

Registrar of Companies
Company No. 1941022,

FIRST LEADER (UK) LIMITED

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

TOGETHER WITH DIRECTORS' AND AUDITOR'S REPORT

RAMSDENS
Chartered Accountants
Birstall House
6 Bourbon Street
Aylesbury
Bucks



FIRST LEADER (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1998

The directors present their annual report on the company, together with the accounts and auditors' report, for the year ended 31st December 1998.

DIRECTORS' RESPONSIBILITIES

Company law requires us as 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 year. In preparing those financial statements we are 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;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enables me to ensure that the financial statements comply with the Companies Act 1985. We 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.

PRINCIPAL ACTIVITY

The company's principal activity was the provision of agency services.

BUSINESS REVIEW, RESULTS AND DIVIDENDS

The results for the year were as follows:-

	<u>1998</u>	<u>1997</u>
Turnover	£674,113	£782,759
Profit on Ordinary Activities before Taxation	£ 61,283	£ 71,160
Profit on Ordinary Activities after Taxation	£ 52,632	£ 45,210

The directors who served during the year were:-

	<u>Ordinary Shares</u> <u>of £1 each</u>	
Doctor N Levy (Israeli)	-	-
R Cohen (Israeli)	-	-
A L Terzakian (Australian)	-	-
S Aspiotis (Greek)	-	-

No dividend is proposed for the year.

AUDITORS

The directors will place a resolution before the Annual General Meeting to re-appoint Ramsdens as auditors for the ensuing year.

By Order of the Board

David Bull
Secretary

AUDITOR'S REPORT TO THE MEMBERS

OF

FIRST LEADER (UK) LIMITED

We have audited the financial statements on pages 3 to 8, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's directors are 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 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 irregularities 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 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Birstall House
6 Bourbon Street
Aylesbury
Bucks

12th October 1999

Ramsdens

RAMSDENS
Chartered Accountants
and Registered Auditors

FIRST LEADER (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
TURNOVER		674,113	782,759
Less: Cost of Sales		125,340	123,627
		<u>548,773</u>	<u>659,132</u>
Net Operating Expenses		483,258	585,082
		<u>65,515</u>	<u>74,050</u>
OPERATING PROFIT	2	65,515	74,050
Interest Payable	3	4,232	2,890
		<u>61,283</u>	<u>71,160</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		61,283	71,160
Tax Charge on Profit on Ordinary Activities	6	8,651	25,950
		<u>52,632</u>	<u>45,210</u>
PROFIT FOR THE FINANCIAL YEAR		52,632	45,210
RETAINED PROFIT, Beginning of Year		365,113	319,903
		<u>365,113</u>	<u>319,903</u>
RETAINED PROFIT, End of Year		<u>£417,745</u>	<u>£365,113</u>

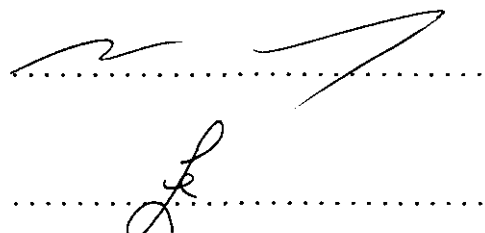
The accompanying notes form an integral part of this Profit and Loss Account.

FIRST LEADER (UK) LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<u>FIXED ASSETS</u>			
Tangible Assets	7	83,887	50,547
<u>CURRENT ASSETS</u>			
Debtors	8	426,528	401,618
Cash at Bank and On Hand		1,439	7,418
		427,967	409,036
<u>CREDITORS:-</u>			
Amounts falling due within one year	9	64,150	73,866
<u>NET CURRENT ASSETS</u>		363,817	335,170
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		447,704	385,717
<u>CREDITORS:-</u>			
Amounts falling due after more than one year	10	29,859	20,504
<u>NET ASSETS</u>		£417,845	£365,213
<u>SHAREHOLDERS' FUNDS</u>			
Called Up Share Capital	11	100	100
Reserves		417,745	365,113
		£417,845	£365,213

The accounts were approved by the Board of Directors on 12th October 1999.



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) Directors

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The annexed notes form part of these accounts.

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

1. ACCOUNTING POLICIES

The principal accounting policies are:-

a) Basis of Accounting

These accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

b) Tangible Fixed Assets

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its estimated useful life as follows:-

Motor Vehicles	25%
Fixtures and Fittings	25%

c) Debtors

Debtors are stated net of any provision for bad and doubtful debts.

d) Taxation

Corporation tax is payable on taxable profits at the current rate.

e) Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of services in the normal course of business.

f) Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Depreciation on the relevant assets is charged to the Profit and Loss Account.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account using the rule of 78 method.

All other leases are 'operating' leases, and the annual rentals are charged to the profit and loss account of a straight-line basis over the lease term.

g) Cash Flow Statement

Exemption under FRS1 applies on the grounds that the company qualifies as a small company.

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

Continued

	<u>1998</u>	<u>1997</u>
2. OPERATED PROFIT	£	£
Total Directors' Emoluments	58,220	98,441
Auditors Remuneration and Expenses	8,500	8,000
Depreciation of Assets	31,657	44,805
Loss on Sale of Tangible Fixed Assets	-	-
	<u> </u>	<u> </u>
and after crediting:-		
Profit on Sale of Tangible Fixed Assets	<u>36,506</u>	<u>7,500</u>
3. INTEREST PAYABLE AND SIMILAR CHARGES	<u>1998</u>	<u>1997</u>
Interest Payable - Bank Loans and Overdrafts and other Loans repayable within five years:-	-	-
- all other loans	921	1,135
Finance charges payable - finance leases and Hire Purchase Contracts	3,311	1,755
	<u>£ 4,232</u>	<u>£ 2,890</u>
4. STAFF COSTS		
The average number of persons employed by the company, including directors, during the year was as follows:-		
	<u>1998</u>	<u>1997</u>
Management and Administration	<u>8</u>	<u>9</u>
The aggregate payroll costs of these persons were as follows:-		
	<u>1998</u>	<u>1997</u>
Wages and Salaries	260,518	292,153
Social Security	27,063	33,548
Other Pension Costs	-	-
	<u>£287,581</u>	<u>£325,701</u>
5. DIRECTORS' REMUNERATION	<u>1998</u>	<u>1997</u>
(excluding pension contributions)	<u>£ 58,220</u>	<u>£ 87,840</u>
The remuneration of the chairman was	<u>£ 57,962</u>	<u>£ 51,840</u>
The remuneration of the directors, including the above, was within the following ranges:-		
	<u>1998</u>	<u>1997</u>
£ 0 - £ 5,000	3	2
£25,001 - £35,000	-	-
£35,001 - £55,000	1	2

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

Continued

6. <u>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</u>	<u>1998</u>	<u>1997</u>	
Corporation Tax based on profits for the year	£ 8,651	£ 25,950	
7. <u>TANGIBLE FIXED ASSETS</u>			
The following are included in the net book value of tangible fixed assets:-			
	<u>TOTAL</u>	<u>Motor Vehicles</u>	<u>Fixtures & Fittings</u>
<u>COST</u>			
Balance as at 1.1.98	226,669	176,632	50,037
Additions in Year	84,362	82,067	2,295
Disposals in Year	(132,088)	(129,230)	(2,858)
	<hr/>	<hr/>	<hr/>
Balance as at 31.12.98	£178,943	129,469	49,474
	<hr/>	<hr/>	<hr/>
<u>DEPRECIATION</u>			
Depreciation as at 1.1.98	176,122	133,340	42,782
Charge for Year	31,657	28,491	3,166
Depreciation on Disposals	(112,723)	(109,865)	(2,858)
	<hr/>	<hr/>	<hr/>
Balance as at 31.12.98	£ 95,056	51,966	43,090
	<hr/>	<hr/>	<hr/>
<u>NET BOOK VALUE</u>			
31st December 1998	£ 83,887	77,503	6,384
	<hr/>	<hr/>	<hr/>
31st December 1997	£ 50,547	43,292	7,255
	<hr/>	<hr/>	<hr/>
8. <u>DEBTORS</u> - All receivable within one year	<u>1998</u>	<u>1997</u>	
Trade Debtors	264,974	249,521	
Other Debtors	18,279	11,187	
Prepayments and Accrued Income	22,857	20,492	
Holding Company	120,418	120,418	
	<hr/>	<hr/>	
	£426,528	£401,618	
	<hr/>	<hr/>	
9. <u>CREDITORS</u> - Amounts falling due within one year	<u>1998</u>	<u>1997</u>	
Trade Creditors	-	-	
Social Security and Other Taxes	8,092	10,972	
Other Creditors	23,713	22,710	
Obligations under Finance Leases and Hire Purchase Contracts	23,694	14,234	
Bank Overdrafts and Loans	-	-	
Current Taxation	8,651	25,950	
	<hr/>	<hr/>	
	£ 64,150	£ 73,866	
	<hr/>	<hr/>	

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

Continued

10. CREDITORS - Amounts falling due after more than one year
(If any of the following fall due after more than five years a further analysis is required giving the amounts falling due after that time)

	<u>1998</u>	<u>1997</u>
Trade Creditors	-	-
Other Creditors	-	-
Obligations under finance leases and Hire Purchase Contracts	29,859	20,504
Bank Loans	-	-
	<u>£ 29,859</u>	<u>£ 20,504</u>

11. SHARE CAPITAL

The authorised, allotted and fully paid share capital of the company consisted of 100 shares of £1 each amounting to £100.

	<u>1998</u>	<u>1997</u>
100 Ordinary Shares of £1 each - Authorised	<u>£ 100</u>	<u>£ 100</u>
100 Ordinary Shares of £1 each - Issued and Fully Paid	<u>£ 100</u>	<u>£ 100</u>

12. ULTIMATE HOLDING COMPANY

The company is a subsidiary of First Leader SA, a company incorporated in Panama.

13. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of First Leader SA. The holding company owes First Leader (UK) Limited £120,418. There was no movement during the year.