

**Company Registration No. 01175242**

**VIAD SERVICE COMPANIES  
LIMITED**

**Annual Report and Financial  
Statements for the year ended  
31 December 2016**



# **VIAD SERVICE COMPANIES LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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# **VIAD SERVICE COMPANIES LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

S Moster  
N J Marshall  
E M Ingersoll

#### **SECRETARY**

P McKenna

#### **REGISTERED OFFICE**

Silverstone Drive,  
Gallagher Business Park,  
Coventry, Warwickshire,  
CV6 6PA

#### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
1 City Square,  
Leeds,  
LS1 2AL

# **VIAD SERVICE COMPANIES LIMITED**

## **STRATEGIC REPORT**

### **ACTIVITIES**

The company acts as the parent company for UK subsidiaries of the ultimate parent company, Viad Corp. In addition, the company trades as SDD|GES and GES Healthcare managing client attendance at trade shows worldwide.

### **BUSINESS REVIEW**

#### **Key Performance Indicators**

The directors are pleased with another successful year in a challenging trading environment. The group has continued to win new clients, as well as achieving organic growth with existing clients, resulting in continued strong sales revenue.

The group looks to steadily increase profitability, and the results of the group show a pre-tax profit of £3.9m (2015: £3.1m) for the year on revenue of £34.2m (2015: £32.1m).

Whilst targeting increased profitability, the group also aims to maintain and improve operating margins wherever possible. Operating margin was 11.3% (2015: 9.5%), an increase that has been driven in part by gains on exchange that have been generated in the year in particular as a result of the weakening of Sterling against overseas currencies following the decision to leave the EU.

In addition to revenue and profitability, a number of other key performance indicators are monitored in order to measure the health and progress of the business.

The group looks to maintain strong positive cash flow, maintaining a healthy balance sheet position with net assets of £7.0m (2015: £7.4m) and a positive cash balance of £2.5m (2015: £5.7m) following payment of £3.5m dividends during the year.

The results of the group continue to develop in line with expectations and deliver sustained growth in revenue and operating income, taking into consideration the biennial nature of trade show rotation. Results are favourable in comparison to 2014 results (2014 revenue: £26.3m, 2014 pre-tax profit: £2.9m).

#### **Future Developments**

The group is well positioned to continue delivering and developing its level of profitability through the development and extension of existing client relationships, targeting new relationships both inside and outside of the UK marketplace and seizing and executing exceptional project opportunities.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

#### **Market risk**

The group operates in two distinct markets: exhibitions and retail. Each market has different inherent risks and uncertainties, very few of which overlap. It is the directors' belief that working in these two markets reduces overall risk and uncertainty for the business.

The group also operates in distinct markets within exhibitions which further significantly mitigates risks, managing client attendance at trade shows for the aerospace, healthcare and other sectors.

The management of the business and the execution of the group's strategy are subject to a number of risks. These are set out below. Risks are formally reviewed by management and appropriate procedures put in place to monitor and mitigate them.

#### *Renewal of Contracts*

The group is in the enviable position of having a substantial amount of its future revenues contracted on a long term basis. The loss of a contract could have a detrimental effect on the group although this could release equipment and resources for use in other exhibitions or events.

#### *Cancellation of an Event at Short Notice*

The consequences of the above may mean the loss of revenue and due to short notice, an inability to use the equipment on other projects, thus not generating replacement revenues. This risk is mitigated by the issuing and collection of advance invoices to the client in order to ensure any committed costs for the event are recouped.

#### **Credit risk**

Credit risk is mitigated by ensuring that a significant proportion of a contract's value is collected before the handover of the project to the client.

# **VIAD SERVICE COMPANIES LIMITED**

## **STRATEGIC REPORT**

### **TREASURY**

The group's treasury operates procedures designed to reduce and eliminate financial risk. The policies are approved by the ultimate parent Viad Corp and the use of financial instruments is strictly controlled.

The group's principal financial instruments comprise borrowings, cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. The group does not use interest rate swaps to manage the interest rate risks arising from its operations. Operations are financed by retained profits and intercompany funding from its parent. Working capital requirements are met principally out of these retained profits.

Foreign exchange risk is managed through invoicing and payments for foreign customers being managed in the same currency

### **PAYMENT TO SUPPLIERS**

It is company policy to agree terms and conditions for its business transactions with suppliers. Payment is made on those terms subject to the terms and conditions being met by the supplier.

Approved by the Board of Directors and signed by order of the Board



P McKenna  
Company Secretary

# **VIAD SERVICE COMPANIES LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

### **GOING CONCERN**

The directors have reviewed the financial position of the group, including consideration of the uncertainties arising from the current economic environment and the consequential impact of this upon trading and financing.

Based on the group's continued revenue performance post year end, and the strength of its balance sheet and positive cash position, and following their review of the forecasts and projections of the group, the directors have a reasonable expectation that the group 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.

### **FUTURE DEVELOPMENTS**

Future developments are disclosed within the Strategic Report.

### **PROPOSED DIVIDEND AND TRANSFER TO RESERVES**

During the year, dividends of £3.5m were paid (2015: £2m). The profit for the year of £3.1m (2015: £2.7m) has been transferred to reserves. The nature of the Company's operations and its principal activities are set out in the Strategic Report under the 'Activities' heading.

### **DIRECTORS**

The directors who served during the year and subsequently were as follows:

S Moster  
N J Marshall  
E M Ingersoll

### **DISABLED PERSONS**

It is the policy of the group to give full and fair consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees who become disabled to continue in their employment where feasible, or to be trained for other positions within the group. The group does not discriminate against disabled persons in respect of the selection of employees for promotion and career development, although account is taken of the suitability of candidates for the positions available.

### **EMPLOYEE INVOLVEMENT**

During the year, the group informed employees about developments in the business. This was carried out by giving regular briefings to managers on financial performance, future plans, and other issues of importance.

### **FINANCIAL INSTRUMENTS**

Policies in relation to the use of financial instruments and treasury operations are set out in the Strategic Report under the 'Principal Risks and Uncertainties' and 'Treasury' headings.

### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

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 auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### **APPROVAL OF REDUCED DISCLOSURES**

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

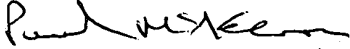
The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Viad Corp, as the immediate parent of the entity.

# **VIAD SERVICE COMPANIES LIMITED**

## **DIRECTORS' REPORT**

### **AUDITOR**

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the Annual General Meeting. Approved by the Board of Directors and signed on behalf of the Board.



P McKenna  
Company Secretary

# **VIAD SERVICE COMPANIES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.



## **VIAD SERVICE COMPANIES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIAD SERVICE COMPANIES LIMITED**

We have audited the financial statements of Viad Service Companies Limited for the year ended 31 December 2016 comprising the Consolidated Statement of Income and Retained Earnings, the Consolidated and Company Balance Sheets, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.
- In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report

## **VIAD SERVICE COMPANIES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIAD SERVICE COMPANIES LIMITED (continued)**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Scott Bayne FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
29 September 2017

# VIAD SERVICE COMPANIES LIMITED

## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Turnover</b>	2	34,182	32,134
Cost of sales		(27,319)	(25,875)
<b>Gross profit</b>		6,863	6,259
Administrative expenses		(3,000)	(3,219)
<b>Operating profit</b>	3	3,863	3,040
Interest receivable and similar income		25	18
<b>Profit on ordinary activities before taxation</b>		3,888	3,058
Tax on profit on ordinary activities	5	(835)	(372)
<b>Profit for the year</b>	15	3,053	2,686
Profit and loss account – at 1 January		6,076	5,390
Dividends paid on equity shares	20	(3,500)	(2,000)
<b>Profit and loss account – at 31 December</b>		5,629	6,076

All the items in the consolidated statement of income and retained earnings above relate to continuing operations.

All income and expenses for the year are recognised in the consolidated statement of income and retained earnings, hence there is no separate statement of other comprehensive income.

# VIAD SERVICE COMPANIES LIMITED

## CONSOLIDATED BALANCE SHEET As at 31 December 2016

	Note	£'000	2016 £'000	£'000	2015 £'000
<b>Fixed assets</b>					
Goodwill	7		458		666
Tangible assets	8		186		262
			<u>644</u>		<u>928</u>
<b>Current assets</b>					
Stocks	10	1,713		1,165	
Debtors	11	5,603		2,799	
Cash at bank and in hand		2,459		5,736	
		<u>9,775</u>		<u>9,700</u>	
<b>Creditors: amounts falling due within one year</b>	12	(3,455)		(3,217)	
<b>Net current assets</b>			<u>6,320</u>		<u>6,483</u>
<b>Net assets</b>			<u>6,964</u>		<u>7,411</u>
<b>Capital and reserves</b>					
Called-up share capital	14		1,263		1,263
Profit and loss account			5,629		6,076
Other reserves			72		72
<b>Total shareholder's funds</b>	15		<u>6,964</u>		<u>7,411</u>

The notes on pages 11-19 form part of these financial statements.

These financial statements of Viad Service Companies Limited (registered number: 01175242) were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors



N Marshall  
Director

# VIAD SERVICE COMPANIES LIMITED

## COMPANY BALANCE SHEET

As at 31 December 2016

	Note	£'000	2016 £'000	£'000	2015 £'000
<b>Fixed assets</b>					
Goodwill	7		413		578
Tangible assets	8		186		262
Investments	9		1,068		1,068
			<u>1,667</u>		<u>1,908</u>
<b>Current assets</b>					
Stocks	10	1,713		1,165	
Debtors	11	5,603		2,799	
Cash at bank		2,459		5,736	
		<u>9,775</u>		<u>9,700</u>	
<b>Creditors: amounts falling due within one year</b>	12.	(4,523)		(4,285)	
<b>Net current assets</b>			<u>5,252</u>		<u>5,415</u>
<b>Net assets</b>			<u>6,919</u>		<u>7,323</u>
<b>Capital and reserves</b>					
Called-up share capital	14		1,263		1,263
Profit and loss account			5,656		6,060
<b>Total shareholder's funds</b>	15		<u>6,919</u>		<u>7,323</u>

The company's profit for the financial year amounted to £3,096,000 (2015: £2,729,000).

The notes on pages 11-19 form part of these financial statements.

These financial statements of Viad Service Companies Limited (registered number: 01175242) were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors



N Marshall

Director

# **VIAD SERVICE COMPANIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### **General information and basis of accounting**

Viad Service Companies Limited is a company limited by shares and incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Viad Service Companies Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

Viad Service Companies Limited meets the definition of a qualifying entity under FRS 102 and has taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, financial instruments, remuneration of key management personnel and related party transactions.

There were no movements in equity accounts excepting profit for the year and dividends paid in the current year or previous year, therefore a single statement of income and retained earnings has been presented, and no separate statement of changes in equity has been presented.

#### **Going Concern**

The directors have reviewed the financial position of the group, including consideration of the uncertainties arising from the current economic environment and the consequential impact of this upon trading and financing.

Based on the group's continued revenue performance post year end, and the strength of its balance sheet and positive cash position, and following their review of the forecasts and projections of the group, the directors have a reasonable expectation that the group 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.

#### **Basis of consolidation**

The group's financial statements consolidate, on an acquisition accounting basis, the financial statements for the year ended 31 December 2016 of the parent company and all subsidiary undertakings. Purchased goodwill has been capitalised and amortised over its useful economic life, a reasonable estimate of which the directors regard as 20 years. Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets.

In accordance with section 35 of FRS 102, section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Goodwill which arose on the acquisition of a business prior to FRS 10 was written off directly to reserves as a matter of accounting policy and remains eliminated in that reserve. Such goodwill will be charged or credited to the profit and loss account as appropriate on the subsequent disposal of the business to which it related.

#### **Cash flow statement**

As a wholly owned subsidiary of Viad Corp, the group takes advantage of the exemption from the requirement to produce a cash flow statement.

#### **Turnover**

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer in accordance with the terms of the contract. Turnover from exhibition services is only recognised when the exhibitions occur. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

Turnover from handling and administration of exhibit space bookings are recognised on a commission basis.

### 1. ACCOUNTING POLICIES (CONTINUED)

Turnover from handling and administration of exhibit space bookings are recognised on a commission only basis when exhibitions occur as the group acts as an agent in respect of these transactions rather than principal.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Motor vehicles	4 years
Office equipment	3-10 years
Leasehold improvements	10 years

#### **Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

##### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### *(ii) Investments*

Shares in group undertakings are stated at cost less any provision for impairment in value.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, equivalent to the net realisable value. Work in progress balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less payments on account not matched with turnover.

#### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at average rates. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange differences are recognised in profit or loss in the period in which they arise

#### **Taxation**

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### Pensions

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is contributions payable in the year.

#### Critical accounting judgements and key sources of estimation uncertainty

In the opinion of the directors, due to the nature of the Company there are no critical accounting judgements or key sources of estimation uncertainty that the directors have made in the process of applying the Company's accounting policies.

### 2. TURNOVER AND REVENUE

An analysis of the Group's turnover by class of business is set out below.

	2016 £	2015 £
<b>Turnover:</b>		
Aerospace exhibit	19,638	19,714
Other exhibit/ Retail	14,183	11,974
Exhibit Storage	361	446
	<u>34,182</u>	<u>32,134</u>

An analysis of the Group's turnover by geographical market is set out below.

	2016 £	2015 £
<b>Turnover:</b>		
United Kingdom	13,930	4,339
Europe	13,576	19,673
Rest of World	6,676	8,122
	<u>34,182</u>	<u>32,134</u>

### 3. OPERATING PROFIT

	2016 £'000	2015 £'000
<b>Operating profit is after charging/ (crediting):</b>		
Depreciation	128	199
Rentals under operating leases:		
Other	97	97
Goodwill amortisation	208	208
Foreign exchange gain	(492)	(44)
	<u></u>	<u></u>

The analysis of auditor's remuneration is as follows:

	2016 £'000	2015 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	20	18
Total audit fees	20	18



# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2016 £'000	2015 £'000
<b>Directors' emoluments</b>		
Directors' remuneration	-	80
Pension scheme contributions	-	30
	-	110

No directors' emoluments were paid during the year. No director is a member of a defined benefit pension scheme (2015: none). Three of the directors of the company are remunerated by other companies within the group. It is not practicable to ascertain what proportion of their remuneration relates to this company and therefore there are no disclosures within these financial statements.

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	No.	No.
<b>Average monthly number of employees</b>		
Design	16	16
Project management	35	29
Administration	8	8
	59	53

	2016 £'000	2015 £'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	3,069	2,725
Social security costs	425	340
Pension costs	236	269
	3,730	3,334

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £'000	2015 £'000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax at 20% (2015: 20.25%)	819	612
Adjustment in respect of prior years	15	(248)
Total current tax	834	364
<b>Deferred taxation</b>		
Origination and reversal of timing differences	7	6
Effect of rate change	8	4
Adjustment in respect of prior years	(14)	(2)
Total deferred taxation	1	8
<b>Tax on profit on ordinary activities</b>	835	372

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The difference between the total current tax shown and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	3,888	3,058
Tax on profit on ordinary activities at average standard rate of 20% (2015: 20.25%)	778	619
Effects of:		
(Income)/ Expenses not deductible for tax purposes	1	18
Fixed asset differences	47	38
Group relief claimed	(79)	(56)
Group relief paid for	79	-
Movement in other timing differences	-	(1)
Effect of rate change	8	4
Adjustment to tax charge in respect of prior years	1	(250)
Total tax charge for the year	835	372

The applicable tax rate has changed following substantive enactment of the Finance Act 2013. The Finance Act 2013 reduced the main rate of corporation tax to 20% effective from 1st April 2015 and this rate was used when calculating deferred tax assets and liabilities at 31 December 2016.

Finance No 2 Act which was substantively enacted on 26 October 2015 includes provisions to further reduce the corporation tax rate to 18% effective from 1 April 2017 and to 17% effective from 1 April 2020. Deferred tax assets and liabilities have been calculated at the rates which will be in force when the timing differences are projected to reverse.

### 6. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £3,096,000 (2015: £2,729,000).

### 7. GOODWILL

	£'000
<b>Group</b>	
<b>Cost</b>	
At 1 January 2016	4,158
At 31 December 2016	4,158
<b>Accumulated amortisation</b>	
At 1 January 2016	3,492
Charge for the year	208
At 31 December 2016	3,700
<b>Net book value</b>	
At 1 January 2016	666
At 31 December 2016	458

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 7. GOODWILL (CONTINUED)

Company	£'000
<b>Cost</b>	
At 1 January 2016	3,302
At 31 December 2016	3,302
<b>Accumulated amortisation</b>	
At 1 January 2016	2,724
Charge for the year	165
At 31 December 2016	2,889
<b>Net book value</b>	
At 1 January 2016	578
At 31 December 2016	413

### 8. TANGIBLE FIXED ASSETS

	Leasehold Improvements £'000	Motor vehicles £'000	Office Equipment £'000	Total £'000
<b>Company and group</b>				
<b>Cost</b>				
At 1 January 2016	414	259	583	1,256
Additions	21	-	31	52
At 31 December 2016	435	259	614	1,308
<b>Accumulated depreciation</b>				
At 1 January 2016	368	167	459	994
Charge for the year	21	47	60	128
At 31 December 2016	389	214	519	1,122
<b>Net book value</b>				
At 31 December 2016	46	45	95	186
At 31 December 2015	46	92	124	262

### 9. INVESTMENTS

Company	Shares in group undertakings £'000
<b>At cost</b>	
At 1 January 2016	1,068
At 31 December 2016	1,068

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 9. INVESTMENTS (CONTINUED)

#### Information regarding investments

The subsidiary undertaking is unlisted, directly owned, and registered in England and Wales. The registered office is Silverstone Drive, Gallagher Business Park, Coventry, Warwickshire, CV6 6PA and the holding is as follows:

	Class of shares	Percentage of shares owned by Viad Service Companies Limited at 31 December 2016	Class of business
SDD Exhibitions Limited	£1 ordinary shares	100%	Dormant

### 10. STOCKS

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Work in progress	3,624	1,734	3,624	1,734
Less payments on account	(2,555)	(1,112)	(2,555)	(1,112)
Excess payments on account transferred to creditors	644	543	644	543
	<u>1,713</u>	<u>1,165</u>	<u>1,713</u>	<u>1,165</u>

The directors believe that there is no material difference between the balance sheet value and the replacement cost of stocks.

### 11. DEBTORS

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	1,097	936	1,097	936
Amounts owed by parent undertaking	1,501	942	1,501	942
Amounts owed by other group companies	2,357	458	2,357	458
Deferred tax asset (note 13)	69	70	69	70
Other debtors	467	302	467	302
Prepayments and accrued income	112	91	112	91
	<u>5,603</u>	<u>2,799</u>	<u>5,603</u>	<u>2,799</u>

Included with amounts owed by other group companies is an unsecured loan of £2m to Global Experience Specialists (GES) Limited. This loan is repayable on demand, with interest calculated thereon at a rate of 2.69%.

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016 £'000	2016 £'000	2016 £'000	2015 £'000
Excess payments on account	644	543	644	543
Trade creditors	1,013	1,349	1,013	1,349
Amounts owed to fellow subsidiary undertakings	-	-	1,068	1,068
Amounts owed to other group companies	10	11	10	11
Corporation tax	321	100	321	100
Amounts owed in respect of group relief	82	-	82	-
Other taxation and social security	65	104	65	104
Accruals and deferred income	1,320	1,121	1,320	1,121
	<u>3,455</u>	<u>3,217</u>	<u>4,523</u>	<u>4,285</u>

### 13. DEFERRED TAXATION ASSET

Group and Company	£'000
Deferred taxation as at 1 January 2016 (note 11)	70
Debited to the profit and loss account	(1)
Deferred taxation asset at 31 December 2016 (note 11)	<u>69</u>
Analysis of deferred taxation	
	2016 £'000
Depreciation in excess of capital allowances	35
Other timing differences	34
	<u>69</u>
	2015 £'000
	64
	6
	<u>70</u>

### 14. CALLED UP SHARE CAPITAL

Group and Company	2016 £'000	2015 £'000
Authorised, called-up, allotted and fully paid: 1,262,803 ordinary shares of £1 each	<u>1,263</u>	<u>1,263</u>

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Profit for the year	3,053	2,686	3,096	2,729
Dividend	(3,500)	(2,000)	(3,500)	(2,000)
Net (decrease)/ increase in shareholder's funds	<u>(447)</u>	<u>686</u>	<u>(404)</u>	<u>729</u>
Opening shareholder's funds	7,411	6,725	7,323	6,594
Closing shareholder's funds	<u>6,964</u>	<u>7,411</u>	<u>6,919</u>	<u>7,323</u>

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 16. FINANCIAL COMMITMENTS

#### (a) Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group and Company	
	2016	2015
	Land & buildings	Land & buildings
	£'000	£'000
Expiry date:		
Within one year	131	49
Within two to five years	377	508
	<u>508</u>	<u>557</u>

#### (b) Group capital commitments

At 31 December 2016, neither the group nor the company had any capital commitments (2015: £nil).

### 17. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 102, transactions with other undertakings within the Viad Corp group have not been disclosed in these financial statements.

### 18. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent and controlling company is Viad Corp, which is incorporated in the United States of America. The parent company of the smallest and largest group of undertakings for which consolidated financial statements are drawn up and of which the company is a member is Viad Corp. Copies of the consolidated financial statements of Viad Corp are available from Viad Corp, 1850 N. Central Avenue, Suite 1900, Phoenix, Arizona 85004-4565, United States of America.

### 19. PENSION SCHEME

During the current and prior year, the group has contributed to personal pension schemes only. The cost of these is charged to the profit and loss account in the year in which it is incurred. The total pension cost for the group in the year was £236,045 (2015: £268,957).

### 20. DIVIDENDS

	2016	2015
	£'000	£'000
Dividends paid - £2.77 per share (2015: £1.581 per share)	<u>3,500</u>	<u>2,000</u>