

Company Registration No. 02595358 (England and Wales)

BLITZ COMMUNICATIONS LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018



BLITZ COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	E M Ingersoll S Moster
Secretary	M Stewart
Company number	02595358
Registered office	Gallager Business Park Silverstone Drive Coventry Warwickshire CV6 6PA
Auditor	Deloitte LLP Statutory Auditor 4 Brindleyplace Birmingham B1 2HZ United Kingdom
Bankers	The Royal Bank of Scotland plc 5th Floor 2 St Phillips Place Birmingham B3 2RB

BLITZ COMMUNICATIONS LIMITED

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BLITZ COMMUNICATIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Principal activities

The company is primarily a staging and audio visual (AV) production and rental services company in the UK, supplying cutting edge technical solutions to live events. Blitz stages over 2,500 events per year, ranging from conferences, award ceremonies and product launches, to exhibitions, AGM's and parties. As a group member of GES, a full-service live events provider, and with its continued active participation in the AV Alliance, an association of over 100 AV companies around the world, Blitz ensures a global service delivery for its clients.

Business review

The results of the company show a pre-tax loss of £0.57 million (2017: pre-tax profit of £1.25 million) for the year on revenue of £16.7 million (2017: £15.8 million). The directors are pleased with this year on year revenue growth in a challenging trading environment.

Key performance indicators

The company reviews KPIs such as turnover, gross profit margins, operating profit, capital expenditures and cash flows either weekly or monthly at management meetings in order to measure the health and progress of the business.

The company has improved turnover year on year by 5.7% attributable in part to continued company growth and marketing initiatives.

The company's gross profit margin was 50.1% in 2018 compared with 56.7% in 2017. The operating loss of £0.56 million in 2018 compares with an operating profit of £1.3 million in 2017. The decrease in gross margins and the related impact on operating profit are a direct result of the company's continued investment in the UK markets as well as expansion into non-UK markets, primarily in Europe.

Capital spend during the year amounted to £2.4m in 2018 compared with £1.9m in 2017 and cash was £0.7m overdrawn in 2018 compared to £1.2m held at bank in 2017. The increase of capital investment in rental assets resulted in a negative impact on cash flows for 2018, but in line with expectations as we continue to see growth in the business.

The company monitors cash flow as part of its day to day control procedures. The executive board considers cash flow projections on a weekly and monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary. The financial position of the company, its cash flows and liquidity are regularly reviewed by the directors. The company has no significant risk in terms of liquidity and cash flow due to its strength of balance sheet and its cash position at the year end.

Future developments

Management believes that the company is well positioned to continue delivering and improving its level of profitability through the development and extension of existing client relationships, targeting new relationships in and outside of the UK marketplace and seizing and executing on exceptional project opportunities.

Financial instruments

One of the executive board's prime responsibilities is to ensure the company trades within its banking facilities and has adequate resources to continue in operational existence for the foreseeable future. The company's policies are approved by the ultimate parent Viad Corp and the use of financial instruments is strictly controlled.

The company's principal financial instruments comprise cash, intercompany funding, and items such as trade debtors and trade creditors that arise directly from operations. Working capital requirements are met principally out of retained profits. The company's finance facilities are held in Sterling. The company did not enter into hedging agreements during the year.

The company is mainly exposed from credit risk from credit sales. It is company policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the balance sheet date there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

BLITZ COMMUNICATIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. These are set out below. Risks are formally reviewed by management and appropriate procedures put in place to monitor and mitigate them.

Discretionary Expenditure

Consistent with marketing expenses, a customer's total spend on audio visual for exhibitions and events is seen by some companies as a 'discretionary' expenditure. In difficult times it can be reduced more easily than other keys costs, such as staff and establishment. The reverse is also true and the company cautiously anticipates growth based on a changing global economy.

Travel Disruption

The ability to travel to/from and within the UK and Europe can also have a major impact on events. A sustained period of disruption, whether as a result of terrorism, natural disasters or industrial action, could adversely affect the business. The company's cost structure is highly variable, therefore many of the costs associated with providing exhibition services can be scaled with the volume of business.

Renewal of Contracts

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

Cancellation of an Event at Short Notice

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

Credit Management

Credit risk is mitigated by ensuring that a significant proportion of a contract's value is collected before the handover of the project to the client.

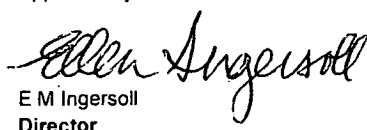
Brexit

During 2016, the UK voted in a referendum to leave the European Union (EU). The implications of this remain unclear, but management continues to monitor the potential impacts across the business and the wider industry. Trading between the UK and the EU could become more difficult with an impact on movement of goods and provision of services between countries. Brexit impact remains uncertain entering 2019, with issues being reviewed by the company regularly.

Climate change/ environment

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

Approved by the board of directors and signed by order of the board


E M Ingersoll
Director

23 December 2019

BLITZ COMMUNICATIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Disclosures in respect of the principal activities, business review, key performance indicators and future developments of the company have been made in the strategic report.

Going concern

The directors have reviewed the financial position of the company, including the consideration of the uncertainties arising from the current difficult economic environment and consequential impact of this upon trading and financing. The company undertakes forecasts and projections of trading and cash flows on a regular basis and identify areas of focus for management.

Based on the company forecasts and projections, continued profitable performance post balance sheet, the strength of its balance sheet and its current cash position, the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E M Ingersoll

S Moster

J Popp

N Marshall

(Appointed 9 January 2019 and resigned 20 September 2019)

(Resigned 9 January 2019)

Results and dividends

The results for the year are set out on page 8. The post tax loss of £0.6m (2017: £1.1m post-tax profit) has been transferred to reserves.

No ordinary dividends were paid (2017: £nil). The directors have not proposed a dividend after the year end. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Employee involvement

The company has a policy of keeping employees informed and seeks their views on matters of common concern. This is principally dealt with through the managers and directors of each division and via regular works council meetings with employees.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

BLITZ COMMUNICATIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk, which are detailed in the Strategic Report.

Creditor payment policy

Where the supply of goods and services is satisfactory and in the absence of any dispute, the company's policy is to pay its suppliers in accordance with the terms agreed upon prior to the supply of goods and services. Where no such agreement exists, the company's policy is to pay suppliers in accordance with the terms contained in the invoice.

Auditor

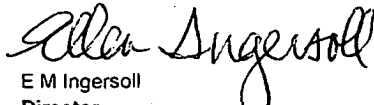
Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of Companies Act 2006.

Approved by the board of directors and signed by order of the board


E M Ingersoll
Director

23 December 2019

BLITZ COMMUNICATIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLITZ COMMUNICATIONS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Blitz Communications Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the statement of financial position; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLITZ COMMUNICATIONS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lee Highton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Date: 23 December 2019

BLITZ COMMUNICATIONS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Notes	£'000	as restated £'000
Turnover	4	16,674	15,759
Cost of sales		(8,322)	(6,823)
Gross profit		8,352	8,936
Administrative expenses		(8,662)	(7,661)
Operating (loss)/profit	6	(310)	1,275
Net interest payable to group undertakings		(16)	(23)
(Loss)/profit before taxation		(326)	1,252
Tax on (loss)/profit	7	(64)	(102)
(Loss)/profit for the financial year		(390)	1,150
Retained earnings as restated at 1 January		4,893	3,711
Restatements of retained earnings for corrections of prior period material errors	3	-	32
Retained earnings at 31 December		4,503	4,893

All results in the current year and prior year are from continuing operations.

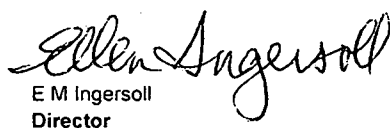
There are no items of other comprehensive income other than the results shown above, accordingly no separate statement of other comprehensive income is given.

There were no movements in equity accounts in the current year or previous year, therefore a single statement of income and retained earnings has been presented, and no separate statement of changes in equity has been presented.

BLITZ COMMUNICATIONS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

		2018		2017 as restated	
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	8		-		-
Tangible assets	9		5,056		4,069
Investments	10		-		-
Debtors - deferred tax	16		495		559
			<u>5,551</u>		<u>4,628</u>
Current assets					
Stocks	12	537		320	
Debtors	13	8,784		7,417	
Cash at bank and in hand		-		1,197	
		<u>9,321</u>		<u>8,934</u>	
Creditors: amounts falling due within one year	14	<u>(5,875)</u>		<u>(4,175)</u>	
Net current assets			<u>3,446</u>		<u>4,759</u>
Total assets less current liabilities			<u>8,997</u>		<u>9,387</u>
Capital and reserves					
Called up share capital	17		254		254
Share premium account			4,240		4,240
Profit and loss account			4,503		4,893
Total equity			<u>8,997</u>		<u>9,387</u>

The financial statements were approved by the board of directors and authorised for issue on 23 December 2019 and are signed by order of the board:


 E M Ingersoll
 Director

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Blitz Communications Limited ('the company') is a private company limited by shares and is registered and incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office and principal place of business is Gallager Business Park, Silverstone Drive, Coventry, Warwickshire, CV6 6PA.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Consolidated financial statements

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated financial statements. Blitz Communications Limited is a wholly owned subsidiary of Viad Corp and the results of Blitz Communications Limited are included in the consolidated financial statements of Viad Corp which are available from 1850 N. Central Avenue, Suite 1900, Phoenix, Arizona 85004-4565.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the company's financial risk management objectives and policies.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of incorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a straight line basis over its expected life, not exceeding 20 years.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the unexpired life of the lease
Plant and hire equipment	25% per annum on a straight line basis
Fixtures and fittings	25% - 33% per annum on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate. Cost is determined using first in first out basis.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

They key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

Critical judgements

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

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Prior period adjustment

During the year, the directors identified historical errors relating to intercompany balances. It was determined that cost of sales related to intercompany transactions in 2017 were overstated by £538k. Additionally, cost of sales related to intercompany transactions in years prior to 2017 were understated by £508k. The net impact of these adjustments was an increase to operating profit of £538k for 2017, together with a brought forward adjustment of £508k to the profit and loss account. The impact of this has been reflected in the 2017 balance sheet as a decrease in amounts due to group undertakings, together with a reduction in taxation of £2k and an increase to the profit and loss account of £32k.

The impact on both the Income Statement and Statement of Financial Position is included in the detail below.

Changes to the statement of financial position

	At 31 December 2017		
	As previously reported	Adjustment	As restated
	£'000	£'000	£'000
Fixed assets			
Intangible assets	-	-	-
Tangible assets	4,069	-	4,069
Investments	-	-	-
	<u>4,069</u>	<u>-</u>	<u>4,069</u>
Current assets			
Stocks	320	-	320
Deferred tax asset	590	(31)	559
Trade debtors	1,144	-	1,144
Other debtors	282	-	282
Amounts owed by group undertakings	5,785	-	5,785
Prepayments and accrued income	206	-	206
Cash at bank and in hand	1,197	-	1,197
	<u>9,524</u>	<u>(31)</u>	<u>9,493</u>
Creditors due within one year			
Other taxation and social security	(73)	-	(73)
Corporation tax	(33)	33	-
Trade creditors	(1,708)	-	(1,708)
Other creditors	(106)	-	(106)
Amounts owed to group undertakings	(1,139)	30	(1,109)
Accruals and deferred income	(1,179)	-	(1,179)
	<u>(4,238)</u>	<u>(63)</u>	<u>(4,175)</u>
Net assets	<u>9,355</u>	<u>32</u>	<u>9,387</u>

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Prior period adjustment

	At 31 December 2017		
	As previously reported	Adjustment	As restated (Continued)
Capital and reserves			
Called up share capital	254	-	254
Share premium account	4,240	-	4,240
Profit and loss account	4,861	32	4,893
	<u>9,355</u>	<u>32</u>	<u>9,387</u>

Changes to the income statement

	Period ended 31 December 2017		
	As previously reported £'000	Adjustment £'000	As restated £'000
Turnover	15,759	-	15,759
Cost of sales	(7,361)	538	(6,823)
Gross profit	<u>8,398</u>	<u>538</u>	<u>8,936</u>
Administrative expenses	(7,661)	-	(7,661)
Operating (loss)/profit	<u>737</u>	<u>538</u>	<u>1,275</u>
Net interest payable to group undertakings	(23)	-	(23)
Taxation	(104)	2	(102)
Profit after taxation	<u>610</u>	<u>540</u>	<u>1,150</u>

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

4 Turnover

Turnover is wholly attributable to the one class of business.

	2018 £'000	2017 £'000
Turnover analysed by geographical market		
United Kingdom	13,889	14,656
Rest of Europe	1,268	949
Rest of the world	1,517	154
	<u>16,674</u>	<u>15,759</u>

5 Employees

The company had three directors at the end of the year (2017: three). The emoluments and company defined pension contributions of the directors are disclosed in the financial statements of Global Experience Specialists (GES) Limited. It is not practicable to ascertain what proportion of these emoluments relates to the company.

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Sales and Marketing	10	13
Warehouse, Transport and Distribution	49	48
Technical support, Maintenance, Administration and Finance	48	45
	<u>107</u>	<u>106</u>

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	4,326	3,916
Social security costs	553	445
Pension costs	62	43
	<u>4,941</u>	<u>4,404</u>

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Operating (loss)/profit

	2018	2017
	£'000	£'000
Operating (loss)/profit for the year is stated after charging:		
Exchange losses	9	-
Depreciation of owned tangible fixed assets	1,414	1,189
Cost of stocks recognised as an expense	259	393
Operating lease charges	738	313
	<u> </u>	<u> </u>

The audit fee of £25k (2017: £22k) was borne by Global Experience Specialist (GES) Limited.

7 Taxation

	2018	2017 as restated
	£'000	£'000
Deferred tax:		
Origination and reversal of timing differences	64	127
Previously unrecognised tax loss, tax credit or timing difference	-	(25)
	<u> </u>	<u> </u>
Total deferred tax	64	102
	<u> </u>	<u> </u>

The total tax charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2018	2017 as restated
	£'000	£'000
(Loss)/profit before taxation	(326)	1,252
	<u> </u>	<u> </u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(62)	241
Tax effect of expenses that are not deductible in determining taxable profit	29	4
Tax effect of income not taxable in determining taxable profit	(7)	(112)
Adjustments in respect of prior years	-	(25)
Effect of change in corporation tax rate	(7)	(16)
Group relief	111	-
Deferred tax not recognised	-	10
	<u> </u>	<u> </u>
Taxation charge for the year	64	102
	<u> </u>	<u> </u>

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Taxation (Continued)

The average standard rate of tax applied to reported profit on ordinary activities is 19.00% (2017: 19.25%). The standard rate of UK corporation tax was reduced from 20% to 19% with effect from 1 April 2017. The Finance (No.2) Act 2015, which was acted on 18 November 2015, introduced further reductions in the corporation tax rate to 18% by 2020.

The Finance Act 2016, introduced a further reduction in the corporation tax rate to 17% from 2020. As this further change was substantively acted on 15 September 2016, the effects are included in the deferred tax balances at 31 December 2018.

8 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2018 and 31 December 2018	14,386
Amortisation and impairment	
At 1 January 2018 and 31 December 2018	14,386
Carrying amount	
At 31 December 2018	-
At 31 December 2017	-

9 Tangible fixed assets

	Leasehold improvements £'000	Plant and hire equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2018	872	18,671	2,301	21,844
Additions	-	2,058	343	2,401
At 31 December 2018	872	20,729	2,644	24,245
Depreciation and impairment				
At 1 January 2018	835	15,036	1,904	17,775
Depreciation charged in the year	1	1,218	195	1,414
At 31 December 2018	836	16,254	2,099	19,189
Carrying amount				
At 31 December 2018	36	4,475	545	5,056
At 31 December 2017	37	3,635	397	4,069

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Fixed asset investments

		2018 £'000	2017 £'000
Investments in subsidiaries	11	-	-

Movements in fixed asset investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 January 2018 & 31 December 2018	407
Impairment	
At 1 January 2018 & 31 December 2018	407
Carrying amount	
At 31 December 2018	-
At 31 December 2017	-

11 Subsidiaries

The following information relates to the subsidiary undertakings of the company. All subsidiaries operate in their country of incorporation which is England and Wales and have a registered office of Gallagher Business Park, Silverstone Drive, Coventry, Warwickshire, CV6 6PA. All subsidiaries have a year end of 31 December and are included within the group consolidated financial statements.

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Nature of business	% Held (Ordinary)
Astonics Limited	Dormant	100.00
TP Sounds Services Limited	Dormant	100.00
Blitz Vision Limited	Dormant	100.00

12 Stocks

	2018 £'000	2017 £'000
Consumables	483	319
Work in progress	54	1
	537	320

There is no material difference between the balance sheet value of stocks and their replacement cost.

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

13 Debtors

	2018	2017 as restated
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	3,029	1,144
Amounts owed by group undertakings	5,514	5,785
Other debtors	-	282
Prepayments and accrued income	241	206
	<u>8,784</u>	<u>7,417</u>
	2018	2017 as restated
	£'000	£'000
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	495	559
	<u>495</u>	<u>559</u>
Total debtors	<u>9,279</u>	<u>7,976</u>

Amounts owed to group undertakings are unsecured, carries interest at US 1 month libor + Viad spread (which is average 3.89% (2017: 3.08%)) and repayable on demand.

14 Creditors: amounts falling due within one year

	Notes	2018	2017 as restated
		£'000	£'000
Bank overdrafts	15	729	-
Trade creditors		984	1,708
Amounts owed to group undertakings		1,023	1,109
Taxation and social security		533	73
Other creditors		262	106
Accruals and deferred income		2,344	1,179
		<u>5,875</u>	<u>4,175</u>

Amounts owed to group undertakings are unsecured, carries interest at US 1 month libor + Viad spread (which is average 3.89% (2017: 3.08%)) and repayable on demand.

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Borrowings

	2018 £'000	2017 £'000
Bank overdrafts	729	-
	<u>729</u>	<u>-</u>
Payable within one year	729	-
	<u>729</u>	<u>-</u>

The company and certain of its UK holding companies have entered into a guarantee and debenture with The Royal Bank of Scotland plc, whereby any actual, contingent, present and/or future obligations and liabilities are secured by first fixed and floating charges over the assets of the company and its UK holding companies.

16 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	2018 £'000	2017 as restated £'000
Balances:		
Fixed asset timing differences	495	556
Short term timing differences	-	3
	<u>495</u>	<u>559</u>
Movements in the year:		2018 £'000
Liability/(Asset) at 1 January 2018 as restated		(559)
Charge to profit or loss		64
Liability/(Asset) at 31 December 2018		<u>(495)</u>

The directors consider that the deferred tax asset recognised will be utilised in the next 3-5 years. The unrecognised deferred tax asset amounted to £10,178 (2017: £nil) which relates to losses carried forward and the effect of change of tax rate on opening balances.

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Share capital

	2018 £'000	2017 £'000
Ordinary share capital		
Issued and fully paid		
254,061 ordinary shares of £1 each	254	254
	<u>254</u>	<u>254</u>

The shares carry full voting, dividend and capital distribution rights but do not carry any rights of redemption.

18 Financial commitments, guarantees and contingent liabilities

There are guarantees and a right of set off relating to the indebtedness of certain group companies to the Royal Bank of Scotland, which are secured by a charge over the assets of all group companies.

The group companies subject to the cross guarantee and right of set off are:

GES Event Intelligence Ltd (formerly N200 Limited)
 Blitz Communications Group Limited
 Blitz Communications Limited
 Global Experience Specialists (GES) Data Services Limited
 Global Experience Specialists (GES) Holdings Ltd
 Global Experience Specialists (GES) Limited
 Melville Data Services Limited
 Melville Exhibition & Event Services Limited
 Resource Creative Limited

The aggregate value of the cash balance held by the other companies party to the right of set off at 31 December 2018 was £3,969,000 (2017: £6,257,104).

19 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £'000	2017 £'000
Within one year	689	702
Between one and five years	2,271	2,753
In over five years	-	223
	<u>2,960</u>	<u>3,678</u>

BLITZ COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Ultimate parent undertaking

At the balance sheet, the immediate parent company is Telecast Communications (Audio Visual), which is registered in England and Wales. The registered office of Telecast Communications (Audio Visual) Limited is Gallagher Business Park, Silverstone Drive, Coventry, CV6 6PA.

At the balance sheet date, the ultimate parent and controlling party was Viad Corp. At the balance sheet date, the smallest and largest group for which consolidated financial statements are prepared is Viad Corp. Copies of the financial statements of Viad Corp are available from Viad Corp, 1850 N. Central Avenue, Suite 1900, Phoenix, Arizona 85004-4565 or the Company's website at www.viad.com.

22 Related party transactions

Other than the amounts disclosed as receivable and payable within the Viad Group companies, there are no other related party transactions which required disclosure in accordance with FRS 102 Section 33.