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FIRST LEADER (UK) LIMITED
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999
TOGETHER WITH DIRECTORS' AND AUDITOR'S REPORT

RAMSDENS
Chartered Accountants
Birstall House
6 Bourbon Street
Aylesbury
Bucks



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FIRST LEADER (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1999

The directors present their annual report on the company, together with the accounts and auditors' report, for the year ended 31st December 1999.

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>1999</u>	<u>1998</u>
Turnover	£760,237	£674,113
Profit on Ordinary Activities before Taxation	£ 69,113	£ 61,283
Profit on Ordinary Activities after Taxation	£ 31,606	£ 52,632

The directors who served during the year were:-

	<u>Ordinary Shares</u> <u>of £1 each</u>	
	<u>1999</u>	<u>1998</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 (effective March 1999) under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 year. In preparing those financial statements, the directors 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, 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 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.

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 1999 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

10th October 2000

Ramsdens.

RAMSDENS
Chartered Accountants
and Registered Auditors

FIRST LEADER (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
TURNOVER		760,237	674,113
Less: Cost of Sales		155,328	125,340
		<hr/> 604,909	<hr/> 548,773
Net Operating Expenses		530,676	483,258
OPERATING PROFIT	2	74,233	65,515
Interest Payable	3	5,120	4,232
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/> 69,113	<hr/> 61,283
Tax Charge on Profit on Ordinary Activities	6	37,507	8,651
PROFIT FOR THE FINANCIAL YEAR		<hr/> 31,606	<hr/> 52,632
Debts Written Off		439,544	-
		<hr/> (407,938)	<hr/> 52,632
RETAINED PROFIT, Beginning of Year		417,745	365,113
RETAINED PROFIT, End of Year		<hr/> £ 9,807	<hr/> £417,745


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

FIRST LEADER (UK) LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
<u>FIXED ASSETS</u>			
Tangible Assets	7	55,003	83,887
<u>CURRENT ASSETS</u>			
Debtors	8	76,913	426,528
Cash at Bank and On Hand		124	1,439
		77,038	427,967
<u>CREDITORS:-</u>			
Amounts falling due within one year	9	114,613	64,150
<u>NET CURRENT ASSETS/ (LIABILITIES)</u>		(37,575)	363,817
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		17,428	447,704
<u>CREDITORS:-</u>			
Amounts falling due after more than one year	10	7,521	29,859
<u>NET ASSETS</u>		£ 9,907	£417,845
<u>SHAREHOLDERS' FUNDS</u>			
Called Up Share Capital	11	100	100
Reserves		9,807	417,745
		£ 9,907	£417,845

The accounts were approved by the Board of Directors on 10th October 2000.


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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 1999

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 (effective March 1999).

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 1999

Continued

	<u>1999</u>	<u>1998</u>
	£	£
2. <u>OPERATED PROFIT</u>		
Total Directors' Emoluments	58,619	58,220
Auditors Remuneration and Expenses	9,000	8,500
Depreciation of Assets	32,361	31,657
Loss on Sale of Tangible Fixed Assets	570	-
	<u> </u>	<u> </u>
and after crediting:-		
Profit on Sale of Tangible Fixed Assets	-	36,506
	<u> </u>	<u> </u>
3. <u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	<u>1999</u>	<u>1998</u>
Interest Payable - Bank Loans and Overdrafts		
and other Loans repayable within five years:-	1,123	921
- all other loans	37	-
Finance charges payable - finance leases		
and Hire Purchase Contracts	3,960	3,311
	<u> </u>	<u> </u>
	£ 5,120	£ 4,232
	<u> </u>	<u> </u>
4. <u>STAFF COSTS</u>		
The average number of persons employed by the company, including directors, during the year was as follows:-		
	<u>1999</u>	<u>1998</u>
Management and Administration	7	8
	<u> </u>	<u> </u>
The aggregate payroll costs of these persons were as follows:-		
	<u>1999</u>	<u>1998</u>
Wages and Salaries	217,742	260,518
Social Security	24,987	27,063
Other Pension Costs	-	-
	<u> </u>	<u> </u>
	£242,729	£287,581
	<u> </u>	<u> </u>
5. <u>DIRECTORS' REMUNERATION</u>	<u>1999</u>	<u>1998</u>
(excluding pension contributions)	£ 58,619	£ 58,220
	<u> </u>	<u> </u>
The remuneration of the chairman was	£ 51,840	£ 57,962
	<u> </u>	<u> </u>
The remuneration of the directors, including the above, was within the following ranges:-		
	<u>1999</u>	<u>1998</u>
£ 0 - £ 5,000	3	3
£25,001 - £35,000	-	-
£35,001 - £55,000	1	1

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

Continued

6. <u>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</u>	<u>1999</u>	<u>1998</u>
Corporation Tax based on profits for the year	£ 37,507	£ 8,651
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 1.1.99	178,943	129,469
Additions in Year	4,147	-
Disposals in Year	(1,340)	-
	£181,750	129,469
		52,281
<u>DEPRECIATION</u>		
Depreciation as at 1.1.99	95,056	51,966
Charge for Year	32,361	28,492
Depreciation on Disposals	(670)	-
	£126,747	80,458
		46,289
<u>NET BOOK VALUE</u>		
31st December 1999	£ 55,003	49,011
31st December 1998	£ 83,887	77,503
		6,384
8. <u>DEBTORS</u> - All receivable within one year	<u>1999</u>	<u>1998</u>
Trade Debtors	30,000	264,974
Other Debtors	35,688	18,279
Prepayments and Accrued Income	11,226	22,857
Holding Company	-	120,418
	£ 76,914	£426,528
9. <u>CREDITORS</u> - Amounts falling due within one year	<u>1999</u>	<u>1998</u>
Social Security and Other Taxes	8,096	8,092
Other Creditors	22,645	23,713
Obligations under Finance Leases and Hire Purchase Contracts	23,016	23,694
Bank Overdrafts and Loans	23,349	-
Current Taxation	37,507	8,651
	£114,613	£ 64,150

FIRST LEADER (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

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>1999</u>	<u>1998</u>
Obligations under finance leases and Hire Purchase Contracts	7,521	29,859
	<u>£ 7,521</u>	<u>£ 29,859</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>1999</u>	<u>1998</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. First Leader SA have provided the share capital of £100.