

**INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED**  
(Registered Number: 946580)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1999**



## INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

### DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company and its subsidiaries for the year ended 31 December 1999.

### REVIEW OF BUSINESS

The principal activity of the group continues to be the commercial and financial management of individuals in the sports profession and the organisation of related events and consultancy, which the directors regard as a single class of business.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £107,378 (1998: £264,815 loss), of which £107,378 (1997: £264,815 loss) has been transferred to reserves.

During the year the directors did not recommend payment of a dividend (1998: £Nil).

### YEAR 2000

Year 2000 had no material impact on the group.

### DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:-

MH McCormack	(USA)
AJ Lafave, Jr.	(USA)

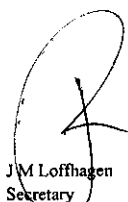
The directors held no beneficial interest in the shares of the company.

No director was or is interested in any contract subsisting during or at the end of the year which was significant in relation to the company's business.

### AUDITORS

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution for their appointment will be proposed at the Annual General Meeting.

By Order of the Board



J M Loffhagen  
Secretary

16th October 2000

**INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED**

**STATEMENT OF 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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 1999 and that applicable accounting standards have been followed.

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.

**AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL MANAGEMENT GROUP  
(UK) LIMITED**

We have audited the financial statements on pages 4 to 15.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**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 affairs of the company and of the group at 31 December 1999 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

16 October 2000

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
TURNOVER - continuing operations	1,2	22,407,697	22,625,262
Cost of Sales		(14,897,385)	(16,520,363)
<b>GROSS PROFIT</b>		<b>7,510,312</b>	<b>6,104,899</b>
Administrative expenses		(7,300,627)	(6,364,477)
<b>OPERATING PROFIT/(LOSS) - continuing operations</b>		<b>209,685</b>	<b>(259,578)</b>
Loss on sale of fixed assets		(4,067)	(4,950)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>205,618</b>	<b>(264,528)</b>
Interest receivable		3,849	26,933
Interest payable	4	(6,803)	(11,228)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<b>202,664</b>	<b>(248,823)</b>
Tax on profit/(loss) on ordinary activities	6	(95,258)	(14,515)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION ATTRIBUTABLE TO THE MEMBERS OF THE PARENT COMPANY</b>		<b>107,406</b>	<b>(263,338)</b>
Minority interest		(28)	(1,477)
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	16,17	<b>107,378</b>	<b>(264,815)</b>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1999 £	1998 £
Profit/(Loss) for the financial year	107,378	(264,815)
Currency translation differences on foreign currency net investments	(30,269)	30,270
<b>Total recognised gains/(losses) relating to the year</b>	<b>77,109</b>	<b>(234,545)</b>

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1999

There is no difference between the reported profit/(loss) for the year and the profit that would be reported under the historical cost convention.

The notes on pages 8 to 15 form part of these accounts.

## INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

## GROUP BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	<u>1999</u> £	<u>1998</u> £
<b>FIXED ASSETS</b>			
Intangible assets	8	263,468	325,807
Tangible assets	9	239,563	327,022
Investments	10	<u>18,390</u>	<u>18,390</u>
		<u>521,421</u>	<u>671,219</u>
<b>CURRENT ASSETS</b>			
Debtors	11	9,710,806	9,051,116
Cash at bank and in hand	24	213,681	506,214
		<u>9,924,487</u>	<u>9,557,330</u>
<b>CREDITORS (amounts falling due within one year)</b>	12	<u>(9,682,535)</u>	<u>(9,517,323)</u>
<b>NET CURRENT ASSETS</b>		<u>241,952</u>	<u>40,007</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>763,373</u>	<u>711,226</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	14	<u>(18,604)</u>	<u>(38,275)</u>
<b>NET ASSETS</b>		<u>744,769</u>	<u>672,951</u>
<b>CAPITAL AND RESERVES</b>			
		<u>1999</u> £	<u>1998</u> £
Called up share capital	15	300	300
Share premium account	16	19,800	19,800
Profit and loss account	16	<u>724,275</u>	<u>647,166</u>
Equity shareholders' funds		<u>744,375</u>	<u>667,266</u>
Minority interest		394	5,685
		<u>744,769</u>	<u>672,951</u>

The notes on pages 8 to 15 form part of these accounts.

Approved by the Board of Directors on 16 October 2000

A J Lafave, Jr. DIRECTOR

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	<u>1999</u> £	<u>1998</u> £
<b>FIXED ASSETS</b>			
Tangible assets	9	160,006	233,238
Investments	10	<u>313,680</u>	<u>349,826</u>
		<u>473,686</u>	<u>583,064</u>
<b>CURRENT ASSETS</b>			
Debtors	11	7,261,977	6,176,159
Cash at bank and in hand		<u>3,346</u>	<u>129,771</u>
		<u>7,265,323</u>	<u>6,305,930</u>
<b>CREDITORS (amounts falling due within one year)</b>	12,13	<u>(7,120,666)</u>	<u>(6,378,441)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>144,657</u>	<u>(72,511)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>618,343</u>	<u>510,553</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>(18,604)</u>	<u>(38,275)</u>
<b>NET ASSETS</b>		<u>599,739</u>	<u>472,278</u>
<b>CAPITAL AND RESERVES</b>			
		<u>1999</u>	<u>1998</u>
		£	£
Called up share capital	15	300	300
Share premium account	16	19,800	19,800
Profit and loss account	16	579,639	452,178
<b>Equity shareholders' funds</b>		<u>599,739</u>	<u>472,278</u>

The notes on pages 8 to 15 form part of these accounts.

Approved by the Board of Directors on 16 October 2000

A J Lafaye, Jr. DIRECTOR

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	<u>1999</u> £	<u>1999</u> £	<u>1998</u> £	<u>1998</u> £
<b>Cash flow from operating activities</b>	23		117,109		(1,045,481)
<b>Returns on investments and servicing of finance</b>					
Interest received		3,849		26,933	
Bank interest paid		(6,803)		(7,427)	
Interest element of finance lease payments				(3,801)	
			(2,954)		15,705
<b>Taxation</b>					
UK Corporation Tax paid		(40,106)		46,513	
Overseas Tax paid		(9,246)		-	
			(49,352)		46,513
<b>Capital Expenditure</b>					
Purchase of tangible fixed assets		(40,478)		(67,451)	
Sale of tangible fixed assets		862		(147)	
Purchase of Investments		-		(251,640)	
			(39,616)		(319,238)
<b>Financing</b>					
Capital element of finance lease repayments		-		(83,083)	
			-		(83,083)
<b>(Decrease)/Increase in cash</b>	24,25		<u>25,187</u>		<u>(1,385,584)</u>

The notes on pages 8 to 15 form part of these accounts.



NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999

**1 PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements :

**(a) Accounting Convention**

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

**(b) Turnover**

Group turnover is in respect of fees and commissions receivable, net of Value Added Tax.

**(c) Basis of Consolidation**

The group financial statements comprise the consolidated financial statements of the company and its subsidiaries. Upon consolidation, associates are equity accounted for.

No profit and loss account is presented for International Management Group (UK) Limited as permitted by section 230(1) of the Companies Act 1985.

**(d) Depreciation**

Depreciation of fixed assets is provided to write off the cost amount of the assets over their expected useful lives on the straight line basis at the following rates per annum :

Short leasehold property and improvements	- over the period of the lease
Motor vehicles	- 20%
Fixtures and fittings	- 10%
Computers	- 33%

**(e) Deferred taxation**

Deferred taxation is provided except where the directors are satisfied that no amount will become payable in the foreseeable future.

**(f) Foreign currencies**

The trading results of foreign subsidiary undertakings are translated at the average exchange rate for the year, and their net assets are translated at the rate of exchange ruling at the balance sheet date. These differences are included within reserves.

Monetary balances denominated in foreign currencies are retranslated using the rate ruling at the balance sheet date. Differences arising on translation are included in the profit and loss account for the year.

**(g) Goodwill**

Goodwill on acquisition, being the difference between cost and fair value of the Group's share of net assets of the statutory entity acquired, is capitalised in the balance sheet and amortised over 5 years. This is the period over which commercial benefits from the acquired businesses are currently reasonably foreseeable.

Purchased goodwill is being amortised over 20 years since the trade is expected to provide economic benefits in the long term.

**(h) Investments**

Fixed asset investments are held at cost less provision for permanent diminution in value.

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (continued)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Leased Assets

Assets acquired under finance leases are included in tangible fixed assets. Depreciation rates are applied to write off the cost of these assets in equal annual amounts over the estimated useful life or the period of the lease, whichever is shorter. The capital element of future rentals appears as a liability in the balance sheet and the interest element is charged to the profit and loss account.

Operating lease payments are charged to the profit and loss account as incurred.

(j) Pension Costs

The group operates various defined contribution pension schemes. Employer contributions are accounted for on an accruals basis.

2. TURNOVER

Set out below is an analysis of the destination of turnover by geographical area :

	1999	1998
	£	£
UK	11,749,612	10,959,824
Rest of Europe	10,262,645	11,168,142
Rest of World	395,440	497,296
	<u>22,407,697</u>	<u>22,625,262</u>

Set out below is an analysis of the source of the profit/(loss) on ordinary activities before taxation by geographical area :

	1999	1998
	£	£
UK	134,014	(341,728)
Rest of Europe	36,646	(27,395)
Rest of World	32,004	120,300
	<u>202,664</u>	<u>(248,823)</u>

Set out below is an analysis of net assets by geographical area :

	1999	1998
	£	£
UK	1,111,280	1,026,295
Rest of Europe	(366,511)	(353,344)
Rest of World	-	-
	<u>744,769</u>	<u>672,951</u>

3. PARTICULARS OF EMPLOYEES

The average number of persons employed by the group (including directors) during the year was as follows:

	1999	1998
	Number	Number
Management and administration	<u>84</u>	<u>83</u>

The aggregate payroll cost of these persons was as follows :

	1999	1998
	£	£
Wages and salaries	2,981,951	2,805,116
Social security costs	638,853	519,734
Other pension costs (Note 22)	282,196	468,505
	<u>3,903,000</u>	<u>3,793,355</u>

Neither of the directors received remuneration from the group during 1999 or 1998.

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (continued)

4. INTEREST PAYABLE

	1999	1998
	£	£
On bank overdrafts and other loans wholly repayable within five years	6,589	7,427
On finance leases	214	3,801
	<u>6,803</u>	<u>11,228</u>

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging the following:

	1999	1998
	£	£
Depreciation	123,008	258,790
Amortisation	62,339	116,369
Auditors' remuneration	42,667	46,744
Operating lease rentals-land and buildings	433,812	236,038
Operating lease rentals-other	73,162	54,401
Loss on sale of tangible fixed assets	(4,067)	(4,950)

Fees payable to the auditors in respect of the parent company were £9,500.

There were no fees payable to the auditors for non-audit services.

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1999	1998
	£	£
UK Corporation Tax based on UK profits/(losses) for the year at 30.25% (1998: 31%)	117,643	11,912
Adjustment in respect of prior year	(2,714)	-
Deferred taxation (Note 14)	(19,671)	2,603
	<u>95,258</u>	<u>14,515</u>

7. PROFIT FOR THE YEAR FOR THE COMPANY

A profit of £127,461 (1998: £397,182 loss) for the year in respect of the company has been dealt with in the consolidated profit and loss account.

8. INTANGIBLE FIXED ASSETS

GROUP	Goodwill on acquisition	Purchased Goodwill	Total
	£	£	£
<b>Cost</b>			
At 1 January 1999	275,389	166,787	442,176
Additions	-	-	-
At 31 December 1999	<u>275,389</u>	<u>166,787</u>	<u>442,176</u>
<b>Accumulated amortisation</b>			
At 1 January 1999	108,000	8,369	116,369
Charge for the year	54,000	8,339	62,339
At 31 December 1999	<u>162,000</u>	<u>16,708</u>	<u>178,708</u>
<b>Net book amount</b>			
At 31 December 1999	<u>113,389</u>	<u>150,079</u>	<u>263,468</u>
At 1 January 1999	<u>167,389</u>	<u>158,418</u>	<u>325,807</u>

## INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (continued)

## 9. TANGIBLE FIXED ASSETS

<b>GROUP</b>	<b>Fixtures &amp; fittings</b>	<b>Motor vehicles</b>	<b>Finance leased equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost</b>					
At 1 January 1999	389,864	161,946	370,231	24,459	946,500
Additions	30,166	-	-	10,312	40,478
Disposals	(113,002)	(11,377)	-	-	(124,379)
Exchange differences	(38,324)	(5,619)	-	(2,312)	(46,255)
At 31 December 1999	<u>268,704</u>	<u>144,950</u>	<u>370,231</u>	<u>32,459</u>	<u>816,344</u>
<b>Accumulated depreciation</b>					
At 1 January 1999	305,380	98,872	208,497	6,729	619,478
Charge for the year	35,173	21,533	52,911	2,247	111,864
Disposals	(110,822)	(8,628)	-	-	(119,450)
Exchange differences	(30,599)	(3,974)	-	(538)	(35,111)
At 31 December 1999	<u>199,132</u>	<u>107,803</u>	<u>261,408</u>	<u>8,438</u>	<u>576,781</u>
<b>Net book amount</b>					
At 31 December 1999	<u>69,572</u>	<u>37,147</u>	<u>108,823</u>	<u>24,021</u>	<u>239,563</u>
At 1 January 1999	<u>84,484</u>	<u>63,074</u>	<u>161,734</u>	<u>17,730</u>	<u>327,022</u>
<b>COMPANY</b>	<b>Fixtures &amp; fittings</b>	<b>Motor vehicles</b>	<b>Finance lease equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost</b>					
At 1 January 1999	67,346	131,589	370,231	5,000	574,166
Additions	-	-	-	-	-
At 31 December 1999	<u>67,346</u>	<u>131,589</u>	<u>370,231</u>	<u>5,000</u>	<u>574,166</u>
<b>Accumulated depreciation</b>					
At 1 January 1999	47,871	82,360	208,497	2,200	340,928
Charge for the year	6,291	13,831	52,910	200	73,232
At 31 December 1999	<u>54,162</u>	<u>96,191</u>	<u>261,407</u>	<u>2,400</u>	<u>414,160</u>
<b>Net book amount</b>					
At 31 December 1999	<u>13,184</u>	<u>35,398</u>	<u>108,824</u>	<u>2,600</u>	<u>160,006</u>
At 1 January 1999	<u>19,475</u>	<u>49,229</u>	<u>161,734</u>	<u>2,800</u>	<u>233,238</u>

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (continued)

10. INVESTMENTS

GROUP

Investment in associated undertakings- Nick Faldo Design (UK) Limited

	1999	1998
	£	£
At 1 January and 31 December 1999	18,390	18,390

The directors are of the opinion that the company does not have significant influence over Nick Faldo Design (UK) Limited. As a result of this diminishment of control, this investment has been reclassified from an associate to a trade investment.

COMPANY

Cost of shares in group undertakings (including acquisition-related costs):

Name of company	Country of incorporation and principle place of business	Proportion of nominal value of shares held	31 December 1999 £	31 December 1998 £
IMG S.A. (holding company for IMG Artists SARL formerly IMG Productions SARL)	France	99.6%	694,246	694,246
Nick Faldo Design (UK) Limited	England	50%	100	100
Marksmen International (Management Overseas) Limited	England	100%	3	3
Knowfell Limited	England	100%	3	3
Marksmen Music Publishers Limited	England	80%	80	80
IMG Services SA	France	50%	-	2,612
Scottish Open Golf Championship Limited	Scotland	100%	5,389	5,389
			699,821	702,433

Provision against investment

IMG S.A.	(386,141)	(352,807)
	313,680	349,626

The issued share capital of each subsidiary and associated undertaking is in ordinary shares.

11. DEBTORS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors	2,313,539	3,149,113	1,159,037	1,452,270
Amounts owed by parent undertaking and fellow subsidiaries	6,280,548	5,153,078	5,606,964	4,333,573
Amounts owed by subsidiary undertakings	-	-	-	50,617
Other debtors	509,435	274,007	409,006	113,644
Prepayments & accrued income	607,284	474,918	86,970	226,055
	9,710,806	9,051,116	7,261,977	6,176,159

12. CREDITORS (amounts falling due within one year)

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank loans and overdrafts	-	317,720	-	317,720
Trade creditors	2,162,284	3,252,785	1,243,524	1,783,837
Amounts owed to parent undertaking and fellow subsidiaries	5,746,040	3,905,933	5,516,372	3,826,639
Amounts owed to subsidiary undertakings	-	-	-	51,357
Other creditors	582,158	577,912	221,097	200,314
Other taxation and social security	181,095	24,362	138,125	12,005
Accruals and deferred income	1,010,958	1,438,611	1,548	186,569
	9,682,535	9,517,323	7,120,666	6,378,441

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (continued)

13. OBLIGATIONS RELATING TO FINANCE LEASES

The obligations relating to finance leases (net of finance charges allocated to future periods) can be analysed between amounts payable:

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Within one year	19,117	-	19,117	-
Between one and five years	62,129	-	62,129	-
	<u>81,246</u>	<u>-</u>	<u>81,246</u>	<u>-</u>

14. DEFERRED TAXATION

The amount of deferred taxation relating to depreciation in excess of capital allowances provided in the accounts is as follows:-

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
At 1 January	38,275	35,672	38,275	35,672
Profit and Loss account charge	(19,671)	2,603	(19,671)	2,603
At 31 December	<u>18,604</u>	<u>38,275</u>	<u>18,604</u>	<u>38,275</u>

Deferred tax has been fully provided for in the year.

15. CALLED UP SHARE CAPITAL

	Authorised		Issued and fully paid	
	1999	1998	1999	1998
	£	£	£	£
Ordinary shares of £1 each	<u>20,100</u>	<u>20,100</u>	<u>300</u>	<u>300</u>

16. RESERVES

	GROUP		Profit and loss account	
		Share Premium		
		£		£
At 1 January 1999		19,800		647,166
Currency translation differences		-		(30,269)
Profit for the financial year		-		107,378
At 31 December 1999		<u>19,800</u>		<u>724,275</u>

COMPANY

	Share premium account	Profit and loss account
	£	£
Balance at 1 January	19,800	452,178
Profit for the financial year	-	127,461
Balance at 31 December	<u>19,800</u>	<u>579,639</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Profit/(Loss) for the financial year	107,378	(264,815)	127,461	(397,182)
Other recognised (losses)/gains relating to year	(30,269)	30,270	-	-
Opening shareholders' funds	667,266	901,811	472,278	869,460
Closing shareholders' funds	<u>744,375</u>	<u>667,266</u>	<u>599,739</u>	<u>472,278</u>

# INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (continued)

### 18. COMMITMENTS UNDER OPERATING LEASES

The group had annual commitments under non-cancellable operating leases as set out below :-

	1999		1998	
	Land and buildings	Other	Land and buildings	Other
Operating leases which expire :	£	£	£	£
Within one year	241,009	38,499	-	7,221
In two to five years	90,070	40,833	258,945	32,589
After five years	-	-	-	-
	<u>331,079</u>	<u>79,332</u>	<u>258,945</u>	<u>39,810</u>

The lease of land and buildings is subject to rent reviews.

### 19. COMMITMENTS AND CONTINGENCIES

The company has granted a floating charge over certain of its debtors and rights in respect of borrowings of other group companies: International Management Inc, International Merchandising Corporation, Trans World International Inc, International Management Group (UK) Inc and Nick Bollettieri Tennis Academy Inc.

Currently there are no borrowings under the overdraft facility to which the floating charge relates at the balance sheet date.

The company has guaranteed monies advanced on bank overdrafts to other group companies, Trans World International (UK) Inc. and International Management Group (UK) Inc.

IMG (UK) Limited is currently in litigation with the Swedish tax authorities on two counts. At the present time it is not considered probable that a material liability will arise in respect of either matter. Further details required by FRS 12 have not been disclosed, since it is believed that to do so would be seriously prejudicial to the interests of the company.

### 20. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

International Management Group (UK) Limited is a wholly owned subsidiary of International Management Inc.

The group's ultimate holding company is IMG Operations Inc. which is incorporated in the USA. IMG Operations Inc. is the largest and smallest group of which the group is a member and for which group financial statements are prepared. The ultimate controlling party of IMG Operations Inc. is Mark H McCormack.

Requests for financial information should be addressed to Arthur J Lafave Jr., Senior Group Vice President and Chief Financial Officer, International Management Group, One Erieview Plaza Suite 1300, Cleveland, Ohio 44114, USA

### 21. RELATED PARTY TRANSACTIONS

All related parties with whom the group entered into transactions during the year and with whom balances existed at the end of the year were fellow subsidiaries of IMG Operations, Inc.

Advantage has been taken of the exemption under FRS 8 not to disclose related party transactions with other group companies.

IMG (UK) Ltd has taken on a finance lease during the year on behalf of TWI (UK), Inc. Payments relating to the leases are made by IMG (UK) Ltd, and reimbursed by TWI (UK) Inc.

In addition, IMG (UK) Ltd have taken on an operating lease during the year on behalf of TWI (UK) Ltd. Leases expiring within one year on other assets are £87,460 (1998: £36,570). Leases expiring in two to five years on other assets are £343,909 (1998: £221,898). Leases expiring after five years on land and buildings are £213,000 (1998: £213,000). Payments are made by IMG (UK) Ltd, and reimbursed by TWI (UK) Inc.

# INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (continued)

### 22. PENSION SCHEME FUNDING

International Management Group (UK) Limited participates in a defined contribution scheme along with a number of UK companies within the International Management Group of companies.

In addition, the French subsidiaries of International Management Group (UK) Limited participate in a combination of State and privately managed pension schemes. All schemes in which these subsidiaries participate are defined contribution schemes with contributions being made by the employer and the employee. The employer contributions are included in the group accounts.

### 23. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASHFLOWS

	<u>1999</u>	<u>1998</u>
	£	£
Operating Profit	209,685	(259,578)
Depreciation charge	185,347	375,159
Movement in debtors	(695,278)	(1,986,647)
Movement in creditors	417,355	830,535
Profit on sale of Fixed Assets	-	(4,950)
Net cash inflow from operating activities	<u>117,109</u>	<u>(1,045,481)</u>

### 24. ANALYSIS OF NET FUNDS

	<u>At 1 January</u>	<u>Cashflow</u>	<u>At 31 December</u>
	<u>1999</u>		<u>1999</u>
	£	£	£
Cash in hand & at bank	506,214	(292,533)	213,681
Overdrafts	(317,720)	317,720	-
Total	<u>188,494</u>	<u>25,187</u>	<u>213,681</u>

### 25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Increase in cash in the period	25,187
Net funds at 1 January 1999	188,494
Net funds at 31 December 1999	<u>213,681</u>