

Flowidea Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2007

Company Registration No 02463564

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COMPANIES HOUSE

Flowidea Limited

DIRECTORS AND OFFICERS

DIRECTORS

H Angest
D Angest

SECRETARY

J R Kaye

COMPANY NUMBER

02463564 (England and Wales)

REGISTERED OFFICE

Arbuthnot House
20 Ropemaker Street
London
EC2Y 9AR

AUDITORS

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

Flowidea Limited

DIRECTORS' REPORT

The directors present their report and financial statements of Flowidea Limited for the year ended 31 December 2007

PRINCIPAL ACTIVITIES

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

DIRECTORS

The following directors have held office since 1 January 2007:

H Angest
D Angest

POLITICAL AND CHARITABLE DONATIONS

During the year the company made the following political donations on EU parties and organisations: Global Britain £10,000, Centre for Policy Studies £5,000, The Conservative Party £264,289, Our Say £10,000, P&NPCUA £200, Global Vision £5,000, The Atlantic Bridge £1,000, Agora £3,000, The European Foundation £5,000, Policy Exchange £5,000, The Centre of Social Justice £5,000, Open Europe £10,000, CLWCA £1,500, Movement for European Reform £10,000 and Mary Macleod £2,000. The company also made charitable donations of £13,300

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at 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.

On behalf of the board



H Angest
Director

2 July 2008

Flowidea Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 requirements of 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 AUDITOR'S REPORT TO THE MEMBERS OF FLOWIDEA LIMITED

We have audited the financial statements on pages 5 to 12

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2007 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

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

2 July 2008

Flowidea Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2007

	<i>Notes</i>	2007 £	2006 £
INVESTMENT INCOME	1	2,592,951	2,361,366
Amounts written off investments	2	68,540	7,855
Interest payable		848,007	1,010,826
Other operating expenses	3	486,237	258,837
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,190,167	1,083,848
Taxation	5	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	1,190,167	1,083,848

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 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Investments	7	<u>16,218,793</u>	<u>15,692,124</u>
CURRENT ASSETS			
Debtors	8	9,724	12,197
Cash at bank and in hand		<u>575,220</u>	<u>1,369,080</u>
		584,944	1,381,277
CREDITORS Amounts falling due within one year	9	<u>7,970,103</u>	<u>8,079,934</u>
NET CURRENT LIABILITIES		<u>(7,385,159)</u>	<u>(6,698,657)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,833,634</u>	<u>8,993,467</u>
CREDITORS Amounts falling due after more than one year	10	<u>(4,125,000)</u>	<u>(4,775,000)</u>
		<u>4,708,634</u>	<u>4,218,467</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	<u>4,708,534</u>	<u>4,218,367</u>
SHAREHOLDERS' FUNDS	13	<u>4,708,634</u>	<u>4,218,467</u>

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

The financial statements on pages 5 to 12 were approved by the board of directors and authorised for issue on 2 July 2008 and are signed on its behalf by

H Angest



Director

Flowidea Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

GOING CONCERN

The company has net current liabilities. In the opinion of the directors, the company will be able to generate sufficient funds to meet its liabilities as they fall due. In view of this, these financial statements have been prepared on the basis that the company is a going concern.

INVESTMENTS

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

INVESTMENT INCOME

Investment income reflects net dividends received, bank interest received and unlisted investment interest received.

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. Deferred tax assets are recognised to the extent that the directors foresee their recoverability. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Flowidea Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

1	INVESTMENT INCOME	2007 £	2006 £
	Income from participating interests	2,365,220	2,270,161
	Income from unlisted investments	11,250	31,248
	Profit on disposal of listed investments	177,524	-
	Bank interest	38,957	59,912
	Other investment income	-	45
		<u>2,592,951</u>	<u>2,361,366</u>
2	AMOUNTS WRITTEN OFF INVESTMENTS	2007 £	2006 £
	Permanent diminution in value	<u>68,540</u>	<u>7,855</u>
3	OTHER OPERATING EXPENSES	2007 £	2006 £
	Administrative expenses	<u>486,237</u>	<u>258,837</u>
4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2007 £	2006 £
	Profit on ordinary activities before taxation is stated after charging Auditor's remuneration - Audit fees	<u>9,811</u>	<u>9,400</u>

Flowidea Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2007

5	TAXATION	2007 £	2006 £
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,190,167	1,083,848
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 30.00%)	357,050	325,154
	Effects of		
	Non deductible expenses	98,105	31,645
	Chargeable disposals	(10,130)	-
	Dividends and distributions received	(712,941)	(681,062)
	Other tax adjustments	267,916	324,263
		(357,050)	(325,154)
	Current tax charge	-	-
	Tax losses carried forward of £7,463,806 (2006 £6,662,591) have not been provided for due to the company not being expected to make taxable profits against which to offset them against		
6	DIVIDENDS PAID	2007 £	2006 £
	In respect of ordinary shares -		
	Interim dividends paid totalling £7,000.00 per share (2006 - £11,000.00 per share)	700,000	1,100,000

Flowidea Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2007

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 2007	165,548	1,371,588	14,285,404	15,822,540
Additions	530,766	161,919	-	692,685
Disposals	-	-	(97,476)	(97,476)
31 December 2007	696,314	1,533,507	14,187,928	16,417,749
Provisions for diminution in value				
1 January 2007	130,416	-	-	130,416
Charge in the year	68,540	-	-	68,540
31 December 2007	198,956	-	-	198,956
Net book value				
31 December 2007	497,358	1,533,507	14,187,928	16,218,793
31 December 2006	35,132	1,371,588	14,285,404	15,692,124

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>Subsidiary undertaking</u>			
Flowtrade Limited	England	Ordinary	100
<u>Participating interest</u>			
Arbuthnot Banking Group Plc	England	Ordinary	49

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	(7,765)	(1,111)
Arbuthnot Banking Group Plc	42,486,000	5,787,000

The stock exchange value of listed investments at 31 December 2007 was £33,230,648 (2006: £39,734,372)

Unlisted investments include 1,600 (2006: 1,600), 10 pence ordinary shares in Thurleigh Estates Limited, being 15% of the issued ordinary share capital. A further 45% (2006: 45%) interest is held by Wyler Investments Limited, a company which is wholly owned by Mr H Angest - director and 100% beneficial shareholder in Flowidea Limited.

Flowidea Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2007

8	DEBTORS	2007 £	2006 £
	Due within one year		
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	7,536	6,185
	Other debtors	2,188	6,012
		<u>9,724</u>	<u>12,197</u>

9	CREDITORS Amounts falling due within one year	2007 £	2006 £
	Bank overdraft	-	2,457
	Bank loans	7,300,000	7,850,000
	Other creditors	670,103	227,477
		<u>7,970,103</u>	<u>8,079,934</u>

The bank loans above and in note 10 are secured by a lien over the shares held in Arbuthnot Banking Group Plc, and personal guarantees from H Angest, a director of the company

10	CREDITORS Amounts falling due in more than one year	2007 £	2006 £
	Bank loans	<u>4,125,000</u>	<u>4,775,000</u>
	Loans		
	Wholly repayable within five years	11,425,000	12,625,000
	Included in current liabilities	(7,300,000)	(7,850,000)
		<u>4,125,000</u>	<u>4,775,000</u>

Loan maturity analysis		
In more than one year but not more than two years	500,000	200,000
In more than two years but not more than five years	<u>3,625,000</u>	<u>4,575,000</u>

11	SHARE CAPITAL	2007 £	2006 £
	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 2007

12 STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account £</i>
1 January 2007	4,218,367
Retained profit for the year	1,190,167
Dividends paid	(700,000)
31 December 2007	<u>4,708,534</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	1,190,167	1,083,848
Dividends paid	(700,000)	(1,100,000)
Net addition to/(depletion in) shareholders' funds	<u>490,167</u>	<u>(16,152)</u>
Opening shareholders' funds	4,218,467	4,234,619
Closing shareholders' funds	<u>4,708,634</u>	<u>4,218,467</u>

14 CONTINGENT LIABILITIES

The company has entered in to speculative foreign exchange forward contracts of £3,000,000 (2006 £Nil) expiring in December 2008. At the balance sheet date the deficit on these contracts was estimated to be £30,000.

15 CONTROL

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

16 RELATED PARTY TRANSACTIONS

At the balance sheet date £7,536 (2006 £6,185) was due to the company from Flowtrade Limited a subsidiary undertaking of Flowidea Limited and £500,000 (2006 £nil) was due to Wyler Investments Limited a connected company by virtue of common control.

The company received dividends amounting to £2,365,220 (2006 £2,270,161) from Arbuthnot Banking Group Plc.

Included within administration expenses and accruals is £79,538 (2006 £53,669) due to the director, H Angest, for personal guarantees given on bank loans in the company.

Thurleigh Estates (Dartmouth) Limited, a company over which a director, H Angest, has significant influence, owed £1,486,107 (2006 £1,371,188) to Flowidea Limited. No interest accrued on this balance.