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CHAMBERS TRAVEL MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31st MARCH 2003

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Chambers Travel Management Limited

Directors

N.R.I. Foot (Managing)
J.A. Corbisiero
C.A. Thelen
T. Harris

Secretary and Registered Office

A. Kodikara
58 Uxbridge Road, Ealing W5 2ST

Auditors

Moore Stephens
Chartered Accountants
St. Paul's House, Warwick Lane, London, EC4P 4BN

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31st March 2003.

Review of Activities and Future Prospects

The principal activity of the company is business travel management. The directors are pleased to report a satisfactory result against the background of difficult trading conditions following the war in Iraq and the Sars crisis.

Results and Dividends

The profit for the year amounted to £71,100 (2002: £77,597). The directors do not recommend the payment of a dividend.

Charitable Contributions

During the year the company made charitable contributions of £116 (2002 : £350).

Directors' Interests

The interests of the directors, as defined by the Companies Act 1985, in the £1 ordinary shares of the company at the beginning and end of the year were as follows:

	Holding at	
Name	31.3.03	31.3.02
Mr. N.R.I. Foot	28,000	28,000
Mrs. J.A. Corbisiero	22,122	22,122
Mr. C.A. Thelen	17,611	17,611
Mr. T. Harris	-	-

Chambers Travel Management Limited

Report of the Directors (Continued)

Auditors

The auditors, Moore Stephens, are willing to continue in office. A resolution for their reappointment will be proposed at the annual general meeting.

By Order of the Board

A. KODIKARA

Chambers Travel Management Limited

Statement of Director's Responsibilities

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 period. 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;
- 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 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.

Independent Auditors' Report to the Shareholders of

Chambers Travel Management Limited

We have audited the financial statements of Chambers Travel Management Limited for the year ended 31 March 2003 set out on pages 5 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 audit opinion

We conducted our audit in accordance with United Kingdom 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 the company's and of the group's affairs as at 31 March 2003 and of the consolidated profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens

MOORE STEPHENS

Registered Auditor
Chartered Accountants

St. Paul's House
London, EC4P 4BN

4 September 2003

Chambers Travel Management Limited

Consolidated Profit and Loss Account
For the year ended 31st March 2003

	Note	2003	2002
Turnover	1(c)	21,773,016	21,641,470
Cost of sales		(19,468,717)	(19,281,807)
Gross Profit		2,304,299	2,359,663
Administrative expenses		(2,187,867)	(2,251,772)
Operating Profit	2	116,432	107,891
Interest receivable/(payable)	3	8,056	(5,080)
Profit on Ordinary Activities before Taxation		124,488	102,811
Taxation on profit on ordinary activities	5	(53,388)	(25,214)
Profit for the Financial Year	14	£ 71,100	£ 77,597

There were no recognised gains or losses other than as disclosed in the profit and loss account.

Chambers Travel Management Limited

Balance Sheets at 31st March 2003

	Note	Group 2003	Group 2002	Company 2003	Company 2002
Fixed Assets					
Intangible fixed assets	6	27,417	47,702	27,417	41,917
Tangible fixed assets	7	182,239	131,453	182,239	131,453
Investments	8	-	-	100	100
		209,656	179,155	209,756	173,470
Current Assets					
Debtors	9	1,123,753	1,473,169	1,123,753	1,310,041
Cash at bank and in hand		508,776	401,674	507,187	360,302
		1,632,529	1,874,843	1,630,940	1,670,343
Creditors, amounts falling due within one year	10	(1,283,155)	(1,573,186)	(1,281,667)	(1,353,231)
Net Current Assets		349,374	301,657	349,273	317,112
Total Assets Less Current Liabilities		559,030	480,812	559,029	490,582
Provision for Liabilities and Charges	11	(8,587)	(1,469)	(8,587)	(1,469)
		£ 550,443	£ 479,343	£ 550,442	£ 489,113
Capital and Reserves					
Called up share capital	12	67,733	67,733	67,733	67,733
Share premium	14	32,265	32,265	32,265	32,265
Capital redemption reserve	13	29,000	29,000	29,000	29,000
Profit and loss account	14	421,445	350,345	421,444	360,115
Equity Shareholders' Funds	15	£ 550,443	£ 479,343	£ 550,442	£ 489,113

The financial statements were approved by the Board on

N.R.I. FOOT Director

Chambers Travel Management Limited

Consolidated Cashflow Statement
For the year ended 31st March 2003

	Note	2003	2002
Cash inflow from operating activities	17	240,916	655,611
Returns on investments and servicing of finance	18	8,056	(5,080)
Taxation paid		(25,756)	(32,338)
Capital expenditure	18	(116,114)	(82,140)
Increase in cash	19	£ 107,102	£ 536,053

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 2003

Notes

1. **Principle Accounting Policies**

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertaking Interact Events Limited, for the year ended 31st March 2003.

(c) Turnover

Turnover consists primarily of sales of travel tickets, insurance and foreign currency, exclusive of value added tax.

(d) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis to write off the cost of assets over their expected useful lives at the following rates:

Fixtures, fittings and equipment	- 20 - 33 % p.a.
Leasehold property	- Over the term of the lease
Motor vehicles	- 25% p.a.

Contributions towards the cost of fixed assets are treated as deferred income and released in line with the depreciation charge on the associated assets.

(e) Deferred taxation

Provision is made at current rates for taxation deferred as a result of all timing differences between the recognition of items in the financial statements and in the tax computations.

(f) Pensions

Company contributions to the personal pension schemes of employees are charged to the profit and loss account as incurred.

(g) Goodwill

Goodwill on acquisitions is capitalised and amortised over its useful economic life.

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 2003

Notes (Continued)

2. Operating Profit

	2003 £	2002 £
Operating profit is stated after charging/(crediting):		
Profit on sale of fixed assets	(1,287)	-
Depreciation and amortisation	86,900	72,309
Auditors' remuneration	12,500	12,500

3. Interest Receivable/(Payable)

	2003	2002
Bank interest receivable	8,226	1,068
Bank interest payable	(170)	(6,148)
	£ 8,056	£ (5,080)

4. Directors and Employees

	2003	2002
Directors' emoluments comprise:		
Amounts paid in respect of qualifying service	331,048	222,925
Contributions to personal pension schemes	9,900	12,150
	£ 340,948	£ 235,075

Highest paid director

	2003	2002
Normal emoluments	£ 155,075	£ 115,772

Contributions to personal pension schemes were made in respect of two directors in the year (2002 - 3).

	2003	2002
Staff costs, including directors emoluments, comprise:		
Wages and salaries	1,364,594	1,288,227
Social security costs	138,218	125,746
Other pension costs	23,475	30,307
	£ 1,526,287	£ 1,444,280

The average monthly number of persons, including directors, employed by the group during the year was 45 (2002 - 51).

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 2003

Notes (Continued)

5. Taxation on Profit on Ordinary Activities

(a) Analysis of the charge in the year

		2003		2002
United Kingdom corporation tax based on the results for the year		37,299		24,700
Prior year under/(over) provision		8,971		(955)
Total current tax		46,270		23,745
Deferred taxation (note 11)		7,118		1,469
Tax on profit on ordinary activities	£	53,388	£	25,214

(b) Factors affecting tax charge for the year

The tax charge for the period is lower than the standard rate of corporation tax of 30%. The differences are explained below:

	2003	2002
Profit on ordinary activities before taxation	124,488	102,811
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	37,347	30,843
Effects of:		
Expenses not allowable for tax purposes	8,356	10,708
Depreciation in excess of capital allowances	9,064	6,179
Small company relief	(17,468)	(23,030)
Prior year adjustment	8,971	(955)
Current tax charge	46,270	23,745

6. Intangible Fixed Assets

Group and Company

		Goodwill		Website Development		Total
Cost						
At 1st April 2002		72,500		6,500		79,000
Reallocation		-		(6,500)		(6,500)
At 31st March 2003	£	72,500	£	-	£	72,500
Amortisation						
At 1st April 2002		30,583		715		31,298
Charge for the year		14,500		-		14,500
Reallocation		-		(715)		(715)
At 31st March 2003	£	45,083	£	-	£	45,083
Net book value						
At 31st March 2003	£	27,417	£	-	£	27,417
At 31st March 2002	£	41,917	£	5,785	£	47,702

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 2003

Notes (Continued)

6. Intangible Fixed Assets (Continued)

Goodwill arising on the purchase of travel contracts is being amortised over a period of five years from the date of purchase. The directors consider this to be a reasonable basis given the nature of the industry.

Website costs with a net book value of £5,785 have been reallocated from intangible fixed assets to tangible fixed assets for consistency with costs of a similar nature.

7. Tangible Fixed Assets

Group and Company

	Lease Improvements	Fixtures, Fittings and Equipment	Motor Vehicles	Total
Cost				
At 1st April 2002	4,000	243,122	32,785	279,907
Additions	-	105,614	22,000	127,614
Disposals	-	-	(15,985)	(15,985)
Reallocation	-	6,500	-	6,500
At 31st March 2003	£ 4,000	£ 355,236	£ 38,800	£ 398,036
Depreciation				
At 1st April 2002	800	125,082	22,572	148,454
Charge for the year	800	66,100	5,500	72,400
Disposals	-	-	(5,772)	(5,772)
Reallocation	-	715	-	715
At 31st March 2003	£ 1,600	£ 191,897	£ 22,300	£ 215,797
Net book value				
At 31st March 2003	£ 2,400	£ 163,339	£ 16,500	£ 182,239
At 31st March 2002	£ 3,200	£ 118,040	£ 10,213	£ 131,453

Included in tangible fixed assets is computer equipment with a net book value as at 31st March 2003 of £59,663 which has been paid for by a third party.

8. Fixed Asset Investments - Company

	2003	2002
Cost		
Investment in subsidiary undertakings		
At 1st April 2002 and at 31st March 2003	£ 30,100	£ 30,100
Provision		
At 1st April 2002	30,000	-
Charge for the year	-	30,000
At 31st March 2003	£ 30,000	£ 30,000
Net book value	£ 100	£ 100

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 2003

Notes (Continued)

8. **Fixed Asset Investments - Company (Continued)**

The company owns 100% of the issued ordinary share capital of Interact Events Limited, registered in England whose principal activity was providing meetings and conference services. During the year, the company ceased to trade and is dormant at the year end.

The company also owns 100% of the issued ordinary share capital of Chambers Travel Elite Limited, registered in England which is a dormant company.

9. **Debtors**

	Group Amounts falling due within one year		Company Amounts falling due within one year	
	2003	2002	2003	2002
Trade debtors	826,295	1,151,901	826,295	1,044,434
Other debtors	57,379	34,424	57,379	34,424
Prepayments and accrued income	210,162	256,927	210,162	201,266
	£ 1,093,836	£ 1,443,252	£ 1,093,836	£ 1,280,124

	Group Amounts falling due after more than one year		Company Amounts falling due after more than one year	
	2003	2002	2003	2002
Other debtors	£ 29,917	£ 29,917	£ 29,917	£ 29,917

10. **Creditors**

	Group Amounts falling due within one year		Company Amounts falling due within one year	
	2003	2002	2003	2002
Trade creditors	949,897	943,829	949,897	923,244
Corporation tax	37,299	16,785	34,972	24,923
Other creditors	113,319	49,365	113,319	49,365
Other taxation and social security	97,069	114,501	97,069	113,612
Amounts owed to group undertakings	-	-	839	165,925
Accruals and deferred income	85,571	448,706	85,571	76,162
	£ 1,283,155	£ 1,573,186	£ 1,281,667	£ 1,353,231

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 2003

Notes (Continued)

11. Provision for Liabilities and Charges

	Group and Company 2003	Group and Company 2002
Deferred tax		
Balance at 1st April 2002	1,469	-
Transfer from profit and loss account	7,118	1,469
At 31st March 2003	£ 8,587	£ 1,469

The above balance arises from an excess of capital allowances over depreciation and represents the total potential liability to the company and group.

12. Called Up Share Capital

	2003	2002
Authorised		
100,000 ordinary shares of £1 each	£ 100,000	£ 100,000
Allotted, called up and fully paid		
67,733 ordinary shares of £1 each	£ 67,733	£ 67,733

All shares rank equally in respect of all shareholder rights.

Options have been granted over 1,808 ordinary shares at £4 per ordinary share, exercisable between 22nd November 2001 and 21st November 2008.

13. Capital Redemption Reserve

The balance of £29,000 arose following the company's purchase of its own share capital, during the year ended 31st March 1994.

14. Reserves

	Group Profit and Loss Account	Group and Company Share Premium	Company Profit and Loss Account
Balance at 1st April 2002	350,345	32,265	360,115
Profit for the financial year	71,100	-	61,329
Balance at 31st March 2003	£ 421,445	£ 32,265	£ 421,444

The company has taken advantage of the exemption conferred by section 230 of the Companies Act 1985 from presenting its own profit and loss account. Profit after taxation amounting to £61,329 (2002 - £154,307) has been included in the financial statements of the parent company.

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 2003

Notes (Continued)

15. Equity Shareholders' Funds

	Group 2003	Group 2002
Balance at 1st April 2002	479,343	401,746
Profit for the financial year	71,100	77,597
Balance at 31st March 2003	£ 550,443	£ 479,343

16. Other Financial Commitments

The group has the following annual commitment under a non cancellable lease on its premises, which expires:

	2003	2002
Within one year	-	29,568
Within two to five years	78,358	48,790
	£ 78,358	£ 78,358

17. Reconciliation of Operating Profit to Cash Flows from Operating Activities

	2003	2002
Operating profit	116,432	107,891
Profit on fixed asset disposal	(1,287)	-
Loss on current asset investment	-	755
Depreciation and amortisation	86,900	72,309
Decrease in debtors	349,416	437,598
(Decrease)/increase in creditors	(310,545)	37,058
Cash inflow from operating activities	£ 240,916	£ 655,611

18. Analysis of Cash Flows Netted in the Cash Flow Statement

Returns on investments and servicing of finance

	2003	2002
Interest received	8,226	1,068
Interest paid	(170)	(6,148)
	£ 8,056	£ (5,080)

Capital Expenditure

Purchase of tangible fixed assets	(127,614)	(48,140)
Purchase of intangible fixed assets	-	(34,000)
Sale of tangible fixed assets	11,500	-
	£ (116,114)	£ (82,140)

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 2003

Notes (Continued)

19. **Analysis of Change in Net Funds**

	At 1st April 2002	Cashflow	At 31st March 2003
Cash and cash deposits	£ 401,674	£ 107,102	£ 508,776

20. **Related Parties Transactions**

The company has taken advantage of the FRS8 exemption not to disclose transactions with other group companies.