

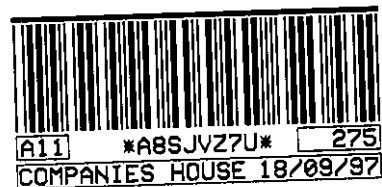


**VIAD SERVICE COMPANIES LIMITED**  
**(formerly Dial Service Companies Limited)**

**Report and Financial Statements**

**31 December 1996**

**Deloitte & Touche**  
**Hill House**  
**1 Little New Street**  
**London EC4A 3TR**





**REPORT AND FINANCIAL STATEMENTS 1996**

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**REPORT AND FINANCIAL STATEMENTS 1996**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

C D Smart  
M Johnson  
P R Dyer  
R H Bohannon (USA)  
N A Rago (USA)

**SECRETARY**

M Johnson

**REGISTERED OFFICE**

Sussex House  
London Road  
East Grinstead  
West Sussex  
RH19 1LD

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

### **ACTIVITIES**

The company acts as the parent company for the UK subsidiaries of the ultimate parent company, The Viad Corporation Inc. The subsidiaries' principal activities are tour operators and aircraft services.

### **CHANGE OF NAME**

On 30 October 1996 the company changed its name from Dial Service Companies Limited to Viad Service Companies Limited.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

On 25 July 1996 the group disposed of its holding in Dial Consumer Products Limited to The Dial Corporation Inc. reflecting the re-organisation and re-focusing of the activities of the group's ultimate parent company.

On 21 September 1996 the group acquired the ordinary share capital of Airborne Travel (Holdings) Limited, the holding company of Tropical Places Limited a tour operator. This acquisition represents Viad Service Companies Limited's continuing strategy to expand its product and distribution within its current and new market areas

The directors are confident that the group is well placed to take advantage of future opportunities.

### **RESULTS FOR THE YEAR, DIVIDENDS AND TRANSFERS TO RESERVES**

The profit after taxation for the financial year, as shown in the profit and loss account, amounted to £3,537,000 (1995 - £2,843,000). Dividends of £2,820,000 (1995 - £2,912,000) were paid during the year. No final dividend is proposed (1995 - £nil). The retained profit for the financial year of £717,000 (1995 - loss of £69,000) has been transferred to reserves.

### **DIRECTORS**

The present membership of the Board is set out on page 1.

Mr J W Teets, who served as a director throughout the year resigned on 31 December 1996. On 15 January 1997 Mr R H Bohannon was appointed a director. All the other directors served throughout the year.

None of the directors have any interests in the share capital of the company or in any other group company incorporated in the United Kingdom.

### **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 involved employees in the management of the business. This was carried out, in particular, by giving regular briefings to managers on financial performance, future plans and other issues of importance.



## **DIRECTORS' REPORT**

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

M Johnson

Secretary

28 August 1997

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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



## Chartered Accountants

Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR

Telephone: National 0171 936 3000  
International + 44 171 936 3000  
Telex: 884739 TRLNDN G  
Fax (Gp. 3): 0171 583 8517  
LDE: DX 599

## AUDITORS' REPORT TO THE MEMBERS OF

### VIAD SERVICE COMPANIES LIMITED

We have audited the financial statements on pages 6 to 22 which have been prepared under the accounting policies set out on pages 10 and 11.

#### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

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

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

#### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

DELOITTE & TOUCHE

Chartered Accountants and  
Registered Auditors

4 September 1997


**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1996**

		Continuing operations		Discontinued	Total	Total
	Note	1996	Acquisitions	operations	1996	1995
		£000	1996	1996	£000	£'000
			£000	£000		
<b>TURNOVER</b>	2	197,876	5,647	1,652	205,175	164,809
Cost of sales		(174,461)	(4,830)	(1,531)	(180,822)	(146,154)
<b>Gross profit</b>		23,415	817	121	24,353	18,655
Administrative expenses		(16,451)	(633)	(35)	(17,119)	(12,136)
Distribution costs		(2,788)	-	(30)	(2,818)	(3,473)
Other operating income		45	-	223	268	142
<b>OPERATING PROFIT</b>	5	4,221	184	279	4,684	3,188
Loss on disposal of fixed asset investments	24				(203)	-
Interest receivable and similar income					1,200	1,274
Interest payable and similar charges	6				(366)	(250)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>					5,315	4,212
Tax on profit on ordinary activities	7				(1,778)	(1,369)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>					3,537	2,843
Equity dividends paid	8				(2,820)	(2,912)
<b>RETAINED PROFIT/(LOSS), transferred to/(from) reserves</b>	17				717	(69)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 1996**

	1996	1995
	£000	£'000
Profit/(loss) attributable to the members of the company	717	(69)
Foreign exchange translation differences	(41)	(15)
<b>Total recognised gains and losses relating to the year</b>	676	(84)

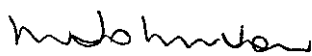


**CONSOLIDATED BALANCE SHEET**  
**31 December 1996**

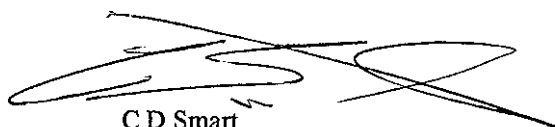
	Note	£'000	1996 £'000	£'000	1995 £'000
<b>FIXED ASSETS</b>					
Tangible assets	10		10,662		7,680
<b>CURRENT ASSETS</b>					
Stocks		911		797	
Debtors	12	57,903		45,247	
Cash at bank and in hand		18,680		3,630	
		77,494		49,674	
<b>CREDITORS: amounts falling due within one year</b>	13	(82,240)		(49,207)	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(4,746)		467
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			5,916		8,147
<b>CREDITORS: amounts falling due after more than one year</b>	14		-		(49)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15		(337)		(263)
<b>Non-equity minority interests</b>	3		-		-
			5,579		7,835
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		1,263		1,263
Profit and loss account	17		10,959		10,083
Consolidation reserves	17		(6,643)		(3,511)
<b>Total equity shareholders' funds</b>			5,579		7,835

These financial statements were approved by the Board of Directors on 28 August 1997.

Signed on behalf of the Board of Directors



M Johnson  
Director



C D Smart  
Director

**COMPANY BALANCE SHEET**  
**31 December 1996**

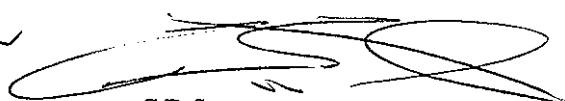
	Note	£'000	1996 £'000	1995 £'000
<b>FIXED ASSETS</b>				
Investments	11		7,153	7,403
<b>CURRENT ASSETS</b>				
Debtors	12	13,893		1,518
Cash at bank		925		930
		14,818		2,448
<b>CREDITORS: amounts falling due within one year</b>	13	(15,654)		(3,732)
<b>NET CURRENT LIABILITIES</b>			(836)	(1,284)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,317	6,119
<b>CAPITAL AND RESERVES</b>				
Called up share capital	16		1,263	1,263
Profit and loss account	17		5,054	4,856
<b>Total equity shareholders' funds</b>			6,317	6,119

These financial statements were approved by the Board of Directors on 28 August 1997.

Signed on behalf of the Board of Directors



M Johnson  
Director



C D Smart  
Director


**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 1996**

	Note	1996 £'000	1995 £'000
Net cash inflow from operating activities	21	6,847	2,911
<b>Returns on investments and servicing of finance</b>			
Interest received		1,267	1,169
Interest paid		(369)	(228)
Ordinary dividends paid		(2,834)	(2,898)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(1,936)	(1,957)
<b>Taxation</b>			
Corporation tax paid		(1,500)	(1,918)
<b>Tax paid</b>		(1,500)	(1,918)
<b>Investing activities</b>			
Purchase of tangible fixed assets		(4,489)	(1,960)
Disposal of tangible fixed assets		39	66
Purchase of subsidiary undertakings	23	(405)	(2,286)
Disposal of subsidiary undertaking	25	1,117	-
<b>Net cash outflow from investing activities</b>		(3,738)	(4,180)
<b>Net cash outflow before financing</b>		(327)	(5,144)
<b>Net cash outflow from financing</b>		-	-
<b>Decrease in cash and cash equivalents</b>	19	(327)	(5,144)

## **NOTES TO THE ACCOUNTS**

### **Year ended 31 December 1996**

#### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **Basis of consolidation**

The group's financial statements consolidate the financial statements for the year ended 31 December 1996 of the parent company and all subsidiary undertakings. Goodwill arising on consolidation is written off directly to reserves.

##### **Acquisitions**

The accounting treatment adopted for the acquisitions made during the year is detailed in note 3.

##### **Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold properties	40 years
Short-term leasehold improvements	Lesser of unexpired term of lease or expected life of leasehold buildings and fittings
Plant and fixtures	Between 3 and 10 years

##### **Investments**

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

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

##### **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. Translation differences are dealt with in the profit and loss account.

The financial statements of the overseas subsidiary, Irish Group Travel Limited, are translated into Sterling at the closing rate of exchange and the differences arising from the translation of the opening net investment are taken directly to reserves.

##### **Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

##### **Pension costs**

In respect of defined benefit schemes the expected costs of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

In respect of defined contribution schemes pension costs are charged to the profit and loss account in the period in which they arise.

##### **Forward seasons expenditure**

Expenditure on marketing costs relating to future seasons is carried forward as part of prepayments and charged against the revenue of the relevant season.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**1. ACCOUNTING POLICIES (continued)**

**Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual instalments over the period of the lease.

**2. ANALYSES OF TURNOVER, PROFIT BEFORE TAX AND NET ASSETS**

Analyses by class of business of turnover, profit before tax and net assets are stated below:

	Turnover		Profit before tax		Net assets	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Tour operators	163,148	120,409	2,327	1,312	1,000	(94)
Aircraft services	40,375	41,760	3,096	2,809	6,962	5,860
Consumer products	1,652	2,640	302	352	-	1,777
Other central assets	-	-	(409)	(242)	(2,383)	292
	<u>205,175</u>	<u>164,809</u>	<u>5,316</u>	<u>4,231</u>	<u>5,579</u>	<u>7,835</u>

In the opinion of the directors, provision of additional segmental information as required by Statement of Standard Accounting Practice No. 25 would be seriously prejudicial to the interests of the group. The information has therefore not been disclosed as permitted by Paragraph 55(5) of Schedule 4 to the Companies Act 1985.

**3. ACQUISITIONS AND GOODWILL**

On 21 September 1996 the group acquired 100 per cent of the share capital of Airborne Travel (Holdings) Limited, a company registered in England and Wales, for cash consideration of £2,703,021. The company is the dormant holding company for Tropical Places Limited, a tour operator.

The above purchase was accounted for as an acquisition and as a result the goodwill of £2,994,237 arising on the acquisition has been written off directly to reserves in the year.

The above companies acquired during the year represent Viad Service Companies Limited's continuing strategy to expand its product and distribution within its current and new market areas.

The terms of the agreement under which the group purchased Airborne Travel (Holdings) Limited provided for the sale to one of Airborne Travel (Holdings) Limited's directors of a 5 per cent holding, having a nominal value of £20, in that company's immediate parent company, Jetsave Transatlantic Limited, creating a minority interest in the group's results, assets and liabilities.

The class of shares held by this minority interest is not entitled to receive dividends and the entitlement to participate in any distribution of the Jetsave Transatlantic Limited's assets on a winding up is limited to the par value of the shares held and the terms of the agreement provide for the re-purchase of these shares at par value at some point after 31 December 1997. As such the minority interest in Jetsave Transatlantic and its subsidiaries is limited to the £20 par value of the shares.

Details of the net assets of the companies acquired are shown in note 22. The consolidated profits/(losses) after taxation of the acquired companies were as follows:

<b>Results prior to acquisition:</b>	<b>£'000</b>
1 October 1995 to date of acquisition	(486)
Preceding financial year	<u>186</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' emoluments</b>		
Fees	-	-
Other remuneration	387	328
Pension scheme contributions	26	20
	<u>413</u>	<u>348</u>
Remuneration of the Chairman	129	148
Remuneration of the highest paid director	160	*
* Note: In 1995 the Chairman was also the highest paid director		
	<b>No.</b>	<b>No.</b>
<b>Scale of other directors' remuneration</b>		
£ 65,001 - £ 70,000	-	1
£ 95,001 - £ 100,000	1	-
£ 110,001 - £ 115,000	-	1

The other two directors who served during the year carried out all their duties outside the United Kingdom.

	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed</b>		
Production	464	526
Distribution	604	541
Sales and marketing	149	101
Administration	195	193
	<u>1,412</u>	<u>1,361</u>
	<b>£'000</b>	<b>£'000</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	20,271	19,375
Social security costs	1,780	1,781
Pension costs	303	288
	<u>22,354</u>	<u>21,444</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**5. OPERATING PROFIT**

	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit is after charging/(crediting):</b>		
Depreciation	1,480	1,196
Rentals under operating leases		
Hire of plant and machinery	315	371
Other operating leases	438	356
Loss/(profit) on sale of tangible fixed assets	53	(10)
Auditors' remuneration		
Audit fees	126	116
Other services	7	57
Exchange loss	210	212
	<u>          </u>	<u>          </u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans, overdrafts and other loans		
repayable within five years	362	250
	<u>          </u>	<u>          </u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom corporation tax at 33%		
(1995 -33%) based on the profit for the year	1,702	1,405
Deferred taxation	74	25
	<u>          </u>	<u>          </u>
	1,776	1,430
Adjustments to prior years' tax provisions		
Corporation tax	2	(71)
Deferred taxation	-	10
	<u>          </u>	<u>          </u>
	1,778	1,369
	<u>          </u>	<u>          </u>

**8. EQUITY DIVIDENDS PAID**

	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>
Interim dividends paid of £2.23 per share (1995 - £2.31)	2,820	2,912
Final dividend paid of £nil per share (1995 - £nil)	-	-
	<u>          </u>	<u>          </u>
	2,820	2,912
	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**9. PROFIT OF PARENT COMPANY**

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £198,000 (1995 - loss of £1,077,000).

**10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold properties £'000</b>	<b>Short-term leasehold improve- ments £'000</b>	<b>Plant and fixtures £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 1996	915	3,012	8,682	12,609
Transfers	21	2	(23)	-
Acquisitions	-	-	230	230
Additions	-	2,273	2,216	4,489
Disposals	-	-	(408)	(408)
At 31 December 1996	936	5,287	10,697	16,920
<b>Accumulated depreciation</b>				
At 1 January 1995	43	231	4,655	4,929
Transfers	-	3	(3)	-
Charge for the year	23	184	1,273	1,480
Acquisitions	-	-	150	150
Disposals	-	-	(301)	(301)
At 31 December 1996	66	418	5,774	6,258
<b>Net book value</b>				
At 31 December 1996	870	4,869	4,923	10,662
At 31 December 1995	872	2,781	4,027	7,680

**11. INVESTMENTS HELD AS FIXED ASSETS**

<b>Company</b>	<b>Shares in group undertakings £'000</b>
At 1 January 1996	7,403
Disposals	(250)
At 31 December 1996	7,153

During the year the company sold its holding in Dial Consumer Products Limited to The Dial Corporation Inc.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**11. INVESTMENTS HELD AS FIXED ASSETS (continued)**

**Information regarding investments**

All subsidiary undertakings are unlisted and are registered in England and Wales except Irish Group Travel Limited and American Holidays (NI) Limited which are registered in the Republic of Ireland and Northern Ireland respectively. The holdings are as follows:

		Percentage of shares owned by Viad Service Companies Limited at 31 December 1996	Class of business
* denotes shares held by a subsidiary undertaking			
Crystal Holidays Limited	£1 ordinary shares	100%	Tour operator
- Jersey Travel Services Limited *	£1 ordinary shares	100%	Tour operator
- Crystal Dial Limited *	£1 ordinary shares	100%	Accommodation and transport wholesaler
Jetsave Limited	£1 ordinary shares	100%	Tour operator
- American Holidays (NI) Limited *	£1 ordinary shares	100%	Tour operator
Irish Group Travel Limited	£1 ordinary shares	100%	Tour operator
Jetsave Transatlantic Limited	£1 "A" ordinary shares	100%	Dormant holding company
	£1 "B" ordinary shares	0%	
- Airborne Travel (Holdings) Limited *	£1 ordinary shares	100%	Dormant holding company
- Tropical Places Limited *	£1 ordinary shares	100%	Tour operator
Charles Grimsey Associates Limited	£1 ordinary shares	100%	Advertising and design
Aircraft Service Limited	£1 ordinary shares	100%	Aircraft services
Dobbs International (UK) Limited	£1 ordinary shares	100%	Aircraft services
- Dobbs Houses Limited *	£1 ordinary shares	100%	Dormant
Greyhound World Travel Limited	£1 ordinary shares	100%	Dormant

The group holds 100 per cent of the voting rights of the above companies, except for Jetsave Transatlantic Limited, and its subsidiaries, where the holder of the "B" ordinary shares controls 5 per cent of the voting rights. After 31 December 1997 the group has the right to purchase 100 per cent of these "B" ordinary shares at their total par value of £20.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**12. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	18,105	17,045	-	-
Amounts owed by parent undertaking	13,852	15,980	9,239	481
Amounts owed by fellow subsidiary undertakings	29	1,302	3,506	68
Tax recoverable	1,102	968	1,046	930
Deferred tax asset	-	-	-	22
Other debtors	915	2,002	100	-
Prepayments and accrued income	23,900	7,950	2	17
	<u>57,903</u>	<u>45,247</u>	<u>13,893</u>	<u>1,518</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	21,819	6,450	12,493	998
Trade creditors	10,978	10,209	-	-
Amounts owed to fellow subsidiary undertakings	89	1,094	2,884	2,596
Corporation tax	1,968	1,633	261	126
Other taxation and social security	358	108	-	-
Other creditors	743	1,092	-	-
Accruals and deferred income	46,285	28,607	16	12
Proposed dividend	-	14	-	-
	<u>82,240</u>	<u>49,207</u>	<u>15,654</u>	<u>3,732</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loan:				
Within one year	-	8	-	-
Between one and two years	-	8	-	-
Between two and five years	-	24	-	-
After five years	-	17	-	-
	<u>-</u>	<u>49</u>	<u>-</u>	<u>-</u>

The bank loan was repaid during the year.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Group £'000</b>	<b>Company £'000</b>
<b>Deferred taxation</b>		
Balance at 1 January 1996	263	-
Provisions - current year	74	-
- prior year	-	-
	<u>337</u>	<u>-</u>
Balance at 31 December 1996	<u>337</u>	<u>-</u>

The amounts of deferred taxation provided in the accounts and the amounts not provided are as follows:

	<b>Provided 1996 £'000</b>	<b>Not provided 1996 £'000</b>	<b>Provided 1995 £'000</b>	<b>Not provided 1995 £'000</b>
<b>Group</b>				
Capital allowances in advance of depreciation	558	(82)	484	(82)
Other timing differences	(221)	(266)	(221)	(266)
	<u>337</u>	<u>(348)</u>	<u>263</u>	<u>(348)</u>
<b>Company</b>				
Other timing differences (within debtors)	-	-	(22)	-
	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>-</u>

**16. CALLED UP SHARE CAPITAL**

	<b>1996 £'000</b>	<b>1995 £'000</b>
<b>Company and Group</b>		
Authorised, called up, allotted and fully paid: 1,262,803 ordinary shares of £1 each	<u>1,263</u>	<u>1,263</u>

**17. RESERVES**

	<b>Group £'000</b>	<b>Company £'000</b>
<b>Profit and loss account</b>		
<b>Balance at 1 January 1995</b>	10,167	5,933
Loss retained for the year	(69)	(1,077)
Foreign exchange difference on translation	(15)	-
	<u>10,083</u>	<u>4,856</u>
<b>Balance at 31 December 1995</b>	10,083	4,856
Profit retained for the year	717	198
Foreign exchange difference on translation	(41)	-
Transfer of merger reserve relating to disposal during the year	200	-
	<u>10,959</u>	<u>5,054</u>
<b>Balance at 31 December 1996</b>	<u>10,959</u>	<u>5,054</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**17. RESERVES (continued)**

**Consolidation reserves**

	<b>Goodwill write-off reserve £'000</b>	<b>Merger reserve £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 1995</b>	(617)	1,104	487
Goodwill written off on acquisitions in the year	(3,998)	-	(3,998)
<b>Balance at 31 December 1995</b>	(4,615)	1,104	(3,511)
Adjustment to goodwill in respect of prior year acquisition	62	-	62
Goodwill written off on acquisitions in the year	(2,994)	-	(2,994)
Transfer to profit and loss account of merger reserve relating to disposal during the year	-	(200)	(200)
<b>Balance at 31 December 1996</b>	(7,547)	904	(6,643)

**18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>Group</b>		<b>Company</b>	
	<b>1996 £'000</b>	<b>1995 £'000</b>	<b>1996 £'000</b>	<b>1995 £'000</b>
Profit for the financial year	3,537	2,843	3,018	1,835
Dividends	(2,820)	(2,912)	(2,820)	(2,912)
	717	(69)	198	(1,077)
Foreign exchange difference on translation	(41)	(15)	-	-
Goodwill adjustment in respect of prior year acquisition	62	-	-	-
Goodwill written off on acquisitions in the year	(2,994)	(3,998)	-	-
<b>Net (reduction in) /addition to shareholders' funds</b>	(2,256)	(4,082)	198	(1,077)
<b>Opening shareholders' funds</b>	7,835	11,917	6,119	7,196
<b>Closing shareholders' funds</b>	5,579	7,835	6,317	6,119

**19. ANALYSIS OF CHANGES IN CASH AND EQUIVALENT DURING THE YEAR**

	<b>1996 £'000</b>	<b>1995 £'000</b>
Balance at 1 January	(2,812)	2,332
Net cash outflow	(327)	(5,144)
<b>Balance at 31 December</b>	(3,139)	(2,812)


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**20. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	1996 £'000	Change in year £'000	1995 £'000	Change in year £'000	1994 £'000
Cash at bank and in hand	18,680	15,050	3,630	(2,544)	6,174
Bank loan and overdrafts	(21,819)	(15,377)	(6,442)	(2,600)	(3,842)
	<u>(3,139)</u>	<u>(327)</u>	<u>(2,812)</u>	<u>(5,144)</u>	<u>2,332</u>

**21. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	1996 £'000	1995 £'000
Operating profit	4,684	3,188
Depreciation	1,480	1,196
Loss/(profit) on sale of fixed assets	53	(10)
Increase in stocks	(114)	(60)
Increase in debtors	(13,306)	(7,549)
Increase in creditors	14,050	6,146
Net cash inflow from operating activities	<u>6,847</u>	<u>2,911</u>

**22. PURCHASE OF SUBSIDIARY UNDERTAKINGS**

	1996 £'000	1995 £'000
<b>Net (liabilities)/assets acquired:</b>		
Tangible fixed assets	80	237
Stocks	-	5
Debtors	714	1,289
Cash at bank and in hand	2,298	2,966
Creditors	(3,383)	(3,409)
	<u>(291)</u>	<u>1,088</u>
Goodwill	2,994	3,998
	<u>2,703</u>	<u>5,086</u>
<b>Satisfied by:</b>		
Cash consideration paid	<u>2,703</u>	<u>5,086</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**23. ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE PURCHASE OF SUBSIDIARY UNDERTAKINGS**

	1996 £'000	1995 £'000
Cash consideration paid	(2,703)	(5,086)
Cash at bank and in hand acquired	2,298	2,800
	<u>          </u>	<u>          </u>
Net cash outflow of cash and cash equivalents in respect of the purchase of subsidiaries	<u>(405)</u>	<u>(2,286)</u>

**24. DISPOSAL OF SUBSIDIARY UNDERTAKINGS**

	1996 £'000	1995 £'000
<b>Net assets disposed of:</b>		
Tangible fixed assets	15	-
Debtors	1,431	-
Cash at bank and in hand	583	-
Creditors	(126)	-
	<u>          </u>	<u>          </u>
	1,903	-
Loss on disposal	(203)	-
	<u>          </u>	<u>          </u>
	1,700	-
	<u>          </u>	<u>          </u>
<b>Satisfied by:</b>		
Cash consideration received	1,700	-
	<u>          </u>	<u>          </u>

**25. ANALYSIS OF THE NET INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE DISPOSAL OF SUBSIDIARY UNDERTAKINGS**

	1996 £'000	1995 £'000
Cash consideration received	1,700	-
Cash at bank and in hand disposed of	(583)	-
	<u>          </u>	<u>          </u>
Net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u>1,117</u>	<u>-</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**26. FUTURE COMMITMENTS**

**(a) Operating lease commitments**

At 31 December 1996 the group was committed to making the following payments during the next year in respect of operating leases:

	<b>Land and buildings £'000</b>	<b>Other £'000</b>
Leases which expire		
Within one year	13	67
Within two to five years	404	165
After five years	399	3
	<u>816</u>	<u>235</u>

At 31 December 1996 the company had no operating lease commitments.

**(b) Forward currency commitments**

**Group**

At 31 December 1996 the group had contracts to purchase foreign currency for £73,373,000 (1995 - £70,217,000) at future dates in order to pay liabilities not yet incurred.

At 31 December 1996 the company had no forward currency commitments (1995 - £nil).

**(c) Group commitments**

	<b>1996 £'000</b>	<b>1995 £'000</b>
Contracted for but not provided	221	2,627
Authorised but not yet contracted for	-	10
	<u>-</u>	<u>10</u>

At 31 December 1996 the company had no capital commitments.

**27. CONTINGENT LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>1996 £'000</b>	<b>1995 £'000</b>	<b>1996 £'000</b>	<b>1995 £'000</b>
Performance bonds	626	454	-	-
Guarantees	-	503	-	-
	<u>626</u>	<u>957</u>	<u>-</u>	<u>-</u>

In addition the group has contingent liabilities in respect of performance indemnities incurred in the normal course of business.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**28. RELATED PARTY TRANSACTIONS**

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures" transactions with other undertakings within the The Viad Corporation Inc. group have not been disclosed in these financial statements.

**29. ULTIMATE PARENT COMPANY**

The company's ultimate parent and controlling company is The Viad Corporation Inc., which is incorporated in the United States of America. Copies of the financial statements of The Viad Corporation Inc. are available from Dial Tower, Phoenix, Arizona 85077.

**30. PENSION SCHEME**

The group operates a defined benefit pension scheme for all qualified employees. The assets of the scheme are held in separate trustee administered funds. The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 6 April 1994, using the projected unit method, in which the actuarial liability makes allowances for projected earnings. The following actuarial assumptions were applied:

Investment returns	9% per annum
Salary growth	7% per annum

At the last actuarial valuation date, the market value of the assets of the scheme was £990,986 and this actuarial value was sufficient to cover 101% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The employer's contribution rate over the average remaining service lives of the members of the scheme takes account of the surplus disclosed by the valuation.

In addition one of the subsidiary undertakings operates a pension scheme covering senior and middle management. The scheme is a non-contributory scheme and is fully insured with Commercial Union. The actuarial valuation of the scheme on a discontinuance basis as at 1 January 1992 confirmed that the scheme was not underfunded and valued the policy at that time at £268,000. The state of funding as a percentage of current salaries is 143%.