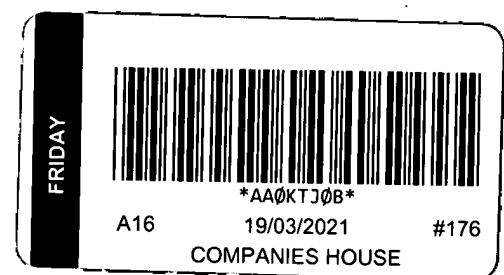


Company Registration No. 01175242

**VIAD SERVICE COMPANIES
LIMITED**

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

31 December 2019



VIAD SERVICE COMPANIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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VIAD SERVICE COMPANIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

BANKER

Natwest Group
2 St. Philips Place,
Birmingham,
United Kingdom
B3 2RB

VIAD SERVICE COMPANIES LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The company trades as GES managing client attendance at exhibitions and events worldwide.

BUSINESS REVIEW

The results of the company are in line with expectations and show a pre-tax profit of £5.3m (2018: £4.5m) for the year on revenue of £40.0m (2018: £31.9m).

The directors are pleased with another successful year in a challenging trading environment. The company 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 company 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 company 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 2018 results (2018 revenue: £31.9m, 2018 pre-tax profit: £4.5m).

Whilst targeting increased profitability, the company also aims to maintain and improve operating margins wherever possible. Operating margin was 12.9% in 2019 (2018: 13.8%).

The company looks to maintain strong positive cash flow, maintaining a healthy balance sheet position with net assets of £17.7m (2018: £12.9m) and a positive cash balance of £8.1m (2018: £7.9m) at the current year end date.

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

Future Developments

The company 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. There are no known changes to the entity's operations in the foreseeable future.

Financial Instruments

The company'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 company'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 company 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 company 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 company'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

PRINCIPAL RISKS AND UNCERTAINTIES (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 company expects to see on-going growth based on a changing global economy.

Renewal of Contracts

While the company has certain long term contracts covering future periods, the loss or non-renewal of a contract could have a detrimental effect on the company although this could release equipment and resource for use in other exhibitions or events.

Cancellation of an Event at Short Notice

The consequences of an event being cancelled may mean the loss of revenue and, because of the short notice, and inability to use the equipment on other projects, thus not generating replacement revenues. This risk is mitigated partially through non-refundable in-advance billing for events.

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.

Brexit

Following Royal Assent of the Withdrawal Agreement Bill the UK officially left the European Union (EU) on 31 January 2020. The terms of the UK's future relationship were negotiated over the remainder of 2020 with agreement struck by on 24th December and new regulations coming into force on 1st February 2021. There has been minimal impact on the business with very minor changes needed to handle the movement of goods and some additional control required around human resources. Currently there are no significant operational issues. Management continues to monitor and adapt to guidance across the business and remains aware of impacts arising within the wider industry.

Covid 19

The World Health Organisation (WHO) officially declared the coronavirus (Covid-19) outbreak a global pandemic on 11 March 2020. The immediate and longer term impact of Covid-19 on the events sector has been significant and is expected to remain so for the foreseeable future. The directors acknowledge that not all eventualities can be foreseen and in particular, they cannot predict with certainty the potential impact on sales post reopening given the uncertainties as the UK emerges from lockdown however they are confident that the company will continue as a going concern. The risks associated with Covid-19 have been mitigated via resizing the business and profitability is expected to return in 2021 with significant growth thereafter. Consequently we believe there are no material uncertainties in respect of going concern. See Directors Report.

Climate change/ environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts where practicable. The directors' combined aim is to comply with all applicable environmental legislations, prevent pollution and reduce waste wherever possible.

SECTION 172 (1) STATEMENT

The directors of the company have acted in a way that they considered, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard amongst other matters to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct,
- the need to act fairly as between members of the company.

VIAD SERVICE COMPANIES LIMITED

STRATEGIC REPORT

SECTION 172 (1) STATEMENT (CONTINUED)

Considering the company's stakeholders is an important way the board makes decisions, although in balancing those different perspectives, it will not always be possible to delivery everyone's desired outcome.

Decision Making

Viad Service Companies Limited (hereafter VSCL) is led by an Executive Leadership Team, comprising several directors and senior managers to provide strategic and operational leadership for the company. Budgets are prepared by senior management to bear in mind long term impact to the business and discussed with Viad Corporation on an annual basis.

Viad Corporation is the only shareholder and ultimate parent of VSCL. The purpose of VSCL to provide exhibition services to organizers, exhibitors and exhibition venues in the UK and European markets as an extension of the wider division. VSCL actively works with the Viad Corporation to execute their strategy in the UK and European markets.

Strategy

Stakeholders are at the core of VSCL's business which is focused on building trusted and long-lasting relationships. Throughout the year, there are quarterly strategic and operational business reviews initiated by the Board of Directors in order to assist business planning. In addition to this, there is executive level engagement with respective customer counterparts to manage the strategic agenda and maintain relationships from Board level through to operational delivery.

VSCL is people-based organization and the Board of Directors place people strategy high on their agenda. On an annual basis, the Board of Directors appraises the people strategy to ensure critical talent and key skills are maintained and developed within the organization to meet short and long-term business goals. Having this people strategy implemented ensures the directors act fairly among the members of the company. Driving towards a lower carbon future has taken ever greater prominence in the strategic direction and focus of the Board of Directors and its management team. There is dedicated resource focused on delivering improvements against our sustainability and energy saving goals.

Our Key Stakeholders

Customers

Ensuring customer satisfaction is central to the values of the Board of Directors. Through its customers the company generates and maintains a reputation that will extend across its markets and assist in the growth of the business. To maintain this harmonious relationship between our customers it is essential for VSCL to remain fair and transparent with our customers.

Key customers are engaged at many levels across the business, starting with the directors and cascading down. Customer relationship plans are developed to ensure that client engagement with clients is at the appropriate level within each organization. VSCL has collaborative relationships with many of its key customers, promoting open communication and discussion at all levels, leading to joint development of projects and speedy resolution of any challenges encountered.

The Board discusses the interactions with the customers of the organization at all levels. Through this approach the directors gain an understanding of the customer's problems, requirements and drivers. This allows the directors to guide the tailoring of company products and offerings to meet the aspects that customers deem most important to their businesses. VSCL continue to develop the services of the business in order to meet the needs of its customers.

Suppliers

VSCL has many active supply stakeholders that it works with throughout the year. The majority of these are within the UK, though some are local subsidiaries of larger international companies. The Board has initiated and approved processes that mean the company treats these stakeholders fairly and ensures appropriate competition within its supply markets to help drive improving standards, service, specification, environmental performance and overall cost.

VIAD SERVICE COMPANIES LIMITED

STRATEGIC REPORT

SECTION 172 (1) STATEMENT (CONTINUED)

The Board policy is to focus its strategic procurement activities and reduce suppliers in major supply categories. Using these suppliers, activities are limited to a small circle of partners that the organization works with on a recurrent basis, using framework agreements, including agreed terms and conditions of trade and cost structures. Close contact is maintained with these suppliers giving them the opportunity to exchange information to help drive further performance (on both sides).

Community and Environment

The directors' goal is to develop and grow alongside society, as a trusted and trustworthy partner and make sure wherever the company operates, it does so transparently and lawfully. The directors aim to contribute to the development of talent in society and our community service activities promote both corporate and social development.

The Board is committed to tackling the challenge to lower its carbon footprint. VSCL has dedicated resources to closely manage carbon reduction, energy savings and sustainability. Outcomes are discussed at both senior management and Board level.

Regulators

The Board recognizes the importance of open and continuous dialogue with its regulatory stakeholders to ensure legal and regulatory compliance. This includes Companies House, Information Commissioners Office and industry bodies. The company has relevant policies and procedures in place, and these are reviewed on a regular basis. Individual directors engage with key stakeholders of the company, carry out various assessments to ensure compliance and mitigate potential regulatory issues.

When regulation requires compliance through employees, processes are in place to cascade these requirements through the company in order to make sure they are adhered to and meet regulatory requirements and deadlines.

Employees

The Directors of VSCL regards its employees as its most important resource. Its customers work with the company because of the skills, competence and standards that its people bring to delivering their projects.

The Board recognizes that its workforce must be fully aligned to their individual and the company success measures. To support this the directors use a "Success Factors" goal cascading programme, where each employee agrees goals aligned to broader business goals once a year and individual performance is measured against these.

The Board has also made available an anonymous "Always Honest" helpline which any employee can call at any time and reports directly to the Board. This helps to encourage harmonious teamwork and fairness, and allows employees to behave and communicate with freedom, transparency and dignity under a common set fair rules.

Business Conduct

VSCL's reputation lies not only in the quality of the services it provides but also its continual and dedicated customer support. Various businesses within the Viad Corporation, including VSCL, have won industry awards which exemplify this spirit of conduct.

Approved by the Board of Directors and signed by order of the Board 19 March 2021.



E M Ingersoll
Director

VIAD SERVICE COMPANIES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

GOING CONCERN

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

Based on the company'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 company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from the signing of the 31 December 2019 financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements having received a letter of support from the ultimate parent undertaking, Viad Corp, which states that it will continue to provide sufficient funds to enable the company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements. In obtaining this support, the directors have assessed Viad Corp. financial position and deemed it to have sufficient resources to provide this support.

FUTURE DEVELOPMENTS

Future developments are disclosed within the Strategic Report.

PROPOSED DIVIDEND AND TRANSFER TO RESERVES

During the year, no dividends were paid (2018: £1m), and no dividends have been proposed since the year end. The profit for the year of £4.9m (2018: £3.7m) 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 'Principal 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 company 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 company. The company 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 company 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 company'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 company'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 company'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

VIAD SERVICE COMPANIES LIMITED

DIRECTORS' REPORT

- the director has taken all the steps necessary as a director to be 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.

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 19 March 2021.



E M Ingersoll
Director

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Viad Service Companies Limited:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of the company'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 financial statements of Viad Service Companies Limited which comprise:

- the statement of income and retained earnings;
- the balance sheet;
- the cash flow statement;
- the related notes 1 to 22.

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 financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the 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 financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 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 financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 company 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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 the 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 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

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**

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

Date: 19 March 2021

VIAD SERVICE COMPANIES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 December 2019

	Note	2019 £'000	2018 as restated £'000
Turnover	4	41,688	31,970
Cost of sales		(33,524)	(25,707)
Gross profit		8,164	6,263
Administrative expenses		(3,009)	(1,869)
Operating profit	5	5,155	4,394
Interest receivable from group undertakings		135	72
Interest receivable and similar income		1	2
Profit before taxation		5,291	4,468
Tax on profit	7	(423)	(790)
Profit for the year	16	4,868	3,678
Profit and loss account – at 1 January		11,663	8,985
Profit for the year		4,868	3,678
Dividends paid on equity shares	21	-	(1,000)
Profit and loss account – at 31 December		16,531	11,663

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

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

VIAD SERVICE COMPANIES LIMITED

COMPANY BALANCE SHEET

As at 31 December 2019

	Note	£'000	2019 £'000	2018 £'000
Fixed assets				
Goodwill	8	-	-	83
Tangible assets	9	154	154	148
Investments	10	-	-	1,068
			<u>154</u>	<u>1,299</u>
Current assets				
Stocks	11	2,695	4,247	
Debtors	12	12,548	7,824	
Cash at bank and in hand		8,114	7,899	
		<u>23,357</u>	<u>19,970</u>	
Creditors: amounts falling due within one year	13	<u>(5,717)</u>	<u>(8,343)</u>	
Net current assets			<u>17,640</u>	<u>11,627</u>
Total assets less current liabilities, being net assets			<u>17,794</u>	<u>12,926</u>
Capital and reserves				
Called up share capital	15	1,263	1,263	1,263
Profit and loss account		16,531	16,531	11,663
Total shareholder's funds	16		<u>17,794</u>	<u>12,926</u>

The notes on pages 13-21 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 19 March 2021.

Signed on behalf of the Board of Directors

Ellen Ingersoll

E M Ingersoll

Director

VIAD SERVICE COMPANIES LIMITED

CASH FLOW STATEMENT

As at 31 December 2019

	2019 £000	2018 £000
Net cash flows from operating activities	232	2,577
Cash flows from investing activities		
Purchase of equipment	(100)	(72)
Interest received	136	74
Net cash flows from investing activities	36	2
Cash flows from financing activities		
Dividends paid	-	(1,000)
Effect of foreign exchange rate changes	(53)	367
Net increase/(decrease) in cash and cash equivalents	215	1,946
Cash and cash equivalents at beginning of year	7,899	5,953
Cash and cash equivalents at end of year	8,114	7,899
Reconciliation to cash at bank and in hand:		
Cash at bank and in hand	8,114	7,899
Cash equivalents	-	-
Cash and cash equivalents	8,114	7,899

Reconciliation of operating profit to cash generated by operations:

	2019 £'000	2018 £000
Operating profit	5,155	4,394
Adjustment for:		
Foreign exchange (gain)/ loss	53	(367)
Depreciation of tangible fixed assets	94	90
Amortisation of goodwill	83	165
Operating cash flow before movement in working capital	5,385	4,282
Decrease / (increase) in stocks	1,552	(1,809)
(Increase) in debtors	(4,491)	(2,087)
(Decrease) / increase in creditors	(1,220)	2,560
Net cash flows from operating activities	1,226	2,946
Income taxes paid	(994)	(369)
Net cash flows from operating activities	232	2,577

VIAD SERVICE COMPANIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

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 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 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 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 company, including consideration of the uncertainties arising from the current economic environment and the consequential impact of this upon trading and financing.

Based on the company'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 company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from the signing of the 31 December 2019 financial statements. Accordingly they continue to adopt the going concern basis in preparing the financial statements having received a letter of support from the ultimate parent undertaking, Viad Corp, which states that it will continue to provide sufficient funds to enable the company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

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 the company acts as agent, in that the risks and rewards for providing a service to the customer are provided by a third party and the company does not bear any risk, turnover is recognised on a net basis, being the commission received or receivable in respect of those services.

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

As at 31 December 2019

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 company 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 company 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 company 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 FINANCIAL STATEMENTS

As at 31 December 2019

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 company'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 company 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.

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

As detailed in note 3 of the financial statements, a prior period adjustment has been recognised in respect of revenue recognition for contracts where management have concluded that the company acts as an agent and therefore revenue should be recognised on a net basis. Management judgement is required in determining which contracts meet the definition of an agency relationship, i.e. the company does not have exposure to the risks and rewards associated with the contract, as opposed to those contracts where the company does have exposure and therefore acts as principal, with revenue and costs being recognised on a gross basis.

VIAD SERVICE COMPANIES LIMITED

COMPANY BALANCE SHEET

As at 31 December 2019

3. PRIOR PERIOD ADJUSTMENT

Changes to the income statement

Period ended 31 December 2018

	As previously reported £'000	Adjustment £'000	As restated £'000
Turnover	38,051	(6,081)	31,970
Cost of Sales	(31,788)	6,081	(25,707)
Profit for the Year	<u>3,678</u>	<u>-</u>	<u>3,678</u>

FRS 102 section 23.4 states that 'an entity shall include in revenue only the gross inflows of economic benefits received and receivable by the entity on its own account. An entity shall exclude from revenue all amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes. In an agency relationship, an entity shall include in revenue only the amount of its commission. The amounts collected on behalf of the principal are not revenue of the entity.'

FRS 102 defines an entity as acting as an agent 'when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services', with an indicative feature being 'that the amount the entity earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer'.

The company provides exhibition services to organisers of exhibitions and events, exhibitors and exhibition venues. Based on the client's specifications, the company contracts with a general contractor for the exclusive services (i.e. electrical, rigging, furniture, drayage, etc.) and other discretionary third party services (i.e. catering, floral, or AV) are often subcontracted by the company on behalf of a corporate account customer. In respect of these services, the company is not responsible for fulfilling the promise to provide the specified good or service and the customer is fully aware that the company is contracting with a third party to provide the good or service. The company receives a commission for these third-party services which is usually a stated agreed percentage.

Based on this, management have reviewed the revenue recognition for these services and concluded that they meet the definition of an agent in line with FRS 102. The revenue in respect of these services should therefore be recognised on a net basis, i.e. the amount of commission received, rather than recognising the full revenue and third party costs on a gross basis, as has been the case historically.

A prior period adjustment has therefore been included in the financial statements to remove £6,081,000 of revenue and costs to recognise these commissions on a net basis. There is no impact on the 2018 reported loss for the year, retained earnings or the statement of financial position as a result of the adjustment.

4. TURNOVER AND REVENUE

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

	2019 £'000	2018 £'000
Turnover:		
Aerospace exhibit	24,502	17,631
Healthcare/ Other exhibit	16,856	13,968
Exhibit Storage	330	371
	<u>41,688</u>	<u>31,970</u>

VIAD SERVICE COMPANIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

4. TURNOVER AND REVENUE (CONTINUED)

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

	2019 £'000	2018 £'000
Turnover:		
United Kingdom	4,225	9,792
Europe	27,724	16,197
Rest of World	9,739	5,981
	<u>41,688</u>	<u>31,970</u>

In 2020 it was identified that revenue from third party services should have been recorded net, offsetting revenue against the expense associated with the third-party service. Whereas previously, revenue was recorded on a gross basis thus overstating revenue and cost of services by the same amount. The Company's revenues and expenses for 2019 accurately reflects the correction of this error, and 2018 revenues and expenses have been restated as appropriate.

5. OPERATING PROFIT

	2019 £'000	2018 £'000
Operating profit is after charging/ (crediting):		
Depreciation	94	90
Rentals under operating leases:		
Other	144	111
Goodwill amortisation	83	208
Foreign exchange loss/ (gain)	53	(367)

The analysis of auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>20</u>	<u>20</u>

There were no non-audit fees paid to auditors (2018: nil)

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2019 £'000	2018 £'000
Directors' emoluments		
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 (2018: none). 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 financial statements.

	2019 No.	2018 No.
Average monthly number of employees		
Design	25	23
Project management	41	39
Administration	11	11
	<u>76</u>	<u>73</u>

VIAD SERVICE COMPANIES LIMITED

COMPANY BALANCE SHEET

As at 31 December 2019

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2019 £'000	2018 £'000
Staff costs during the year (including directors)		
Wages and salaries	3,944	3,164
Social security costs	428	342
Pension costs	133	122
	<u>4,505</u>	<u>3,628</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2019 £'000	2018 £'000
Analysis of tax charge in the year		
Current tax		
UK corporation tax at 19% (2018: 19%)	410	754
Adjustment in respect of prior years	23	18
Total current tax	<u>433</u>	<u>772</u>
Deferred taxation		
Origination and reversal of timing differences	(10)	33
Effect of rate change	-	-
Adjustment in respect of prior years	-	(15)
Total deferred taxation	<u>(10)</u>	<u>18</u>
Tax on profit on ordinary activities	<u>423</u>	<u>790</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:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	<u>5,291</u>	<u>4,425</u>
Tax on profit on ordinary activities at average standard rate of 19% (2018: 19%)	<u>1,005</u>	<u>841</u>
Effects of:		
(Income)/ Expenses not deductible for tax purposes	20	8
Fixed asset differences	-	35
Group relief claimed	(627)	(92)
Group relief paid for	-	-
Effect of rate change	1	(4)
Adjustment to tax charge in respect of prior years	23	2
Total tax charge for the year	<u>423</u>	<u>790</u>

The average standard rate of tax applied to reported profit on ordinary activities is 19% (2018: 19%). The standard rate of UK corporation tax was reduced from 20% to 19% with effect from 1 April 2017. The rate is to be maintained at 19% for the financial year beginning 1 April 2020.

VIAD SERVICE COMPANIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

8. GOODWILL

Company

	£'000
Cost	
At 31 December 2018	3,302
At 31 December 2019	3,302
Accumulated amortisation	
At 1 January 2019	3,219
Charge for the year	83
At 31 December 2019	3,302
Net book value	
At 31 December 2018	83
At 31 December 2019	-

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost				
At 1 January 2019	435	168	656	1,259
Additions	-	-	100	100
Disposals	(7)	(70)	(93)	(170)
At 31 December 2019	428	98	663	1,189
Accumulated depreciation				
At 1 January 2019	411	165	535	1,111
Charge for the year	14	3	77	94
Disposals	(6)	(70)	(94)	(170)
At 31 December 2019	419	98	518	1,035
Net book value				
At 31 December 2019	9	-	145	154
At 31 December 2018	24	3	121	148

VIAD SERVICE COMPANIES LIMITED

COMPANY BALANCE SHEET

As at 31 December 2019

10. INVESTMENTS

Company	Shares in group undertakings £'000
Cost	
At 31 December 2018	1,068
At 31 December 2019	-
Impairment	
At 1 January 2019	-
Charge for the year	1,068
At 31 December 2019	1,068
Carrying Value	
At 31 December 2018	1,068
At 31 December 2019	-

Information regarding investments

The subsidiary undertaking which was unlisted, directly owned, and registered in England and Wales was voluntarily wound up during 2019. The registered office was Silverstone Drive, Gallagher Business Park, Coventry, Warwickshire, CV6 6PA and the holding as follows:

Percentage of shares owned by Viad Service Companies Limited at			
	Class of shares	1 January 2019	Class of business
SDD Exhibitions Limited (Company Reg. 02482399)	£1 ordinary shares	100%	Dormant

11. STOCKS

	2019 £'000	2018 £'000
Work in progress	2,695	4,247

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

VIAD SERVICE COMPANIES LIMITED

COMPANY BALANCE SHEET

As at 31 December 2019

12. DEBTORS

	2019 £'000	2018 £'000
Trade debtors	4,200	2,489
Amounts owed by parent undertaking	1,267	1,133
Amounts owed by other group companies	6,591	3,577
Deferred tax asset (note 12)	52	42
Corporation tax	223	-
Other debtors	46	498
Prepayments and accrued income	169	85
	<u>12,548</u>	<u>7,824</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	3,743	5,884
Amounts owed to fellow subsidiary undertakings	-	1,068
Amounts owed to other group companies	931	184
Corporation tax	-	340
Other taxation and social security	22	49
Accruals and deferred income	1,021	818
	<u>5,717</u>	<u>8,343</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. DEFERRED TAXATION ASSET

	£'000
Deferred taxation as at 1 January 2019 (note 10)	42
Debited to the profit and loss account	10
Deferred taxation asset at 31 December 2019 (note 10)	<u>52</u>

Analysis of deferred taxation

	2019 £'000	2018 £'000
Depreciation in excess of capital allowances	14	28
Other timing differences	38	14
	<u>52</u>	<u>42</u>

VIAD SERVICE COMPANIES LIMITED

COMPANY BALANCE SHEET

As at 31 December 2019

15. CALLED UP SHARE CAPITAL

Company

Authorised, called-up, allotted and fully paid:
1,262,803 ordinary shares of £1 each

2019	2018
£'000	£'000

1,263	1,263
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16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Profit for the year
Dividend

Net increase/ (decrease) in shareholder's funds

Opening shareholder's funds

Closing shareholder's funds

2019	2018
£'000	£'000

4,868	3,678
-	(1,000)

4,868	2,678
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12,926	10,248
--------	--------

17,794	12,926
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17. FINANCIAL COMMITMENTS

(a) Operating lease commitments

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

Expiry date:
Within one year
Within two to five years

2019	2018
Land & buildings	Land & buildings
£'000	£'000

115	131
-	115

115	246
-----	-----

(b) Capital commitments

At 31 December 2019, the company had no capital commitments (2018: £nil).

(c) Other commitments

At 31 December 2019, a debenture is held by the company's bank on the assets of the company as security.

18. 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

COMPANY BALANCE SHEET

As at 31 December 2019

19. 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. This is the registered office.

20. PENSION SCHEME

During the current and prior year, the company 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 company in the year was £133,255 (2018: £121,948).

21. DIVIDENDS

	2019 £'000	2018 £'000
Dividends paid - £Nil per share (2018: £0.792 per share)	-	1,000

22. EVENTS AFTER REPORTING DATE

On 30 January 2020, the World Health Organisation declared the coronavirus outbreak (COVID -19) a Public Health Emergency of International Concern and on 11 March 2020, declared COVID -19 a pandemic. This outbreak has resulted in a widespread health crisis that resulted in lockdowns being introduced around the world from mid-March onwards. This adversely affected the economies and financial markets of many countries, including the geographical area in which the company operates.

Almost all events business was forced to cease. The impact on the events industry, albeit temporary, has been severe with very little work secured during the lockdown period as planned events could not go ahead. Recently, the UK government announced a plan to formally end the national lockdown by 21st June 2021. This matches well with business forecasts which did not predict a return to business until the second half of 2021 and at a reduced rate.