

ARTICULATE SOLUTIONS LIMITED

Registered number: 02665126

Abbreviated Financial Statements

For the year ended 31 December 1999



ARTICULATE SOLUTIONS LIMITED

Abbreviated Financial Statements

For the year ended 31 December 1999

Contents	Pages
Company Information	1 - 2
Auditors' report	3
Balance Sheet	4
Notes to the abbreviated Financial Statements	5 - 8

ARTICULATE SOLUTIONS LIMITED

Company Information

Directors

R M S Irwin
N R Irwin
J Mueller
T C Ormond
R B Collier
C Bailey
N J Eckert
A N Fox
M Hope

Secretary

W A Finlayson

Registered office

Sheppards Farm
Draycott Foliat
Chiseldon
Wiltshire
SN4 0HX

Registered number

02665126

Business address

Sanderson House
35 Water Street
Leith
Edinburgh
EH6 6SU

Auditors

Scott-Moncrieff
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh
EH3 7PH

Solicitors

Murray Beith Murray WS
39 Castle Street
Edinburgh
EH2 3BH

ARTICULATE SOLUTIONS LIMITED

Company Information

Principal bankers

The Royal Bank of Scotland plc
PO Box
36 St Andrew Square
Edinburgh
EH2 2YB

ARTICULATE SOLUTIONS LIMITED

Auditors' Report to the Company

Pursuant to section 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 4 to 8 together with the full financial statements of the company prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1999.

Respective responsibilities of the directors and auditors

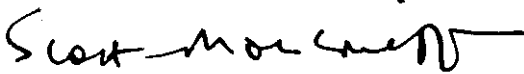
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Companies Act 1985 and whether the abbreviated accounts have been properly prepared in accordance with those provisions.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Companies Act 1985 and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.


Opinion

In our opinion, the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts on pages 4 to 8 have been properly prepared in accordance with those provisions.



Scott-Moncrieff
Chartered Accountants
Registered Auditor

17 Melville Street
Edinburgh
EH3 7PH

Date:  24 February 2000

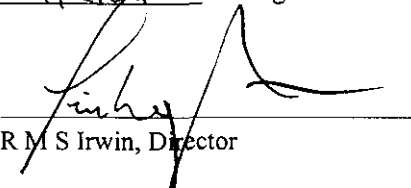
ARTICULATE SOLUTIONS LIMITED

Abbreviated Balance Sheet

At 31 December 1999

	Notes	£	1999 £	£	Unaudited 1998 £
Fixed assets	2				
Intangible assets			140,413		82,015
Tangible assets			138,746		16,350
Investments			-		463
			<u>279,159</u>		<u>98,828</u>
Current assets					
Debtors		134,580		23,379	
Cash at bank and in hand		502,847		653	
		<u>637,427</u>		<u>24,032</u>	
Creditors: amounts falling due within one year	3	(222,519)		(61,860)	
Net current assets / (liabilities)			<u>414,908</u>		<u>(37,828)</u>
Total assets less current liabilities			<u>694,067</u>		<u>61,000</u>
Creditors: amounts falling due after more than one year	4		(758,290)		-
Net (liabilities) / assets			<u>(64,223)</u>		<u>61,000</u>
Capital and reserves					
Called up share capital	6		11,150		1,001
Share premium account			404,114		41,539
Profit and loss account			(479,487)		18,460
Total shareholders' funds			<u>(64,223)</u>		<u>61,000</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and were approved by the board of directors on 24/2/00 and signed on its behalf by:


R M S Irwin, Director

The notes on pages 5 to 8 form part of these financial statements.

ARTICULATE SOLUTIONS LIMITED

Notes to the Abbreviated Financial Statements

For the year ended 31 December 1999

1. Statement of accounting policies

The financial statements have been prepared under the historical cost convention.

Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year. Income in relation to commission earned from internet hotel bookings is recognised on a date of departure basis. Income in relation to other sales is on an invoiced basis.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Computer equipment	between 2 and 3 years
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Amortisation of intangible fixed assets

Intangible fixed assets, other than goodwill, are amortised over the estimated economic useful life.

Amortisation is provided on intangible fixed assets at the following rates:

Development expenditure	between 2 and 4 years
Intellectual property rights	over 4 years
Software licences	between 2 and 3 years

Revenue grants

Grants received of a revenue nature are credited to the profit and loss account during the year in which they are received.

Development expenditure

During the early stages of development of the company's internet site the development expenditure was capitalised. From 1 January 1999, all development expenditure is written off in the year it is incurred.

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 a fixed rate of exchange. Translation differences are taken into the profit and loss account for the year.

ARTICULATE SOLUTIONS LIMITED

Notes to the Abbreviated Financial Statements

For the year ended 31 December 1999

1. Statement of accounting policies - (continued)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

2. Fixed assets

	Intangible assets	Tangible assets	Investments	Total
	£	£	£	£
Cost:				
At 1 January 1999	107,064	25,757	463	133,284
Additions	88,875	138,455	1,000	228,330
At 31 December 1999	195,939	164,212	1,463	361,614
Depreciation:				
At 1 January 1999	25,049	9,407	-	34,456
Charge for year	30,477	16,059	1,463	47,999
At 31 December 1999	55,526	25,466	1,463	82,455
Net book value:				
At 31 December 1999	140,413	138,746	-	279,159
At 31 December 1998	82,015	16,350	463	98,828

3. Creditors: amounts falling due within one year

Included in creditors are bank loans and overdrafts payable within one year amounting to £2,691 (1998 £nil) which are secured.

ARTICULATE SOLUTIONS LIMITED

Notes to the Abbreviated Financial Statements

For the year ended 31 December 1999

4. Creditors: amounts falling due after more than one year

	1999 £	Unaudited 1998 £
Amounts due within five years		
Repayable by instalments	4,293	-
Repayable other than by instalments	753,997	-
	<u>758,290</u>	<u>-</u>

5. Borrowings

	1999 £	Unaudited 1998 £
The company's borrowings are repayable as follows		
Up to one year and on demand	2,691	-
Between one and two years	753,997	-
	<u>756,688</u>	<u>-</u>
Wholly repayable within five years	<u>756,688</u>	<u>-</u>
Included in current liabilities	<u>2,691</u>	<u>-</u>

6. Share capital

	1999 £	Unaudited 1998 £
Authorised:		
Equity interests:		
10,000 Ordinary shares of £1 each	-	10,000
112,500 Ordinary shares of £0.10 each	11,250	-
12,500 'A' Ordinary Shares of £0.10 each	1,250	-
	<u>12,500</u>	<u>10,000</u>
Allotted, called up and fully paid:		
Equity interests:		
1,001 Ordinary shares of £1 each	-	1,001
99,000 Ordinary shares of £0.10 each	9,900	-
12,500 'A' Ordinary Shares of £0.10 each	1,250	-
	<u>11,150</u>	<u>1,001</u>

ARTICULATE SOLUTIONS LIMITED

Notes to the Abbreviated Financial Statements

For the year ended 31 December 1999

6. Share capital - (continued)

On 3 February 1999, there was a 10 for 1 split in the ordinary share capital of the company and each ordinary share of £1 was re-designated as 10 ordinary shares of £0.10. The authorised ordinary share capital became £10,000 representing 100,000 ordinary shares of £0.10 each.

On 3 December 1999, the authorised share capital of the company was increased to £12,500 by the creation of 12,500 'A' ordinary shares of £0.10 each and 12,500 ordinary shares of £0.10 each.

During the year a number of allotments were made:

Date allotted	Number	Type	Allotment price
3 February 1999	59,990	ordinary shares	£0.10
9 March 1999	10,000	ordinary shares	£0.10
	12,500	ordinary shares	£6.06
11 July 1999	500	ordinary shares	£6.06
27 October 1999	5,000	ordinary shares	£6.00
22 November 1999	1,000	ordinary shares	£6.00
3 December 1999	3,125	'A' ordinary shares	£80.00

Under the terms of the agreement for loan finance, the investors were granted options to acquire 'A' ordinary shares of £0.10 each at par. These options were exercised on 3 December 1999 when 9,375 'A' ordinary shares were allotted and issued fully paid at £0.10 each.

On a winding up of the company the 'A' ordinary shareholders have a right to receive the subscription price paid in priority to the ordinary shareholders. Holders of 'A' ordinary shares have a right to convert to ordinary shares at any time.