

**VIAD SERVICE COMPANIES LIMITED**

**Report and Financial Statements**

**31 December 2000**



**Deloitte & Touche  
10-12 East Parade  
Leeds  
LS1 2AJ**

**REPORT AND FINANCIAL STATEMENTS 2000**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Auditors' report</b>	<b>5</b>
<b>Consolidated profit and loss account</b>	<b>6</b>
<b>Consolidated balance sheet</b>	<b>7</b>
<b>Company balance sheet</b>	<b>8</b>
<b>Notes to the accounts</b>	<b>9</b>

**REPORT AND FINANCIAL STATEMENTS 2000**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

R H Bohannon (USA)  
B Healey  
R G Nelson  
C J Corsentino

**SECRETARY**

M R Stewart

**REGISTERED OFFICE**

33 Cannon Street  
London  
EC4M 5SB

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
10-12 East Parade  
Leeds  
LS1 2AJ

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### **ACTIVITIES**

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

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

The directors are satisfied with the company's performance.

The company is seeking to take advantage of investment opportunities in similar businesses and 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 £2,707,000 (1999: £24,598,000). Dividends of £nil (1999: £nil) were paid during the year. No final dividend is proposed (1999: £nil). The retained profit for the financial year of £2,707,000 (1999: profit of £24,598,000) has been transferred to reserves.

### **DIRECTORS**

The directors who served during the year were as follows:

R H Bohannon  
B Healey  
R G Nelson  
C J Corsentino

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 R Stewart  
Company Secretary

26 October 2001

## 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.



## AUDITORS' REPORT TO THE MEMBERS OF

### VIAD SERVICE COMPANIES LIMITED

We have audited the financial statements on pages 6 to 16 which have been prepared under the accounting policies set out on pages 9 and 10.

#### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 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 the group as at 31 December 2000 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

2001

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2000**

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
<b>TURNOVER</b>					
Continuing operations		9,039		7,815	
Discontinued operations		-		3,774	
<b>Total turnover</b>	2		9,039		11,589
Cost of sales			(6,490)		(6,969)
<b>Gross profit</b>			2,549		4,620
Administrative expenses			(1,596)		(1,811)
Distribution costs			-		(792)
Other operating income			7		67
<b>OPERATING PROFIT</b>	4				
Continuing operations		960		836	
Discontinued operations		-		1,248	
<b>Total operating profit</b>			960		2,084
Profit on disposal of subsidiary	5		-		23,013
Interest receivable and similar income			2,910		1,484
Interest payable and similar charges	6		-		(62)
<b>PROFIT ON ORDINARY ACTIVITIES</b>					
<b>BEFORE TAXATION</b>	2		3,870		26,519
Tax on profit on ordinary activities	7		(1,163)		(1,921)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>					
<b>TRANSFERRED TO RESERVES</b>	17		2,707		24,598

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



CONSOLIDATED BALANCE SHEET  
31 December 2000

	Note	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	3,786	3,994
Tangible assets	10	229	119
<b>CURRENT ASSETS</b>			
Stocks	12	205	65
Debtors	13	45,140	42,981
Cash at bank and in hand		710	1,215
		<u>46,055</u>	<u>44,261</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(1,825)</u>	<u>(2,836)</u>
<b>NET CURRENT ASSETS</b>		<u>44,230</u>	<u>41,425</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>48,245</u>	<u>45,538</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	1,263	1,263
Profit and loss account	17	46,910	44,203
Consolidation reserves	17	72	72
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>48,245</u>	<u>45,538</u>

These financial statements were approved by the Board of Directors on *26 October* 2001.

Signed on behalf of the Board of Directors

*B. Healey*

B Healey

COMPANY BALANCE SHEET  
31 December 2000

	Note	£'000	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>				
Tangible assets	10		229	119
Investments	11		4,620	4,620
<b>CURRENT ASSETS</b>				
Stocks	12	205		65
Debtors	13	45,135		42,980
Cash at bank		710		1,215
		<u>46,050</u>		<u>44,260</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(5,250)</u>		<u>(6,256)</u>
<b>NET CURRENT ASSETS</b>			<u>40,800</u>	<u>38,004</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>45,649</u>	<u>42,743</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	16		1,263	1,263
Profit and loss account	17		44,386	41,480
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			<u>45,649</u>	<u>42,743</u>

These financial statements were approved by the Board of Directors on 26 October 2001.

Signed on behalf of the Board of Directors

*B. Healey*

B Healey

**NOTES TO THE ACCOUNTS****Year ended 31 December 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom 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 on an acquisition accounting basis, the financial statements for the year ended 31 December 2000, of the parent company and all subsidiary undertakings. To comply with FRS10, purchased goodwill has been capitalised and amortised over its useful economic life. The directors regard 20 years as a reasonable estimate of the useful economic life of goodwill. Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets.

Goodwill which arose on the acquisition of a business in prior periods 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 Corporation Inc., 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
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 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 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.

**NOTES TO THE ACCOUNTS****Year ended 31 December 2000****1. ACCOUNTING POLICIES (continued)****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.

**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. SEGMENTAL INFORMATION**

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

	<b>Turnover</b>		<b>Profit before tax</b>		<b>Net assets</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Exhibition services	9,039	7,815	1,044	1,025	1,277	1,238
Aircraft services	-	3,774	-	1,291	-	-
Other central assets	-	-	2,826	24,203	46,968	44,300
	<u>9,039</u>	<u>11,589</u>	<u>3,870</u>	<u>26,519</u>	<u>48,245</u>	<u>45,538</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.

**Continuing and discontinued operations**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>TURNOVER</b>		
Continuing operation	9,039	7,815
Discontinued operations	-	3,774
	<u>9,039</u>	<u>11,589</u>
<b>Cost of sales</b>		
Continuing operation	6,490	5,709
Discontinued operations	-	1,260
	<u>6,490</u>	<u>6,969</u>

**NOTES TO THE ACCOUNTS****Year ended 31 December 2000****2. SEGMENTAL INFORMATION (continued)**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Administrative expenses</b>		
Continuing operations	1,596	1,337
Discontinued operations	-	474
	<u>1,596</u>	<u>1,811</u>
<b>Distribution costs</b>		
Discontinued operations	-	792
	<u>-</u>	<u>792</u>
<b>Other operating income</b>		
Continuing operations	7	-
Discontinued during 2000	-	67
	<u>-</u>	<u>67</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' emoluments</b>		
Other remuneration	168	41
Pension scheme contributions	5	3
	<u>173</u>	<u>44</u>

No director is a member of a defined benefit pension scheme (1999: none).

	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed</b>		
Production	-	223
Distribution	-	90
Sales and marketing	-	6
Design	4	-
Project management	4	-
Administration	5	20
	<u>13</u>	<u>339</u>

	<b>£'000</b>	<b>£'000</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	737	5,983
Social security costs	112	474
Pension costs	22	64
	<u>871</u>	<u>6,521</u>

**NOTES TO THE ACCOUNTS****Year ended 31 December 2000****4. OPERATING PROFIT**

	2000 £'000	1999 £'000
Operating profit is after charging/(crediting):		
Depreciation	72	590
Rentals under operating leases		
Hire of plant and machinery	-	-
Other operating leases	27	18
Auditors' remuneration		
Audit fees	16	22
Goodwill amortisation	208	164
Foreign exchange gain	(3)	(12)
	<u>          </u>	<u>          </u>

**5. PROFIT ON DISPOSAL OF SUBSIDIARY**

During 1999 the Group sold its entire interest in Dobbs International Limited for a consideration of £34,250,850 recognising a gain on disposal of £23,013,000, after deducting goodwill previously written off to reserves of £57,000. The results of this company have been shown under discontinued operations.

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2000 £'000	1999 £'000
Bank loans, overdraft and other loans repayable within five years	-	62
	<u>          </u>	<u>          </u>

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

	2000 £'000	1999 £'000
United Kingdom corporation tax at 30% (1999 -31%) based on the profit for the year	1,245	1,921
Adjustments to prior years' tax provisions		
Corporation tax	(82)	-
	<u>          </u>	<u>          </u>
	<u>1,163</u>	<u>1,921</u>

**8. 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 £2,905,700 (1999: profit of £30,333,840).

NOTES TO THE ACCOUNTS  
Year ended 31 December 2000

## 9. INTANGIBLE FIXED ASSETS

	Goodwill £'000
<b>Group</b>	
<b>Cost</b>	
At 1 January 2000 and 31 December 2000	4,158
<b>Accumulated amortisation</b>	
At 1 January 2000	164
Charge for the year	208
At 31 December 2000	372
<b>Net book value</b>	
At 31 December 2000	3,786
At 31 December 1999	3,994

## 10. TANGIBLE FIXED ASSETS

Company and group	Motor vehicles £'000	Equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2000	180	117	297
Additions	66	116	182
Disposals	(13)	-	(13)
At 31 December 2000	233	233	466
<b>Accumulated depreciation</b>			
At 1 January 2000	95	83	178
Charge for the year	38	34	72
Disposals	(13)	-	(13)
At 31 December 2000	120	117	237
<b>Net book value</b>			
At 31 December 2000	113	116	229
At 31 December 1999	85	34	119

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

## 11. INVESTMENTS HELD AS FIXED ASSETS

Company	Shares in Group Undertakings £'000
At cost	
At 1 January 2000 and at 31 December 2000	4,620

## 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 2000	Class of business
NRI Limited	£1 ordinary shares	100%	Dormant (formerly tour operator)
SDD Exhibitions Limited	£1 ordinary shares	100%	Dormant (formerly provided exhibition services)

## 12. STOCKS

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Work in progress	648	283	648	283
Less payments on account	(1,030)	(1,288)	(1,030)	(1,288)
Excess payments on account transferred to creditors	587	1,070	587	1,070
	<u>205</u>	<u>65</u>	<u>205</u>	<u>65</u>

## 13. DEBTORS

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Trade debtors	352	511	352	511
Amounts owed by parent undertaking	44,372	39,793	44,372	42,145
Amounts owed by fellow subsidiary undertakings	-	-	-	-
Tax recoverable	66	298	63	298
Other debtors	306	4	304	4
Prepayments and accrued income	44	22	44	22
	<u>45,140</u>	<u>42,981</u>	<u>45,135</u>	<u>42,980</u>



## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

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

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Excess payments on account	587	1,070	587	1,070
Trade creditors	322	491	322	491
Other creditors	-	-	-	83
Amounts owed to fellow subsidiary undertakings	-	-	3,416	3,899
Corporation tax	551	995	551	433
Other taxation and social security	69	45	69	45
Accruals and deferred income	296	235	305	235
	<u>1,825</u>	<u>2,836</u>	<u>5,250</u>	<u>6,256</u>

## 15. PROVISIONS FOR LIABILITIES AND CHARGES

	Group	Company
	£'000	£'000
Deferred taxation		
Balance at 1 January 2000	-	-
Disposal with subsidiary	-	-
Balance at 31 December 2000	<u>-</u>	<u>-</u>

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

## 16. CALLED UP SHARE CAPITAL

	2000	1999
	£'000	£'000
Group and Company		
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

	Group	Company
	£'000	£'000
Profit and loss account		
Balance at 1 January 2000	44,203	41,480
Profit retained for the year	<u>2,707</u>	<u>2,906</u>
Balance at 31 December 2000	<u>46,910</u>	<u>44,386</u>
Consolidation reserves		Goodwill write-off reserve
		£'000
Balance at 1 January 2000 and 31 December 2000		<u>72</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

## 18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group	
	2000	1999
	£'000	£'000
Profit for the financial year	2,707	24,598
Goodwill transferred to profit and loss account in respect of the disposal of subsidiary	-	57
Net increase in shareholders' funds	2,707	24,655
Opening shareholders' funds	45,538	20,883
Closing shareholders' funds	48,245	45,538

## 19. FUTURE COMMITMENTS

## (a) Operating lease commitments

At 31 December 2000 neither the group or the company had any operating lease commitments.

## (b) Group capital commitments

At 31 December 2000 (31 December 1999: £nil) the group and the company had no capital commitments.

## 20. RELATED PARTY TRANSACTIONS

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

## 21. 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.

## 22. PENSION SCHEME

During the current and prior period, the group has contributed to personal pension schemes only.