

# Flowidea Limited

## FINANCIAL STATEMENTS

for the year ended

31 December 2002



Company Registration No. 02463564

# Flowidea Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

H Angest

D Angest

### SECRETARY

J R Kaye

### COMPANY NUMBER

02463564 (England and Wales)

### REGISTERED OFFICE

15th Floor  
Royex House  
Aldermanbury Square  
London  
EC2V 7NU

### AUDITORS

Baker Tilly  
The Clock House  
140 London Road  
Guildford  
Surrey  
GU1 1UW

# Flowidea Limited

## DIRECTORS' REPORT

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The directors present their report and financial statements of Flowidea Limited for the year ended 31 December 2002.

### PRINCIPAL ACTIVITIES

The principal activity of the company and its subsidiary during the year was that of an investment company and investment trading company.

### DIRECTORS

The following directors have held office since 1 January 2002:

H Angest

D Angest

(Appointed 18 June 2002)

### DIRECTORS' INTERESTS IN SHARES

H Angest had beneficial ownership of 100% of the share capital of the Company.

### POLITICAL DONATIONS

During the year £129,600 (2001: £165,375) was donated to political organisations, see note 14 for details. Charitable donations of £10,000 (2001: £20,000) were made in the year.

### AUDITORS

During the year Smith & Williamson resigned as auditors and Baker Tilly were appointed in their place.

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Baker Tilly be re-appointed will be put to the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



J R Kaye  
Secretary

Date: **26 JUN 2003**

# Flowidea Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLOWIDEA LIMITED

We have audited the financial statements on pages 5 to 13.

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 auditors' 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 other information in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

## 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 the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey  
GU1 1UW

26 June 2003

# Flowidea Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

	<i>Notes</i>	2002 £	2001 £
INVESTMENT INCOME		1,955,483	1,775,070
Amounts written off investments	3	41,360	452,972
Interest payable		487,987	568,765
Other operating expenses	1	408,694	435,958
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,017,442	317,375
Taxation	5	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,017,442	317,375
Dividends	6	700,000	600,000
RETAINED PROFIT/(LOSS) FOR THE YEAR	13	317,442	(282,625)

The profit on ordinary activities arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

# Flowidea Limited

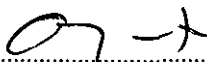
## BALANCE SHEET

31 December 2002

	Notes	2002 £	2001 £
<b>FIXED ASSETS</b>			
Investments	7	12,844,541	9,585,901
<b>CURRENT ASSETS</b>			
Debtors	8	17,496	21,057
Cash at bank and in hand		818,049	324,459
<b>CREDITORS: Amounts falling due within one year</b>	9	835,545 3,524,635	345,516 393,408
<b>NET CURRENT LIABILITIES</b>		(2,689,090)	(47,892)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,155,451	9,538,009
<b>CREDITORS: Amounts falling due after more than one year</b>	10	(7,825,000)	(7,525,000)
		2,330,451	2,013,009
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	100	100
Profit and loss account	12	2,330,351	2,012,909
<b>SHAREHOLDERS' FUNDS</b>	13	2,330,451	2,013,009

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 26 June 2003

 Director  
H Angest

# Flowidea Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

### INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

### CONSOLIDATED FINANCIAL STATEMENTS

The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 from the requirement to prepare group accounts.



# Flowidea Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

1.	OTHER OPERATING EXPENSES	2002 £	2001 £
	Administrative expenses	<u>408,694</u>	<u>435,958</u>
2.	INVESTMENT INCOME	2002 £	2001 £
	Income from participating interests	1,803,709	1,742,567
	Income from unlisted investments	135,390	17,722
	Bank interest	13,732	12,743
	Other investment income	<u>2,652</u>	<u>2,038</u>
		<u>1,955,483</u>	<u>1,775,070</u>
3.	AMOUNTS WRITTEN OFF INVESTMENTS	2002 £	2001 £
	Amounts written off fixed asset investments:		
	Permanent diminution in value	<u>41,360</u>	<u>452,972</u>
4.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2002 £	2001 £
	Profit on ordinary activities before taxation is stated after charging:		
	Auditors' remuneration	5,660	4,700
	Share option guarantee	<u>179,514</u>	<u>194,000</u>

# Flowidea Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2002

### 5. TAXATION

Current tax charge	-	-
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,017,442	317,375
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001 : 30.00%)	305,233	95,213
Effects of:		
Non deductible expenses	42,918	49,613
Dividends and distributions received	(578,903)	(528,698)
Other tax adjustments	230,752	396,568
	(305,233)	(82,517)
Current tax charge	-	-

The company has estimated losses of £ 3,526,846 (2001 : £ 3,023,448) available for carry forward against future non trading income and gains.

6. DIVIDENDS	2002	2001
	£	£
Ordinary:		
Interim paid - £7,000.00 per share (2001 - £6,000.00 per share)	700,000	600,000

# Flowidea Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2002

### 7. FIXED ASSET INVESTMENTS

	<i>Listed investments</i>	<i>Unlisted investments</i>	<i>Shares in group undertakings and participating interests</i>	<i>Total</i>
	£	£	£	£
Cost				
1 January 2002	150,135	160	9,510,952	9,661,247
Additions	-	3,300,000	-	3,300,000
31 December 2002	150,135	3,300,160	9,510,952	12,961,247
Provisions for diminution in value				
1 January 2002	75,346	-	-	75,346
Charge in the year	41,360	-	-	41,360
31 December 2002	116,706	-	-	116,706
Net book value				
31 December 2002	33,429	3,300,160	9,510,952	12,844,541
31 December 2001	74,789	160	9,510,952	9,585,901

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

<u>Company</u>	<u>Country of incorporation</u>	<u>Class</u>	<u>Shares held</u> <u>%</u>
<u>Subsidiary undertaking</u>			
Flowtrade Limited	England	Ordinary	100
<u>Participating interest</u>			
Secure Trust Banking Group Plc	England	Ordinary	46

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	<i>Capital and reserves</i>	<i>Retained Profit/(loss) for the year</i>
	£	£
Flowtrade Limited	(3,414)	(603)
Secure Trust Banking Group Plc	26,536,000	1,399,000

The stock exchange value of listed investments at 31 December 2002 was £24,490,505 (2001: £26,684,787).

Unlisted investments include £3,300,000 of floating rate subordinated loan notes 2009 in Secure Trust Banking Group Plc. Unlisted investments also include 160 ordinary £1 shares in Thurleigh Estates Limited, being 15% of the issued ordinary share capital. A further 45% interest is held by Wyler Investments Limited, a company which is wholly owned by Mr H Angest.

# Flowidea Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2002

8. DEBTORS	2002 £	2001 £
Due within one year:		
Amounts owed by group undertakings and undertakings in which the company has a participating interest	3,923	3,335
Other debtors	13,573	17,722
	<u>17,496</u>	<u>21,057</u>

9. CREDITORS: Amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	3,250,000	150,000
Other creditors	274,635	243,408
	<u>3,524,635</u>	<u>393,408</u>

The bank loans above and in note 10 are secured by a lien over the shares and loan notes held in Secure Trust Banking Group Plc.

10. CREDITORS: Amounts falling due in more than one year	2002 £	2001 £
Bank loans	<u>7,825,000</u>	<u>7,525,000</u>
Loans		
Wholly repayable within five years	<u>7,825,000</u>	<u>7,525,000</u>
Loan maturity analysis:		
In more than one year but not more than two years	2,450,000	2,000,000
In more than two years but not more than five years	<u>5,375,000</u>	<u>5,525,000</u>

11. SHARE CAPITAL	2002 £	2001 £
Authorised:		
1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

# Flowidea Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2002

### 12. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account £</i>
1 January 2002	2,012,909
Retained profit for the year	317,442
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31 December 2002	2,330,351
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### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	1,017,442	317,375
Dividends	(700,000)	(600,000)
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	317,442	(282,625)
Opening shareholders' funds	2,013,009	2,295,634
	<hr/>	<hr/>
Closing shareholders' funds	2,330,451	2,013,009
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### 14. POLITICAL DONATIONS

During the year £129,600 (2001: £165,375) was donated to political organisations as detailed below:

	2002 £
Labour Euro-Safeguards	2,000
The No Campaign	7,000
Congress for Democracy	5,000
The Winter Ball	3,000
Business for Sterling	10,100
The Conservative Party	75,000
The Summer Ball	1,500
The London Scottish Tory Club - Gala Dinner	3,000
The Carlton Political Dinner	2,000
Trustees Conservative Superannuation	1,000
Scottish Conservative Party	10,000
North Tayside Conservatives	10,000
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	£129,600
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### 15. CONTROL

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

# Flowidea Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2002

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### 16. RELATED PARTY TRANSACTIONS

Loans amounting to £800,000 were received during the year from Wyler Investments Limited, a connected company by virtue of common control. This loan was fully repaid during the year.