

**Deloitte &
Touche**

Deloitte Touche
Tohmatsu
International



Company Registration No. 1893401

**CHARLES GRIMSEY ASSOCIATES
LIMITED**

Report and Financial Statements

31 December 1996

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





REPORT AND FINANCIAL STATEMENTS 1995

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7



REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C H R Grimsey	Chairman
P R Dyer	
N A Rago	(USA)

SECRETARY

A Appleton

REGISTERED OFFICE

The Courtyard
Arlington Road
Surbiton
Surrey KT6 6BW

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 is principally engaged in graphic design.

RESULTS FOR THE YEAR, DIVIDENDS AND TRANSFERS TO RESERVES

The profit before tax, as shown in the profit and loss account, amounted to £81,331 (1995 - £47,283). The directors do not recommend payment of a dividend (1995 - £nil) and the retained profit for the financial year of £50,146 (1995 - £31,995) has been transferred to reserves.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are satisfied with the results for the year and are confident that the company is well placed to take advantage of future market opportunities.

DIRECTORS

The present membership of the Board is set out on page 1. Mr J W Teets resigned as a director on 31 December 1996. All other directors served throughout the year.

No director has any interests in the share capital of the company or in any other group company incorporated in Great Britain.

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

A Appleton

Secretary

2 September 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 as at the end of the financial year and of the profit or loss of the company 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;
- 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
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1 Little New Street
London EC4A 3TR

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AUDITORS' REPORT TO THE MEMBERS OF

CHARLES GRIMSEY ASSOCIATES LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 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 the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

2 September 1997

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1996

	Note	1996 £	1995 £
TURNOVER	2	1,225,322	1,270,797
Cost of sales		(986,363)	(1,082,222)
Gross profit		238,959	188,575
Administrative expenses		(125,374)	(108,505)
Other operating charges		(30,787)	(20,828)
OPERATING PROFIT	4	82,798	59,242
Interest receivable and similar income		35	-
Interest payable and similar charges	5	(1,502)	(11,959)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		81,331	47,283
Tax on profit on ordinary activities	6	(31,185)	(15,288)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		50,146	31,995
Retained profit brought forward		88,874	56,879
Retained profit carried forward		139,020	88,874

All activities derive from continuing operations. There are no movements on shareholders' funds or recognised gains and losses for the current financial year and the preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
31 December 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	7	37,572	53,535
CURRENT ASSETS			
Stocks	8	27,974	-
Debtors	9	148,084	367,296
Cash at bank and in hand		177,670	111
		353,728	367,407
CREDITORS: amounts falling due within one year	10	(252,180)	(331,968)
NET CURRENT ASSETS		101,548	35,439
TOTAL ASSETS LESS CURRENT LIABILITIES		139,120	88,974
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account		139,020	88,874
TOTAL EQUITY SHAREHOLDERS' FUNDS		139,120	88,974

These financial statements were approved by the Board of Directors on 2 September 1997.

Signed on behalf of the Board of Directors



C H R Grimsey

Director



NOTES TO THE ACCOUNTS
For the 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.

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:

Office equipment, fixtures and fittings	Between 3 and 10 years
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Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes all direct costs.

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.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The company makes contributions to a money purchase scheme on behalf of certain employees. The charge against profits is the amount of contributions payable to the pension scheme in respect of the accounting period.

2. TURNOVER AND PROFIT BEFORE TAXATION

Turnover represents net invoiced sales of goods, excluding value added tax. The turnover and profit before taxation are attributable to the one principal activity of the company. All business is carried out in the UK.

NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1996	1995
	£	£
Directors' emoluments (fees - £nil)	47,310	48,304
Remuneration of the Chairman and highest paid director	45,437	46,286
The other directors received no remuneration during the year (1995 - £nil).		
Average number of persons employed	No	No
Administration	7	7
	£	£
Staff costs during the year (including directors)		
Wages and salaries	164,497	136,590
Social security costs	16,605	13,661
Pension costs	1,873	2,018
	182,975	152,269

4. OPERATING PROFIT

	1996	1995
	£	£
Operating profit is after charging:		
Depreciation of tangible fixed assets	30,787	20,828
Rentals under operating leases		
Hire of plant and machinery	8,910	8,164
Other operating leases	26,716	26,629
Auditors' remuneration	5,150	4,950

5. INTEREST PAYABLE

	1996	1995
	£	£
Interest payable on bank overdraft	1,502	11,959

NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
United Kingdom corporation tax at 33% based on the profit for the year	31,185	16,424
Adjustment in respect of prior years	-	(1,136)
	<u>31,185</u>	<u>15,288</u>

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings 1996 £
Cost:	
At 1 January 1996	127,805
Additions	14,824
At 31 December 1996	<u>142,629</u>
Depreciation:	
At 1 January 1996	74,270
Charge for year	30,787
At 31 December 1996	<u>105,057</u>
Net book value:	
At 31 December 1996	<u>37,572</u>
At 31 December 1995	<u>53,535</u>

8. STOCKS

	1996 £	1995 £
Work in progress	<u>27,974</u>	<u>-</u>

NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

9. DEBTORS

	1996 £	1995 £
Trade debtors	32,649	26,271
Amounts owed by fellow subsidiary undertakings	104,485	314,776
Corporation tax recoverable	-	1,136
Prepayments and accrued income	10,950	25,113
	<u>148,084</u>	<u>367,296</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank overdraft	-	100,068
Trade creditors	175,254	161,437
Amount owed to parent undertaking	-	1,114
Corporation tax payable	31,185	16,424
Taxation and social security	17,534	33,261
Accruals and deferred income	28,207	19,664
	<u>252,180</u>	<u>331,968</u>

11. DEFERRED TAXATION

No provision has been made for deferred taxation (1995 - £nil). The major components of the potential amounts not provided are:

	1996 £	1995 £
Accelerated capital allowances	<u>6,682</u>	<u>2,883</u>

12. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised: 1,000 ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid: 100 ordinary shares of £1	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

13. FUTURE COMMITMENTS

(a) Operating lease commitments

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

	1996	
	Land and buildings £	Other £
Leases which expire:		
Within one year	-	4,499
Within two to five years	35,000	3,162
	<u>35,000</u>	<u>7,661</u>

(b) Capital commitments

At 31 December 1996 there were no capital commitments authorised or contracted for (1995 - £nil).

14. CONTINGENT LIABILITIES

Cross guarantees have been given in respect of overdrafts of other group companies in the UK. The overdrafts at 31 December 1996 amounted to £17,776,000.

15. CASH FLOW STATEMENT

As a wholly owned subsidiary of Viad Service Companies Limited, whose group accounts contain a cash flow statement, the company takes advantage of the exemption from the requirement to produce a cash flow statement.

16. RELATED PARTY TRANSACTIONS

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

17. ULTIMATE PARENT COMPANY

The immediate parent and controlling company in the UK is Viad Service Companies Limited which is registered in England and Wales. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

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