,168</u>

The bank loans above and in note 12 are secured by a lien over shares held in Secure Trust Banking Group plc, providing 250% coverage against the outstanding amounts, and personal guarantees by Mr H Angest of £5,800,000.

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 DECEMBER 2001

12. **CREDITORS:** amounts falling due after more than one year.

	2001	2000
	£	£
Bank loans	£7,525,000	£2,400,000

The bank loans are repayable as follows:-

	2001	2000
	£	£
1- 2 years	2,000,000	2,400,000
3-5 years	5,525,000	-
	£7,525,000	£2,400,000

13. **SHARE CAPITAL**

Authorised:

1,000 Ordinary shares of £1 each	£1,000	£1,000
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Allotted, called up and fully paid:

100 Ordinary shares of £1 each	£100	£100
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14. **PROFIT AND LOSS ACCOUNT**

	£
At 1 January 2001	2,295,534
Loss for the year	(282,625)
At 31 December 2001	£2,012,909

15. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	2001	2000
	£	£
Profit for the year after taxation	317,375	614,475
Dividends paid	(600,000)	(450,000)
	(282,625)	164,475
Opening shareholder's funds at 1 January 2001	2,295,634	2,131,159
Closing shareholder's funds at 31 December 2001	£2,013,009	£2,295,634

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2001****16. CONTROL**

The company is controlled by Mr Angest, the director, by virtue of shareholding.

17. POLITICAL ORGANISATIONS

During the year £165,375 (2000 : £106,975) was donated to political organisations as detailed below:

	2001
	£
Scottish Conservative Party	6,175
The Conservative Party	105,000
Business for Sterling	6,000
Midlands Industrial Council	500
Congress for Democracy	10,000
Bristol North West Conservatives	200
North Tayside Conservative Party	11,000
Accountants House of Commons	10,000
Trustees Conservative Superannuation	5,000
TASC	8,000
Conservative Leadership Campaign	2,500
The Carlton Political Dinner	1,000
	<u>£165,375</u>

18. CONTINGENT LIABILITIES

An agreement exists providing for the payment of certain sums in the event that certain employee options exercisable over shares in Secure Trust Banking Group plc, a major investment of the company, cannot be exercised on terms beneficial to the option holder. This could give rise to a contingent liability of up to approximately £400,000, (2000: £600,000)