

FIRST ACTIVE IFA LIMITED
(formerly First National Independent Advisers Limited)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 1998



Company number: 2171236

FIRST ACTIVE IFA LIMITED

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FIRST ACTIVE IFA LIMITED

COMPANY INFORMATION

Directors	I D Giles M D Seddon
Secretary	G M Wellman
Company Number	2171236
Registered Office	Sir William Atkins House Ashley Avenue Epsom Surrey KT18 5AS
Registered auditors	PricewaterhouseCoopers Melrose House 42 Dingwall Road Croydon Surrey CR0 2NE
Bankers	Barclays Bank PLC Broadgate Corporate Banking Centre 155 Bishopsgate London EC2M 3XA

FIRST ACTIVE IFA LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

Principal activities and business review

The principal activities of the company throughout the year continued to be that of providing investment advice and effecting investment transactions.

On 4 September 1998 the company changed its name from First National Independent Advisers Limited to First Active IFA Limited.

The profit and loss account is set out on page 5. The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who served during the year and up to the date of this report were as follows:

F C Eve (Resigned 4 February 1999)
I D Giles (Appointed 13 March 1998)
S N Harrison (Appointed 16 February 1998, Resigned 4 April 1998)
M D Seddon (Appointed 23 October 1998)

F C Eve was also a director of the parent undertaking, First Active Financial plc and resigned as a director of that company on 4 February 1999.

According to the Register of Directors' Interests the directors had no interests in the share capital of the company.

Directors' interests in the share capital of First Active plc, the ultimate parent undertaking of First Active Financial plc, are as follows:

Options:

Name of Director	Number of options granted and balance at 31 December 1998	Exercise Price	Date from which exercisable	Expiry Date
F C Eve	30,000	IR£2.25	4 October 2001	3 October 2008
I D Giles	20,000	IR£2.25	4 October 2001	3 October 2008
M D Seddon	10,000	IR£2.25	4 October 2001	3 October 2008

The above share options were granted on 3 October 1998. The market price of shares on this day was IR£2.25 and the range from this date to 31 December 1998 was IR£2.25 to IR£3.60 with an average price over the period of IR£2.93. No options were exercised during the period and no options lapsed during the period.

Shares:

Name of Director	Number of Ordinary 25p shares 31 December 1998
F C Eve	450
I D Giles	1,450
M D Seddon	450

No other director had, at any time during the year, any interests in contracts with the company.

FIRST ACTIVE IFA LIMITED

REPORT OF THE DIRECTORS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

Statement of directors' responsibilities

The directors are required by UK Company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements have been made in the preparation of the financial statements for the year then ended. The directors also confirm that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Creditor payment policy

The company's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations.

Year 2000

The company has established a year 2000 project team to identify and assess key business processes which would be effected by year 2000. This team has made significant progress in addressing and resolving the issues identified and the board are confident that by the end of the first quarter of 1999 all remaining issues will have been satisfactorily resolved. The company has involved all critical external parties in this process and has requested assurances from them that their business will not be effected by year 2000.

Elective Resolution

At the Annual General Meeting of the company held on 16 April 1998 Elective Resolutions were passed in respect of the financial year ending 31 December 1998 and subsequent years, pursuant to Section 379A of the Companies Act 1985 (the "Act"), that:

- a) in accordance with the provisions of the Act the company dispenses with the laying of accounts and reports before the company in General Meetings;
- b) in accordance with the provisions of Section 366A of the Act, the company dispenses with the holding of Annual General Meetings; and
- c) in accordance with the provisions of Section 386 of the Act the company dispenses with the obligation to appoint auditors annually.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the members appointed the new firm, PricewaterhouseCoopers, as auditors.

By order of the Board



I D Giles
Director
20 April 1999

FIRST ACTIVE IFA LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF FIRST ACTIVE IFA LIMITED

We have audited the financial statements on pages 5 to 9, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of Directors and auditors

As described on page 3 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 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 at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Croydon
20 April 1999

FIRST ACTIVE IFA LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 1998**

		1998 £'000	1997 £'000
	Notes		
Continuing operations			
Turnover	2	294	108
Administrative expenses		<u>(52)</u>	<u>(73)</u>
Operating Profit		242	35
Interest receivable		<u>20</u>	<u>5</u>
Profit on ordinary activities before taxation	3	262	40
Tax on profit on ordinary activities	5	<u>(81)</u>	<u>(12)</u>
Retained profit for the financial year	8	<u>181</u>	<u>28</u>

The company has no recognised gains or losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

FIRST ACTIVE IFA LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1998

	Notes	1998 £'000	1997 £'000
ASSETS			
Current assets			
Debtors	6	-	3
Cash at bank and in hand		<u>476</u>	<u>170</u>
Total assets		<u>476</u>	<u>173</u>
LIABILITIES AND CAPITAL			
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	<u>277</u>	<u>96</u>
Equity shareholders' funds	9	<u>278</u>	<u>97</u>
Creditors			
Amounts falling due within one year	10	<u>198</u>	<u>76</u>
Total liabilities and capital		<u>476</u>	<u>173</u>

The financial statements on pages 5 to 9 were approved by the Board of Directors on 20 April 1999 and were signed on its behalf by:



I D Giles
Director

FIRST ACTIVE IFA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

1. Principal accounting policies

These 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 applied consistently, is set out below:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Turnover

Turnover represents insurance commission receivable.

Taxation

Corporation tax is provided on taxable profits at the current tax rate. Tax charges and benefits arising from group relief are recognised in the financial statements of the surrendering and recipient companies.

Cashflow statement

The company is a wholly owned subsidiary of First Active plc and the cashflows of the company are included in the consolidated group cashflow statement of First Active plc. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 ("FRS1") (Revised) from publishing a cashflow statement.

Related party disclosures

Under the provisions of Financial Reporting Standard No. 8 ("FRS8"), the company has taken advantage of the exemption provided (for subsidiary undertakings whose voting rights are more than 90% controlled within the group) from disclosing group related party transactions. The consolidated financial statements of First Active plc, in which these results are included, are publicly available.

2. Turnover

Contributions to turnover and profit on ordinary activities before taxation were derived from the company's principal activity, which was carried out in England and Wales.

3. Profit on ordinary activities before taxation

	1998 £'000	1997 £'000
The profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	<u>3</u>	<u>3</u>

FIRST ACTIVE IFA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

4. Directors and employees

The company employed no staff during the year other than the directors. The company incurred the following recharge from First Active Financial plc in respect of expenditure incurred on behalf of the company:

	1998 £'000	1997 £'000
Wages and salaries	<u>48</u>	<u>54</u>

Emoluments were paid to one director who served during the year, for services to the company, as follows:

	1998 £'000	1997 £'000
Aggregate emoluments	<u>8</u>	<u>-</u>

The other directors received no remuneration from the company for their services.

5. Tax on profit on ordinary activities

	1998 £'000	1997 £'000
The tax charge is based on the profit for the year and comprises:		
U K Corporation tax at 31% (1997: 31.5%)	<u>81</u>	<u>12</u>

6. Debtors

	1998 £'000	1997 £'000
Amounts falling due within one year:		
Prepayments and accrued income	<u>-</u>	<u>3</u>

7. Called up share capital

	1998 £'000	1997 £'000
Authorised		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

FIRST ACTIVE IFA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

8. Profit and loss account

	1998 £'000	1997 £'000
At 1 January	96	68
Profit for the year	<u>181</u>	<u>28</u>
At 31 December	<u>277</u>	<u>96</u>

9. Reconciliation of movements in equity shareholders' funds

	1998 £'000	1997 £'000
Opening equity shareholders' funds	97	69
Retained profit for the year	<u>181</u>	<u>28</u>
Closing equity shareholders' funds	<u>278</u>	<u>97</u>

10. Creditors: amounts falling due within one year

	1998 £'000	1997 £'000
Amounts owed to parent and fellow subsidiary undertakings	105	49
Corporation tax	81	13
Group relief payable	8	8
Accruals and deferred income	<u>4</u>	<u>6</u>
	<u>198</u>	<u>76</u>

11. Ultimate parent undertaking

The company is a 100% subsidiary of First Active Financial plc (formerly Mortgage Trust Limited), a company registered in England and Wales, which is itself a wholly owned subsidiary of First Active plc (formerly First National Building Society).

On 7 September 1998 First National Building Society converted from a Building Society to a Public Limited Company called First Active plc. On 6 October 1998, First Active plc obtained a stock exchange listing on the Dublin and London stock exchanges. First Active plc is registered in the Republic of Ireland and is the ultimate parent undertaking.

Copies of the accounts of First Active Financial plc and First Active plc may be obtained from:

First Active Financial plc: The Secretary, Sir William Atkins House, Ashley Avenue, Epsom, Surrey, KT18 5AS

First Active plc: The Secretary, Skehan House, Booterstown, County Dublin, Republic of Ireland