

**VIAD SERVICE COMPANIES LIMITED**

**Report and Financial Statements**

**31 December 2004**

**Deloitte & Touche LLP**  
**Leeds**



# **VIAD SERVICE COMPANIES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

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# **VIAD SERVICE COMPANIES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R H Bohannon (USA)  
B Healey  
K A Fracalossi  
E M Ingersoll

#### **SECRETARY**

M R Stewart

#### **REGISTERED OFFICE**

33 Cannon Street  
London  
EC4M 5TE

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Leeds

# **VIAD SERVICE COMPANIES LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### **ACTIVITIES**

The company acts as the parent company for UK subsidiaries of the ultimate parent company, Viad Corp. In addition, the company trades as SDD Exhibitions managing trade shows.

### **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 £880,000 (2003: £1,313,000). A dividend is proposed and paid of £49,827,000 (2003: £nil). The retained loss for the financial year of £48,947,000 (2003: profit of £1,313,000) has been transferred to reserves.

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

During 2004 the company has maintained revenue in the face of a weak US dollar and we believe that it is well placed for the anticipated upturn. Both the US Dollar and falling interest rates have put margins under pressure but many of our clients are now experiencing an upturn in fortunes and we look forward to improved trading conditions in 2005.

In line with a re-organisation taking place in our Parent Company it is Group policy the inter-company debts have been repaid during 2004.

The directors consider the future prospects of the business to be satisfactory

### **DIRECTORS**

The directors who served during the year were as follows:

R H Bohannon  
B Healey  
K A Fracalossi  
E M Ingersoll

None of the directors has any interests in the share capital of the company or in any other group company incorporated in Great Britain.

### **DISABLED PERSONS**

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

### **EMPLOYEE INVOLVEMENT**

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

### **AUDITORS**

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

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



M R Stewart  
Company Secretary  
18 August 2005

## **VIAD SERVICE COMPANIES LIMITED**

### **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.

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

We have audited the financial statements of Viad Service Companies Limited for the year ended 31 December 2004 which comprise the consolidated profit and loss account, the balance sheets and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and of the group, 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 of the group as at 31 December 2004 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 LLP  
Chartered Accountants and  
Registered Auditors

18 August 2005

# VIAD SERVICE COMPANIES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
<b>TURNOVER</b>	2	11,308	10,163
Cost of sales		<u>(8,380)</u>	<u>(7,461)</u>
<b>Gross profit</b>		2,928	2,702
Administrative expenses		<u>(1,854)</u>	<u>(1,831)</u>
<b>OPERATING PROFIT</b>	4	1,074	871
Interest receivable and similar income		<u>317</u>	<u>1,095</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,391	1,966
Tax on profit on ordinary activities	5	<u>(511)</u>	<u>(653)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		880	1,313
Dividend paid		<u>(49,827)</u>	<u>-</u>
<b>(Loss)/profit transferred to reserves</b>	16	<u><u>(48,947)</u></u>	<u><u>1,313</u></u>

There are no recognised gains and losses for the current or prior financial year other than as stated above. Therefore, no statement of total consolidated recognised gains and losses has been presented.

All the items in the profit and loss account above relate to continuing operations.

# VIAD SERVICE COMPANIES LIMITED

## CONSOLIDATED BALANCE SHEET 31 December 2004

	Note	£'000	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>				
Intangible assets	7		2,954	3,162
Tangible assets	8		144	104
<b>CURRENT ASSETS</b>				
Stocks	10	672		316
Debtors	11	1,034		50,504
Cash at bank and in hand		2,256		1,933
			<u>52,753</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(1,609)</u>	<u>(1,621)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,353</u>	<u>51,132</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,451</u>	<u>54,398</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15		1,263	1,263
Profit and loss account	16		4,116	53,063
Consolidation reserves	16		72	72
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			<u>5,451</u>	<u>54,398</u>

These financial statements were approved by the Board of Directors on 18 August 2005.

Signed on behalf of the Board of Directors

*B. Healey*

B Healey



# VIAD SERVICE COMPANIES LIMITED

## COMPANY BALANCE SHEET 31 December 2004

	Note	£'000	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>				
Intangible assets	7		2,394	2,559
Tangible assets	8		144	104
Investments	9		1,318	1,318
<b>CURRENT ASSETS</b>				
Stocks	10	672		316
Debtors	11	1,032		50,502
Cash at bank		2,256		1,933
				52,751
<b>CREDITORS: amounts falling due within one year</b>	12	(5,037)		(5,049)
<b>NET CURRENT ASSETS</b>			(1,077)	47,702
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,779	51,683
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15		1,263	1,263
Profit and loss account	16		1,516	50,420
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			2,779	51,683

These financial statements were approved by the Board of Directors on *18th August* 2005.  
Signed on behalf of the Board of Directors

*B. Healey*

B Healey

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current and preceding year.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Basis of consolidation**

The group's financial statements consolidate on an acquisition accounting basis, the financial statements for the year ended 31 December 2004, of the parent company and all subsidiary undertakings. To comply with FRS10, purchased goodwill has been capitalised and amortised over its useful economic life, a reasonable estimate of which the directors regard as 20 years. Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets.

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

#### **Cash flow statement**

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

#### **Turnover**

Turnover represents amounts invoiced in the ordinary course of business to outside clients for goods and services provided, excluding VAT. Turnover is recognised on the day an exhibition begins. Amounts invoiced in advance are excluded from turnover.

#### **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:

Motor Vehicles	4 years
Plant and fixtures	Between 3 and 4 years

#### **Investments**

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

#### **Stocks**

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

#### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at average rates. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

#### **Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Leases**

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

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 2. SEGMENTAL INFORMATION

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

	Turnover		Profit before tax		Net assets	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Exhibition services	11,308	10,163	1,123	893	2,422	1,761
Other central assets	-	-	268	1,073	3,029	52,637
	<u>11,308</u>	<u>10,163</u>	<u>1,391</u>	<u>1,966</u>	<u>5,451</u>	<u>54,398</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. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £'000	2003 £'000
<b>Directors' emoluments</b>		
Other remuneration	176	179
Pension scheme contributions	31	25
	<u>207</u>	<u>204</u>

No director is a member of a defined benefit pension scheme (2003: none).

	No.	No.
<b>Number of employees</b>		
Design	4	4
Project management	5	5
Administration	6	6
	<u>15</u>	<u>15</u>

	£'000	£'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	945	930
Social security costs	163	111
Pension costs	71	64
	<u>1,179</u>	<u>1,105</u>

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 4. OPERATING PROFIT

	2004 £'000	2003 £'000
Operating profit is after charging/(crediting):		
Depreciation	80	98
Rentals under operating leases		
Other operating leases	28	28
Auditors' remuneration		
Audit fees	17	16
Goodwill amortisation	208	208
Foreign exchange loss	34	91

### 5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
The taxation charge for the year is made up as follows:		
United Kingdom corporation tax at 30% (2003: 30%) based on the profit for the year	479	663
Adjustments in respect of prior periods	31	-
Deferred tax credit	1	(10)
	<u>511</u>	<u>653</u>

#### Factors affecting the tax charge for the year

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	2004 £'000 %	2003 £'000 %
Standard tax rates for period as a percentage of profits	30	30
Effects of:		
Expenses not deductible for tax purposes	5	3
Prior period adjustments	2	-
Capital allowances in excess of depreciation	-	1
Current tax rate for period as percentage of profits	<u>37</u>	<u>34</u>

### 6. 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 £923,000 (2003: profit of £1,356,000).

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 7. INTANGIBLE FIXED ASSETS

<b>Group</b>		<b>Goodwill £'000</b>
<b>Cost</b>		
At 1 January 2004 and 31 December 2004		4,158
<b>Accumulated amortisation</b>		
At 1 January 2004		996
Charge for the year		208
At 31 December 2004		1,204
<b>Net book value</b>		
At 31 December 2004		2,954
At 31 December 2003		3,162
<b>Company</b>		<b>Goodwill £'000</b>
<b>Cost</b>		
At 1 January 2004 and 31 December 2004		3,302
<b>Accumulated amortisation</b>		
At 1 January 2004		743
Charge for the year		165
At 31 December 2004		908
<b>Net book value</b>		
At 31 December 2004		2,394
At 31 December 2003		2,559

### 8. TANGIBLE FIXED ASSETS

<b>Company and group</b>	<b>Motor vehicles £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2004	219	378	597
Additions	32	88	120
Disposals	(28)	-	(28)
At 31 December 2004	223	466	689
<b>Accumulated depreciation</b>			
At 1 January 2004	189	304	493
Charge for the year	22	58	80
Disposals	(28)	-	(28)
At 31 December 2004	183	362	545
<b>Net book value</b>			
At 31 December 2004	40	104	144
At 31 December 2003	30	74	104

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 9. INVESTMENTS HELD AS FIXED ASSETS

Company	Shares in Group Undertakings £'000
At cost	
At 1 January 2004 and 31 December 2004	1,318

#### Information regarding investments

All subsidiary undertakings are unlisted and are registered in England and Wales. The holdings are as follows:

	Class of shares	Percentage of shares owned by Viad Service Companies Limited at 31 December 2004		Class of business
NRI Limited	£1 ordinary shares	100%		Dormant
SDD Exhibitions Limited	£1 ordinary shares	100%		Dormant

### 10. STOCKS

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Work in progress	883	483	883	483
Less payments on account	(911)	(586)	(911)	(586)
Excess payments on account transferred to creditors	700	419	700	419
	<u>672</u>	<u>316</u>	<u>672</u>	<u>316</u>

### 11. DEBTORS

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Trade debtors	313	232	313	232
Amounts owed by parent undertaking	357	49,922	357	49,922
Tax recoverable	30	30	30	30
Deferred tax asset (note 14)	36	37	36	37
Other debtors	276	221	274	219
Prepayments and accrued income	22	62	22	62
	<u>1,034</u>	<u>50,504</u>	<u>1,032</u>	<u>50,502</u>

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

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Excess payments on account	700	419	700	419
Trade creditors	208	536	208	536
Amounts owed to fellow subsidiary undertakings	2	2	3,421	3,421
Corporation tax	226	324	226	324
Other taxation and social security	69	29	69	29
Accruals and deferred income	404	311	413	320
	<u>1,609</u>	<u>1,621</u>	<u>5,037</u>	<u>5,049</u>

# VIAD SERVICE COMPANIES LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 13. PROVISIONS FOR LIABILITIES AND CHARGES

There are no provided or unprovided deferred taxation liabilities in the group or company in the current or prior year.

### 14. DEFERRED TAXATION

	£'000	
<b>Group and Company</b>		
Deferred taxation as at 1 January 2004 (note 11)		37
Charge to the profit and loss account		(1)
		<u>36</u>
Deferred taxation asset at 31 December 2004 (note 11)		<u>36</u>
<b>Analysis of deferred taxation</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation in excess of capital allowances	36	37
	<u>36</u>	<u>37</u>

### 15. CALLED UP SHARE CAPITAL

	<b>2004</b>	<b>2003</b>
<b>Group and Company</b>	<b>£'000</b>	<b>£'000</b>
Authorised, called up, allotted and fully paid:		
1,262,803 ordinary shares of £1 each	1,263	1,263
	<u>1,263</u>	<u>1,263</u>

### 16. RESERVES

	<b>Group</b>	<b>Company</b>
<b>Profit and loss account</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 January 2004	53,063	50,420
Loss for the year	(48,947)	(48,904)
	<u>4,116</u>	<u>1,516</u>
Balance at 31 December 2004	<u>4,116</u>	<u>1,516</u>
		<b>Goodwill</b>
		<b>write-off</b>
		<b>reserve</b>
<b>Consolidation reserves</b>		<b>£'000</b>
Balance at 1 January 2004 and 31 December 2004		72
		<u>72</u>

### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<b>Group</b>	<b>2003</b>
	<b>2004</b>	<b>£'000</b>
	<b>£'000</b>	
(Loss)/profit for the financial year	(48,947)	1,313
Net (decrease)/increase in shareholders' funds	(48,947)	1,313
Opening shareholders' funds	54,398	53,085
Closing shareholders' funds	<u>5,451</u>	<u>54,398</u>

# **VIAD SERVICE COMPANIES LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

### **18. FUTURE COMMITMENTS**

#### **(a) Operating lease commitments**

At 31 December 2004 (2003: £nil) neither the group or the company had any operating lease commitments.

#### **(b) Group capital commitments**

At 31 December 2004 (2003: £nil) neither the group or the company had any capital commitments.

### **19. RELATED PARTY TRANSACTIONS**

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

### **20. ULTIMATE PARENT COMPANY**

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

### **21. PENSION SCHEME**

During the current and prior period, the group has contributed to personal pension schemes only. The cost of these is charged to the profit and loss account in the period in which it is incurred. The total pension cost for the company in the year was £71,000 (2003: £64,000).