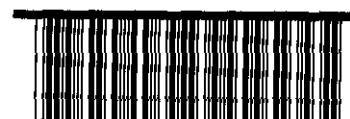


CHAMBERS TRAVEL MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31st MARCH 1999



Chambers Travel Management Limited**Directors**

N.R.I. Foot (Managing)
J.A. Corbisiero
J.M. Olivier

Secretary and Registered Office

J.M. Olivier
56-60 Gresham Street, London, EC2V 7BB

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 1999.

Review of Activities

The principal activity of the company is business travel management. The directors are pleased to report an increase in turnover together with the opening of an office in March 1999 in Croydon following the acquisition of the Abercrombie & Kent Limited corporate travel division. This office is already trading profitably and the directors anticipate a further improvement in corporate trading levels during the current year. The directors are confident that the investment in staff and marketing resources during the year will be reflected in the trading performance of the company during the forthcoming year.

The directors are pleased to announce that options on the company's shares were granted to a number of members of staff during the year.

Results and Dividends

The profit for the year amounted to £28,802 (1998: £36,457). The directors do not recommend the payment of a dividend.

Fixed Assets

The movements on fixed assets are shown within notes 5 and 6.

Charitable Contributions

During the year the company made charitable contributions of £660 (1998 : £1,761).

Chambers Travel Management Limited**Report of the Directors (Continued)****Year 2000**

The directors are continuing to review the risks associated with the Year 2000 problem, both with regard to internal use of computer systems and embedded chips and in connection with relationships with third parties. They are satisfied that these steps will be completed in sufficient time to eliminate any potential problems. The total costs of ensuring Year 2000 compliance have not yet been quantified, but are not expected to be significant.

Directors

Mr. S.C.L. Jacot de Boinod resigned as a director on 4th November 1998.

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:

| <u>Name</u> | <u>Holding at</u> | |
|----------------------|-------------------|----------------|
| | <u>31.3.99</u> | <u>31.3.98</u> |
| Mr. N.R.I. Foot | 28,000 | 28,000 |
| Mrs. J.A. Corbisiero | 28,000 | 28,000 |
| Mr. J.M. Olivier | Nil | Nil |

By Order of the Board

N.R.I. FOOT

Director



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.

**Report of the Auditors to the Members of
Chambers Travel Management Limited**

We have audited the financial statements on pages 5 to 11 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 the company's affairs at 31st March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House
London, EC4P 4BN


MOORE STEPHENS
Registered Auditor
Chartered Accountants

29th September 1999

Chambers Travel Management Limited

Profit and Loss Account
For the year ended 31st March 1999

| | <u>Note</u> | <u>Acquisition</u> | <u>Continuing Operations</u> | <u>1999</u> | <u>1998</u> |
|--|-------------|--------------------|----------------------------------|-------------|-------------|
| | | | | Total | |
| Turnover | 1(b) | 209,755 | 8,974,034 | 9,183,789 | 7,997,634 |
| Cost of sales | | 194,546 | (8,123,035) | (8,317,581) | (7,238,887) |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Gross Profit | | 15,209 | 850,999 | 866,208 | 758,747 |
| Administrative expenses | | (12,692) | (822,234) | (835,016) | (710,727) |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Operating Profit | 2 | <u>2,517</u> | <u>28,675</u> | 31,192 | 48,020 |
| Interest receivable | | | | 6,860 | 7,319 |
| | | | | <hr/> | <hr/> |
| Profit on Ordinary Activities before Taxation | | | | 38,052 | 55,339 |
| Taxation on profit on ordinary activities | 4 | | | (9,250) | (18,882) |
| | | | | <hr/> | <hr/> |
| Profit for the Financial Year | 12 | | | £ 28,802 | £ 36,457 |
| | | | | <hr/> | <hr/> |

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

Chambers Travel Management Limited

Balance Sheet at 31st March 1999

| | Note | 1999 | 1998 |
|--|------|--------------------|------------------|
| Fixed Assets | | | |
| Intangible fixed asset | 5 | 44,625 | - |
| Tangible assets | 6 | 84,557 | 40,976 |
| | | <u>129,182</u> | <u>40,976</u> |
| Current Assets | | | |
| Debtors | 7 | 862,042 | 656,468 |
| Investments | 8 | - | 10,455 |
| Cash at bank and in hand | | 390,750 | 236,095 |
| | | <u>1,252,792</u> | <u>903,018</u> |
| Creditors, amounts falling due within one year | 9 | <u>(1,116,261)</u> | <u>(727,083)</u> |
| Net Current Assets | | <u>136,531</u> | <u>175,935</u> |
| Total Assets Less Current Liabilities | | <u>265,713</u> | <u>216,911</u> |
| Creditors, amounts falling due after more than one year | 9 | <u>(20,000)</u> | <u>-</u> |
| | | <u>£ 245,713</u> | <u>£ 216,911</u> |
| Capital and Reserves | | | |
| Called up share capital | 10 | 56,000 | 56,000 |
| Capital redemption reserve | 11 | 29,000 | 29,000 |
| Profit and loss account | 12 | 160,713 | 131,911 |
| Equity Shareholders' Funds | 13 | <u>£ 245,713</u> | <u>£ 216,911</u> |

The financial statements were approved by the Board on

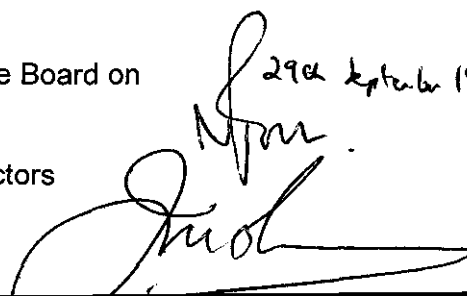
N.R.I. FOOT

J.M. OLIVIER

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Directors

29th September 1999



Chambers Travel Management Limited

Financial Statements for the year ended 31st March 1999

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) Turnover

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

(c) 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. |

(d) Deferred taxation

Provision is made for deferred taxation using the liability method on accelerated capital allowances to the extent that a material liability is likely to arise in the foreseeable future.

(e) Pensions

Company contributions to the personal pension schemes of employees are charged to the profit and loss account as incurred. Contributions were made in respect of two directors during the year.

(f) Goodwill

Goodwill on acquisitions is capitalised and amortised over its useful economic life in compliance with FRS10. The useful economic life of the addition in the year is considered to be five years.

2. Operating Profit

| | <u>1999</u> | <u>1998</u> |
|--|-------------------|-------------------|
| Operating profit is stated after charging: | | |
| Depreciation and amortisation | 19,404 | 54,079 |
| Auditors' remuneration | 6,500 | 4,500 |
| Directors' emoluments | 160,580 | 199,802 |
| Lease premium | - | 5,000 |
| | <u> </u> | <u> </u> |

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 1999

Notes (Continued)

3. Directors and Employees

| | <u>1999</u> | <u>1998</u> |
|--|------------------|------------------|
| Directors emoluments comprise: | | |
| Amount paid in respect of qualifying service | 152,170 | 187,802 |
| Contributions to personal pension schemes | 8,410 | 12,000 |
| | <u>£ 160,580</u> | <u>£ 199,802</u> |
| | <u>1999</u> | <u>1998</u> |
| Staff costs comprise: | | |
| Wages and salaries | 453,139 | 388,084 |
| Social security costs | 35,605 | 31,706 |
| Other pension costs | 8,606 | 13,300 |
| | <u>£ 497,350</u> | <u>£ 433,090</u> |

The average monthly number of persons, including directors, employed by the company during the year was 20 (1998 – 14).

4. Taxation on Profit on Ordinary Activities

| | <u>1999</u> | <u>1998</u> |
|---|----------------|-----------------|
| United Kingdom corporation tax based on the results for the year as adjusted for taxation purposes at 21% (1998 – 21%) | 9,250 | 19,607 |
| Prior year overprovision | - | (725) |
| | <u>£ 9,250</u> | <u>£ 18,882</u> |

5. Intangible Fixed Asset

| | <u>Goodwill</u> |
|----------------------|-----------------|
| Cost | |
| Addition in the year | 45,000 |
| At 31st March 1999 | <u>£ 45,000</u> |
| Amortisation | |
| Charge for the year | 375 |
| At 31st March 1999 | <u>£ 375</u> |
| Net book value | |
| At 31st March 1999 | <u>£ 44,625</u> |

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 1999

Notes (Continued)

6. Tangible Fixed Assets

| | Short Leasehold Property | Fixtures, Fittings and Equipment | Motor Vehicles | Total |
|---------------------|--------------------------------|---|-------------------|-----------|
| Cost | | | | |
| At 1st April 1998 | 54,951 | 90,972 | 21,800 | 167,723 |
| Additions | - | 63,527 | - | 63,527 |
| Disposals | (54,951) | - | - | (54,951) |
| At 31st March 1999 | £ - | £ 154,499 | £ 21,800 | £ 176,299 |
| Depreciation | | | | |
| At 1st April 1998 | 54,951 | 66,763 | 5,033 | 126,747 |
| Charge for the year | - | 13,579 | 6,367 | 19,946 |
| Disposals | (54,951) | - | - | (54,951) |
| At 31st March 1999 | £ - | £ 80,342 | £ 11,400 | £ 91,742 |
| Net book value | | | | |
| At 31st March 1999 | £ - | £ 74,157 | £ 10,400 | £ 84,557 |
| At 31st March 1998 | £ - | £ 24,209 | £ 16,767 | £ 40,976 |

7. Debtors

| | 1999 | 1998 |
|--------------------------------|-----------|-----------|
| Trade debtors | 805,081 | 623,673 |
| Other debtors | 45,074 | 26,036 |
| Prepayments and accrued income | 11,887 | 6,044 |
| Taxation recoverable | - | 715 |
| | £ 862,042 | £ 656,468 |

Other debtors included a bank deposit account of £4,250 (1998 : £6,250) held in escrow in respect of two trade suppliers and a balance due by a director of £868 (1998 : £825).

8. Current Asset Investment

During the year ended 31st March 1998 the company purchased shares, at a value of £10,455 in a customer company quoted in the United States. The investment was sold during the year ended 31st March 1999 generating a profit of £506.

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 1999

Notes (Continued)

9. Creditors

| | Amounts falling due within one year | | Amounts falling due after more than one year | |
|---------------------------------------|--|------------------|---|------------|
| | 1999 | 1998 | 1999 | 1998 |
| Trade creditors | 1,006,856 | 611,923 | - | - |
| Corporation tax | 9,250 | 19,607 | - | - |
| Other creditors | 44,717 | - | 20,000 | - |
| Other taxation and social security | 12,594 | 25,149 | - | - |
| Accruals and deferred income | 42,844 | 70,404 | - | - |
| | <u>£ 1,116,261</u> | <u>£ 727,083</u> | <u>£ 20,000</u> | <u>£ -</u> |

Other creditors includes a loan of £40,000 from Mr. Christopher Needham who is related to a director of the company. The loan is unsecured, repayable by equal instalments through to 31st March 2001 with interest being charged at 3% over bank base rate.

10. Called Up Share Capital

| | 1999 | 1998 |
|------------------------------------|-----------|-----------|
| Authorised | | |
| 100,000 ordinary shares of £1 each | £ 100,000 | £ 100,000 |
| Allotted, called up and fully paid | | |
| 56,000 ordinary shares of £1 each | £ 56,000 | £ 56,000 |

All shares rank equally in respect of all shareholder rights.

On 21st November 1998 options over 3,190 ordinary shares were granted to eight employees of the company at £4 per ordinary share exercisable between 22nd November 2001 and 21st November 2008.

11. 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.

12. Reserves

| | Profit and Loss Account |
|-------------------------------|----------------------------|
| Balance at 1st April 1998 | 131,911 |
| Profit for the financial year | 28,802 |
| Balance at 31st March 1999 | <u>£ 160,713</u> |

Chambers Travel Management Limited

Financial Statements for the year ended 31st March 1999

Notes (Continued)

13. Equity Shareholders' Funds

| | <u>1999</u> | <u>1998</u> |
|-------------------------------|------------------|------------------|
| Balance at 1st April 1998 | 216,911 | 180,454 |
| Profit for the financial year | 28,802 | 36,457 |
| Balance at 31st March 1999 | <u>£ 245,713</u> | <u>£ 216,911</u> |

14. Acquisition

On 12th March 1999 the company acquired the business of the Abercrombie & Kent Limited corporate travel division for £85,000. The consideration, which was all paid in cash, comprised £45,000 for certain fixed assets and £40,000 for goodwill.

15. Contingent Liabilities

At 31st March 1999 the company had been provided bank guarantee facilities of £55,000 and £59,778 in respect of the bonding requirements of IATA and ABTA respectively. In addition further guarantee facilities amounting to £4,250 had been provided to two trade suppliers. These bond and guarantee facilities are secured by a debenture over the assets of the company, and a memorandum of deposit over cash deposits of £6,250.

16. Other Financial Commitments

The company has the following annual commitment under non cancellable leases on its premises, which expire:

| | <u>1999</u> | <u>1998</u> |
|----------------------------|-----------------|-----------------|
| Within one year | 4,500 | 4,500 |
| Within two to five years | 21,275 | 21,275 |
| After more than five years | 11,385 | - |
| | <u>£ 37,160</u> | <u>£ 25,775</u> |