Company Registration No. 00946580

International Management Group (UK) Limited

Annual Report and Financial Statements for the year ended 31 December 2008

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International Management Group (UK) Limited

Report and financial statements 2008

Contents

International Management Group (UK) Limited

Report and financial statements 2008

Officers and professional advisers

Directors

J Raleigh	
A Crispino	
John Loffhagen	(appointed on 29 September 2008 and resigned on 27 November 2008)
Graham Wallace	(appointed on 29 September 2008 and resigned on 9 April 2009)
Jeremy Cole	(appointed on 27 February 2009)

Secretary

John Loffhagen

Registered Office

McCormack House
Burlington Lane
Chiswick
London
W4 2TH

Bankers

HSBC
70 Pall Mall
London
SW1Y 5EY

Solicitors

MacFarlane's
10 Norwich Street
London
EC4A 1BD

Auditors

Deloitte LLP
Chartered Accountants
2 New Street Square
London
EC4A 3BZ

International Management Group (UK) Limited

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

Principal activities

The Company has principal activities in the fields of sport, music, modelling and entertainment. Within these fields, the Company is involved in the management/representation of individuals and organisations and the management and promotion of events and consultancy.

Going concern

The Company holds cash balances to meet its day-to-day working capital requirements. The current economic conditions create uncertainty, particularly over consumer demand for sports and entertainment events. As such, IMG Worldwide, Inc., an intermediate parent undertaking, has confirmed it will provide continuing financial support for at least 12 months from the date of approval of the financial statements.

After making inquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

Business review

On 2 April 2007, the Company acquired all of the outstanding stock of Quintus Group Limited ("Quintus") for cash consideration of £16,551,634, plus an earnout payment of £459,681. The Company's ultimate parent company, IMG Worldwide Holdings, Inc., also issued 655,000 shares of Class A common shares valued at £447,236. Thus, the total consideration for Quintus was £17,458,551. The fair value of the assets hived up into the Company during the year are detailed in note 12 to the accounts. Quintus' core business includes sponsorship, corporate hospitality and event management, complementing the Company's existing Sports & Entertainment business model. On 1 January 2008 the trade and assets of Quintus were hived up into the Company, with the exception of Three D Signs International Limited.

Growth in turnover arises principally from increasing transaction volumes, renegotiated contracts plus new services and the acquisition of Quintus Group Limited. In the normal course of business, from time to time, the Company will enter into commercial contract negotiations regarding scope and duration of contract.

Administrative expenses are measured into two distinct categories, selling, general and administrative and depreciation. Selling, general and administrative expenses include staff costs, rent and rates, technology related costs and all other. Staff costs are primarily comprised of salaries, social security and employer pension contributions.

It is expected that operating margins can be maintained at historic levels. The Company will look to improve margins as a result of new business wins, our continued new business initiatives associated with the positive long-term industry trends and our continuing focus on cost-reduction.

The Company's results for the year and the financial position at the end of the year are shown in the attached financial statements.

International Management Group (UK) Limited

Directors' report

Key performance indicators

The Board uses a range of performance indicators to monitor and manage the business and to ensure focus is maintained on the key priorities of the company. The relative focus on these will vary from period to period. The principal Key Performance indicators used to manage the business are:

- Financial performance against expectations, in particular focus on revenue, gross profit and EBITDA;

	2008	**2007**
	£'000	**£'000**
Revenue	57,774	45,116
Gross profit	28,640	21,101
EBITDA	10,144	7,370

The revenue and gross profit increases have been driven predominantly by the inclusion of the results of Quintus from 1 January 2008.

- Delivery of contracted services against client agreements.

Risks

The principal risks and uncertainties facing the company are:

- Market risk – The Company is exposed to a decline in the economic environment impacting ticket sales, sponsorship revenues and event participation. Such conditions may have a material impact on the Company's profitability.
- Loss of clients – The Company may lose contracts/and or clients due to their merger or acquisition, business failure, or contract expiration or a strategic reassessment by the client to take services 'in –house'. Such a loss may have a material impact on its profitability.
- Credit Risk – The Company primarily transacts with large blue chip clients which by their nature assist in reducing credit risk. Invoicing is agreed with the customer in advance and the Company does not offer extended credit terms. In addition, trade debtor balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is minimised. Many of the Company's key client relationships are characterised by a close working relationship and knowledge of the business which reduces the credit risk.
- Exchange rate fluctuations – The Company currently operates in several countries and is, and will continue to be, exposed to foreign currency rate fluctuations. Where possible natural hedges are used through payment of expenses in the same currency as generated revenue.
- Liquidity risk – The Company holds cash balances to meet its day-to-day working capital requirements.

Results and dividends

The profit for the year after taxation amounted to £3,255,282 (2007: £7,988,960) of which £3,255,282 (2007: £7,988,960) has been transferred to reserves.

No dividends were paid during the year (2007: nil).

Directors' report

Directors and their interests

The following directors held office during the year:

J Raleigh (USA)
A Crispino (USA)
J Loffhagen
G Wallace

Employees

The Company endeavours to treat all employees and job applicants on the basis of merit and ability to do the job without any discrimination unjustifiable in terms of equality of opportunity.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

This policy does not form part of any employee's contract of employment and the Company reserves the right to amend or issue a replacement policy at any time.

Political and charitable contributions

The Company made no political contributions during the year (2007: £nil).

The Company made a total of £25,422 (2007: £8,593) worth of charitable donations during the year.

Policy and practice on payment of creditors

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors at 31 December 2008 were equivalent to 17 days purchases (2007: 21 days purchases), based on the average daily amount invoiced by suppliers during the year.

International Management Group (UK) Limited

Directors' report

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Jeremy Cole

J Cole
Director
27 October 2009

International Management Group (UK) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 UK Accounting Standards have been followed; and
- 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.

Independent auditors' report to the members of International Management Group (UK) Limited

We have audited the financial statements of International Management Group (UK) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. We report to you, whether in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report to the members of International Management Group (UK) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
27 October 2009

International Management Group (UK) Limited

Profit and loss account
Year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover		57,773,751	45,115,997
Cost of sales		(29,133,903)	(24,014,736)
Gross profit		28,639,848	21,101,261
Administrative expenses		(20,537,012)	(15,228,230)
Other operating income (net)	5	1,559,747	1,154,093
Operating profit	2	9,662,583	7,027,124
Share of joint venture loss before tax	12	(1,462,128)	-
Profit on disposal of fixed assets	2	19,261	7,720
Profit on ordinary activities before interest		8,219,716	7,034,844
Interest receivable and similar income	6	131,477	224,029
Interest payable and similar charges	7	(4,140,578)	(10,286)
Profit on ordinary activities before taxation	2	4,210,615	7,248,587
Tax (charge)/credit on profit on ordinary activities	8	(955,333)	740,373
Profit for the financial year	22	3,255,282	7,988,960

There are no recognised gains or losses in either year other than the profit in that year.

All results relate to continuing activities in the current year.

Company No: 00946580

International Management Group (UK) Limited

	Notes	2008 £	2007 £
Fixed assets			
Goodwill	9	14,563,207	-
Intangible assets	10	8,494,496	-
Tangible assets	11	2,864,786	767,095
Investments	12	22,505,018	32,107,859
		48,427,507	32,874,954
Current assets			
Stocks	13	270,128	-
Debtors	14	24,840,334	22,942,902
Cash at bank and in hand		1,385,649	1,912,438
		26,496,111	24,855,340
Creditors: amounts falling due within one year	15	(54,216,898)	(41,559,015)
Net current liabilities		(27,720,787)	(16,703,675)
Creditors: amounts falling due after more than one year	17	(2,179,927)	(270,143)
Provisions for liabilities and charges	18	(1,478,217)	(2,806,600)
Net assets		17,048,576	13,094,536
Capital and reserves			
Called up share capital	19	1,100	1,100
Share premium account	20	6,753,000	6,753,000
Profit and loss account	20	10,294,476	6,340,436
	22	17,048,576	13,094,536

The notes on pages 11 to 26 form part of these accounts

These financial statements were approved by the Board of Directors on 27 October 2009.

Signed on behalf of the Board of Directors

Jeremy Cole

J Cole

Director

Notes to the accounts
Year ended 31 December 2008

1. **Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

The Company has taken the exemption available within FRS 1 'Cash Flow Statements', not to prepare a cash flow statement on the grounds that the results of the company are included in the consolidated accounts of the ultimate parent company IMG Worldwide Holdings, Inc., which are available from the address given in note 26.

As the Company is a wholly owned subsidiary of IMG Worldwide Holdings, Inc., the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of IMG Worldwide Holdings, Inc., within which this Company is included, can be obtained from the address given in note 26.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

The directors have received a letter of support from IMG Worldwide, Inc, the intermediate parent company of the Company, stating that IMG Worldwide Inc. will make sufficient funding available to enable the Company to continue to trade and meet its obligations as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of the accounts they have no reason to believe that it will not continue.

Based upon the above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover is in respect of event and client commissionable revenues, net of Value Added Tax. In particular, event revenue is primarily comprised of sponsorship income, domestic and foreign TV sales income, ticket income and hospitality services. Client revenues consist of commissions received from client prize money, appearance fees and merchandising rights.

Revenue is recorded as earned. Revenue is earned when the Company has provided services or completed commissionable activities. When revenues from contractual agreements are dependent upon the occurrence of future events, recognition of revenue is deferred until such events have occurred. Accordingly, costs incurred relating to future revenues are also deferred until such events occur.

Revenue from client management activities is earned when the Company has provided services to the client or when the company has substantially completed all services required under a contractual arrangement and collectability is reasonably assured.

1. **Accounting policies (continued)**

Turnover (continued)

Revenue from IMG owned sports and performing arts events is earned during the period the event occurs. Revenue from non-owned events is recorded when services are completed and collectability is reasonably assured. Revenue from non-owned event consulting services is recorded as services are provided throughout the event representation period.

The Company does not recognise the client portion of revenues. Revenue from all other activities is recorded as services are provided and collection is reasonably assured.

The Company manages certain events in the capacity of an agent acting on behalf of its clients. Revenue earned from these events is accounted for on a net basis.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Intangible assets

Intangible assets that are acquired as part of a business combination, including, but not limited to, tradenames, event rights, event contracts and internally developed software and that can be separately measured at fair value, on a reliable basis, are separately recognised on acquisition at fair value, together with the associated deferred tax liability.

Intangible assets with a finite useful life are recognised at cost and depreciated over their expected useful lives on a straight line basis.

Intangible assets with an indefinite useful life are recognised at cost and tested for impairment annually.

Tangible fixed assets

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

Short leasehold property and improvements	-	10 years
Fixtures and fittings	-	5 years
Office equipment	-	3-10 years

Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment.

Accounting for joint ventures

The Company holds an interest in joint ventures. Investments in joint ventures are accounted for using the equity method or the cost method, depending on whether the joint venture is a partnership or a registered company, respectively.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items, where appropriate.

Notes to the accounts
Year ended 31 December 2008

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Post retirement benefits

The Company is a member of group defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Leased assets

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease even if payments are not made on such a basis.

Share based payments

For equity-settled share-based payments, the fair value of equity instruments (options and shares) granted after 7 November 2002 and not vested as at 1 January 2006 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the equity instruments.

The share option schemes allow employees to acquire shares of the ultimate parent company, IMG Worldwide Holdings, Inc. There are no grants to employees of equity instruments in the Company and there is no policy of the ultimate parent company making linked-clearly recharges to the Company for the provision of these equity instruments.

The fair value of the options granted is measured using the Black-Scholes option-pricing model for option pricing, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

Where the parent, IMG Worldwide Holdings, Inc, grants options over its own shares to the employees of its subsidiaries, including International Management Group (UK) Limited, the subsidiary records an employee expense and a corresponding increase in shareholders' equity.

International Management Group (UK) Limited

Notes to the accounts
Year ended 31 December 2008

2. Profit on ordinary activities before taxation

	2008 £	2007 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charged on owned assets	159,011	288,187
Depreciation on assets held under finance leases	133,260	46,885
Auditors' remuneration:		
audit of these financial statements	41,009	26,500
Operating lease rentals – land and buildings	514,515	459,307
Operating lease rental – other	87,057	83,663
Profit on disposal of fixed assets	19,261	7,720

3. Staff numbers and costs

The average number of employees of the company including directors (excluding joint ventures) during the year was as follows:

	2008 Number	2007 Number
Management and administration	303	253

The aggregate payroll costs to the company of these persons were as follows:

	2008 £	2007 £
Wages and salaries	18,265,653	12,444,753
Social security costs	1,893,903	1,462,908
Other pension costs	783,049	863,073
Other personnel costs	2,228,061	805,477
	23,170,666	15,576,211

4. Remuneration of directors

	2008 £	2007 £
Emoluments	60,870	-

International Management Group (UK) Limited

Notes to the accounts
Year ended 31 December 2008

5. Other operating income

	2008 £	2007 £
Foreign exchange gains/(losses) in respect of trading activities	1,493,871	(100,907)
Head office recoveries	-	1,255,000
Other income	65,876	-
	1,559,747	1,154,093

In 2008, the Company has netted off head office recoveries against the income statement line to which they relate.

6. Interest receivable and similar income

	2008 £	2007 £
Bank interest	74,855	61,314
Foreign exchange gains in respect of non trading activities	-	145,170
Intercompany interest received	56,622	17,545
	131,477	224,029

7. Interest payable and similar charges

	2008 £	2007 £
Bank interest expense	82,082	99
Interest element of finance leases	23,897	10,187
Foreign exchange losses in respect of non trading activities	4,028,410	-
Other interest	6,189	-
	4,140,578	10,286

International Management Group (UK) Limited

Notes to the accounts
Year ended 31 December 2008

8. Taxation

Analysis of charge/(credit) in period

	2008 £	2007 £
UK corporation tax		
Current tax on income for the period	286,749	520,420
Adjustments in respect of prior periods	(550,767)	9,832
	(264,018)	530,252
Foreign tax		
Current tax on income for the period	627,013	-
Total current tax	362,995	530,252
Deferred taxation		
Origination and reversal of timing differences	586,798	1,865,008
Adjustment for prior year	5,540	(3,135,633)
Total deferred tax	592,338	(1,270,625)
Total tax on profit on ordinary activities	955,333	(740,373)

Factors affecting current year tax charge

The current tax charge for the year is lower (2007: lower) than the standard blended rate of corporation tax in the UK of 28.5% (2007: 30%)

	2008 £	2007 £
Current tax reconciliation		
Profit on ordinary activities before taxation	4,210,615	7,248,587
Current tax at 28.5% (2007: 30%)	1,200,025	2,174,576
Effect of		
Expenses not deductible for tax purposes	780,166	132,980
Capital allowances in excess of depreciation	(42,457)	(10,430)
Other short term timing differences	75,499	(116,520)
Utilisation of tax losses	(636,611)	(1,611,603)
Adjustments to tax charges in respect of previous periods	(550,767)	9,832
Profit on disposal of investments	-	(2,316)
Group relief claimed	(462,860)	-
Temporary differences	-	(46,267)
Tax on profit on ordinary activities	362,995	530,252

Factors that may affect future current and total tax charges

As at 31 December 2008 there were no unrelieved losses in the group. (2007: £2,310,436)

There are no deferred tax assets which have not been recognised.

Notes to the accounts
Year ended 31 December 2008

9. Goodwill

	Total £
Cost	
At 1 January 2008	-
Additions	15,329,692
At 31 December 2008	15,329,692
Amortisation	
At 1 January 2008	-
Charge for the year	(766,485)
At 31 December 2008	(766,485)
Net book value	
At 31 December 2008	14,563,207
At 31 December 2007	-

On 2 April 2007, the Company acquired all of the ordinary share capital of Quintus Group Limited ("Quintus") a United Kingdom based company that is involved in sports sponsorship and event management. Effective 1 January 2008, the trade assets and liabilities of Quintus entities, with the exception of Three D Signs International Limited, were transferred to the Company. The combination has been accounted for by the acquisition method of accounting, under common control. The consideration for the acquisition was at net book value.

Goodwill arising on the acquisition of Quintus has been calculated as follows:

	£
Consideration	
Cash	15,277,148
Shares allotted	447,236
Earn out	459,681
Acquisition costs	1,043,543
Total consideration	17,227,608
Fair value of net assets acquired	(1,897,916)
Goodwill	15,329,692

10. Intangible fixed assets

	Total £
Cost	
At 1 January 2008	-
Additions	9,700,000
At 31 December 2008	9,700,000
Depreciation	
At 1 January 2008	-
Accumulated depreciation transferred	(338,993)
Charge for year	(549,195)
Impairment losses	(317,316)
At 31 December 2008	(1,205,504)
Net book value	
At 31 December 2008	8,494,496
At 31 December 2007	-

Intangible assets have been acquired on the acquisition of Quintus and include, but are not limited to, tradenames, event rights, event contracts and internally developed software.

Effective 1 January 2008, the trade assets and liabilities of Quintus entities, with the exception of Three D Signs International Limited, were transferred to the Company. The combination has been accounted for by the acquisition method of accounting, under common control. The consideration for the acquisition was at net book value.

International Management Group (UK) Limited

Notes to the accounts
Year ended 31 December 2008

11. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Leasehold improvements £	Total £
Cost				
At 1 January 2008	538,880	614,303	248,105	1,401,288
Additions	49,573	2,285,099	140,494	2,475,166
Transfers	-	(149,565)	-	(149,565)
At 31 December 2008	588,453	2,749,837	388,599	3,726,889
Depreciation				
At 1 January 2008	326,932	254,062	53,199	634,193
Charge for the year	49,867	215,504	26,900	292,271
Transfers	-	(64,361)	-	(64,361)
At 31 December 2008	376,799	405,205	80,099	862,103
Net book value				
At 31 December 2008	211,654	2,344,632	308,500	2,864,786
At 31 December 2007	211,948	360,241	194,906	767,095

Included in the total net book value for office equipment is £2,275,963 (2007: £192,755) in respect of assets held under finance leases and depreciation of £133,260 (2007: £46,885) charged thereon.

12. Fixed asset investments

The values of the investments in which the Company's interest at year end was more than 20% are as follows:

	Subsidiary undertakings £	Joint ventures £	Total £
Cost			
At 1 January 2008	32,107,759	100	32,107,859
Additions/Capital contribution	663,526	8,627,619	9,291,145
Hive up	(17,227,608)	-	(17,227,608)
Post acquisition adjustment	(204,250)	-	(204,250)
Share of partnership retained loss	-	(1,462,128)	(1,462,128)
At 31 December 2008	15,339,427	7,165,591	22,505,018
Net book value			
At 31 December 2008	15,339,427	7,165,591	22,505,018
At 31 December 2007	32,107,759	100	32,107,859

Notes to the accounts
Year ended 31 December 2008

12 Fixed asset investments (continued)

On 19 February 2007, the Company, with its partner Bastion Stadiums LLP, set up a joint venture partnership, International Stadia Group LLP. As at the balance sheet date, this company had committed capital contributions of £8,627,619 (2007: £nil). The Company recognised its share of the partnership's losses of £1,462,128 during the year (2007: £nil).

Effective 1 January 2008, the trade, assets and liabilities of the Quintus entities, with the exception of Three D Signs International Limited, were transferred to the Company. The combination has been accounted for by the acquisition method of accounting, under common control. The consideration for the acquisition was at net book value. The Company retains legal ownership of the Quintus entities. The following table sets out the fair value of the assets and liabilities acquired on the acquisition of the Quintus Group, with the exception of Three D Signs International Limited:

	Total
	£
Fixed assets	6,916,997
Cash	2,658,340
Debtors	3,797,200
Creditors	(10,389,709)
Provisions for liabilities and charges	(1,084,912)
At 31 December 2007	1,897,916

During the year the Company recognised turnover of £16,863,060 and operating profit of £2,037,456 in respect of Quintus.

The Company owns the issued share capital of the following companies:

	Country of incorporation	**% of ordinary shares and voting rights held**	**Nature of business**
Subsidiary undertakings			
BSI Speedway Limited	England	100%	World FIM speedway
Quintus Group Limited	England	100%	Sponsorship and event management
Three D Signs International Limited	England	50.1%	Licensing a patented technology owned by the company involving the production of sponsor's logos on sports pitches
Investments in joint ventures			
European Golf Design Limited	England	50%	Design of golf courses, club houses and associated facilities
International Stadia Group LLP	England	50%	Provision of sales and marketing services for sports stadia

The issued share capital of each subsidiary and joint venture is in ordinary shares.

Notes to the accounts
Year ended 31 December 2008

13. Stocks

	2008 £	2007 £
Finished goods and goods for resale	270,128	-

There is no material difference between the balance sheet value of stocks and their replacement value.

14. Debtors

	2008 £	2007 £
Trade debtors	9,093,300	3,740,566
Amounts owed by parent undertaking and fellow subsidiaries	5,939,876	7,136,153
Other debtors	529,667	241,744
Corporation tax	661,836	-
Deferred taxation	678,287	1,270,625
Prepayments and accrued income	7,937,368	10,553,814
	24,840,334	22,942,902

15. Deferred taxation

A deferred tax asset has been recognised as the Directors estimate that suitable future taxable profits will arise against which this asset could be deducted. The amount of the asset recognised in 2008 is £678,287 (2007: £1,270,625) and is made up as follows:

	2008 £	2007 £
Excess of capital allowances over depreciation	134,957	135,303
General provisions	466,203	443,719
Losses carried forward	-	658,475
Share based payments	77,127	33,128
	678,287	1,270,625

Current period deferred tax movements

At 1 January 2008	1,270,625
Prior year adjustment	(5,540)
Charge to the profit and loss account for the year	(603,570)
Amounts arising in relation to Quintus	28,884
Reduction in corporation tax rate	(12,112)
At 31 December 2008	678,287

Notes to the accounts
Year ended 31 December 2008

16. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	1,253,404	1,843,639
Amounts owed to parent undertaking and fellow subsidiaries	36,287,372	26,920,115
Corporation tax	-	218,525
Other taxes and social security	576,560	394,645
VAT creditor	273,136	2,793
Other creditors	94,466	86,877
Accruals and deferred income	14,836,784	12,012,541
Obligations under finance leases	895,176	79,880
	54,216,898	41,559,015

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

	2008 £	2007 £
Other creditors	59,212	148,030
Obligations under finance leases	2,120,715	122,113
	2,179,927	270,143

	2008 £	2007 £
Finance leases		
Between one and two years	-	-
Between two and five years	3,015,891	201,993
After five years	-	-
On demand or within one year	-	-
	3,015,891	201,993

Notes to the accounts
Year ended 31 December 2008

18. Provisions for liabilities and charges

	Onerous lease £	Severance £	Total £
At 1 January 2008	1,318,000	1,488,600	2,806,600
Unwinding of discount	-	89,316	89,316
Utilisation of provision	-	(61,628)	(61,628)
Released unused	(1,318,000)	(38,071)	(1,356,071)
At 31 December 2008	-	1,478,217	1,478,217

A provision of £1,478,217 has been made in respect of severance costs payable to an employee who was notified of redundancy prior to 31 December 2005. Payments will be spread over 20 years. In determining the provision, the cash flows have been discounted using a factor of 6%.

At 31 December 2007, a provision of £1,318,000 had been made in respect of the Company's vacant portion of the leasehold property, Pier House, located in Chiswick, London. This provision has been released during 2008 as the property is no longer vacant.

19. Called up share capital

	2008 £	2007 £
Authorised:		
Equity: 20,900 ordinary shares of £1 each	20,900	20,900
Called up, allotted and fully paid		
Equity: 1,100 ordinary shares of £1 each	1,100	1,100

Allotted share capital consists of 300 'A' ordinary shares of £1 each and 800 'B' ordinary shares of £1 each.

20. Share premium and reserves

	Share premium £	Profit and loss account £
At 1 January 2008	6,753,000	6,340,436
Profit for the financial year	-	3,255,282
Share based payments	-	771,816
Opening reserves adjustment	-	(73,058)
At 31 December 2008	6,753,000	10,294,476

The share based payments of £771,816 is the credit in shareholders' equity matching to the fair value of equity instruments recognised as an employee expense in the year to 31 December 2008.

Notes to the accounts
Year ended 31 December 2008

21. Share based payments

The Company has the following stock purchase and incentive plans:

Stock option plan:

At the balance sheet date, the Company's ultimate parent company IMG Worldwide Holdings, Inc. (which is incorporated in the USA) operated a share option scheme. The scheme permits the grant of share options to employees of the group for up to 84 million class A common shares.

The purpose of the scheme is to provide financial incentives to the directors and employees of the Company whose entrepreneurial and management talents and commitments will contribute to the continued growth and expansion of the Company's business.

Option awards are generally granted with an exercise price equal to the market price of IMG Worldwide Holdings Inc.'s class A common shares at the date of grant; those option awards vest based on 4 years of continuous service and have 10-year contractual terms. Options provide for accelerated vesting in the event of a total or partial sale (as defined in the scheme). In the event of a total sale and at its sole discretion, the Compensation Committee of IMG Worldwide Holdings Inc.'s Board of Directors can require the redemption of unexercised options.

Movements in the number of share options outstanding and their related weighted average exercise prices are presented below:

	2008		2007	
	Weighted average exercise prices USD($)/ share	Options Quantity	Weighted average exercise prices USD($)/ share	Options Quantity
Outstanding at beginning of the period	1.33	2,040,000	1.16	1,715,000
Granted	-	-	1.34	325,000
Outstanding at end of period	1.34	2,040,000	1.25	2,040,000
Exercisable at the end of the period	1.24	1,076,250	1.16	566,250

During the year, management become aware of additional information relating to share options granted to its employees during 2007. This information has resulting in an adjustment to the number of awards granted in 2007 from 175,000 to 325,000.

The weighted average share price at the date of exercise of share options exercised during the period was nil (2007: nil).

The options outstanding at the year end have an exercise price in the range of USD $1.11 to USD $2.22 and a weighted average contractual life of 7.4 years remaining.

Notes to the accounts
Year ended 31 December 2008

21. Share based payments (continued)

The estimate of fair value of the services received is measured on a Black-Scholes option pricing model and the inputs and assumptions into the model are as follows:

	31 December 2008 £	31 December 2007 £
Weighted average share price USD($)	2.22	(1.87)
Weighted average exercise price USD($)	2.22	1.67
Expected dividend yield	0%	0%
Expected volatility	28%	28%
Risk-free interest rates	3.74%	3.83%
Expected lives of the options (years)	6.25	6.25

The expected volatility was based on an analysis of the average volatility exhibited in companies representing the global television broadcasting and advertising industry. These volatilities have been calculated over a 6.25 year period, in conjunction with the expected term of the options.

The contractual life of the options is in accordance with the scheme rules. Options issued during the years ended 31 December 2008 and 2007, have a ten year original contract term and graded vesting over four years (25% of the options vest annually) resulting in an expected term of 6.25 years.

The risk-free rate is based on the yield on 7-year US Treasury notes as of the grant date.

The company recognised total expenses of £159,213 (2007: £116,239) in respect of stock options during the year.

Class B shares

Senior management are entitled to purchase class B shares in the company's ultimate parent company IMG Worldwide Holdings, Inc. (which is incorporated in the USA). They pay fair value for the shares upon grant and are issued a fully authorised stock certificate. These shares then vest 25% annually. The fair value of the class B shares are measured as if they were vested and issued on the date of grant.

IMG Worldwide Holdings, Inc. may reacquire an employee's unvested class B shares at the lesser of fair value or the price paid by the employee to acquire the shares once their employment is terminated for any reason ("Class B Unvested Put Option"). An employee also has the option to put back to IMG Worldwide Holdings, Inc any unvested class B shares for fair value once their employment is terminated for any reason except for "cause" (as defined in the stockholder's agreement) ("Class B Unvested Put Option"). The Class B Unvested Put Option gives employees the ability to avoid the risks and rewards associated with share ownership for a reasonable period of time after the vesting period is complete.

There are 4,163,856 class B shares outstanding at 31 December 2008 (4,163,856 at 31 December 2007) of which 656,756 are unvested (2007: 2,419,766). The cost is expected to be recognised over a weighted average of 1.56 years.

In the year ended 31 December 2008, class B shares were granted with a weighted average fair value per unit of $0.246 (2007: $nil).

The company recognised total expenses of £601,283 (2007: £nil) in respect of class B shares during the year.

The total expense relating to share-based payments, which are all equity settled transactions, was £760,496 (2007: £116,239).

As the Company has taken advantage of the transitional provisions of FRS 20, the charge only includes grants made after 7 November 2002 that had not vested by 1 January 2005.

Notes to the accounts
Year ended 31 December 2008

22. Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Opening shareholders' funds	13,094,536	5,221,815
Profit for the financial year	3,255,282	7,988,960
Share based payments	771,816	(116,239)
Opening reserves adjustment	(73,058)	-
	17,048,576	13,094,536

23. Financial commitments

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

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	40,323	-	28,064
In two to five years	47,281	125,405	282,648	97,914
After five years	3,159,343	-	2,872,700	-
	3,206,624	165,728	3,155,348	125,978

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

Leases are held in the name of the company on behalf of related parties.

24. Related party transactions

The Company's ultimate parent company is IMG Worldwide Holdings, Inc.

Under FRS 8 'Related Party Disclosures', the Company is exempt from the requirement to disclose transactions with entities that are part of the IMG group, or investees of the group qualifying as related parties, as all of the Company's voting rights are controlled within the Group. There are no transactions with any other related parties.

25. Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £783,049 (2007: £863,073).

In addition to this, the Company operates a defined benefit (final salary) funded pension plan. The latest full actuarial valuation was carried out at 1 January 2006 and revealed a funding shortfall of £56,000 for which the company paid a contribution of £56,000 in March 2007. The number of employees in the defined benefit plan at 31 December 2008 was 7 (2007: 9) and it is closed to new entrants. As at 31 December 2008, total market value of assets was £190,900 (2007: £190,900) and the present value of the plan liability was £122,200 (2007: £122,200). The directors do not consider the assets and liabilities of this scheme to be material to these financial statements and have not included the results therein.

Notes to the accounts
Year ended 31 December 2008

26. Ultimate parent company

The Company's ultimate parent company is IMG Worldwide Holdings, Inc.

The Company is a wholly owned subsidiary of IMG Worldwide, Inc. IMG Worldwide, Inc. is owned by IMG Worldwide Holdings, Inc. which is incorporated in the USA and is controlled by certain Forstmann Little & Co. partnerships.

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