

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

**WILLIAMS ALLAN
Chartered Accountants
61 Thames Street
Windsor
Berkshire**



SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

COMPANY INFORMATION

DIRECTORS:

**A D Shephard
J M Shephard**

SECRETARY:

S C P Drye

COMPANY NUMBER:

02343006

REGISTERED OFFICE:

**111 High Street
Burnham
Buckinghamshire**

AUDITORS

**Williams Allan
Chartered Accountants
61 Thames Street
Windsor
Berkshire**

BANKERS:

**National Westminster Bank plc
63 High Street
Burnham
Buckinghamshire**

**Citibank International plc
PO Box 5350
Hammersmith Grove
London**

SOLICITORS:

**Park Nelson
1 Bell Yard
London**

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

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SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The company is principally engaged in the business of the organisation and staging of conferences.

DIRECTORS

The following directors have held office since 1 January 1998:

A D Shephard
J M Shephard

DIRECTORS' INTERESTS

No director held a beneficial interest in the shares of the company or its fellow subsidiary companies at 31 December 1998 or at any time during the year then ended. The interests of the directors in the shares of the ultimate parent company are disclosed in the financial statements of that company.

CLOSE COMPANY STATUS

The directors are of the opinion that the company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

CHARITABLE CONTRIBUTIONS

Donations to charitable organisations amounted to £600 (1997: £775).

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Williams Allan be reappointed as auditors of the company will be put to the Annual General Meeting.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

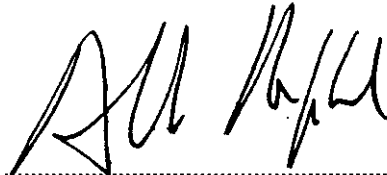
DIRECTORS' REPORT (continued)

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS (continued)

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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

A handwritten signature in black ink, appearing to read 'A D Shephard', written over a horizontal dotted line.

A D SHEPHARD
Director

29 JANUARY 2000

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 1 and 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

.....
WILLIAMS ALLAN
Chartered Accountants and Registered Auditor
61 Thames Street
Windsor
Berkshire

Date: 31 JANUARY 2000

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	1998 £	1997 £
Turnover	2	1,026,820	1,002,794
Cost of sales		<u>(601,477)</u>	<u>(666,315)</u>
Gross profit		425,343	336,479
Administrative expenses		(468,346)	(417,648)
Other operating income		<u>85,000</u>	<u>14,116</u>
Operating profit (1997: loss)	3	41,997	(67,053)
Other interest receivable and similar income	4	5,526	4,110
Interest payable and similar charges		<u>(7,678)</u>	<u>-</u>
Profit (1997: loss) on ordinary activities before taxation		39,845	(62,943)
Tax on profit (1997: loss) on ordinary activities	5	<u>(12,504)</u>	<u>14,426</u>
Profit (1997: loss) for the financial year	10	<u><u>27,341</u></u>	<u><u>(48,517)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

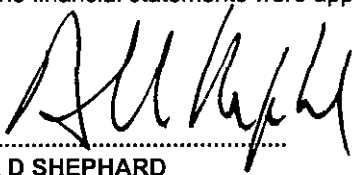
BALANCE SHEET

31 DECEMBER 1998

	Note	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	6		18,916		22,736
Current assets					
Debtors	7	667,528		361,450	
Cash at bank and in hand		<u>188,180</u>		<u>136,244</u>	
		855,708		497,694	
Creditors: amounts falling due within one year	8	<u>(842,896)</u>		<u>(516,043)</u>	
Net current assets (1997: liabilities)			<u>12,812</u>		<u>(18,349)</u>
Net assets			<u>31,728</u>		<u>4,387</u>
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account	10		<u>31,726</u>		<u>4,385</u>
Shareholder's funds – equity interests	11		<u>31,728</u>		<u>4,387</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on...29 JANUARY 2000...



A D SHEPHARD
 Director

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office furniture and equipment	20% Straight line
Computer equipment	25% Straight line
Motor vehicles	25% Reducing balance

1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

Turnover attributable to geographical markets outside the United Kingdom amounted to 60% (1997: 39%).

3 Operating profit (1997: loss)

	1998	1997
	£	£
Operating profit (1997: loss) is stated after charging:		
Depreciation of tangible fixed assets	8,982	9,044
Auditors' remuneration	2,300	2,100
Directors' emoluments	-	-
	<u>-</u>	<u>-</u>
and after crediting:		
Foreign currency translation gains	<u>6,324</u>	<u>3,607</u>

Included in the management fee of £83,910 (1997: £76,313) charged by a fellow subsidiary company is a proportion of the emoluments paid by that company for the services of a director, A D Shephard. It is not possible to determine specifically the amount so charged.

4 Other interest receivable and similar income

	1998	1997
	£	£
Bank interest	<u>5,526</u>	<u>4,110</u>

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 1998

5	<u>Tax on profit (1997: loss) on ordinary activities</u>	1998	1997
		£	£
	Corporation tax payable at 21%	(12,504)	-
	Receipt for group relief	-	14,213
	Taxation overprovided in previous year:		
	Corporation tax	-	213
		<u>(12,504)</u>	<u>14,426</u>
6	<u>Tangible fixed assets</u>		Plant and machinery etc £
	Cost		
	At 1 January 1998		37,170
	Additions		<u>5,162</u>
	At 31 December 1998		<u>42,332</u>
	Depreciation		
	At 1 January 1998		14,434
	Charge for the year		<u>8,982</u>
	At 31 December 1998		<u>23,416</u>
	Net book amount		
	At 31 December 1998		<u>18,916</u>
	At 31 December 1997		<u>22,736</u>
7	<u>Debtors</u>	1998	1997
		£	£
	Trade debtors	338,582	171,170
	Amounts owed by group undertakings	222,075	141,934
	Other debtors	<u>106,871</u>	<u>48,346</u>
		<u>667,528</u>	<u>361,450</u>
8	<u>Creditors: amounts falling due within one year</u>	1998	1997
		£	£
	Trade creditors	96,498	47,060
	Amount owed to group undertaking	134,346	174,342
	Taxation and social security	96,459	64,978
	Other creditors	<u>515,593</u>	<u>229,663</u>
		<u>842,896</u>	<u>516,043</u>

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 1998

9	<u>Called up share capital</u>	1998 £	1997 £
	Authorised		
	10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
10	<u>Statement of movements on profit and loss account</u>		£
	Balance at 1 January 1998		4,385
	Profit for the financial year		<u>27,341</u>
	Balance at 31 December 1998		<u>31,726</u>
11	<u>Reconciliation of movements in shareholder's funds</u>	1998 £	1997 £
	Profit (1997: loss) for the financial year	27,341	(48,517)
	Opening shareholder's funds	<u>4,387</u>	<u>52,904</u>
	Closing shareholder's funds	<u>31,728</u>	<u>4,387</u>

12 **Contingent liability**

The company has guaranteed the bank indebtedness of a fellow subsidiary undertaking. At 31 December 1998 the sum due to the bank amounted to £12,694 (1997: £98,718).

13 **Control**

The directors regard Shephard Publications Limited, as the ultimate parent company.

The directors regard A D Shephard, a director of the company, as the ultimate controlling party by virtue of his majority interest in the equity capital of Shephard Publications Limited. According to the register kept by the company, Shephard Publications Limited has a 100% interest in the equity capital of Shephard Conferences & Exhibitions Limited.

SHEPHARD CONFERENCES & EXHIBITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 1998

14 Related party transactions

<u>Name of related party</u>	<u>Relationship</u>	<u>Details of transactions</u>	<u>Amounts</u> <u>£</u>
Shephard Publications Limited	Parent company	Payment of revenue costs by Shephard Conferences & Exhibitions Limited on behalf of parent company	1,000
		Rental costs charged by parent company (1997: £12,500)	2,500
		Net transfer of funds from parent company (1997: £131,500)	-
The Shephard Press Limited	Fellow subsidiary company	Net transfer of funds to fellow subsidiary company (1997: £228,032).	448,379
		Payment of revenue costs by fellow subsidiary company on behalf of Shephard Conferences & Exhibitions Limited (1997: £247,754)	307,120
		Management and rental costs charged by fellow subsidiary company (1997: £96,313)	107,410
		Payment of revenue costs by Shephard Conferences & Exhibitions Limited on behalf of fellow subsidiary company (1997: £100,042)	6,147
		Received for group relief (1997: £14,213)	-
Shephard Conferences and Exhibitions Sdn.Bhd	Fellow subsidiary company	Payment of revenue costs by Shephard Conferences & Exhibitions Limited on behalf of fellow subsidiary company (1997: £31,261)	15,492
		Management costs charged to fellow subsidiary company (1997: £14,116).	85,000
		Net transfer of funds from fellow subsidiary company (1997: £nil).	18,852

Shephard Conferences & Exhibitions Limited has guaranteed a bank overdraft granted to a fellow subsidiary company, The Shephard Press Limited, in the sum of £12,694 (1997: £98,718).