

FLOWIDEA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000
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 2000.

REVIEW OF BUSINESS

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

Interim dividends of £2,500 per share and £2,000 per share were paid in the year (1999 : £3,000 per share). No final dividend is proposed at the year end (1999 : £2,000 per share).

The group profit after tax for the year amounted to £614,475 (1999: £755,471). After dividends of £450,000 (1999 : £500,000) a surplus of £164,475 (1999 : £255,471) 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 2000 and 31 December 2000.

DONATIONS

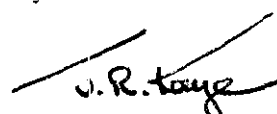
During the year £106,975 was donated to political organisations, see note 18 for details. Charitable donations of £14,200 were made in the year.

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
19 JUN 2001

By Order of the Board


J R Kaye
Secretary

FLOWIDEA LIMITED

STATEMENT OF THE DIRECTOR'S 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 2000 on pages 4 to 12. 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Smith - Williams

GUILDFORD

25 June 2001

SMITH & WILLIAMSON
Chartered Accountants
Registered Auditors

FLOWIDEA LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2000**

	Note	2000 £	1999 £
INVESTMENT INCOME	2	1,682,930	1,662,952
INTEREST RECEIVABLE	3	17,662	14,830
Profit on disposal of investments		2,754	14,247
		<hr/> 1,703,346	<hr/> 1,692,029
Amounts written off investments	4	(22,374)	-
Interest payable and similar charges	5	(626,829)	(623,109)
Other operating expenses		(439,668)	(313,421)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<hr/> 614,475	<hr/> 755,499
Tax on profit on ordinary activities	7	-	(28)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<hr/> 614,475	<hr/> 755,471
Dividends	8	(450,000)	(500,000)
RETAINED PROFIT FOR THE YEAR	15	<hr/> <hr/> £164,475	<hr/> <hr/> £255,471

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

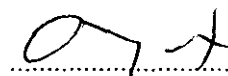
All the company's operations are classed as continuing.

A statement of the movement in shareholders' funds appears in note 16 to the financial statements.

FLOWIDEA LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2000**

	Note	2000 £	1999 £
FIXED ASSETS			
Investments	9&10	9,807,062	9,566,764
CURRENT ASSETS			
Debtors	11	2,160	33,385
Cash at bank and in hand		145,580	442,064
		<u>147,740</u>	<u>475,449</u>
CREDITORS: amounts falling due within one year	12	<u>(5,259,168)</u>	<u>(5,561,054)</u>
NET CURRENT LIABILITIES		<u>(5,111,428)</u>	<u>(5,085,605)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,695,634</u>	<u>4,481,159</u>
CREDITORS: amounts falling due after more than one year	13	<u>(2,400,000)</u>	<u>(2,350,000)</u>
NET ASSETS		<u><u>£2,295,634</u></u>	<u><u>£2,131,159</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account	15	2,295,534	2,131,059
EQUITY SHAREHOLDER'S FUNDS		<u><u>£2,295,634</u></u>	<u><u>£2,131,159</u></u>

These financial statements were approved by the director on 19/6/2001.


H Angest

Director

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2000****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. Investment income also includes a guarantee fee of £nil (1999 : £8,425).

3. INTEREST RECEIVABLE

	2000 £	1999 £
Bank interest receivable	£17,662	£14,830

4. AMOUNTS WRITTEN OFF INVESTMENTS

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

On bank overdrafts	16	13
On bank loans repayable within five years, not by instalments	626,813	623,096
	<u>£626,829</u>	<u>£623,109</u>

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2000****6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2000	1999
	£	£
This is stated after charging the following:		
Amount due to subsidiary in relation to indemnity given	-	150,000
Auditors' remuneration - audit services	4,230	5,464
	<u>4,230</u>	<u>5,464</u>

The number of employees (including the directors) was 1 (1999: 1)

The director did not receive any emoluments during the year (1999 : £nil).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge for taxation on profit on ordinary activities for the year comprises:

Tax attributable to franked investment income	-	28
	<u>£ -</u>	<u>£28</u>

8. DIVIDENDS

First Interim dividend	250,000	300,000
Second Interim dividend	200,000	-
Final proposed dividend	-	200,000
	<u>£450,000</u>	<u>£500,000</u>

9. FIXED ASSET INVESTMENTS

a. Listed investments at cost		
At 1 January 2000	9,541,504	9,557,413
Additions	57,418	2,244
Disposals	(19,746)	(18,153)
Provision for diminution in value	(22,374)	-
At 31 December 2000	<u>9,556,802</u>	<u>9,541,504</u>
b. Other investments		
Shares in subsidiary	100	100
Loan to subsidiary	25,000	25,000
Other loans	225,000	-
Shares in Thurleigh Estates Ltd	160	160
	<u>£9,807,062</u>	<u>£9,566,764</u>

The stock exchange value of the listed investments at 31 December 2000 was £21,305,011 (1999 : £22,969,493).

The company owns 100% of the ordinary share capital and voting rights of Flowtrade Limited, an investment trading company registered in England and Wales.

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2000****9. FIXED ASSET INVESTMENTS – cont'd**

The loan to the subsidiary is interest free for up to five years.

160 ordinary £1 shares are held in Thurleigh Estates Limited. This represents an interest of 16% of the ordinary share capital of Thurleigh Estates Limited and a further 49% interest is held by Wyler Investments Limited, a company which is wholly owned by Mr H Angest.

10. 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	31.12.00	23,046	6,857

11. DEBTORS

	2000 £	1999 £
Due from subsidiary	2,160	985
Other debtors	-	32,400
Prepayments and accrued income	-	-
	<u>£2,160</u>	<u>£33,385</u>

12. CREDITORS: amounts falling due within one year

	£	£
Bank loans	5,200,000	5,300,000
Accruals	59,168	61,054
Proposed dividend	-	200,000
	<u>£5,259,168</u>	<u>£5,561,054</u>

The bank loans above and in note 13 are secured by a lien over 5,046,043 of the shares held in Secure Trust Banking Group plc.

The bank loans are repayable within one year and the director is of the opinion that the company will be able to negotiate the necessary funds to replace the loans. The director notes that the stock exchange value of the company's listed investments at 31 December 2000 was £21,305,011 (1999 : £22,969,493).

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 DECEMBER 2000

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

	2000	1999
	£	£
Bank loans	2,400,000	2,350,000

The bank loans are repayable as follows:-

	2000	1999
	£	£
1- 2 years	2,400,000	2,350,000
2-5 years	-	-
	<u>£2,400,000</u>	<u>2,350,000</u>

14. **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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15. **PROFIT AND LOSS ACCOUNT**

	£
At 1 January 2000	2,131,059
Retained profit for the year	164,475
At 31 December 2000	<u>£2,295,534</u>

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

	2000	1999
	£	£
Profit for the year after taxation	614,475	755,471
Dividends paid	(450,000)	(500,000)
	<u>164,475</u>	<u>255,471</u>
Opening shareholder's funds at 1 January 2000	2,131,159	1,875,688
Closing shareholder's funds at 31 December 2000	<u>£2,295,634</u>	<u>£2,131,159</u>

FLOWIDEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2000****17. RELATED PARTY TRANSACTIONS**

A short term loan of £100,000 was received from Wyler Investments Limited during the year. This loan was repaid, along with interest at 6%, before the year end.

18. POLITICAL ORGANISATIONS

During the year £106,975 (1999 : £107,200) was donated to political organisations as detailed below:

	£
Scottish Conservative Party	4,975
Labour Euro Safeguard Campaign	8,000
European Research Group	5,000
Shadow Chancellors Office Fund	5,000
The Conservative Party	5,000
Business for Sterling	5,000
Conservative Way Forward	1,000
NTCHA	1,000
Midlands Industrial Council	50,000
Congress for Democracy	5,000
London Scottish Tory Club	1,000
The Renaissance Forum	10,000
KCCA Fighting Fund	1,000
Team 1000	4,000
Fresh Start Business Group	1,000
	<u>£106,975</u>

19. 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 by 15 October 2002 on terms beneficial to the option holder. This could give rise to a contingent liability of up to £600,000.