

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1997



## **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 1997.

### **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 loss for the year after taxation amounted to £58,724 (1996: £84,353 loss), of which £58,724 (1996: £84,353) has been transferred from reserves.

During the year the directors did not recommend payment of a dividend (1996: £Nil).

### **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**

Price Waterhouse have expressed their willingness to continue as auditors of the company and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board



JPB Hall 24 September 1998  
Secretary

## **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. 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 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 17 which have been prepared under the historical cost convention and the accounting policies set out in pages 8 and 9.

**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 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 affairs of the company and of the group as at 31 December 1997 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

*24 September* 1998

**INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED**

**GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997**

	Notes	<u>1997</u> £	<u>1996</u> £
<b>TURNOVER</b>			
Cost of Sales	2	20,094,992	20,674,183
<b>GROSS PROFIT</b>		<u>(14,647,959)</u>	<u>(14,246,955)</u>
Administrative expenses		5,447,033	6,427,228
		<u>(5,479,351)</u>	<u>(6,618,885)</u>
<b>OPERATING LOSS</b>		(32,318)	(191,657)
Interest receivable and similar income		24,188	19,795
Income from interests in associate undertakings		0	(2,220)
Interest payable	4	(16,453)	(27,183)
Profit on sale of fixed assets		17,309	0
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<u>(7,274)</u>	<u>(201,265)</u>
Tax on profit/(loss) on ordinary activities	6	(50,972)	117,832
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(58,246)</u>	<u>(83,433)</u>
Minority interest		(478)	(920)
<b>LOSS FOR THE FINANCIAL YEAR</b>	17	<u>(58,724)</u>	<u>(84,353)</u>
Dividend		-	-
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	16	<u>(58,724)</u>	<u>(84,353)</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<u>1997</u> £	<u>1996</u> £
Loss for the financial year	(58,724)	(84,353)
Currency translation differences on foreign currency net investments	(42,355)	(68,202)
Total recognised losses relating to the year	<u>(101,079)</u>	<u>(152,555)</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1997**

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

The notes on pages 8 to 17 form part of these accounts.

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

GROUP BALANCE SHEET AS AT 31 DECEMBER 1997

	Notes	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	8	409,132	441,537
Investments	9	18,390	18,390
		<u>427,522</u>	<u>459,927</u>
<b>CURRENT ASSETS</b>			
Debtors	10	7,107,448	8,139,234
Cash at bank and in hand		1,685,569	1,204,628
		<u>8,793,017</u>	<u>9,343,862</u>
<b>CREDITORS (amounts falling due within one year)</b>	11	(8,279,238)	(8,695,322)
<b>NET CURRENT ASSETS</b>		<u>513,779</u>	<u>648,540</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		941,301	1,108,467
<b>CREDITORS (amounts falling due after more than one year)</b>	12	(35,672)	(104,532)
<b>NET ASSETS</b>		<u>905,629</u>	<u>1,003,935</u>
<b>CAPITAL AND RESERVES</b>			
		1997 £	1996 £
Called up share capital	15	300	300
Share premium account	16	19,800	19,800
Profit and loss account	16	929,420	1,030,499
Other reserves	16	(47,709)	(47,709)
<b>Shareholders' funds</b>		<u>901,811</u>	<u>1,002,890</u>
Minority interest		3,818	1,045
		<u>905,629</u>	<u>1,003,935</u>

The notes on pages 8 to 17 form part of these accounts.

Approved by the Board of Directors on 24 September 1998

A J Lafave, Jr. DIRECTOR

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

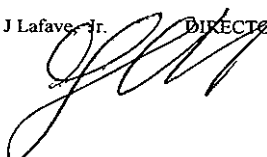
COMPANY BALANCE SHEET AS AT 31 DECEMBER 1997

	Notes	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	8	317,446	317,896
Investments	9	<u>570,686</u>	<u>479,215</u>
		<u>888,132</u>	<u>797,111</u>
<b>CURRENT ASSETS</b>			
Debtors	10	5,103,523	6,120,389
Cash at bank and in hand		<u>-</u>	<u>15,938</u>
		<u>5,103,523</u>	<u>6,136,327</u>
<b>CREDITORS (amounts falling due within one year)</b>	11	<u>(5,086,523)</u>	<u>(5,928,889)</u>
<b>NET CURRENT ASSETS</b>		<u>17,000</u>	<u>207,438</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>905,132</u>	<u>1,004,549</u>
<b>CREDITORS (amounts falling due after more than one year)</b>	12	<u>(35,672)</u>	<u>(104,532)</u>
<b>NET ASSETS</b>		<u>869,460</u>	<u>900,017</u>
<b>CAPITAL AND RESERVES</b>			
		<u>1997</u>	<u>1996</u>
		£	£
Called up share capital	15	300	300
Share premium account	16	19,800	19,800
Profit and loss account	16	849,360	879,917
<b>Shareholders' funds</b>		<u>869,460</u>	<u>900,017</u>

The notes on pages 8 to 17 form part of these accounts.

Approved by the Board of Directors on 24 September 1998

A J Lafave, Jr. DIRECTOR



**INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED**

**GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1997**

	Note	<u>1997</u> £	<u>1997</u> £	<u>1996</u> £	<u>1996</u> £
<b>Cash flow from operating activities</b>	22		519,480		621,010
<b>Returns on investments and servicing of finance</b>					
Interest received		24,188		19,795	
Bank interest paid		(3,796)		(6,102)	
Interest element of finance lease payments		<u>(12,657)</u>		<u>(20,805)</u>	
			7,735		(7,112)
<b>Taxation</b>					
UK Corporation Tax repaid/paid		86,496		(5,790)	
Overseas Tax paid		<u>(12,501)</u>		<u>-</u>	
			73,995		(5,790)
<b>Capital Expenditure</b>					
Purchase of tangible fixed assets		(122,670)		(76,966)	
Sale of tangible fixed assets		<u>27,263</u>		<u>5,722</u>	
			(95,407)		(71,244)
<b>Financing</b>					
Capital element of finance lease repayments		<u>(98,677)</u>		<u>(90,529)</u>	
			(98,677)		(90,529)
<b>Increase in cash</b>	23		<u>407,126</u>		<u>446,335</u>

The notes on pages 8 to 17 form part of these accounts.

**INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997**

**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.

**(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.

Where businesses are acquired during the year the excess of consideration over the fair value of the net assets acquired is written off against reserves. The surplus of the fair value of the net assets acquired over consideration is credited to capital reserves.

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**

Foreign currencies are translated in accordance with generally accepted accounting principles as follows:-

- (i) Transactions in the year at the average exchange rate for the year.
- (ii) Balances at the end of the year at the year end exchange rate.

**INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (continued)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**(g) 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.

**(h) Pension Costs**

The group operates various 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 :

	<u>1997</u>	<u>1996</u>
	£	£
UK Income	10,102,131	10,030,580
Europe Income	9,925,691	10,617,185
Rest of world Income	67,170	26,418
	<u>20,094,992</u>	<u>20,674,183</u>

**3. PARTICULARS OF EMPLOYEES**

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

	<u>1997</u>	<u>1996</u>
	Number	Number
Management and administration	78	74

The aggregate payroll cost of these persons was as follows :

	<u>1997</u>	<u>1996</u>
	£	£
Wages and salaries	2,457,793	2,366,273
Social security costs	415,204	450,075
Other pension costs (Note 21)	315,219	284,462
	<u>3,188,216</u>	<u>3,100,810</u>

Neither of the directors received remuneration from the group during 1997 or 1996.

**INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (continued)**

**4. INTEREST PAYABLE**

	<u>1997</u>	<u>1996</u>
	£	£
On bank overdrafts and other loans wholly repayable within five years	3,796	6,378
On finance leases	<u>12,657</u>	<u>20,805</u>
	<u>16,453</u>	<u>27,183</u>

**5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Loss on ordinary activities before taxation is stated after crediting the following:

	<u>1997</u>	<u>1996</u>
	£	£
Depreciation	134,247	149,167
Auditors' remuneration	45,910	38,862
Operating lease rentals	177,964	189,312
Profit /(loss) on sale of tangible fixed assets	<u>17,537</u>	<u>(5,625)</u>

Fees payable to the auditors in respect of the parent company were £20,750 (1996: £13,000)

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

None of the operating lease rentals relate to plant and machinery.

Set out below is an analysis of the source of the losses on ordinary activities before taxation by geographical area :

	<u>1997</u>	<u>1996</u>
	£	£
UK	(294,953)	(333,295)
Europe	229,556	216,500
Rest of World	<u>58,123</u>	<u>(84,470)</u>
	<u>(7,274)</u>	<u>(201,265)</u>

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

	<u>1997</u>	<u>1996</u>
	£	£
UK Corporation Tax based on UK profits for the year at 31.5% (1996: 33%)	24,248	(148,225)
Underprovision in respect of prior year taxation	-	(562)
Overseas taxation	12,501	24,899
Share of tax of associated undertakings	-	(2,893)
Deferred taxation (Note 14)	<u>14,223</u>	<u>8,949</u>
	<u>50,972</u>	<u>(117,832)</u>

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (continued)

7. LOSS FOR THE YEAR

A loss of £30,557 (1996: £222,220 loss) for the year in respect of the company has been dealt with in the consolidated profit and loss account.

8. TANGIBLE FIXED ASSETS

<u>GROUP</u>	<u>Fixtures &amp; fittings</u>	<u>Motor vehicles</u>	<u>Finance leased equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	£	£	£	£	£
<b>Cost</b>					
At 1 January 1997	395,753	124,091	370,231	58,155	948,230
Exchange differences	(33,821)	(5,085)	-	(5,465)	(44,371)
Additions	39,058	83,612	-	-	122,670
Disposals	(73,259)	(49,546)	-	-	(122,805)
At 31 December 1997	<u>327,731</u>	<u>153,072</u>	<u>370,231</u>	<u>52,690</u>	<u>903,724</u>
<b>Accumulated depreciation</b>					
At 1 January 1997	295,280	70,611	102,717	38,085	506,693
Exchange differences	(27,972)	(1,567)	-	(3,958)	(33,497)
Charge for the year	46,666	27,183	52,890	7,508	134,247
Disposals	(72,382)	(40,469)	-	-	(112,851)
At 31 December 1997	<u>241,592</u>	<u>55,758</u>	<u>155,607</u>	<u>41,635</u>	<u>494,592</u>
<b>Net book value</b>					
At 31 December 1997	<u>86,139</u>	<u>97,314</u>	<u>214,624</u>	<u>11,055</u>	<u>409,132</u>
At 1 January 1997	<u>100,473</u>	<u>53,480</u>	<u>267,514</u>	<u>20,070</u>	<u>441,537</u>

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (continued)

8. TANGIBLE FIXED ASSETS (continued)

<u>COMPANY</u>	<u>Fixtures &amp; fittings</u> £	<u>Motor vehicles</u> £	<u>Finance lease equipment</u> £	<u>Leasehold improvements</u> £	<u>Total</u> £
<b>Cost</b>					
At 1 January 1997	66,771	74,635	370,231	5,000	516,637
Additions	575	74,000	-	-	74,575
Disposals	-	(49,546)	-	-	(49,546)
Transfers	-	25,500	-	-	25,500
At 31 December 1997	<u>67,346</u>	<u>124,589</u>	<u>370,231</u>	<u>5,000</u>	<u>567,166</u>
<b>Accumulated depreciation</b>					
At 1 January 1997	35,560	58,664	102,717	1,800	198,741
Charge for the year	6,111	16,359	52,890	200	75,560
Disposals	-	(40,469)	-	-	(40,469)
Transfers	-	15,888	-	-	15,888
At 31 December 1997	<u>41,671</u>	<u>50,442</u>	<u>155,607</u>	<u>2,000</u>	<u>249,720</u>
<b>Net book value</b>					
At 31 December 1997	<u>25,675</u>	<u>74,147</u>	<u>214,624</u>	<u>3,000</u>	<u>317,446</u>
At 1 January 1997	<u>31,211</u>	<u>15,971</u>	<u>267,514</u>	<u>3,200</u>	<u>317,896</u>

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (continued)

9. INVESTMENTS

GROUP

Investment in associated undertaking

	<u>1997</u>	<u>1996</u>
	£	£
At 1 January	18,390	17,717
Profit for the year	-	673
At 31 December	<u>18,390</u>	<u>18,390</u>

The directors are of the opinion that the company does not have a controlling interest in Nick Faldo Design (UK) Limited, hence this investment is treated as an associated undertaking.

COMPANY

Cost of shares in group undertakings:

<u>Name of company</u>	<u>country of incorporation and principle place of business</u>	<u>Proportion of nominal value of shares held</u>	<u>31 December 1997</u>	<u>31 December 1996</u>
			£	£
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	-
			<u>697,044</u>	<u>694,432</u>

Provision against investment

IMG S.A.	(126,358)	(215,217)
	<u>570,686</u>	<u>479,215</u>

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

In the opinion of the directors the aggregate value of the company's investment in and advances to its subsidiary and associated undertakings is not less than the aggregate amount at which they are stated in the balance sheet.

10. DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Trade debtors	2,605,310	1,902,918	1,545,161	917,152
Amounts owed by parent undertaking and fellow subsidiaries	3,250,857	5,332,631	2,674,742	4,601,409
Amounts owed by subsidiary undertakings	-	-	30,247	57,703
Corporation tax recoverable	42,979	145,234	42,979	181,018
Other debtors	827,647	240,993	673,050	123,579
Prepayments & accrued income	380,655	517,458	137,344	239,528
	<u>7,107,448</u>	<u>8,139,234</u>	<u>5,103,523</u>	<u>6,120,389</u>

INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (continued)

11. CREDITORS (amounts falling due within one year)

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loans and overdrafts	111,491	-	111,491	-
Trade creditors	2,697,975	1,587,511	1,335,422	842,695
Amounts owed to parent undertaking and fellow subsidiaries	3,861,032	5,373,173	3,233,573	4,692,886
Amounts owed to subsidiary undertakings	-	-	46,562	-
Obligations under finance leases (note 13)	83,083	98,677	83,083	98,677
Other creditors	304,805	1,558	788	-
Other taxation and social security	139,599	372,008	131,438	107,450
Accruals and deferred income	1,081,253	1,262,395	144,166	187,181
	<u>8,279,238</u>	<u>8,695,322</u>	<u>5,086,523</u>	<u>5,928,889</u>

12. CREDITORS (amounts falling due after more than one year)

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Deferred taxation (Note 14)	35,672	21,449	35,672	21,449
Obligations under finance leases (note 13)	-	83,083	-	83,083
	<u>35,672</u>	<u>104,532</u>	<u>35,672</u>	<u>104,532</u>

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	
	1997	1996	1997	1996
	£	£	£	£
Within one year	83,083	98,677	83,083	98,677
Between one and five years	-	83,083	-	83,083
	<u>83,083</u>	<u>181,760</u>	<u>83,083</u>	<u>181,760</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	
	1997	1996	1997	1996
	£	£	£	£
At 1 January	21,449	12,500	21,449	12,500
Profit and Loss account charge	14,223	8,949	14,223	8,949
At 31 December	<u>35,672</u>	<u>21,449</u>	<u>35,672</u>	<u>21,449</u>

Deferred tax has been fully provided for in the year.

15. CALLED UP SHARE CAPITAL

	Authorised		Issued and fully paid	
	1997	1996	1997	1996
	£	£	£	£
Ordinary shares of £1 each	<u>20,100</u>	<u>20,100</u>	<u>300</u>	<u>300</u>

# INTERNATIONAL MANAGEMENT GROUP (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (continued)

### 16. RESERVES

<u>GROUP</u>	<u>Share Premium</u> £	<u>Profit and loss account</u> £	<u>Other Reserves</u> £
At 1 January 1997	19,800	1,030,499	(47,709)
Currency translation differences	-	(42,355)	-
Loss for the financial year	-	(58,724)	-
At 31 December 1997	<u>19,800</u>	<u>929,420</u>	<u>(47,709)</u>

Other reserves include cumulative goodwill arising from past acquisitions written off to reserves of £50,474 (1996: £50,474).

### COMPANY

	<u>Share premium account</u> £	<u>Profit and loss account</u> £
Balance at 1 January	19,800	879,917
Loss for the financial year	-	(30,557)
Balance at 31 December	<u>19,800</u>	<u>849,360</u>

### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u> £	<u>1996</u> £	<u>1997</u> £	<u>1996</u> £
Loss for the financial year	(58,724)	(84,353)	(30,557)	(222,220)
Other recognised gains relating to the year	(42,355)	(68,202)	-	-
Opening shareholders' funds	1,002,890	1,155,445	900,017	1,122,237
Closing shareholders' funds	<u>901,811</u>	<u>1,002,890</u>	<u>869,460</u>	<u>900,017</u>

### 18. COMMITMENTS UNDER OPERATING LEASES

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

	<u>1997</u>		<u>1996</u>	
	<u>Land and buildings</u> £	<u>Other</u> £	<u>Land and buildings</u> £	<u>Other</u> £
Operating leases which expire :				
Within one year	111,021	30,117	119,029	27,326
In two to five years	34,796	162,601	23,024	150,742
After five years	194,000	-	194,000	-
	<u>339,817</u>	<u>192,718</u>	<u>336,053</u>	<u>178,068</u>

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

### 19. CONTINGENT LIABILITIES

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.

The directors do not believe it is practicable to estimate the value of the contingent liability.

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