

# Flowidea Limited

2463564

## Financial statements Year ended 31 December 1996

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# **Flowidea Limited**

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## **Report of the director**

The director presents his report and the audited financial statements for the year ended 31 December 1996.

### **Principal activity**

The principal activity of the company is that of an investment holding company and this is likely to remain so for the foreseeable future. Flowtrade Limited a 100% owned subsidiary is an investment trading company.

### **Results and dividends**

The group profit for the year after taxation amounted to £1,018,457 (1995: £388,326). Dividends of £500,000 (1995: £600,000) were paid during the year leaving a surplus of £518,457 (1995: deficit of £211,674) to be transferred to/(from) reserves.

The results for the year and the position of the group at 31 December 1996 are considered to be satisfactory.

### **Donations**

During the year £5,000 was donated to the North Tayside Conservative Association and £95,000 to the Midlands Industrial Council. Charitable donations of £8,000 were also made during the year.

### **Post balance sheet events**

See note 14 for details of subsequent events.

**Report of the director (continued)**

**Director and director's interests**

The following director held office throughout the year:

H Angest

H Angest is the beneficial owner of 100% of the company's share capital.

**Statement of director's responsibilities**

Company law requires the director to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group at the end of the financial year and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group, and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is also responsible for safeguarding the assets of the company and the group, and hence of taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

A resolution to re-appoint Coopers & Lybrand as the company's auditors will be made at the Annual General Meeting.

**By order of the Board**



**Secretary**

- 5 JUN 1997

**Report of the auditors  
to the member of Flowidea Limited**

We have audited the financial statements on pages 4 to 11.

**Respective responsibilities of the director and auditors**

As described on page 2 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

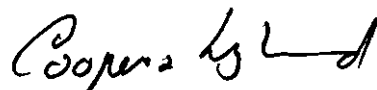
**Basis of opinion**

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 director 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 affairs of the company and the group at 31 December 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Chartered Accountants and Registered Auditors**

London

5<sup>th</sup> Jan 1997

# Flowidea Limited

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## Consolidated profit and loss account for the year ended 31 December 1996

	Notes	1996 £	1995 £
Investment income	1	2,108,011	1,231,154
Interest receivable		8,474	20,832
Profit on disposal of investments		3,158	-
		<u>2,119,643</u>	<u>1,251,986</u>
Interest payable	2	(645,824)	(631,339)
Other operating expenses		(182,084)	(120,162)
		<u></u>	<u></u>
Profit on ordinary activities before taxation	3	1,291,735	500,485
Taxation	5	(273,278)	(112,159)
		<u></u>	<u></u>
Profit on ordinary activities after taxation	13	1,018,457	388,326
Dividends paid		(500,000)	(400,000)
Dividends proposed		-	(200,000)
		<u></u>	<u></u>
Retained profit/(deficit) for the year	11	<u>£518,457</u>	<u>£(211,674)</u>

The profit and loss account relates solely to continuing operations, as defined in Financial Reporting Standard Number 3.

There are no recognised gains or losses in 1996 and 1995 other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

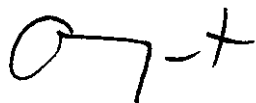
# Flowidea Limited

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## Consolidated balance sheet at 31 December 1996

	Notes	1996 £	1995 £
<b>Fixed Assets</b>			
Investments	6 and 7	<u>8,442,674</u>	<u>8,141,178</u>
<b>Current Assets</b>			
Recoverable tax credit on franked investment income		148,083	132,581
Cash at bank		<u>286,697</u>	<u>74,882</u>
		434,780	207,463
Creditors: Amounts falling due within one year	8	<u>(5,278,840)</u>	<u>(5,618,484)</u>
<b>Net Current Liabilities</b>		<u>(4,844,060)</u>	<u>(5,411,021)</u>
<b>Total Assets Less Current Liabilities</b>		3,598,614	2,730,157
Creditors: Amounts falling due after more than one year	9	<u>(2,375,000)</u>	<u>(2,025,000)</u>
<b>Net assets</b>		<u><u>£1,223,614</u></u>	<u><u>£705,157</u></u>
<b>Capital and Reserves</b>			
Called up share capital	10	100	100
Profit and loss account	11	<u>1,223,514</u>	<u>705,057</u>
<b>Equity Shareholders' Funds</b>	12	<u><u>£1,223,614</u></u>	<u><u>£705,157</u></u>

The financial statements on pages 4 to 11 were approved by the director on - 5 JUN 1997



Director

# Flowidea Limited

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## Company balance sheet at 31 December 1996

	Notes	1996 £	1995 £
<b>Fixed Assets</b>			
Investments	6 and 7	<u>8,442,774</u>	<u>8,141,278</u>
<b>Current Assets</b>			
Recoverable tax credit on franked investment income		148,083	132,581
Cash at bank		<u>286,632</u>	<u>74,782</u>
		434,715	207,363
<b>Creditors: Amounts falling due within one year</b>	8	<u>(5,278,875)</u>	<u>(5,618,484)</u>
<b>Net Current Liabilities</b>		<u>(4,844,160)</u>	<u>(5,411,121)</u>
<b>Total Assets Less Current Liabilities</b>		3,598,614	2,730,157
<b>Creditors: Amounts falling due after more than one year</b>	9	<u>(2,375,000)</u>	<u>(2,025,000)</u>
		<u>£1,223,614</u>	<u>£705,157</u>
<b>Capital and Reserves</b>			
Called up share capital	10	100	100
Profit and loss account	11	<u>1,223,514</u>	<u>705,057</u>
<b>Equity Shareholders' Funds</b>	12	<u>£1,223,614</u>	<u>£705,157</u>

The financial statements on pages 4 to 11 were approved by the director on - 5 JUN 1997



Director

**Notes to the financial statements  
for the year ended 31 December 1996****1 Accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

**Basis of accounting**

The financial statements have been prepared on the historical cost basis.

**Basis of consolidation**

The consolidated financial statements consolidate the accounts of the holding company with those of its subsidiary.

**Investment income**

Apart from a guarantee fee of £5,000 received during the year (1995: £5,000), investment income represents gross dividends receivable during the year.

**Fixed asset investments**

Investments are stated at cost less any provision required for permanent diminution in value.

**2 Interest payable**

	1996 £	1995 £
On bank overdraft	1,171	671
On bank loans repayable within 5 years, not by instalment	644,653	630,668
	<u>£645,824</u>	<u>£631,339</u>

**3 Profit on ordinary activities before taxation**

	1995	1994
Profit on ordinary activities before taxation is stated after charging:		
Audit fee	<u>£2,644</u>	<u>£2,497</u>



## Notes to the financial statements

### year ended 31 December 1996 (continued)

#### 4 Director and employees

The director received no emoluments in the year (1995 - Nil). The group has no employees.

#### 5 Taxation

	1996 £	1995 £
The charge for taxation on profit on ordinary activities for the year comprises:		
Tax attributable to franked investment income	272,520	112,159
Adjustment in respect of prior years	758	-
	<u>£273,278</u>	<u>£112,159</u>

#### 6 Fixed asset investments

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
(a) Listed investments at cost				
At beginning of year	8,141,178	7,379,486	8,141,178	7,379,486
Additions	270,747	761,692	270,747	761,692
Disposals	(19,251)	-	(19,251)	-
	<u>8,392,674</u>	<u>8,141,178</u>	<u>8,392,674</u>	<u>8,141,178</u>
(b) Other investments				
Shares in subsidiary	-	-	100	100
Loan to subsidiary	-	-	50,000	-
Loan to Fraser Timms Limited	50,000	-	-	-
	<u>£8,442,674</u>	<u>£8,141,178</u>	<u>£8,442,774</u>	<u>£8,141,278</u>

## Notes to the financial statements

### year ended 31 December 1996 (continued)

#### 6 Investments (continued)

The stock exchange value of the listed investments at 31 December 1996 was £31,322,797 (1995: £30,953,710).

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

The loan to the subsidiary has been granted interest free for up to five years. The loan may be increased up to £150,000, plus associated expenses.

#### 7 Significant interests

<u>Name</u>	<u>Country of Incorporation</u>	<u>Class of Capital</u>	<u>% Class Held</u>	<u>% Equity Held</u>	<u>Latest Avail. Accounts</u>	<u>Share Capital &amp; Reserves £000s</u>	<u>Profit after tax for Year £000s</u>
Secure Trust Group plc	England	Ordinary	39.6	39.6	31.12.96	15,047	6,707

#### 8 Creditors: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank loans	5,200,000	5,350,000	5,200,000	5,350,000
Bank overdraft	6	-	6	-
Sundry creditors and accruals	78,834	68,484	78,834	68,484
Dividends payable	-	200,000	-	200,000
Due to subsidiary	-	-	35	-
	<u>£5,278,840</u>	<u>£5,618,484</u>	<u>£5,278,875</u>	<u>£5,618,484</u>

**Notes to the financial statements  
year ended 31 December 1996 (continued)****8 Creditors: amounts falling due within one year (continued)**

The bank loans and overdraft are secured by a lien over 3,552,722 of the shares held in Secure Trust Group plc.

The bank loans are repayable within one year and the director is of the opinion that he 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 1996 was £31,322,797.

**9 Creditors: amounts falling due after more than one year**

(Group and company)	1996 £	1995 £
Bank loans payable:		
between one year and two years	250,000	250,000
between two and five years	2,125,000	1,775,000
	<u>£2,375,000</u>	<u>£2,025,000</u>

The bank loans are secured by a lien over 1,900,781 of the shares held in Secure Trust Group plc.

**10 Called up share capital**

(Group and company)	1996	1995
Authorised		
1,000 ordinary shares at £1 each	<u>£1,000</u>	<u>£1,000</u>
Called up and fully paid		
100 ordinary shares at £1 each	<u>£100</u>	<u>£100</u>

## Notes to the financial statements year ended 31 December 1996 (continued)

### 11 Profit and loss account

	Group £	Company £
At beginning of year	705,057	705,057
Retained profit for the year	518,457	518,457
At end of year	<u>£1,223,514</u>	<u>£1,223,514</u>

### 12 Reconciliation of movement in equity shareholders' funds

	1996 £	1995 £
Opening shareholders' funds	705,157	916,831
Profit for the year after taxation	1,018,457	388,326
Dividends	(500,000)	(600,000)
Closing shareholders' funds	<u>£1,223,614</u>	<u>£705,157</u>

### 13 Profit for the year

As permitted by Section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The holding company's profit for the year after taxation was £1,018,457 (1995: £388,326).

### 14 Post balance sheet events

Since the year end the following subsequent events have taken place:

- The company has entered into a joint venture and as a consequence it has guaranteed a £4,000,000 loan facility granted to a fellow joint venture shareholder. The guarantee has been secured against 484,468 shares held by the company in Secure Trust Group PLC.
- An additional £50,000 loan has been advanced to the subsidiary.