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RAPID BUSINESS SOLUTIONS LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 1998



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RAPID BUSINESS SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	L W Hunt D J Hird J Parkey
Secretary	C E Hunt
Company number	2998088
Registered office	Sterling House 165/181 Farnham Road Slough Berkshire SL1 4XP
Auditors	BKR Haines Watts Sterling House 5 Buckingham Place Bellfield Road High Wycombe Bucks HP13 5HQ
Business address	Archway Mews Badminton Court Church Street Old Amersham Buckinghamshire HP7 ODD
Bankers	Barclays Bank PLC 131 Edgware Road London W2 2HT

RAPID BUSINESS SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1998

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

Principal activity and business review

The principal activity of the company continued to be that of software development and consultancy.

The directors are satisfied with the financial results for the year.

Directors

The directors who served during the year were:-

L W Hunt
D J Hird
J Parkey (appointed 1 May 1998)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	'A' Ordinary non-voting shares of 1p each	
	31 December 1998	1 January 1998
D J Hird	-	-
L W Hunt	-	-
J Parkey	2,234	2,234

The interests of J Parkey in the 'A' shares of the company are shown as at the date of his appointment as director rather than the start of the financial year.

	'B' Ordinary voting shares of 1p each	
	31 December 1998	1 January 1998
D J Hird	-	-
L W Hunt	3,383	3,550
J Parkey	-	-

	'C' Ordinary voting shares of 1p each	
	31 December 1998	1 January 1998
D J Hird	3,383	3,550
L W Hunt	-	-
J Parkey	-	-

Auditors

The auditors, BKR Haines Watts, are deemed to be reappointed in accordance with Section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 6 December 1996.

RAPID BUSINESS SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1998

Directors' 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.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

As discussed at length in the media, many computers and microchips only recognise dates using the last two digits of the year and will therefore need to be modified or replaced to record the Year 2000. Our business depends on a computerised accounting system to prepare the accounts and record transactions. In addition, we could be affected by the systems used by our suppliers and customers. As a result, we could be at risk if other parties do not deal adequately with the Year 2000 issue.

The directors have assessed the risks to our business resulting from the change to the Year 2000 and believe that the computer software and hardware used by the company are Year 2000 compliant and so no costs are envisaged in this respect.

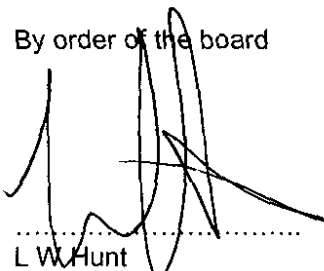
We have also assessed the possibility of Year 2000 related failures in our significant suppliers, all of whom inform us that they are already dealing with the problem.

It is impossible to guarantee that no Year 2000 problems will remain. However, the directors feel that the company will be able to deal promptly with any failures that may occur.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



.....
L W Hunt
Director

12 October 1999
Date

RAPID BUSINESS SOLUTIONS LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF RAPID BUSINESS SOLUTIONS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 the 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 as 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

BKR Haines Watts

BKR Haines Watts

Chartered Accountants
Registered Auditors

18th October 1999

Sterling House
Bellfield Road
High Wycombe
Buckinghamshire
HP13 5HQ

RAPID BUSINESS SOLUTIONS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
Turnover	2	2,433,534	1,505,653
Cost of sales		<u>(1,259,817)</u>	<u>(481,336)</u>
Gross profit		1,173,717	1,024,317
Administrative expenses		<u>(1,079,845)</u>	<u>(962,819)</u>
Operating profit	3	93,872	61,498
Sale of intellectual property rights		25,000	-
Interest receivable	4	12,595	2,850
Interest payable	5	<u>(3,941)</u>	<u>(8,158)</u>
Profit on ordinary activities before taxation		127,526	56,190
Tax on profit on ordinary activities	6	<u>(32,432)</u>	<u>(19,323)</u>
Profit on ordinary activities after taxation	13	<u>95,094</u>	<u>36,867</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

RAPID BUSINESS SOLUTIONS LIMITED

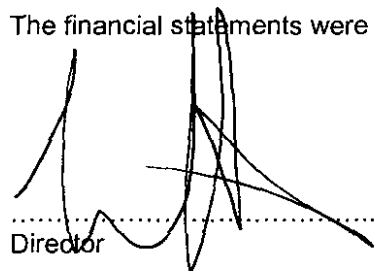
BALANCE SHEET

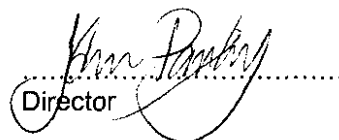
AS AT 31 DECEMBER 1998

	Notes	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	7		49,018		38,731
Current assets					
Debtors	8	443,908		101,727	
Cash at bank and in hand		127,961		<u>425,015</u>	
		571,869		526,742	
Creditors: amounts falling due within one year	9	(473,779)		<u>(526,852)</u>	
Net current assets/(liabilities)			98,090		(110)
Total assets less current liabilities			147,108		38,621
Creditors: amounts falling due after more than one year	10		(18,333)		(4,940)
			128,775		<u>33,681</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		128,675		<u>33,581</u>
Shareholders' funds	14		128,775		<u>33,681</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 12 October 1999


Director


Director

RAPID BUSINESS SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	straight line over 2 years
Fixtures, fittings and equipment	straight line over 2 or 3 years
Motor vehicles	straight line over 3 years

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Pensions

The company operates a defined contribution pension scheme and the pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

In the year to 31 December 1998, 5.89% (1997: 14.00%) of the company's turnover was to markets outside the United Kingdom.

RAPID BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

3	Operating profit	1998	1997
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	42,182	46,856
	Operating lease rentals	89,712	48,872
	Auditors' remuneration	6,015	1,500
	Directors' emoluments	197,591	193,200
		<hr/>	<hr/>
	The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (1997: - 2)		
4	Interest receivable	1998	1997
		£	£
	Bank interest	12,595	2,850
		<hr/>	<hr/>
5	Interest payable	1998	1997
		£	£
	Bank overdraft interest	55	105
	Hire purchase interest	3,886	8,053
		3,941	8,158
		<hr/>	<hr/>
6	Taxation	1998	1997
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 21% (1997: - 24%)	32,432	19,323
		<hr/>	<hr/>

RAPID BUSINESS SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

7 Tangible fixed assets

	Plant and Machinery £	Fixtures, Fittings & Equipment £	Motor vehicles £	Total £
Cost				
At 1 January 1998	48,452	24,921	67,255	140,628
Additions	12,292	13,024	34,346	59,662
Disposals	-	-	(52,675)	(52,675)
At 31 December 1998	<u>60,744</u>	<u>37,945</u>	<u>48,926</u>	<u>147,615</u>
Depreciation				
At 1 January 1998	33,259	9,387	59,251	101,897
On disposals	-	-	(45,482)	(45,482)
Charge for the year	17,501	12,422	12,259	42,182
At 31 December 1998	<u>50,760</u>	<u>21,809</u>	<u>26,028</u>	<u>98,597</u>
Net book value				
At 31 December 1998	<u>9,984</u>	<u>16,136</u>	<u>22,898</u>	<u>49,018</u>
At 31 December 1997	<u>15,193</u>	<u>15,534</u>	<u>8,004</u>	<u>38,731</u>

Included in vehicles above are assets held under finance leases or hire purchase contracts as follows:

Net book values

At 31 December 1998 £22,898

Depreciation charge for the year

31 December 1998 £11,449

8 Debtors

	1998 £	1997 £
Trade debtors	19,990	57,163
Other debtors and prepayments	39,402	44,564
Due from related company	384,516	-
	<u>443,908</u>	<u>101,727</u>

9 Creditors: amounts falling due within one year

	1998 £	1997 £
Net obligations under hire purchase contracts	5,488	14,925
Trade creditors	257,509	159,947
Corporation tax	32,432	19,323
Taxation and social security	129,233	113,034
Other creditors and accruals	49,117	120,739
Due to related company	-	98,884
	<u>473,779</u>	<u>526,852</u>

RAPID BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

10	Creditors: amounts falling due after more one year	1998	1997
		£	£
	Net obligations under hire purchase contracts	<u>18,333</u>	<u>4,940</u>

Net obligations under finance leases and hire purchase contracts

Repayable within one year	5,488	14,925
Repayable between one and five years	<u>18,333</u>	<u>4,940</u>
	23,821	19,865
Included in liabilities falling due within one year	<u>(5,488)</u>	<u>(14,925)</u>
	<u>18,333</u>	<u>4,940</u>

The aggregate amount of creditors for which security has been given amounted to £23,821 (1997: £19,865).

11 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £48,216 (1997: £41,541).

12	Share capital	1998	1997
		£	£
	Authorised:		
	93,234 'A' Ordinary non-voting shares of 1p each	932	920
	3,383 'B' Ordinary voting shares of 1p each	34	40
	3,383 'C' Ordinary voting shares of 1p each	<u>34</u>	<u>40</u>
		<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid		
	3,234 'A' Ordinary non-voting shares of 1p each	32	29
	3,383 'B' Ordinary voting shares of 1p each	34	35
	3,383 'C' Ordinary voting shares of 1p each	<u>34</u>	<u>36</u>
		<u>100</u>	<u>100</u>

During the year the company redesignated 167 'B' issued shares and 167 'C' issued shares as 'A' issued shares and amended the Authorised share capital accordingly.

13	Statement of movements on profit and loss account	Profit and loss account
		£
	Balance at 1 January 1998	33,581
	Retained profit for the year	<u>95,094</u>
	Balance at 31 December 1998	<u>128,675</u>

RAPID BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

14	Reconciliation of movements in shareholders' funds	1998	1997
		£	£
	Profit for the financial year	95,094	36,867
	Opening shareholders' funds	33,681	(3,186)
		<hr/>	<hr/>
	Closing shareholders' funds	128,775	33,681

15 Financial commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings	Land & Buildings	Other Assets	Other Assets
	1998	1997	1998	1997
	£	£	£	£
Expiring between one and five years	50,355	50,355	39,357	20,964

16 Control

The company was under the control of the directors, Mr D J Hird and Mr L W Hunt during the current and previous financial year.

17 Related party transactions

Mrs C Hunt, the wife of the director Mr L W Hunt, invoiced the company £42,000 (1997: £42,000) in respect of marketing consultancy. As at 31 December 1998, Mrs Hunt was owed £4,113 (1997: £4,113) by the company.

Rapid Travel Solutions Limited trades from the same address as Rapid Business Solutions Limited. During the year Rapid Business Solutions Limited carried out work for Rapid Travel Solutions Limited and paid various costs on their behalf. These costs were recovered by invoicing Rapid Travel Solutions Limited, such amounts being included in turnover.

Sale of Intellectual Property Rights to Rapid Travel Solutions Limited £25,000 (1997: Nil).

Sales to Rapid Travel Solutions Limited £2,235,895 (1997: £874,174).

Amount due from/to Rapid Travel Solutions Limited as at 31 December 1998 £384,516 (1997: £98,884).