


1062758

# **Spearhead Exhibitions Limited**

## **Report and Accounts**

31 August 1998

 **ERNST & YOUNG**



# Spearhead Exhibitions Limited

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Registered No. 1062758

## **DIRECTORS**

D C C Stott  
C P L Marke  
R D Munton  
S Crouch  
D Hartley-Leonnard  
C Engel  
J E W d'Ancona

## **SECRETARY**

C P L Marke

## **AUDITORS**

Ernst & Young  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NH

## **BANKERS**


Midland Bank plc  
54 Clarence Street  
Kingston  
Surrey KT1 1NS

## **SOLICITORS**

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

## **REGISTERED OFFICE**

Ocean House  
50 Kingston Road  
New Malden  
Surrey KT3 3LZ

 **ERNST & YOUNG**

# Spearhead Exhibitions Limited

## DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31 August 1998.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £917,360 (1997 - loss £508,589). No dividend is recommended (1997 - £nil). The profit has been taken to reserves.

### 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 profit for the year reflects the timing of the group's exhibitions.

### YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The group is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks. The cost of implementing the action plans will not be material and will be subsumed into the recurring costs of the group as they arise.

### DIRECTORS AND THEIR INTERESTS

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

D C C Stott	
C P L Marke	
R D Munton	
S Crouch	
J E W d'Ancona	
M N Sirangelo	(resigned 17 March 1998)
E P Doody	(resigned 17 March 1998)
D Hartley-Leonard	(appointed 17 March 1998)
C Engel	(appointed 17 March 1998)

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

### CHARITABLE DONATIONS

The company made charitable donations of £620 (1997 - £537) in the year.

### AUDITORS

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

By order of the board

  
Secretary

08 APR 1999

## Spearhead Exhibitions Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
to the members of Spearhead Exhibitions Limited

We have audited the accounts on pages 5 to 18, which have been prepared under the historical cost convention, except for the revaluation of the participating interest, and on the basis of the accounting policies set out on pages 9.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 August 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*  
Ernst & Young  
Registered Auditor  
London

08 APR 1999

# Spearhead Exhibitions Limited

## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 August 1998

		1998	As restated 1997
	Notes	£	£
TURNOVER: group and share of joint venture's		7,836,079	2,495,712
Less: share of joint venture's turnover	2	(2,106,310)	-
<b>GROUP TURNOVER</b>	2	<b>5,729,769</b>	<b>2,495,712</b>
Cost of sales		(3,073,220)	(1,389,830)
<b>GROSS PROFIT</b>		<b>2,656,549</b>	<b>1,105,882</b>
Operating expenses		(2,175,814)	(1,843,922)
<b>GROUP OPERATING PROFIT/(LOSS)</b>	3	<b>480,735</b>	<b>(738,040)</b>
Share of operating profit/(loss) in joint venture		632,442	(1,783)
<b>TOTAL OPERATING PROFIT/(LOSS)</b>		<b>1,113,177</b>	<b>(739,823)</b>
Interest receivable:			
group	6	92,927	66,522
joint venture	6	22,941	27,843
Interest payable (group)	7	(18,744)	(2,287)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,210,301</b>	<b>(647,745)</b>
Taxation (group)	8	(292,941)	139,156
<b>PROFIT/(LOSS) RETAINED FOR THE FINANCIAL YEAR</b>	20	<b>917,360</b>	<b>(508,589)</b>

There were no recognised gains or losses other than the profit retained for the year (1997 - loss).

# Spearhead Exhibitions Limited

## CONSOLIDATED BALANCE SHEET at 31 August 1998

		1998	As restated 1997
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	224,492	144,378
Investments in joint ventures:			
share of gross current assets	11	34,200	2,282,716
share of gross current liabilities		(101,523)	(2,256,656)
		<u>157,169</u>	<u>170,438</u>
<b>CURRENT ASSETS</b>			
Work in progress	12	329,983	634,696
Debtors	13	1,879,982	3,044,539
Cash at bank and in hand	14	85,000	127,207
		<u>2,294,965</u>	<u>3,806,442</u>
<b>CREDITORS: amounts falling due within one year</b>	15	1,332,158	3,772,136
		<u>962,807</u>	<u>34,306</u>
<b>NET CURRENT ASSETS</b>			
		<u>1,119,976</u>	<u>204,744</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS: amounts falling due after more than one year</b>	16	4,091	6,219
		<u>1,115,885</u>	<u>198,525</u>
<b>NET ASSETS</b>			
		<u><u>1,115,885</u></u>	<u><u>198,525</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	10,526	10,526
Share premium account	20	19,473	19,473
Profit and loss account	20	1,085,886	168,526
		<u>1,115,885</u>	<u>198,525</u>
<b>SHAREHOLDERS' FUNDS</b>			
		<u><u>1,115,885</u></u>	<u><u>198,525</u></u>

  
Director

08 APR 1999

# Spearhead Exhibitions Limited

## BALANCE SHEET at 31 August 1998

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	9	224,492	144,378
Investments	10	1,054	54
		<u>225,546</u>	<u>144,432</u>
<b>CURRENT ASSETS</b>			
Work in progress	13	188,176	621,395
Debtors	14	2,902,425	3,991,881
Cash at bank and in hand		83,636	107,127
		<u>3,174,237</u>	<u>4,720,403</u>
<b>CREDITORS: amounts falling due within one year</b>	15	1,649,580	3,765,689
		<u>1,524,657</u>	<u>954,714</u>
<b>NET CURRENT ASSETS</b>			
		<u>1,750,203</u>	<u>1,099,146</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS: amounts falling due after more than one year</b>	16	4,091	6,219
		<u>1,746,112</u>	<u>1,092,927</u>
<b>NET ASSETS</b>			
		<u><u>1,746,112</u></u>	<u><u>1,092,927</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	10,526	10,526
Share premium account	20	19,473	19,473
Profit and loss account	20	1,716,113	1,062,928
		<u>1,746,112</u>	<u>1,092,927</u>
<b>SHAREHOLDERS' FUNDS</b>			
		<u><u>1,746,112</u></u>	<u><u>1,092,927</u></u>

  
Director

08 APR 1999



# Spearhead Exhibitions Limited

## CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 August 1998

	Notes	1998 £	1997 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	3(b)	(830,364)	212,391
DIVIDENDS RECEIVED FROM JOINT VENTURES AND ASSOCIATES			
Distribution from joint venture partnership		748,766	-
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(16,387)	-
Interest received		92,927	66,522
Interest element of finance lease rental payments		(2,357)	(2,287)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		74,183	64,235
TAXATION			
UK corporation tax recovered/(paid)		148,444	(159,718)
CAPITAL EXPENDITURE			
Purchases of tangible fixed assets		(165,362)	(54,098)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(24,333)	62,810
FINANCING			
Capital element of finance lease rental payments		(20,309)	(14,700)
(DECREASE)/INCREASE IN CASH		(44,642)	48,110

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

	1998 £	1997 £
(Decrease)/increase in cash	(44,642)	48,110
Cash outflow from decrease in lease financing	20,309	14,700
Change in net (debt)/funds resulting from cash flows	(24,333)	62,810
New finance leases	(11,495)	-
MOVEMENT IN NET (DEBT)/FUNDS IN THE YEAR	(35,828)	62,810
NET FUNDS/(DEBT) AT BEGINNING OF THE YEAR	9,329	(53,481)
NET (DEBT)/FUNDS AT END OF THE YEAR	14 (26,499)	9,329

# Spearhead Exhibitions Limited

## NOTES TO THE ACCOUNTS

at 31 August 1998

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The accounts have been prepared under the historical cost convention, modified to include the revaluation of the interest in the Offshore Europe Partnership, and in accordance with applicable accounting standards.

#### *Change in accounting policy*

The group has adopted Financial Reporting Standard 9 "Associates and Joint Ventures". The group's investment in Spearhead (Offshore Europe) Limited partnership was treated as a fixed asset investment. The investment is now treated as a joint venture. The results for 1997 have been restated and the effect on the prior year is shown in note 19.

#### *Basis of consolidation*

The group accounts consolidate the accounts of Spearhead Exhibitions 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 profit for the year for the company was £653,185 (1997 - loss £284,846).

#### *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:

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

#### *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.

#### *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.

#### *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.

# Spearhead Exhibitions Limited

## NOTES TO THE ACCOUNTS

at 31 August 1998

### 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 £2,106,310 arises wholly in the UK. The geographical analysis of group turnover is as follows:

	1998 £	1997 £
United Kingdom	4,106,684	151,363
Rest of Europe	-	1,015,786
Rest of World	1,623,085	1,328,563
	<u>5,729,769</u>	<u>2,495,712</u>

### 3. GROUP OPERATING PROFIT/(LOSS)

(a) This is stated after charging:

	1998 £	1997 £
Auditors' remuneration	15,000	8,500
Depreciation of owned tangible fixed assets	59,594	61,398
Depreciation of assets held under finance leases and hire purchase contracts	22,726	20,005
Operating lease rentals - equipment	10,864	9,572
- land and buildings	74,750	75,450
	<u></u>	<u></u>

(b) Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities:

	1998 £	1997 £
Total operating profit/(loss)	1,113,177	(739,823)
Share of operating (profit)/loss in joint venture	(632,442)	1,783
Depreciation	82,320	81,403
Loss on sale of tangible fixed assets	14,423	-
Decrease/(increase) in work in progress	304,713	(293,503)
Decrease/(increase) in debtors	1,041,980	(1,598,979)
(Decrease)/increase in creditors	(2,754,535)	2,761,510
	<u></u>	<u></u>
Net cash (outflow)/inflow from operating activities	(830,364)	212,391

# Spearhead Exhibitions Limited

## NOTES TO THE ACCOUNTS at 31 August 1998

### 4. STAFF COSTS

	1998 £	1997 £
Wages and salaries	1,042,568	678,729
Social security costs	109,199	75,414
Pension costs	18,000	-
	<u>1,169,767</u>	<u>754,143</u>

The average weekly number of employees during the year was 31 (1997 - 28).

### 5. DIRECTORS' EMOLUMENTS

	1998 £	1997 £
Emoluments (including benefits)	460,440	241,041
Company contributions paid to money purchase pension scheme	15,000	-
	<u>475,440</u>	<u>241,041</u>

	1998 No.	1997 No.
Members of defined contribution scheme	1	-

	1998 £	1997 £
Highest paid director	<u>132,025</u>	<u>68,633</u>

### 6. INTEREST RECEIVABLE

#### Group

	1998 £	1997 £
Interest receivable from parent undertakings	81,098	54,882
Bank interest receivable	11,202	11,640
Other interest	627	-
	<u>92,927</u>	<u>66,522</u>

Joint venture interest receivable of £22,941 (1997 - £27,843) all relates to bank interest receivable.

# Spearhead Exhibitions Limited

## NOTES TO THE ACCOUNTS at 31 August 1998

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

*Group*

	1998 £	1997 £
Finance leases and hire purchase contracts	2,357	2,287
Bank overdraft	16,387	-
	<u>18,744</u>	<u>2,287</u>

### 8. TAXATION

*Group*

The taxation (charge)/credit is made up as follows:

	1998 £	1997 £
Based on the profit/(loss) for the year:		
Corporation tax	(367,776)	130,109
Adjustments in respect of previous years	74,835	9,047
	<u>(292,941)</u>	<u>139,156</u>

### 9. TANGIBLE FIXED ASSETS

*Group and company*

	<i>Leasehold improvements</i> £	<i>Furniture and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:				
At 1 September 1997	68,591	188,139	121,623	378,353
Additions	10,308	166,549	-	176,857
Disposals	-	(36,089)	-	(36,089)
	<u>78,899</u>	<u>318,599</u>	<u>121,623</u>	<u>519,121</u>
At 31 August 1998				
Depreciation:				
At 1 September 1997	38,420	109,464	86,091	233,975
Charge for the year	14,028	48,439	19,853	82,320
Disposals	-	(21,666)	-	(21,666)
	<u>52,448</u>	<u>136,237</u>	<u>105,944</u>	<u>294,629</u>
At 31 August 1998				
Net book value:				
At 31 August 1998	<u>26,451</u>	<u>182,362</u>	<u>15,679</u>	<u>224,492</u>
At 1 September 1997	<u>30,171</u>	<u>78,675</u>	<u>35,532</u>	<u>144,378</u>

# Spearhead Exhibitions Limited

## NOTES TO THE ACCOUNTS at 31 August 1998

### 9. TANGIBLE FIXED ASSETS (continued)

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

	<i>Furniture and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:			
At 1 September 1997	-	121,623	121,623
Additions	11,495	-	11,495
	<hr/>	<hr/>	<hr/>
At 31 August 1998	11,495	121,623	133,118
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1 September 1997	-	86,091	86,091
Charge for the year	2,873	19,853	22,726
	<hr/>	<hr/>	<hr/>
At 31 August 1998	2,873	105,944	108,817
	<hr/>	<hr/>	<hr/>
Net book value:			
At 31 August 1998	8,622	15,679	24,301
	<hr/>	<hr/>	<hr/>
At 1 September 1997	-	35,532	35,532
	<hr/>	<hr/>	<hr/>

# Spearhead Exhibitions Limited

## NOTES TO THE ACCOUNTS at 31 August 1998

### 10. INVESTMENTS

<i>Company</i>	<i>Subsidiary undertakings £</i>
Cost:	
At 1 September 1997	54
Additions	1,000
	<hr/>
At 31 August 1998	1,054
	<hr/>

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:

<i>Name of company</i>	<i>Holding</i>	<i>Nature of business</i>
<b><i>Subsidiary undertakings</i></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><i>Others</i></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 group has a 25% (1997 - 28.8%) 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 group 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 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 in £nil.

# Spearhead Exhibitions Limited

## NOTES TO THE ACCOUNTS at 31 August 1998

### 12. WORK IN PROGRESS

	1998	Group 1997	1998	Company 1997
	£	£	£	£
Costs in respect of future exhibitions	329,983	634,696	188,176	621,395

### 13. DEBTORS

	1998	Group 1997	1998	Company 1997
	£	£	£	£
Trade debtors	254,603	959,136	174,989	955,655
Amounts owed by parent undertakings	1,348,975	1,888,823	1,348,975	1,888,823
Amounts owed by subsidiary undertakings	-	-	1,112,321	1,020,033
Amounts owed by joint venture	198,295	17,522	198,295	17,522
Corporation tax recoverable	10,264	132,841	-	63,631
Other debtors	42,012	19,337	42,012	19,337
Prepayments and accrued income	25,833	26,880	25,833	26,880
	1,879,982	3,044,539	2,902,425	3,991,881

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. ANALYSIS OF NET FUNDS/(DEBT)

	At 1 September 1997	Cash flow	Other	At 31 August 1998
	£	£	£	£
Cash at bank and in hand	127,207	(42,207)		85,000
Overdraft	(96,285)	(2,435)		(98,720)
	30,922	(44,642)		(13,720)
Finance lease obligations	(21,593)	20,309	(11,495)	(12,779)
	9,329	(24,333)	(11,495)	(26,499)



# Spearhead Exhibitions Limited

## NOTES TO THE ACCOUNTS

at 31 August 1998

### 15. CREDITORS: amounts falling due within one year

	1998	Group 1997	1998	Company 1997
	£	£	£	£
Bank overdraft	98,720	96,285	98,720	96,285
Amount owed to parent undertakings	90,000	550,000	90,000	550,000
Trade creditors	102,368	236,628	102,368	236,628
Amounts owed to subsidiary undertakings	-	-	528,900	104,744
Corporation tax	367,775	48,967	267,412	14,098
Social security and other taxes	26,564	145,091	26,564	145,091
Other creditors	56,262	13,789	31,928	-
Obligations under finance leases and hire purchase contracts	8,688	15,374	8,688	15,374
Accruals and deferred income	511,781	2,596,002	425,000	2,533,469
Proposed dividend	70,000	70,000	70,000	70,000
	<u>1,332,158</u>	<u>3,772,136</u>	<u>1,649,580</u>	<u>3,765,689</u>

### 16. CREDITORS: amounts falling due after more than one year

Group and company

	1998 £	1997 £
Obligations under finance leases and hire purchase contracts	<u>4,091</u>	<u>6,219</u>
Amounts falling due: Between two and five years	<u>4,091</u>	<u>6,219</u>

### 17. OTHER FINANCIAL OBLIGATIONS

At 31 August 1998 the group and company had annual commitments under operating leases as follows:

	Land and buildings 1998 £	1997 £	1998 £	Other 1997 £
Operating leases which expire:				
within one year	15,583	-	-	-
between two and five years	10,800	17,000	10,864	10,870
after five years	53,950	53,950	-	-
	<u>80,333</u>	<u>70,950</u>	<u>10,864</u>	<u>10,870</u>

# Spearhead Exhibitions Limited

## NOTES TO THE ACCOUNTS at 31 August 1998

### 18. SHARE CAPITAL

	<i>Authorised, allotted, called up and fully paid</i>	
	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	10,526	10,526

### 19. PRIOR YEAR ADJUSTMENT

	<i>1997</i>
	<i>£</i>
Shareholder's funds as previously stated at 31 August 1997	172,465
Inclusion in consolidation of joint venture partnership previously treated as an investment:	
Joint venture operating loss	(1,783)
Joint venture interest receivable	27,843
Shareholder's funds as restated at 31 August 1997	198,525

### 20. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

<i>Group</i>	<i>Share capital £</i>	<i>Share premium account £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 September 1996	10,526	19,473	677,115	707,114
Loss for the year			(508,589)	(508,589)
At 31 August 1997	10,526	19,473	168,526	198,525
Profit for the year			917,360	917,360
At 31 August 1998	10,526	19,473	1,085,886	1,115,885
<i>Company</i>				
	<i>Share capital £</i>	<i>Share premium account £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 September 1996	10,526	19,473	1,347,774	1,377,773
Loss for the year			(284,846)	(284,846)
At 31 August 1997	10,526	19,473	1,062,928	1,092,927
Profit for the year			653,185	653,185
At 31 August 1998	10,526	19,473	1,716,113	1,746,112

# Spearhead Exhibitions Limited

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## NOTES TO THE ACCOUNTS

at 31 August 1998

### 21. 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 1998.

### 22. RELATED PARTIES

In the directors' opinion, the company's ultimate parent undertaking and controlling party is PGI Inc., which is incorporated in the USA.

During the year the company advanced £22,932 to PGI Europe Limited, its immediate parent undertaking. The company charges interest of 7.5% on amounts advanced. The total balance receivable, including rolled up interest, at 31 August 1998 was £349,843 (1997 - £314,877).

The company was also repaid £164,416 from PGI Inc., its ultimate parent undertaking during the year. The company charges interest of 7.5% on amounts advanced. The total balance receivable, including rolled up interest, at 31 August 1998 was £999,132 (1997 - £1,573,946). Included within operating expenses are management charges of £240,000 (1997 - £240,000) from PGI Inc.

The PGI Europe Limited made a management charge of £20,000 to Spearhead Exhibitions Limited during the year. This amount was unpaid at the year end.