

Fone Mania Limited

Company Information:-

Director:

R.M. Brummitt

Secretary:

A.J. Harrington F.C.C.A.

Company Number:

3538821

Registered Office:

56 St. James's Street
Walthamstow
E17 7PE

Auditors:

Michael Bell & Co.
56 St. James's Street
Walthamstow
E17 7PE

Bankers:

Lloyds Bank plc
Harlow Town Centre
Essex



Fone Mania Limited

Directors' Report for the year ended 31st March 2000

The director presents his report and the financial statements for the year ended 31st March 2000.

Principal Activities and review of the business:

The company's principal activity continues to be that of wholesale of mobile telephones.

The results for the years are set out on page 3.

The director considers the profit achieved on ordinary activities before taxation to be satisfactory.

Adequate finance has been obtained to take advantage of business opportunities and the director considers the state of affairs to be satisfactory.

Dividends:

The director does not recommend a final dividend and it is proposed that the retained profit of £62,139 be added to reserves.

Fixed Assets:

These are set out in Note 6.

Directors:

The director who served during the year and his beneficial interests in the company's issued ordinary share capital was:-

R.M. Brummitt	500,000
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Directors' Responsibilities:-

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 and 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;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- * 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 1985.

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.

Fone Mania plc

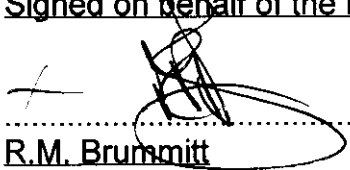
Directors' Report (continued)

Auditors:

The auditors, Michael Bell & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This Report was approved by the Board of Directors on 26th April 2000, taking advantage of the Special Exemptions available to small companies conferred by Part II of Schedule 8 of the Companies Act 1985.

Signed on behalf of the Board of Directors


.....
R.M. Brummitt

Auditors Report

To the Shareholders of

Fone Mania Limited

We have audited the financial statements on pages 3 to 8 which have been prepared 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 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 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 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 evaluate 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 the 31st March 2000 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Michael Bell & Co.
Registered Auditor & Chartered Accountant
56 St. James's Street
E17 7PE

Michael Bell

28 / 04 / 00

Fone Mania Limited

Profit and Loss Account for the period ended 31st March 2000

	<u>£</u>	<u>1999</u> <u>£</u>
<u>Turnover:</u>	4,777,931	13,108,898
Cost of sales	4,611,070	12,920,332
<u>Gross Profit:</u>	166,861	188,566
Administrative expenses	104,765	269,908
<u>Operating (Loss)/Profit:</u>	62,096	(81,342)
Interest received	12,223	35,669
Operating Profit/ (Loss) before interest payable	74,319	(45,673)
Interest payable	0	3,826
Profit/(Loss) on ordinary activities before taxation	74,319	(49,499)
Taxation	12,180	0
Dividend paid, gross	0	0
<u>Result for the year:</u>	62,139	(49,499)
	=====	=====

All activities are continuing.

There were no gains/losses other than those disclosed above.

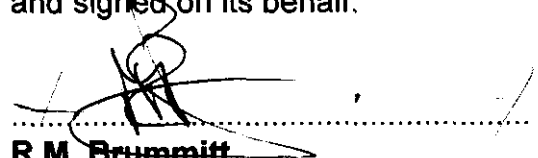
The annexed notes form part of these financial statements/

Fone Mania Limited

Balance Sheet as at 31st March 2000

<u>Fixed assets:</u>	<u>Note</u>	<u>£</u>	<u>£</u>	<u>1999</u> <u>£</u>
Tangible assets	6		39,065	48,910
<u>Current assets:</u>				
Prepayments		184,856		576
Debtors		221		175
Cash at bank		355,651		903,113
		<u>540,728</u>		<u>903,864</u>
<u>Creditors: amounts falling due within one year</u>		<u>67,153</u>		<u>2,273</u>
<u>Total current assets:</u>			473,575	901,591
			<u>512,640</u>	<u>950,501</u>
			=====	=====
<u>Capital and Reserves:</u>				
Called up share capital			500,000	1,000,000
Profit and Loss account			12,640	(49,499)
<u>Equity Shareholders funds:</u>			<u>512,640</u>	<u>950,501</u>
			=====	=====

Approved by the Board of Directors on 26th April 2000,
and signed on its behalf,


.....
R.M. Drummitt

The annexed notes form part of these financial statements.

Notes to the Financial Statements for the year ended 31st March 2000

1) Accounting Policies

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis, upon the straight-line basis.

Motor vehicles	25%
Fixtures and fittings	25%

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives, or in the case of assets held under hire purchase agreement over their useful economic life. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Notes to the Financial Statements for the year ending 31st March 2000

1.7 Research and development

Expenditure on research and development is written off in the year that it is incurred.

1.8 Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.9 Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability of asset will crystallise in the near future.

1.10 Pensions

The company will operate a defined contribution pension scheme and the pension charge represent the amounts payable by the company to the fund in respect of the year.

2) Turnover

The whole of the turnover and profit before taxation from continuing activities.

	£	1999 £
United Kingdom	1,060,943	2,372,185
Other	26,639	7,522,978
Europe	3,690,349	3,561,420
	<u>4,777,931</u>	<u>13,456,583</u>
	=====	=====

3) Operating Profit:

Operating profit is after charging/(crediting)

Depreciation of tangible fixed assets - owned by the company	18,303	16,303
Interest received	(12,223)	(35,669)
Interest paid	0	3,826
Auditors' remuneration	1,660	1,500

Fone Mania Limited

Notes to the Financial Statements for the year ending 31st March 2000

4) Staff Costs

Staff costs, including directors' remuneration, were as follows:

	£	1999 £
Wages and salaries	17,109	145,904
Social Security costs	1,797	9,727
	<u>18,906</u>	<u>155,631</u>
	=====	=====

The average monthly number of employees, including directors, during the year were as follows:-

Office and administration	0	2
Sales	1	3
	<u>1</u>	<u>5</u>
	=====	=====

5) Directors' remuneration

	£	1999 £
For services as director	1,440	100,000
Other emoluments	0	0
	<u>1,440</u>	<u>100,000</u>
	=====	=====

Included in the above are emoluments, excluding pension contributions, paid to:

Chairman	1,440	100,000
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6) Tangible Fixed Assets:

	<u>Total</u> £	<u>Vehicles</u> £	<u>Equipt</u> £
Balance 31/3/99	65,213	41,156	24,057
Additions	8,458	7,266	1,192
	<u>73,671</u>	<u>48,422</u>	<u>25,249</u>
	=====	=====	=====
Depreciation:			
Balance 31/3/99	16,303	10,289	6,014
Charged	18,303	12,289	6,014
	<u>34,606</u>	<u>22,578</u>	<u>12,028</u>
	=====	=====	=====
<u>Net Book Value</u>	<u>39,065</u>	<u>25,844</u>	<u>13,221</u>
	=====	=====	=====
<u>1999 Comparatives</u>	<u>48,910</u>	<u>30,867</u>	<u>18,043</u>
	=====	=====	=====

Fone Mania Limited**Notes to the Financial Statements for the year ending 31st March 2000****7) Creditors, due within one year**

	£	1999 £
Trade creditors	3,473	773
Taxation/Social Security	0	0
Accruals	1,500	1,500
Corporation tax	12,180	0
Loan	50,000	0
	<u>67,153</u>	<u>2,273</u>
	=====	=====

8) Related party transactions (FRS8)

The company has transactions with First Holding Co. Ltd, a company controlled by K. Brummitt, totaling £1,060,943.

9) Profit and Loss Account

Balance 1st April 1999	(49,499)	0
Result for the year	62,139	(49,499)
	<u>12,640</u>	<u>(49,499)</u>
<u>Balance 31st March 2000</u>	=====	=====

10) Shareholders Funds

	£	1999 £
Balance 1st April 1999	950,501	1,000,000
Result for the year	62,139	(49,499)
Re-purchase of shares	(500,000)	0
	<u>512,640</u>	<u>950,501</u>
<u>Balance 31st March 2000</u>	=====	=====