

Blitz Communications Limited

**Annual Report and Financial
Statements for the year ended 31
December 2017**

Registered number 02595358



Blitz Communications Limited

Annual Report and Financial Statements 2017

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Blitz Communications Limited

Annual Report and financial statements 2017

Officers and professional advisers

Directors

E Ingersoll
N Marshall
S Moster

Secretary

P D McKenna

Registered office

Gallagher Business Park
Silverstone Drive
Coventry
CV6 6PA

Auditor

Deloitte LLP
Statutory Auditor
1 City Square
Leeds
LS1 2AL

Bank

The Royal Bank of Scotland plc
5th Floor
2 St Phillips Place
Birmingham
B3 2RB

Blitz Communications Limited

Strategic report

PRINCIPAL ACTIVITIES

The Company is a leading 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 continue to develop in line with expectations and show a pre-tax profit of £0.7 million (2016: pre-tax loss of £0.6 million) for the year on revenue of £15.8 million (2016: £14.3 million). The directors are pleased with this year on year 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 10.3% attributable in part to continued company growth and marketing initiatives.

The Company's Gross Profit Margin improved to 53.3% in 2017 compared with 50.6% in 2016. The Operating Profit of £0.7 million or 0.5% of turnover in 2017 compares with an Operating Loss of £0.5 million or 0.4% of turnover in 2016.

Capital spend during the year amounted to £1.9m in 2017 compared with £1.8m in 2016 and cash held at bank was £1.2m in 2017 compared with £3.4m in 2016.

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.

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

Blitz Communications Limited

Strategic report

Consistent with marketing expenses, clients' spend on events is seen by some companies as a 'discretionary' expenditure. In difficult times it can be reduced more easily than other key costs, such as staff and establishment. The reverse is also true and the Company expects to see on-going growth as the global economy improves.

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.

Renewal of Contracts

The loss of a material 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 the above 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 partially mitigated by the issuing and collection of advance invoices to the client in order to ensure any committed costs for the event are recouped.

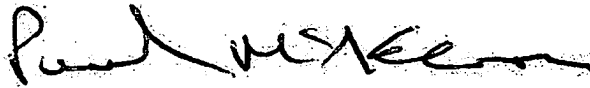
Credit Management

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 for the business and the wider events industry.

Approved by the Board of Directors
and signed by order of the Board



P D McKenna
Secretary
29 September 2018

Blitz Communications Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

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 positive 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.

Future developments

Future developments are disclosed within the Strategic Report.

Proposed dividend and transfer to reserves

During the year, the directors paid a dividend of £nil (2016: £nil). The post-tax profit for the year of £0.6m (2016: £0.1m) has been transferred to reserves.

Directors

The following directors held office during the year and subsequently:

E Ingersoll
N Marshall
S Moster

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Telecast Communications (Audio Visual) Ltd, as the immediate parent of the entity, or by a shareholder/s holding in aggregate 5 per cent or more of the total allocated shares in the Company or more than half of the allotted shares in the entity not held by Telecast Communications (Audio Visual) Ltd as the immediate parent.

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)

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.

Disclosure of information to the auditor

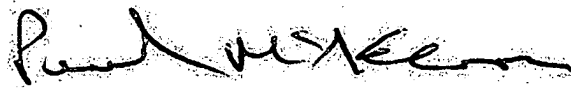
Each of the persons who are a director at the date of approval of this report confirms that:

- (1) So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) The director has taken all the steps that he ought to have taken as a director to make himself aware of any 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.

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



P D McKenna
Secretary
29 September 2018

Blitz Communications Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments 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; and
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2017 and of its profit 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 of Blitz Communications Limited which comprise:

- the statement of income and retained earnings;
- the balance sheet;
- the related notes 1 to 17

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 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 Financial Reporting Council'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 during 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:

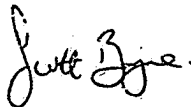
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

Independent auditor's report to the members of Blitz Communications Limited (continued)

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.



Scott Bayne FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
29 September 2018

Blitz Communications Limited

Statement of Income and Retained Earnings For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	3	15,759	14,286
Cost of sales		(7,361)	(7,064)
Gross profit		8,398	7,222
Admin Costs		(7,661)	(7,750)
Operating Profit/(Loss)		737	(528)
Interest Payable		(23)	(28)
Profit/(Loss) on ordinary activities before taxation	5	714	(556)
Tax on Profit/(loss) on ordinary activities	6	(104)	616
Profit for the financial year being total comprehensive income		610	60
Profit and loss account at 1 January		4,251	4,191
Profit and loss account at 31 December		4,861	4,251

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

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

Balance Sheet

For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	7	-	-
Tangible assets	8	4,069	3,290
Debtors	10	590	662
		<u>4,659</u>	<u>3,952</u>
Current assets			
Stocks	9	320	441
Debtors	10	7,417	6,848
Cash at bank and in hand		1,197	3,366
		<u>8,934</u>	<u>10,655</u>
Creditors: amounts falling due within one year	12	<u>(4,240)</u>	<u>(5,862)</u>
Net current assets		<u>4,694</u>	<u>4,793</u>
Total assets less current liabilities, being Net assets		<u>9,353</u>	<u>8,745</u>
Capital and reserves			
Called up share capital	13	254	254
Share premium account		4,240	4,240
Profit and loss account		4,861	4,251
Total shareholder's funds		<u>9,353</u>	<u>8,745</u>

The financial statements for Blitz Communications Limited, (registered number 02595358), were approved by the board of directors and authorised for issue on 29 September 2018. They were signed on its behalf by:



Director

N J Marshall

Blitz Communications Limited

Notes to the Financial Statements For the year ended 31 December 2017

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a General information and basis of accounting

Blitz Communications Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional and presentational currency of Blitz Communications Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Blitz Communications Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Blitz Communications Limited is consolidated in the financial statements of its parent, 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.

Exemptions have been taken in these separate Company financial statements in relation to intra-group transactions, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

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.

b 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 For the year ended 31 December 2017

1. Accounting policies (continued)

c Goodwill

Goodwill is calculated as the difference between the cost of an acquired entity or business and the aggregate of the fair value of that entity's or business's separately identifiable assets and liabilities at the date of acquisition. Positive purchased goodwill is capitalised in the balance sheet at cost and amortised over its estimated useful life, not exceeding 20 years, on a straight line basis.

d Tangible fixed assets

Tangible fixed assets are stated at cost; net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

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

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

f 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.

Blitz Communications Limited

Notes to the Financial Statements For the year ended 31 December 2017

1. Accounting policies (continued)

g Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Blitz Communications Limited

Notes to the Financial Statements For the year ended 31 December 2017

1. Accounting policies (continued)

h Taxation (continued)

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

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i 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.

j Employee benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account in respect of pension costs 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 in the balance sheet.

k Leases

The Company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Blitz Communications Limited

Notes to the Financial Statements For the year ended 31 December 2017

1. Accounting policies (continued)

Capital and Reserves

Share capital account

The share capital account represents the nominal value of the Company's issued share capital.

Share premium account

The share premium account represents the amount received on the issue of shares in excess of the nominal value.

Profit and loss account

The profit and loss account represents the balance of accumulated income less expenses, excluding components of other comprehensive income.

2. Critical accounting 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.

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.

3. Turnover

Turnover by geographical destination comprises:

	2017 £'000	2016 £'000
United Kingdom	14,656	11,588
Rest of EU	949	2,490
Rest of World	156	208
	<u>15,759</u>	<u>14,286</u>

The Company's activities consist solely of AV services originating wholly from the United Kingdom.

Blitz Communications Limited

Notes to the Financial Statements For the year ended 31 December 2017

4. Information regarding directors and employees

The Company had three directors at the end of the year (2016: 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 executive directors) employed by the Company during the year was:

By activity	2017 No.	2016 No.
Technical support, Maintenance, Administration and Finance	45	57
Warehouse, Transport and Distribution	48	40
Sales and Marketing	13	14
Total	106	111
Staff costs	2017 £'000	2016 £'000
Wages and salaries	3,916	4,221
Social Security costs	445	453
Other pension costs	43	58
	4,404	4,732

Pension Costs are paid from Global Experience Specialists Ltd along with other salary and taxable deductions.

5. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):	2017 £'000	2016 £'000
Depreciation of tangible fixed assets (note 8)	1,189	1,149
Amortisation of intangible assets (note 7)	-	6
Profit on disposal of fixed assets	-	(17)
Operating lease charges:		
Plant and machinery	7	7
Land and buildings	300	342
Other	6	6
Cost of stocks recognised as an expense	393	385
Auditor's remuneration – Audit services	-	22

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

There are no non-audit fees for year ending 31st December 2017 (2016: £nil).

Blitz Communications Limited

Notes to the Financial Statements For the year ended 31 December 2017

6. Tax on profit/(loss) on ordinary activities

	2017 £'000	2016 £'000
The tax charge/(credit) comprises:		
Current tax on profit/(loss) on ordinary activities		
UK corporation tax at 19.25 % (2016: 20.00%)	33	-
Receipt for group relief	-	(204)
Total current tax	33	(204)
Deferred tax		
Origination and reversal of timing differences	96	(450)
Adjustments in respect of prior periods	(25)	-
Effect of change in tax rate	-	38
Total deferred tax	71	(412)
	(Note 11)	
Total tax charge(credit) on profit/(loss) on ordinary activities	104	(616)

The difference between the total tax Charge/(credit) shown above and the amount calculated by applying the average standard rate of UK corporation tax to the loss before tax is as follows:

	2017 £'000	2016 £'000
Profit/(loss) on ordinary activities before tax	714	(556)
Tax on profit/(loss) on ordinary activities at average standard		
UK corporation tax rate of 19.25% (2016: 20%)	137	(111)
Effects of:		
- Fixed asset differences	-	2
- Expenses not deductible for tax purposes	5	5
- Group relief surrendered	-	204
- Receipt for group relief	-	(204)
- Amounts relating to changes in tax rates	(13)	121
- Adjustments to tax charge in respect of previous periods	(25)	-
- Deferred tax not recognised	-	(633)
Total tax charge/(credit) for year	104	(616)

The average standard rate of tax applied to reported profit on ordinary activities is 19.25% (2016: 20.00%). 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 2017.

Blitz Communications Limited

Notes to the Financial Statements For the year ended 31 December 2017

7. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2017	14,386
At 31 December 2017	14,386
Accumulated Amortisation	
At 1 January 2017	14,386
Amortisation for the year	-
At 31 December 2017	14,386
Net book value	
At 31 December 2016	-
At 31 December 2017	-

8. Tangible fixed assets

	Leasehold Improvement £'000	Plant and hire equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2017	872	17,051	1,953	19,726
Additions	-	1,620	348	1,968
At 31 December 2017	872	18,671	2,301	21,844
Depreciation				
At 1 January 2017	831	13,966	1,789	16,436
Charge for the year	4	1,070	115	1,189
At 31 December 2017	835	15,036	1,904	17,775
Net book value				
At 31 December 2017	37	3,635	396	4,069
At 31 December 2016	41	3,085	164	3,290

Blitz Communications Limited

Notes to the Financial Statements For the year ended 31 December 2017

9. Stocks

	2017 £'000	2016 £'000
Consumables	319	414
Work in progress	1	27
	<u>320</u>	<u>441</u>

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

10. Debtors

	2017 £'000	2016 £'000
Amounts due in less than one year		
Trade debtors	1,144	905
Amounts owed from group undertakings	5,785	5,412
Prepayments and accrued income	206	227
Other debtors	282	304
	<u>7,417</u>	<u>6,848</u>
Amounts due after more than one year		
Deferred taxation (note 11)	590	662
	<u>590</u>	<u>662</u>

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

11. Deferred taxation

	2017 £'000	2016 £'000
Amounts recognised		
At 1 January	662	250
Charge to profit and loss account	(71)	412
	<u>590</u>	<u>662</u>
At 31 December		
Accelerated capital allowances	590	660
Other Short term timing differences	-	2
Losses carried forward	-	-
	<u>590</u>	<u>662</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 £nil (2016: £24,912) 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 For the year ended 31 December 2017

12. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	1,708	1,195
Amount owed to group undertakings	1,139	3,516
Taxation and social security	73	248
Other creditors	37	102
Accruals and deferred income	1,179	801
Corporation tax	33	-
	<u>4,240</u>	<u>5,862</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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.

13. Called-up share capital

	2017 £'000	2016 £'000
Allotted, called up and fully paid ordinary shares of £1 each	<u>254</u>	<u>254</u>

14. 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:

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

The aggregate value of the cash balance held by the other companies party to the right of set off at 31 December 2017 was £(6,257,104) (2016: £(426,000)).

Blitz Communications Limited

Notes to the Financial Statements For the year ended 31 December 2017

15. Financial commitments

Future minimum lease payments of the Company under non-cancellable operating leases are as follows:

	31 December 2017		31 December 2016	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	683	19	342	19
Within two to five years	2,730	23	1,365	23
After five years	223	-	453	-
	<u>3,636</u>	<u>42</u>	<u>2,160</u>	<u>42</u>

16. 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.

17. Ultimate parent company and controlling party

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.