

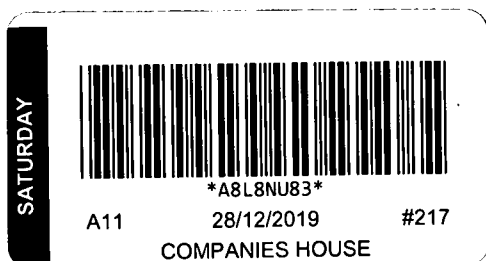
6 Docs

**Company Registration No. 01175242**

**VIAD SERVICE COMPANIES  
LIMITED**

**Annual Report and Consolidated  
Financial Statements for the year ended**

**31 December 2018**



# **VIAD SERVICE COMPANIES LIMITED**

## **ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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# **VIAD SERVICE COMPANIES LIMITED**

## **ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

S Moster  
E M Ingersoll  
J Popp (appointed 9 January 2019, resigned 20 September 2019)  
N J Marshall (resigned 9 January 2019)

#### **SECRETARY**

M R Stewart (appointed 9 January 2019)  
P McKenna (resigned 9 January 2019)

#### **REGISTERED OFFICE**

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

#### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
4 Brindley Place,  
Birmingham,  
United Kingdom  
B1 2HZ

# **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 GES managing client attendance at exhibitions and events worldwide.

### **BUSINESS REVIEW**

The results of the group continue to develop in line with expectations and show a pre-tax profit of £4.4m (2017: £4.1m) for the year on revenue of £38.1m (2017: £41.7m).

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.

### **Key Performance Indicators**

The group reviews KPI's such as turnover, gross profit margins, and earnings before interest and tax, capital expenditures and cash flows either weekly or monthly at management meetings in order to measure the health and progress of the business.

The group looks to steadily increase profitability 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 2016 results (2016 revenue: £34.1m, 2016 pre-tax profit: £3.9m).

Whilst targeting increased profitability, the group also aims to maintain and improve operating margins wherever possible. Operating margin was 11.4% (2017: 9.8%).

The group looks to maintain strong positive cash flow, maintaining a healthy balance sheet position with net assets of £12.9m (2017: £10.2m) and a positive cash balance of £7.9m (2017: £6.0m).

The group manages cash flow as part of its day to day control procedures. Cash flow projections are prepared and reviewed on a monthly basis to ensure appropriate resources are managed and available as necessary. The financial position of the group, its cash flows and liquidity are reviewed regularly by the directors.

### **Future Developments**

The group is well positioned to continue delivering and improving 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 on exceptional project opportunities.

### **Financial Instruments**

The group's treasury operating procedures are 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 cash, intercompany funding, and items trade debtors and trade creditors that arise directly from its operations. Working capital requirements are met principally out of retained profits.

Foreign exchange risk is managed through invoicing and payments for foreign customers being transacted in the same currency as much as possible. The group does not use interest rate swaps to manage the interest rate risks arising from its operations.

The Company is mainly exposed from credit risk from credit sales. It is company policy to assess the credit risk of new customers and to factor the information from these credit ratings and experience into future dealings with the customers. At the Balance Sheet date there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the value of debtors within the Balance Sheet.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **Market risk**

The group operates in distinct markets within exhibitions and events which significantly mitigates risks, managing client attendance at trade shows for the aerospace, healthcare and other sectors. It is the directors' belief that working in these different sectors reduces overall risk and uncertainty for the business.

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 are put in place to monitor and mitigate them.

## VIAD SERVICE COMPANIES LIMITED

### STRATEGIC REPORT (CONTINUED)

#### *Discretionary Expenditure*

Consistent with marketing expenses, clients' spend on events is seen by some companies as a 'discretionary' expenditure. In difficult times it can be reduced more easily than other key costs, such as staff and establishment. The reverse is also true and the group expects to see on-going growth as the global economy improves.

#### *Renewal of Contracts*

The group is in the enviable position of having a significant amount of its future revenues contracted on a long term basis.

#### *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 partially 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 Management*

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

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



E M Ingersoll  
Director

23 December 2019

# VIAD SERVICE COMPANIES LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2018.

### 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 consolidated financial statements.

### FUTURE DEVELOPMENTS

Future developments are disclosed within the Strategic Report.

### PROPOSED DIVIDEND AND TRANSFER TO RESERVES

During the year, dividends of £1m were paid (2017: £ Nil), and no dividends have been proposed since the year end. The profit for the year of £2.6m (2017: £3.3m) 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, and key performance indicators are identified under the 'Business Review' heading.

### DIRECTORS

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

S Moster

E M Ingersoll

N J Marshall (resigned 9 January 2019)

J Popp (appointed 9 January 2019, resigned 20 September)

### 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 RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk, which are detailed in the Strategic Report.

#### *Creditor payment policy*

Where the supply of goods and services is satisfactory and in the absence of any dispute, the group's policy is to pay its suppliers in accordance with the terms agreed upon prior to the supply of goods and services. Where no such agreement exists, the group's policy is to pay suppliers in accordance with the terms contained in the invoice.

### 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.

## **VIAD SERVICE COMPANIES LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

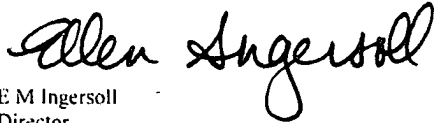
#### **APPROVAL OF REDUCED DISCLOSURES**

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 consolidated 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.

#### **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

A handwritten signature in black ink, appearing to read "E M Ingersoll". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

E M Ingersoll  
Director

23 December 2019

## **VIAD SERVICE COMPANIES LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements; and
- prepare the consolidated 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 consolidated 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**

#### **Report on the audit of the consolidated financial statements**

##### **Opinion**

In our opinion the consolidated financial statements of Viad Service Companies Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the consolidated financial statements of Viad Service Companies Limited which comprise:

- the consolidated statement of income and retained earnings;
- the consolidated and parent company balance sheets;
- the consolidated cash flow statement;
- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the UK, including the FRC's Ethical Standards, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the consolidated financial statements is not appropriate; or
- the directors have not disclosed in the consolidated financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated financial statements are authorised for issue.

We have nothing to report in respect of these matters.

##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## **VIAD SERVICE COMPANIES LIMITED**

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters 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 consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 consolidated 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.

We have nothing to report in respect of these matters.

**VIAD SERVICE COMPANIES LIMITED**

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

**Use of our report**

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.



Lee Highton FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP,  
Statutory Auditor  
Birmingham, United Kingdom

23 December 2019

# VIAD SERVICE COMPANIES LIMITED

## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover	2	38,051	41,727
Cost of sales		(31,788)	(33,784)
<b>Gross profit</b>		<b>6,263</b>	<b>7,943</b>
Administrative expenses		(1,912)	(3,872)
<b>Operating profit</b>	3	<b>4,351</b>	<b>4,071</b>
Interest receivable from group undertakings		72	35
Interest receivable and similar income		2	2
<b>Profit before taxation</b>		<b>4,425</b>	<b>4,108</b>
Tax on profit	5	(790)	(822)
<b>Profit for the year</b>	15	<b>3,635</b>	<b>3,286</b>
Profit and loss account – at 1 January		8,915	5,629
Profit for the year		3,635	3,286
Dividends paid on equity shares	20	(1,000)	-
<b>Profit and loss account – at 31 December</b>		<b>11,550</b>	<b>8,915</b>

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

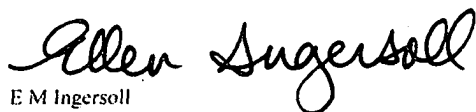
## CONSOLIDATED BALANCE SHEET As at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Goodwill	7	42	250
Tangible assets	8	148	165
		<u>190</u>	<u>415</u>
<b>Current assets</b>			
Stocks	10	4,247	2,438
Debtors	11	7,824	5,818
Cash at bank and in hand		7,899	5,953
		<u>19,970</u>	<u>14,209</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(7,275)</u>	<u>(4,374)</u>
<b>Net current assets</b>		<u>12,695</u>	<u>9,835</u>
<b>Total assets less current liabilities, being net assets</b>		<u>12,885</u>	<u>10,250</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,263	1,263
Profit and loss account		11,550	8,915
Consolidated reserves		<u>72</u>	<u>72</u>
<b>Total shareholder's funds</b>	15	<u>12,885</u>	<u>10,250</u>

The notes on pages 14-23 form part of these consolidated financial statements.

These consolidated financial statements of Viad Service Companies Limited (registered number: 01175242) were approved by the Board of Directors and authorised for issue on 23 December 2019.

Signed on behalf of the Board of Directors



E M Ingersoll

Director

# VIAD SERVICE COMPANIES LIMITED

## COMPANY BALANCE SHEET

As at 31 December 2018

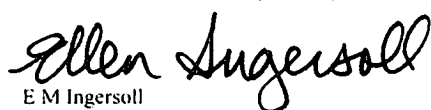
	Note	£'000	2018 £'000	£'000	2017 £'000
<b>Fixed assets</b>					
Goodwill	7		83		248
Tangible assets	8		148		165
Investments	9		1,068		1,068
			<u>1,299</u>		<u>1,481</u>
<b>Current assets</b>					
Stocks	10	4,247		2,438	
Debtors	11	7,824		5,818	
Cash at bank and in hand		7,899		5,953	
		<u>19,970</u>		<u>14,209</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(8,343)</u>		<u>(5,442)</u>	
<b>Net current assets</b>			<u>11,627</u>		<u>8,767</u>
<b>Total assets less current liabilities, being net assets</b>			<u>12,926</u>		<u>10,248</u>
<b>Capital and reserves</b>					
Called up share capital	14		1,263		1,263
Profit and loss account			11,663		8,985
<b>Total shareholder's funds</b>	15		<u>12,926</u>		<u>10,248</u>

The company's profit for the financial year amounted to £3,678,000 (2017: £3,329,000).

The notes on pages 14-23 form part of these consolidated financial statements.

These consolidated financial statements of Viad Service Companies Limited (registered number: 01175242) were approved by the Board of Directors and authorised for issue on 23 December 2019.

Signed on behalf of the Board of Directors

  
E M Ingersoll

Director

# VIAD SERVICE COMPANIES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT As at 31 December 2018

	2018 £000	2017 £000
<b>Net cash flows from operating activities</b>	2,577	3,587
<b>Cash flows from investing activities</b>		
Purchase of equipment	(72)	(86)
Interest received	74	37
<b>Net cash flows from investing activities</b>	2	(49)
<b>Cash flows from financing activities</b>		
Dividends paid	(1,000)	-
<b>Effect of foreign exchange rate changes</b>	367	(44)
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,946	3,494
<b>Cash and cash equivalents at beginning of year</b>	5,953	2,459
<b>Cash and cash equivalents at end of year</b>	7,899	5,953
<b>Reconciliation to cash at bank and in hand:</b>		
Cash at bank and in hand	7,899	5,953
Cash equivalents	-	-
<b>Cash and cash equivalents</b>	7,899	5,953
<b>Reconciliation of operating profit to cash generated by operations:</b>		
	2018 £'000	2017 £000
Operating profit	4,351	4,071
Adjustment for:		
Foreign exchange (gain)/ loss	(367)	44
Depreciation of tangible fixed assets	90	107
Amortisation of goodwill	208	208
<b>Operating cash flow before movement in working capital</b>	4,282	4,430
Decrease / (increase) in stocks	(1,809)	1,186
(Increase) in debtors	(2,087)	(161)
(Decrease) / increase in creditors	2,560	(589)
<b>Net cash flows from operating activities</b>	2,946	4,866
Income taxes paid	(369)	(1,279)
<b>Net cash flows from operating activities</b>	2,577	3,587

# **VIAD SERVICE COMPANIES LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2018**

### **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 privately owned 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 consolidated 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 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 consolidated 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 2018 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 consolidated 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.

#### **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 CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2018

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Turnover (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 agent in respect of these transactions rather than principal.

#### Interest

Interest income and expenses are recognised in profit or loss for all interest-bearing instruments on an accrual basis.

#### 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

#### Intangible assets – goodwill

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

#### 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.

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 Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

##### (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.

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

### ACCOUNTING POLICIES (CONTINUED)

#### 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 consolidated 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 consolidated 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.

#### 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.

	2018 £'000	2017 £'000
<b>Turnover:</b>		
Aerospace exhibit	21,641	24,228
Healthcare/ Other exhibit	16,039	17,108
Exhibit Storage	371	391
	<u>38,051</u>	<u>41,727</u>

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As at 31 December 2018

### TURNOVER AND REVENUE (CONTINUED)

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

	2018 £'000	2017 £'000
<b>Turnover:</b>		
United Kingdom	12,840	3,968
Europe	18,670	28,088
Rest of World	6,541	9,671
	<u>38,051</u>	<u>41,727</u>

### 3. OPERATING PROFIT

	2018 £'000	2017 £'000
<b>Operating profit is after charging/ (crediting):</b>		
Depreciation	90	107
Rentals under operating leases:		
Other	111	115
Goodwill amortisation	208	208
Foreign exchange loss/ (gain)	(367)	44
	<u>          </u>	<u>          </u>

**The analysis of auditor's remuneration is as follows:**

	2018 £'000	2017 £'000
Fees payable to the company's auditor for the audit of the company's annual consolidated financial statements	20	20
Total audit fees	<u>20</u>	<u>20</u>

There were no non-audit fees paid to auditors (2017: nil)

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2018 £'000	2017 £'000
<b>Directors' emoluments</b>		
Directors' remuneration	-	-
Pension scheme contributions	-	-
	<u>          </u>	<u>          </u>

No directors' emoluments were paid during the year. No director is a member of a defined benefit pension scheme (2017: none). Three of the directors of the company are remunerated by other companies within the Viad group. It is not practicable to ascertain what proportion of their remuneration relates to this company and therefore there are no disclosures within these consolidated financial statements.

	2018 No.	2017 No.
<b>Average monthly number of employees</b>		
Design	23	19
Project management	39	35
Administration	11	10
	<u>73</u>	<u>64</u>

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

	2018 £'000	2017 £'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	3,164	3,518
Social security costs	342	252
Pension costs	122	109
	<u>3,628</u>	<u>3,879</u>

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge in the year	2018 £'000	2017 £'000
<b>Current tax</b>		
UK corporation tax at 19% (2017: 19.25%)	754	815
Adjustment in respect of prior years	18	(2)
Total current tax	<u>772</u>	<u>813</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	33	13
Effect of rate change	-	-
Adjustment in respect of prior years	(15)	(4)
Total deferred taxation	<u>18</u>	<u>9</u>
<b>Tax on profit on ordinary activities</b>	<u>790</u>	<u>822</u>

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:

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	4,425	4,108
Tax on profit on ordinary activities at average standard rate of 19% (2017: 19.25%)	841	791
Effects of:		
(Income)/ Expenses not deductible for tax purposes	8	(5)
Fixed asset differences	35	42
Group relief claimed	(92)	-
Group relief paid for	-	-
Effect of rate change	(4)	(2)
Adjustment to tax charge in respect of prior years	2	(4)
Total tax charge for the year	<u>790</u>	<u>822</u>

The average standard rate of tax applied to reported profit on ordinary activities is 19% (2017: 19.25%). The standard rate of UK corporation tax was reduced from 20% to 19% with effect from 1 April 2017. The finance (No.2) Act 2015, which was acted on 18 November 2015, introduced further reductions in the corporation tax rate to 18% by 2020.

The Finance Act 2016, introduced a further reduction in the corporation tax rate to 17% from 2020. As this further change was substantively acted on 15 September 2016, the effects are included in the deferred tax balances at 31 December 2018.

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

### 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 consolidated financial statements. The parent company's profit for the financial year amounted to £3,596,000 (2017: £3,329,000).

### 7. GOODWILL

	<b>£'000</b>
<b>Group</b>	
<b>Cost</b>	
At 1 January 2018	4,158
	<u>4,158</u>
At 31 December 2018	<u>4,158</u>
<b>Accumulated amortisation</b>	
At 1 January 2018	3,908
Charge for the year	208
	<u>4,116</u>
At 31 December 2018	<u>4,116</u>
<b>Net book value</b>	
At 31 December 2017	250
	<u>42</u>
At 31 December 2018	<u>42</u>
 <b>Company</b>	
	<b>£'000</b>
<b>Cost</b>	
At 31 December 2017	3,302
	<u>3,302</u>
At 31 December 2018	<u>3,302</u>
<b>Accumulated amortisation</b>	
At 1 January 2018	3,054
Charge for the year	165
	<u>3,219</u>
At 31 December 2018	<u>3,219</u>
<b>Net book value</b>	
At 31 December 2017	248
	<u>83</u>
At 31 December 2018	<u>83</u>

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

### 8. TANGIBLE FIXED ASSETS

Company and group	Leasehold Improvements £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2018	435	232	611	1,278
Additions	-	-	72	72
Disposals	-	(64)	(27)	(91)
At 31 December 2018	435	168	656	1,259
<b>Accumulated depreciation</b>				
At 1 January 2018	400	215	498	1,113
Charge for the year	11	15	64	90
Disposals	-	(65)	(27)	(92)
At 31 December 2018	411	165	535	1,111
<b>Net book value</b>				
At 31 December 2018	24	3	121	148
At 31 December 2017	35	17	113	165

### 9. INVESTMENTS

Company	Shares in group undertakings £'000
<b>At cost</b>	
At 1 January 2018	1,068
At 31 December 2018	1,068

#### 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 2018	Class of business
SDD Exhibitions Limited (Company Reg. 02482399)	100%	Dormant

### 10. STOCKS

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Work in progress	4,247	2,438	4,247	2,438

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

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

### 11. DEBTORS

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	2,489	1,539	2,489	1,539
Amounts owed by parent undertaking	1,133	1,444	1,133	1,444
Amounts owed by other group companies	3,577	2,063	3,577	2,063
Deferred tax asset (note 13)	42	60	42	60
Corporation tax	-	63	-	63
Other debtors	498	544	498	544
Prepayments and accrued income	85	105	85	105
	<u>7,824</u>	<u>5,818</u>	<u>7,824</u>	<u>5,818</u>

Included with amounts owed by other group companies is an unsecured loan of £3.5m (2017: £2m) to Global Experience Specialists (GES) Limited with interest accrued thereon. This loan is repayable on demand, with interest calculated and accrued thereon at a rate of 2.69%. Amounts owed by parent undertaking is unsecured, interest free and repayable on demand.

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

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	5,884	2,537	5,884	2,537
Amounts owed to fellow subsidiary undertakings	-	-	1,068	1,068
Amounts owed to other group companies	184	270	184	270
Corporation tax	340	-	340	-
Other taxation and social security	49	56	49	56
Accruals and deferred income	818	1,511	818	1,511
	<u>7,275</u>	<u>4,374</u>	<u>8,343</u>	<u>5,442</u>

Amounts owed to fellow subsidiary undertakings and other group companies are unsecured, interest free and repayable on demand.

### 13. DEFERRED TAXATION ASSET

Group and Company	£'000	
Deferred taxation as at 1 January 2018 (note 11)	60	
Debited to the profit and loss account	(18)	
Deferred taxation asset at 31 December 2018 (note 11)	<u>42</u>	
<b>Analysis of deferred taxation</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation in excess of capital allowances	28	26
Other timing differences	14	34
	<u>42</u>	<u>60</u>

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

### 14. CALLED UP SHARE CAPITAL

Group and Company	2018 £'000	2017 £'000
Authorised, called-up, allotted and fully paid: 1,262,803 ordinary shares of £1 each	1,263	1,263

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

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Profit for the year	3,635	3,286	3,678	3,329
Dividend	(1,000)	-	(1,000)	-
Net increase/ (decrease) in shareholder's funds	2,635	3,286	2,678	3,329
Opening shareholder's funds	10,250	6,964	10,248	6,919
Closing shareholder's funds	12,885	10,250	12,926	10,248

### 16. FINANCIAL COMMITMENTS

#### (a) Operating lease commitments

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

	Group and Company	
	2018	2017
	Land & buildings £'000	Land & buildings £'000
Expiry date:		
Within one year	131	131
Within two to five years	115	246
	246	377

#### (b) Group capital commitments

At 31 December 2018, neither the group nor the company had any capital commitments (2017: £nil).

### 17. RELATED PARTY TRANSACTIONS

Other than the amounts disclosed as receivable and payable within the Viad Group companies, there are no other related party transactions which required disclosure in accordance with Financial Reporting Standard No 102, section 33.



# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018

### 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 or the company's website at [www.viad.com](http://www.viad.com). This is the registered office.

### 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 £121,948 (2017: £109,007).

### 20. DIVIDENDS

	2018 £'000	2017 £'000
Dividends paid - £0.792 per share (2017: £ Nil per share)	1,000	-

A proposal to pay interim dividends was signed by resolution of the directors dated 10<sup>th</sup> October 2018 and paid on 10<sup>th</sup> October 2018.