

**PGI SPEARHEAD LIMITED**  
**(formerly Spearhead Exhibitions Limited)**

**Report and Financial Statements**

**31 August 2000**

**Deloitte & Touche**  
**Hill House**  
**1 Little New Street**  
**London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 2000**

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**REPORT AND FINANCIAL STATEMENTS 2000**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

C P L Marke  
R D Munton  
S Crouch  
D Hartley-Leonard  
I R Branson  
K Papadimitriou

**SECRETARY**

C P L Marke

**REGISTERED OFFICE**

Coombe Hill House  
Beverley Way  
London  
SW20 0AR

**BANKERS**

HSBC  
54 Clarence Street  
Kingston  
Surrey KT1 1NS

**SOLICITORS**

Gregory, Rowcliffe & Milners  
1 Bedford Row  
London WC1R 4BZ

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

## **DIRECTORS' REPORT**

The directors present their report and the group financial statements for the year ended 31 August 2000.

### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £498,360 (1999 - £931,644 loss). No dividend is recommended (1999 - £nil).

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the company and group throughout the year was, and will continue to be, the organisation of exhibitions.

The results for the year were in line with forecasts and prospects for the future are good. The loss for the year reflects the timing of the group's exhibitions.

### **CHANGE OF NAME**

On 17 August 2000, the company changed its name to PGI Spearhead Limited.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served the company during the year were as follows:

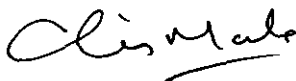
D C C Stott (resigned 31 December 1999)  
C P L Marke  
R D Munton  
S Crouch  
D Hartley-Leonard  
I R Branson  
K Papadimitriou

None of the directors held any beneficial interest in the shares of the company or in shares of any group company.

### **AUDITORS**

A resolution to reappoint Deloitte & Touche as auditors will be put to the members at the Annual General Meeting.

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



C P L Marke

Secretary

14 September

2001

## **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 group as at the end of the financial year and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF  
PGI SPEARHEAD LIMITED  
(formerly Spearhead Exhibitions Limited)**

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's and of the group's affairs as at 31 August 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche

Chartered Accountants and  
Registered Auditors

14 September 2001

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 August 2000**

	Note	2000 £	1999 £
<b>TURNOVER:</b> group and share of joint venture – continuing operations		9,602,942	2,865,086
Less: share of joint venture's turnover		-	-
<b>GROUP TURNOVER</b>	2	9,602,942	2,865,086
Cost of sales		(7,103,234)	(1,730,746)
Gross profit		2,499,708	1,134,340
Operating expenses		(2,936,809)	(2,260,834)
<b>GROUP OPERATING LOSS</b> – continuing operations	3	(437,101)	(1,126,494)
Share of operating loss in joint venture		(68,917)	(158,912)
<b>TOTAL OPERATING LOSS</b>		(506,018)	(1,285,406)
Interest receivable			
Group	6	7,658	23,136
Joint venture	6	-	35,408
Interest payable (group)	7	-	(206)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(498,360)	(1,227,068)
Taxation credit (group)	8	-	295,424
<b>LOSS RETAINED FOR THE FINANCIAL YEAR</b>	19	(498,360)	(931,644)

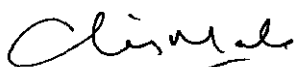
There were no recognised gains or losses other than the loss retained for the year (1999 – loss).

**CONSOLIDATED BALANCE SHEET**  
**31 August 2000**

	Note	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Tangible assets	9		410,919		265,096
<b>CURRENT ASSETS</b>					
Work in progress	12		640,595		1,988,940
Debtors	13		4,708,200		4,831,689
Cash at bank and in hand			47,962		963,307
			5,396,757		7,783,936
<b>CREDITORS: amounts falling due within one year</b>	14		(5,862,365)		(7,673,963)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(465,608)		109,973
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(54,689)		375,069
<b>SHARE OF NET LIABILITIES OF JOINT VENTURE</b>					
Share of gross assets	11	41,857		2,116,170	
Share of gross liabilities		(301,287)		(2,306,998)	
			(259,430)		(190,828)
<b>NET (LIABILITIES)/ASSETS</b>			(314,119)		184,241
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		10,526		10,526
Share premium account	19		19,473		19,473
Profit and loss account	19		(344,118)		154,242
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>			(314,119)		184,241

These financial statements were approved by the Board of Directors on 14 September 2001.

Signed on behalf of the Board of Directors



C P L Marke

Director




**BALANCE SHEET**  
**31 August 2000**

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	9	410,919	265,096
Investments	10	1,054	1,054
		<u>411,973</u>	<u>266,150</u>
<b>CURRENT ASSETS</b>			
Work in progress	12	547,509	259,608
Debtors	13	5,237,928	4,971,977
Cash at bank and in hand		41,158	887,398
		<u>5,826,595</u>	<u>6,118,983</u>
<b>CREDITORS: amounts falling due within one year</b>	14	(6,539,117)	(5,190,534)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(712,522)</u>	<u>928,449</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(300,549)</u>	<u>1,194,599</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u><u>(300,549)</u></u>	<u><u>1,194,599</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	10,526	10,526
Share premium account	19	19,473	19,473
Profit and loss account	19	(330,548)	1,164,600
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>		<u><u>(300,549)</u></u>	<u><u>1,194,599</u></u>

These financial statements were approved by the Board of Directors on 14 September 2001.

Signed on behalf of the Board of Directors

  
C P L Marke

Director

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 August 2000**

	Note	2000 £	1999 £
Net cash (outflow)/inflow from operating activities	17	(415,520)	1,041,002
Payments (to)/from joint ventures and associates			
Distribution (to)/from joint venture partnership		(161,379)	163,245
Returns on investments and servicing of finance			
Interest paid		-	-
Interest received		7,658	23,136
Interest element of finance lease rental payments		-	(206)
Net cash inflow from returns on investments and servicing of finance		7,658	22,930
Taxation			
UK corporation tax recovered/(paid)		10,676	(99,324)
Capital expenditure			
Payments to acquire tangible fixed assets		(289,424)	(146,819)
Receipts from sale of tangible fixed assets		5,000	4,850
Net cash outflow from capital expenditure		(284,424)	(141,969)
Equity dividends paid		(70,000)	-
Net cash (outflow)/inflow before financing		(912,989)	985,884
Financing			
Capital element of finance lease rental payments		(2,356)	(8,857)
(Decrease)/increase in cash		(915,345)	977,027

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS**

	Note	2000 £	1999 £
(Decrease)/increase in cash		(915,345)	977,027
Cash outflow from decrease in lease financing		2,356	8,857
Change in net (debt)/funds resulting from cash flows		(912,989)	985,884
Movement in net (debt)/funds in the year		(912,989)	985,884
Net funds/(debt) at beginning of the year		959,385	(26,499)
Net funds at end of the year	18	46,396	959,385

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 2000**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the applicable accounting standards. The particular accounting policies are described below.

**Basis of preparation**

The accounts have been prepared under the historical cost convention.

**Basis of consolidation**

The group accounts consolidate the accounts of PGI Spearhead Limited and all its subsidiaries drawn up to 31 August each year. No profit and loss account is presented for the company as permitted by section 230 of the Companies Act 1985. The loss for the year for the company was £1,495,148 (1999 – loss £551,513).

**Investments**

Investments are stated at cost in the company's balance sheet less, if any, provision for impairment in value.

Shares in joint ventures are accounted for using the gross equity method. The consolidated profit and loss account includes the group's share of pre-tax profits and attributable taxation of joint ventures. In the consolidated balance sheet, the investment, in joint ventures is shown as the Group's share of net assets or liabilities of joint ventures.

**Depreciation**

Depreciation is provided on all tangible fixed assets to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Leasehold improvements	-	20% per annum
Motor vehicles	-	25% per annum
Office equipment	-	25% per annum
Office furniture	-	20% per annum

**Deferred taxation**

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated that the timing differences will reverse.

**Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged to the profit and loss account over the period of the lease and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 2000**

**1. ACCOUNTING POLICIES (continued)**

**Work in progress**

Work in progress is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred which relate to exhibitions held subsequent to the balance sheet date.

**Pensions**

The company operates a discretionary, non-contributory money purchase pension scheme for certain directors. Such contributions are held in trustee administered funds completely independent of the company's assets. The contributions made by the company are charged to the profit and loss account as the amounts become payable.

In the current year, the company has established a defined contribution pension scheme for qualified employees. Pension costs under the company's defined contribution scheme are charged to the profit and loss account as incurred.

**2. TURNOVER**

Turnover is stated net of VAT and is attributable to the one principal activity of the group, that of the organisation of exhibitions, which is continuing. The joint venture turnover of £nil, (1999 - £2,106,310) arises wholly in the UK. The geographical analysis of group turnover is as follows:

	2000 £	1999 £
United Kingdom	1,920,588	1,328,631
Outside United Kingdom	7,682,354	1,536,455
	<u>9,602,942</u>	<u>2,865,086</u>

**3. GROUP OPERATING LOSS**

This is stated after charging/(crediting):

	2000 £	1999 £
Auditors' remuneration	21,000	20,000
Depreciation of owned tangible fixed assets	134,495	90,261
Depreciation of assets held under finance leases and hire purchase contracts	7,568	14,117
Operating lease rentals - equipment	27,428	18,940
- land and buildings	140,003	125,952
Profit on disposal of tangible fixed assets	(3,462)	-
	<u>(3,462)</u>	<u>-</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 2000**

**4. STAFF COSTS**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,572,196	1,064,402
Social security costs	163,204	106,439
Pension costs	39,963	800
	<u>1,775,363</u>	<u>1,171,641</u>

The average weekly number of employees during the year was 49 (1999 – 43).

**5. DIRECTORS' EMOLUMENTS**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Emoluments (including benefits)	535,977	273,367
Company contributions paid to money purchase pension scheme	-	-
	<u>535,977</u>	<u>273,367</u>
	<b>No.</b>	<b>No.</b>
Members of defined contribution scheme	<u>0</u>	<u>1</u>
	<b>£</b>	<b>£</b>
Highest paid director	<u>132,475</u>	<u>75,401</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 2000**

**6. INTEREST RECEIVABLE**

	2000	1999
Group	£	£
Bank interest receivable	7,658	23,136

Joint venture interest receivable of £nil (1999 - £35,408) all relates to bank interest receivable.

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2000	1999
Group	£	£
Finance leases and hire purchase contracts	-	206

**8. TAXATION CREDIT**

	2000	1999
Group	£	£
The taxation (charge)/credit is made up as follows:		
UK Corporation tax at 30% (1999 - 30.6%) based on the loss for the year	-	338,809
Adjustments in respect of previous years	-	(43,385)
	-	295,424

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 2000**

**9. TANGIBLE FIXED ASSETS**

<b>Group and company</b>	<b>Leasehold improvements £</b>	<b>Furniture and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
Cost:				
At 1 September 1999	83,578	453,156	119,406	656,140
Additions	606	288,818	-	289,424
Disposals	-	-	(19,860)	(19,860)
At 31 August 2000	84,184	741,974	99,546	925,704
Depreciation:				
At 1 September 1999	65,367	216,452	109,225	391,044
Charge for the year	18,817	118,555	4,694	142,066
Disposals	-	-	(18,325)	(18,325)
At 31 August 2000	84,184	335,007	95,594	514,785
Net book value				
At 31 August 2000	-	406,967	3,952	410,919
At 31 August 1999	18,211	236,704	10,181	265,096

Included in the amounts above are the following amounts relating to leased assets and assets acquired under hire purchase contracts:

	<b>Furniture and Equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
Cost:			
At 1 September 1999	11,495	119,407	130,902
Disposals	-	(19,860)	(19,860)
At 31 August 2000	11,495	99,547	111,042
Depreciation:			
At 1 September 1999	5,746	109,225	114,971
Charge for the year	2,874	4,694	7,568
Disposals	-	(18,325)	(18,325)
At 31 August 2000	8,620	95,594	104,214
Net book value			
At 31 August 2000	2,875	3,953	6,828
At 31 August 1999	5,749	10,182	15,931

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 2000**

**10. INVESTMENTS**

<b>Company</b>	<b>Subsidiary undertakings £</b>
Cost:	
At 1 September 1999 and 31 August 2000	<u>1,054</u>

Details of the investments in which the group or the company holds more than 20% of the nominal value of any class of share capital are as follows:

<b>Name of company</b>	<b>Holding</b>	<b>Nature of business</b>
<b>Subsidiary undertakings</b>		
Spearhead (Offshore Europe) Limited	100%	Partnership interest
Offshore Europe (Management) Limited	100%	Management services
Imdex Asia Limited	50%	Exhibition organiser
Defence Systems Equipment International Limited	100%	Exhibition organiser
<b>Others</b>		
Aberdeen Exhibition and Conference Centre Limited	25%	Conference Centre

All the above companies are registered in England and Wales, except for Aberdeen Exhibition and Conference Centre Limited which is registered in Scotland.

The company has a 25% (1999 – 25%) holding in Aberdeen Exhibition and Conference Centre Limited ('AECC'), whose principal activity is the provision of buildings for conferences, exhibitions and other events in Aberdeen. These activities are all located in a purpose built centre in the Bridge of Don area of Aberdeen. The cost of this investment was £350,000 and has been written down to £nil. Although the company holds more than 20% of the issued share capital of AECC the group is not able to exercise significant influence over this investment and accordingly it is not accounted for as an associate.

**11. JOINT VENTURE**

A subsidiary of the company holds a 50% interest in the Offshore Europe partnership which operates the Offshore Europe Exhibition every other year. The partnership was valued at £600,000 in April 1989. The historical cost of the investment is £nil. The partnership prepares financial statements every two years and the next accounting period end will be 31 March 2002.

For the year ended 31 August 2000 the partnership had losses before and after taxation of £518,860 (1999 - loss £247,008). The assets and liabilities of the partnership as at the 31 August 2000 were as follows:

	<b>2000 £</b>	<b>1999 £</b>
Current assets	83,714	4,232,339
Liabilities due within one year	(602,574)	(4,613,996)
	<u>(518,860)</u>	<u>(381,657)</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 2000**

**12. WORK IN PROGRESS**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Costs in respect of future exhibitions	640,595	1,998,940	547,509	259,608

**13. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	372,666	1,461,521	294,472	760,642
Amounts owed by parent undertakings	3,634,814	2,885,214	3,634,814	2,885,214
Amounts owed by subsidiary undertakings	-	-	736,487	977,626
Amounts owed by joint venture	137,573	35,051	137,573	35,051
Amounts owed by fellow subsidiaries	94,998	-	94,998	-
Corporation tax recoverable	349,925	349,925	235,756	235,756
Other debtors	63,926	59,139	49,530	36,849
Prepayments and accrued income	54,298	40,839	54,298	40,839
	<u>4,708,200</u>	<u>4,831,689</u>	<u>5,237,928</u>	<u>4,971,977</u>

Included in amounts owed by subsidiary undertakings to the company is an amount of £600,000 for which there are no formal repayment terms. However, the directors have agreed not to require repayment of this amount earlier than twelve months from the date of approval of these accounts.

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Obligations under finance leases and hire purchase contracts	1,566	3,922	1,566	3,922
Trade creditors	186,390	321,462	110,882	254,623
Amount owed to parent undertakings	4,782,314	90,600	4,782,314	90,600
Amounts owed to subsidiary undertakings	-	-	866,241	2,701,122
Amount owed to associated undertakings	-	58,542	-	58,542
Corporation tax	312,688	302,012	284,186	273,510
Social security and other taxes	9,820	53,537	9,820	53,537
Other creditors	43,634	158,252	44,250	37,984
Accruals and deferred income	525,953	6,615,636	439,858	1,646,694
Proposed dividend	-	70,000	-	70,000
	<u>5,862,365</u>	<u>7,673,963</u>	<u>6,539,117</u>	<u>5,190,534</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 2000**

**15. OTHER FINANCIAL OBLIGATIONS**

At 31 August 2000 the group and company were committed to making the following payments during the next year in respect of operating leases:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
Within one year	-	30,175	-	-
Between two and five years	-	-	-	14,325
After five years	-	59,491	-	-
	<u>-</u>	<u>89,666</u>	<u>-</u>	<u>14,325</u>

**16. CALLED UP SHARE CAPITAL**

	<b>Authorised, allotted, called up and fully paid</b>	
	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Ordinary share of £1 each	<u>10,526</u>	<u>10,526</u>

**17. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Total operating loss	(506,018)	(1,285,406)
Share of operating loss in joint venture	68,917	158,912
Depreciation	142,066	104,378
Gain on sale of tangible fixed assets	(3,462)	(3,013)
Decrease/(increase) in work in progress	1,348,345	(1,658,957)
Decrease/(increase) in debtors	226,011	(2,775,290)
(Decrease)/increase in creditors	(1,691,379)	6,500,378
Net cash (outflow)/inflow from operating activities	<u>(415,520)</u>	<u>1,041,002</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 August 2000**

**18. ANALYSIS OF NET DEBT**

	At 31 August 1999 £	Cash flow £	At 31 August 2000 £
Cash at bank and in hand	963,307	(915,345)	47,962
Finance lease obligations	963,307 (3,922)	(915,345) 2,356	47,962 (1,566)
	<u>959,385</u>	<u>(912,989)</u>	<u>46,396</u>

**19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

Group	Share capital £	Share premium account £	Profit and loss account £	Total £
At 1 September 1999	10,526	19,473	154,242	184,241
Loss for the year	-	-	(498,360)	(498,360)
At 31 August 2000	<u>10,526</u>	<u>19,473</u>	<u>(344,118)</u>	<u>(314,119)</u>

Company	Share capital £	Share premium account £	Profit and loss account £	Total £
At 1 September 1999	10,526	19,473	1,164,600	1,194,599
Loss for the year	-	-	(1,495,148)	(1,495,148)
At 31 August 2000	<u>10,526</u>	<u>19,473</u>	<u>(330,548)</u>	<u>(300,549)</u>

**20. CONTINGENT LIABILITIES**

The company has guaranteed the liabilities due by Spearhead (Offshore Europe) Limited to another company under a partnership arrangement between those two companies. There were no liabilities due under these arrangements at 31 August 2000.

The First National Bank of Maryland holds charges over the property and other assets of the company in support of loans made to the company's ultimate parent company, PGI Inc. At 31 August 2000 there were £597,000 of these loans outstanding.

**NOTES TO THE ACCOUNTS**

**Year ended 31 August 2000**

**21. PENSION SCHEMES**

The company's discretionary, non-contributory money purchase pension scheme for certain directors has been wound up in the current year.

The company operates a defined contribution scheme for all qualified employees. The contributions paid in the period amounted to £39,963 (year ended 31 August 1999 - £800). There were no contributions payable to the scheme at the year end (31 August 1999 - £nil).

**22. RELATED PARTIES AND ULTIMATE PARENT UNDERTAKING**

The company has taken advantage of the exemption granted by paragraph 3(c) of FRS 8 not to disclose transactions with companies within the PGI Spearhead Limited group which are related parties.

The company's ultimate parent undertaking and controlling party is PGI Inc., which is incorporated in the USA. Copies of the PGI Inc. consolidated accounts can be obtained from Production Group International, 2200 Wilson Boulevard, Suite 500, Arlington, Virginia 22201, USA.

The company has made advances to PGI Europe Limited, its immediate parent undertaking. In the year ended 31 August 2000 the company charged interest of 5% on amounts advanced. The total balance receivable, including rolled up interest, at 31 August 2000 was £3,634,814 (1999 - £350,304). Also included within debtors at 31 August 2000 are balances receivable from PGI Europe Limited of £nil (1999 - £609,586). PGI Europe Limited made a management charge of £263,153 (1999 - £nil) to PGI Spearhead Limited during the year.

The company has also made advances to PGI Inc, its ultimate parent undertaking. In the year ended 31 August 2000 the company charged interest of 5% on amounts advanced. The total balance receivable, including rolled up interest, at 31 August 2000 was £2,831,651 (1999 - £1,925,324). Included within operating expenses are management charges of £62,321 (1999 - £229,673) from PGI Inc.

The company has also made advances to Imdex Asia Limited and Spearhead (Offshore Europe) Limited, subsidiary undertakings. In the year ended 31 August 2000 the company charged interest of 5% on amounts advanced. The total balance receivable, including rolled up interest, at 31 August 2000 were as follows: Imdex Asia Limited £62,545 (1999 - £nil) and Spearhead (Offshore Europe) Limited £661,558 (1999 - £nil.)