

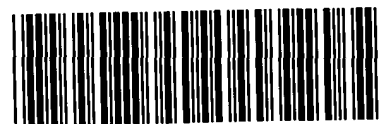
**Company Registration No. 06067905**

**GES Service Companies Limited**

**Annual Report and Financial  
Statements**

**For the year ended 31 December 2014**

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# **GES Service Companies Limited**

## **Annual Report and financial statements 2014**

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# **GES Service Companies Limited**

## **Annual Report and financial statements 2014**

### **Officers and professional advisers**

#### **Directors**

N J Marshall  
S Moster  
E M Ingersoll

#### **Company Secretary**

P D McKenna

#### **Registered office**

Silverstone Drive  
Gallagher Business Park  
Coventry  
CV6 6PA

#### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
1 City Square  
Leeds  
United Kingdom  
LS1 2AL

#### **Bank**

NatWest Bank plc  
250 Regent Street  
London  
W1B 3P

# **GES Service Companies Limited**

## **Annual Report and financial statements 2014**

### **Strategic report**

#### **Principal activities**

The Group provides exhibition services to organisers of exhibitions and events, exhibitors and exhibition venues. GES Service Companies Limited is a company limited by shares, which is domiciled and incorporated in the United Kingdom.

#### **Business review**

The market in which the Group operates continues to be challenging as a result of continuous price pressure on core services in an extremely competitive market. Smaller niche exhibitions are being launched which generate smaller average exhibition revenues but still require the same level of management resource as a larger, more mature exhibition. Increased Health and Safety regulation also continues to provide significant challenges to the business.

The profit and loss account set out on page 10 shows turnover for the year amounting to £78.3m, up from £69.5m in 2013, showing a growth of 12.6%. This came from increased revenue from existing clients and new business, even though competition remains tough with pressure on pricing. There has also been a focus on upselling to exhibitors and expanding into overseas markets. During 2014 the acquisition of N200 and Blitz created £6.4m of the £8.9m growth on revenue year on year.

The loss on ordinary activities before tax of £4.3m for the year-ended 31 December 2014 (5.9% of revenue) compares with a profit of £0.4m for the year to 31 December 2013 (0.5% of revenue). During the year there has been exceptional costs relating to the closure of GES Data Services Limited amounting to £4.9m, which has been a significant factor in the year-on-year reduction in Operating Profit. No other material adjustments arose in these financial statements as a result of ceasing to apply the going concern basis. The decision to close the business gave rise to an impairment charge of £1.1m and write-off of intercompany balances of £3.8m. The remaining exceptional charge of £0.6m relates to redundancies undertaken in the GES UK business.

On 16<sup>th</sup> September 2014 the Company acquired 100 per cent of the issued share capital of Blitz Communications Group Limited for cash consideration (including acquisition costs) of £14.4m. The acquisition was funded through a capital contribution from Viad Corp.

On 24<sup>th</sup> November 2014 the Company acquired 100 per cent of the issued share capital of N200 BV (Netherlands) and N200 Limited (UK) for cash consideration of £8.7m. The acquisition was funded by a capital contribution from Viad Corp.

#### **Strategy**

Management believes that the Group is well positioned to continue delivering and developing its level of profitability through the development and extension of existing client relationships, targeting new relationships in and outside of the home UK marketplace and seizing and executing exceptional project opportunities. The Group has seen exceptional costs during the year amounting to £5.6m relating to the closure of operations and other restructuring activities which will not repeat during 2015. The addition of N200 and Blitz Communications will also help the Group to expand into markets as the leading full service provider for Live Events and Exhibitions.

#### **Future developments**

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

The ability to travel to/from and within the UK, Europe, Middle East and Asia can also have a major impact on events. A sustained period of disruption, whether as a result of terrorism, ash clouds or industrial action, would adversely affect the business.

# **GES Service Companies Limited**

## **Annual Report and financial statements 2014**

### **Strategic report (continued)**

#### **Post balance sheet events**

Subsequent to the year end, the business disposed of a partnership arrangement with Excel Event Services. This resulted in a net gain for the Group and consequently there are no impairments to recorded in the financial statements for the year to 31 December 2014.

Also subsequent to the year end, the business sold its GES Middle East LLC mains delivery to ADNEC. The asset values recorded in the financial statements were fully recovered as part of this transaction and therefore no impairments have been recorded in the financial statements for the year to 31 December 2014.

#### **Financial Instruments**

The Group does not hold or issue complex financial instruments to finance its operations. Operations are financed by retained profits and intercompany trading from its parent. Working capital requirements are met principally out of these retained profits. In addition various financial instruments such as Trade Debtors and Trade Creditors arise directly from companies operations. The company's finance facilities are held in Sterling. The company did not enter into hedging agreements during the year.

The Group 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. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance Sheet.

#### **Key Performance Indicators**

GES Service Companies Limited 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 Group, its cash flows and liquidity are regularly reviewed by the directors. 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 Group reviews KPI's such as Turnover, Gross Profit Margins, Earnings before Interest and Tax, Capital Expenditure and Cash flows either weekly or monthly at management meetings.

#### **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.

##### *Renewal of Contracts*

The Group is in the enviable position of having a substantial amount of its future revenues contracted on a long-term basis. The loss 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 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.

##### *Health and Safety*

The Group has a stated commitment to and a reputation for rigorous health and safety compliance. An incident relating to the use of company equipment could have a detrimental effect of the future performance of the company. GES employs a full time Health and Safety Officer dedicated to ensuring the safety of clients, visitors and staff on site and on GES premises.

##### *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.

# **GES Service Companies Limited**

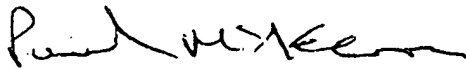
## **Annual Report and financial statements 2014**

### **Strategic report (continued)**

#### **Performance management**

The performance of the Group is continually reviewed formally at executive team meetings. The management team reviews forecasted revenue and operating profit every week to ensure targets are being adhered to. This culminates in a formal monthly review of financial forecasts by the controlling company, Viad Corp, incorporated in the United States of America.

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



P D McKenna

Company Secretary

18 December 2015

# **GES Service Companies Limited**

## **Annual Report and financial statements 2014**

### **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Future developments of the Group and Post Balance Sheet events have been disclosed in the Strategic report on pages 2 and 3 respectively.

#### **Going concern**

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

Based on the Group 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 Group 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.

#### **Proposed dividend and transfer to reserves**

During the year, the directors paid a dividend of £nil (2013: £nil). The loss for the year of £4.8m (2013: profit of £0.04m) has been transferred from/to reserves.

#### **Directors**

The following directors held office during the year and subsequently were as follows:

S Moster  
E M Ingersoll  
N J Marshall

#### **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.

#### **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 employee.

#### **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.

The company did not make any political contributions during the current or prior years.

# **GES Service Companies Limited**

## **Annual Report and financial statements 2014**

### **Directors' report (continued)**

#### **Disclosure of information to the auditor**

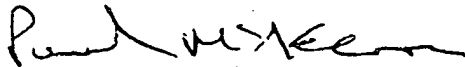
Each of the persons who are a director at the date of approval of this report confirms that:

- (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 auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



P D McKenna  
Company Secretary  
18 December 2015



# **GES Service Companies Limited**

## **Annual Report and financial statements 2014**

### **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). 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 Group and of the profit or loss of the Group 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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.

# **GES Service Companies Limited**

## **Independent auditor's report to the members of GES Service Companies Limited**

We have audited the financial statements of GES Service Companies Limited for the year ended 31 December 2014 which comprise the consolidated profit and loss account, consolidated statement of total recognised gains and losses, the consolidated and company balance sheets and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, 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.

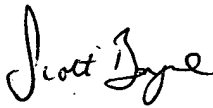
# **GES Service Companies Limited**

## **Independent auditor's report to the members of GES Service Companies Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Scott Bayne FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds, United Kingdom

18 December 2015

# GES Service Companies Limited

## Annual Report and financial statements 2014

### Consolidated profit and loss account For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Turnover</b>			
Existing operations		71,916	69,465
Acquisitions	10	6,430	-
Continuing operations	2	78,346	69,465
Cost of sales		(51,936)	(45,885)
<b>Gross profit</b>		26,410	23,580
Administration expenses		(25,283)	(23,217)
Exceptional Items	4	(5,614)	-
<b>Operating profit/(loss)</b>			
Existing operations		(4,962)	502
Acquisitions	10	471	-
		(4,487)	363
Interest receivable	5	227	-
<b>(Loss)/profit on ordinary activities before taxation</b>	4	(4,260)	363
Tax on (loss)/profit on ordinary activities	6	(508)	(322)
(Loss)profit attributable to owners of the Group		(4,947)	149
Minority interest		179	(108)
<b>(Loss)/profit for the year</b>	19/20	(4,768)	41

There is no difference between the results presented on an historical cost basis and those presented above.

# **GES Service Companies Limited**

## **Annual Report and financial statements 2014**

### **Consolidated statement of total recognised gains and losses For the year ended 31 December 2014**

	<b>Note</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
(Loss)/profit for the year		(4,768)	41
Currency translation difference on foreign subsidiaries		(179)	-
<b>Total recognised (losses)/gains for the year</b>	<b>19</b>	<b>(4,947)</b>	<b>41</b>

# GES Service Companies Limited

## Annual Report and financial statements 2014

### Consolidated balance sheet

As at 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Intangible assets	7	31,662	13,402
Tangible assets	8	9,036	5,320
		<u>40,698</u>	<u>18,722</u>
<b>Current assets</b>			
Stocks	11	1,676	1,656
Debtors	12	10,944	11,076
Cash at bank and in hand		5,155	1,300
		<u>17,775</u>	<u>14,032</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(17,204)</u>	<u>(10,200)</u>
<b>Net current assets</b>		<u>571</u>	<u>3,832</u>
<b>Total assets less current liabilities</b>		<u>41,269</u>	<u>22,554</u>
<b>Provision for liabilities</b>	15	<u>(839)</u>	<u>(202)</u>
<b>Net assets</b>		<u>40,430</u>	<u>22,352</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Share premium account	17	17,725	17,725
Other reserve	18	23,025	-
Profit and loss account	19	(577)	4,289
		<u>40,173</u>	<u>22,014</u>
Shareholders' funds	20		
		<u>40,173</u>	<u>22,014</u>
Minority interest		257	338
<b>Total capital employed</b>		<u>40,430</u>	<u>22,352</u>

These financial statements for GES Service Companies Limited, registered number (06067905) were approved by the Board of Directors on 18 December 2015.

Signed on behalf of the Board of Directors



N J Marshall

Director

# GES Service Companies Limited

## Annual Report and financial statements 2014

### Company balance sheet 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Investments	9	37,205	17,725
<b>Net assets</b>		<u>37,205</u>	<u>17,725</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Share premium account	17	17,725	17,725
Other reserve	18	23,025	-
Profit and loss account	19	(3,545)	-
<b>Shareholders' funds</b>	20	<u>37,205</u>	<u>17,725</u>

These financial statements for GES Service Companies Limited, registered number (06067905) were approved by the Board of Directors on 18 December 2015.

Signed on behalf of the Board of Directors



N J Marshall  
Director

# **GES Service Companies Limited**

## **Annual Report and financial statements 2014**

### **Notes to the financial statements**

#### **For the year ended 31 December 2014**

##### **1. Accounting policies**

###### **Basis of preparation**

These financial statements have been prepared under the historical cost convention and in accordance with the applicable law and United Kingdom accounting standards, through consistent application of these accounting policies. The principal accounting policies consistently applied in the preparation of the accounts of the Group are described below.

###### **Going concern**

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

Based on the Group 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 Group 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.

###### **Basis of consolidation**

The Group financial statements consolidate the accounts of the Company and all its subsidiary undertakings made up to 31 December for each year. Business combinations are accounted for by the acquisition method of accounting. The results of subsidiary undertakings acquired during the period are included in the consolidated profit and loss account from the effective date of acquisition. Those companies sold during the period are included up to the effective date of disposal. Turnover and profits arising on trading between Group companies are eliminated fully on consolidation. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to these assets and liabilities that arise after the Group gained control of the subsidiary are charged or credited to the post acquisition profit and loss account. The result for the financial year dealt with in the financial statements of the parent company was a loss of £3,545,000 (2013:£nil). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

###### **Cash flow statement**

The company has taken advantage of the exemption under Financial Reporting Standard 1 "Cash Flow Statement (Revised 1996)", not to prepare a cash flow statement on the basis that the company's results are consolidated into the results of GES Service Companies Limited, whose financial statements are publicly available.

###### **Investments**

Fixed asset investments are shown at cost less, where appropriate, provision for impairment.

###### **Goodwill**

Goodwill is calculated as the difference between the cost of an acquired entity or business and the aggregate of the fair values 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.



# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 1. Accounting policies (continued)

#### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expense of acquisition.

Depreciation is provided by the Group to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and hire equipment	2 to 5 years
Leasehold improvements	10 years or over the lease term if shorter
Office equipment and furniture	5 to 10 years
Motor vehicles	4 to 6 years

Tangible fixed assets acquired as part of businesses acquired are depreciated over the remaining estimated useful economic lives of those assets.

#### Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the life of the lease:

#### Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stock.

#### Taxation

Current 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 measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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.

A net deferred tax asset is regarded as recoverable and, therefore, recognised only when, 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.

#### Pension costs

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. Contributions to the scheme are charged to the profit and loss account in the year in which accrued.

#### Turnover

Turnover which excludes value added tax and trade discounts, represents the value of goods and services supplied. Turnover is recognised as services are provided.

#### Provision for bad debts

Provisions for bad debts are made against specific balances that are considered by the Group to be irrecoverable.

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 1. Accounting policies (continued)

#### Foreign Exchange

For any entities where the local currency is not GBP, conversion to GBP for Global Service Companies Limited is based on average exchange rate for the year in relation to Profit and Loss and year end rate for the Balance Sheet.

### 2. Turnover

The Group's turnover analysed by destination and market is outlined below:

	2014 £'000	2013 £'000
United Kingdom	63,444	52,617
Rest of EU	6,971	7,928
Rest of World	7,931	8,920
	<u>78,346</u>	<u>69,465</u>

The Group's turnover analysed by origin outlined below:

	2014 £'000	2013 £'000
United Kingdom	63,734	59,570
Rest of EU	7,439	1,221
Rest of World	7,173	8,674
	<u>78,346</u>	<u>69,465</u>

### 3. Information regarding directors and employees

None of the directors were employed by the company in the current or prior periods. The directors did not receive any emoluments from the company in the current or prior periods. The directors were remunerated by other companies in the Viad Group. It is not practicable to ascertain what proportion of their emoluments relates to the company.

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

By activity	2014 No.	2013 No.
Technical support and maintenance	40	13
Administration and finance	240	285
Warehouse, transport and distribution	117	101
Sales and marketing	54	27
	<u>451</u>	<u>426</u>

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 3. Information regarding directors and employees (cont.)

Staff costs	2014 £'000	2013 £'000
Wages and salaries	15,453	14,622
Social Security costs	1,418	1,492
Other pension costs	603	339
	<u>17,474</u>	<u>16,453</u>

All pension costs relate to contributions made by the Group to defined contribution schemes.

### 4. (Loss)/profit on ordinary activities before taxation

	2014 £'000	2013 £'000
(Loss)/profit on ordinary activities before taxation is stated after (crediting)/charging:		
(Profit)/loss on Disposal of fixed assets	(504)	522
Depreciation of tangible owned fixed assets	2,269	1,978
Goodwill amortisation	1,560	1,544
Exceptional Items	5,614	-
Operating lease charges:		
Plant and machinery	120	335
Other	292	838
Foreign exchange gains	(38)	(3)
Auditor's remuneration		
- Fees payable to the Company's auditor for the audit of the Company's Annual accounts	89	65
- Taxation compliance	15	25
- Other services pursuant to legislation.	17	25
	<u></u>	<u></u>

Exceptional Items relates to impairment of goodwill and fixed assets totalling £1,108,000 as a result of the closure of GES Data Services Limited. In addition, the closure of GES Data Services Limited has also resulted in redundancy costs of £154,000 and a write-off of intercompany balances totalling £3,872,000. The remaining exceptional items of £480,000 relate to redundancies in the Global Experience Specialists (GES) Limited's UK business.

### 5. Interest receivable

	2014 £'000	2013 £'000
Bank interest received	<u>227</u>	<u>-</u>

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

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

Analysis of tax charge in the year:

	2014 £'000	2013 £'000
<b>Current tax</b>		
UK corporation tax at 21.5% (2013: 23.25%)	352	332
Adjustment in respect of prior years	1	225
<b>Total current tax</b>	<b>353</b>	<b>557</b>
<b>Deferred taxation</b>		
Current year	144	(108)
Adjustment in respect of prior years	8	(174)
Effect of rate change	3	47
<b>Total deferred taxation</b>	<b>155</b>	<b>(235)</b>
<b>Tax on (loss)/profit on ordinary activities</b>	<b>508</b>	<b>322</b>

Factors affecting the current tax charge for the year:

	2014 £'000	2013 £'000
Profit on ordinary activities	(4,260)	363
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 21.5% (2013: 23.25%)	(917)	84
Effects of:		
Expenses not deductible for tax purposes	1,756	320
Capital allowances in excess of depreciation	(192)	130
Movement in short-term timing differences	(76)	(3)
Differences in overseas tax rates	(326)	(199)
Loss carried forward	24	-
Group relief surrendered for £nil payment	83	-
Adjustments in tax charge in respect of previous years	1	225
<b>Current tax charge for the year</b>	<b>353</b>	<b>557</b>

The Finance Act 2013, which provides for a reduction in the main rate of UK corporation tax to 21% effective from 1 April 2013 and 20% from 1 April 2015, was enacted in July 2014. As this legislation was substantively enacted prior to the balance sheet date, the closing deferred tax asset has been revalued at 20% at 31 December 2014.

The UK Government has proposed to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. The proposals were included in the Finance Bill published on 15 July 2015 but, as the proposed changes had not been enacted or substantively enacted by the balance sheet date, they have not yet been used to calculate the company's tax position.

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 7. Intangible fixed assets

		<b>Goodwill £'000</b>
<b>Cost</b>		
At 1 January 2014		22,595
Acquisitions	10	20,366
		<hr/>
At 31 December 2014		42,961
<b>Amortisation</b>		
At 1 January 2014		9,193
Charge for the year		1,560
Impairment		586
		<hr/>
At 31 December 2014		11,339
		<hr/>
<b>Net book value</b>		
At 31 December 2014		31,662
		<hr/>
At 31 December 2013		13,402
		<hr/>

The goodwill arising on acquisitions is being amortised on a straight line basis over 20 years from the effective dates of acquisition. The directors consider 20 years as the period over which the values of the underlying businesses are expected to exceed the value of the underlying assets. The company had no other intangible assets.

Within the closing balance of £31,662,000 at 31 December 2014, £946,000 relates to an intangible asset for a partnership agreement with Excel Event Services. The partnership contract has been terminated in 2015; however, under the terms of the termination agreement, the net book value of £946,000 has been recovered. Therefore, no impairment charge has been recorded as at 31 December 2014.

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 8. Tangible fixed assets

	Leasehold Improvement £'000	Plant and hire equipment £'000	Office equipment and furniture £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2014	2,980	11,262	7,037	551	21,830
Exchange rate movements	-	114	13	-	127
Acquisitions (Note 10)	50	3,483	854	54	4,441
Additions	89	1,509	599	1	2,198
Disposals	(192)	(1,652)	(162)	-	(2,006)
At 31 December 2014	2,927	14,716	8,341	606	26,590
<b>Depreciation</b>					
At 1 January 2014	1,527	8,476	6,050	457	16,510
Exchange rate movements	-	26	1	-	27
Charge for the year	349	1,268	573	52	2,242
Disposals	(65)	(1,425)	(260)	-	(1,750)
Impairment	-	-	525	-	525
At 31 December 2014	1,811	8,345	6,889	509	17,554
<b>Net book value</b>					
At 31 December 2014	1,116	6,371	1,452	97	9,036
At 31 December 2013	1,453	2,786	987	94	5,320

There are no tangible fixed assets held within the company (2013: £nil).

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 9. Investments

		Company £'000
Cost and net book value		
At 1 January 2014		17,725
Acquisition of subsidiaries	10	23,025
Impairment		(3,545)
At 31 December 2014		<u>37,205</u>

The following information relates to the subsidiary undertakings of the company. All companies operate principally in their country of incorporation which is the United Kingdom unless stated otherwise. All subsidiaries have a year end of 31 December and are included within the Group consolidated financial statements. Those marked with an \* are indirectly owned. All are 100% owned unless otherwise stated.

The company indirectly owns 49% of GES Middle East LLC, which is directly owned by Global Experience Specialists (GES) Limited, a wholly owned subsidiary of Global Experience Specialists (GES) Holdings Limited. GES Middle East LLC has been treated as a subsidiary undertaking because the group exercises dominant influence over this investment, directing its financial and operating policies. This is achieved by GES Limited having full management control and complete power of attorney. All other subsidiary undertakings are wholly owned.

Name of Company	Nature of business
Global Experience Specialists (Data Services) Ltd	Provision of services to the exhibitions industry
GES Middle East LLC (UAE)	Provision of services to the exhibitions industry
GES Logistics GmbH (Germany)	Provision of services to the exhibitions industry
Global Experience Specialists (GES) Holdings Limited	Provision of services to the exhibitions industry
Global Experience Specialists (GES) Limited	Provision of services to the exhibitions industry
Melville Hire Services Limited	Dormant
Melville Electrical Services Limited	Dormant
Resource Creative Limited*	Managing event technical organising services
N200 Limited	Registration and Data Capture
N200 Holding B.V (Netherlands)	Registration and Data Capture
N200.com B.V (Netherlands)	Registration and Data Capture
Blitz Communications Limited	Provision of Audio Equipment to the events industry
Blitz Communications Group Limited	Activities of Head office for Blitz Communications Limited
Telecast Audio Visual Services Limited	Dormant
C Broadcast Projects Limited	Dormant
C Murphill Limited	Dormant
Event Group Limited	Dormant
Telecast Communications (Audio Visual) Limited	Activities of Head office for Blitz Communications Limited
Astonics Limited	Dormant
Blitz Vision Limited	Dormant
Interactive Television Limited	Dormant
Samuelson Communications Limited	Dormant
Totem Technology Limited	Dormant
TP Sound Services Limited	Dormant
Telecast Communications (overseas) Limited	Dormant
Telecast Communications (USA) Limited	Dormant
Blitz Communications (Trustees) Limited	Dormant
GES Event Intelligence Services Limited	Activities of Head office for N200

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 10. Acquisition of subsidiary undertakings

On 16<sup>th</sup> September 2014 the Company acquired 100 per cent of the issued share capital of Blitz Communications Group Limited and its subsidiaries for full cash consideration. The fair value of the total consideration was £14,350,000.

Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000	Fair value adjustment £'000	Fair value to Group £'000
<b>Fixed assets</b>			
Intangible	-	-	-
Tangible	2,161	1,465	3,626
<b>Current assets</b>			
Stocks	272	-	272
Debtors	612	-	612
Cash	17	-	17
Deferred tax	1,143	(643)	500
<b>Total assets</b>	<u>4,205</u>	<u>822</u>	<u>5,027</u>
<b>Creditors</b>			
Bank loans	(999)	-	(999)
Trade creditors	(943)	-	(943)
Accruals	(1,313)	-	(1,313)
Provisions	-	(362)	(362)
<b>Total liabilities</b>	<u>(3,255)</u>	<u>(362)</u>	<u>(3,617)</u>
<b>Net assets</b>	<u>950</u>	<u>460</u>	<u>1,410</u>
<b>Goodwill</b>			<u>12,940</u>
			<u>14,350</u>
<b>Satisfied by</b>			
Cash Consideration			14,250
Acquisition costs			100
			<u>14,350</u>

Details of the Fair Value Adjustments are as follows:

Revaluation of audio visual equipment £1,465,000; reduction of deferred tax asset £643,000 to estimated recoverable amount; and provision for dilapidation costs not recognised in subsidiary financial statements £362,000



# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 10. Acquisition of subsidiary undertaking (continued)

An amount of £117,000 has been charged to the Group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 16<sup>th</sup> September 2014 to 31 December 2014.

Blitz Communications Group Limited group earned a loss after taxation of £947,000 in the year ended 31<sup>st</sup> December 2014 (year ended 31<sup>st</sup> December 2013: £286,000), of which a loss of £1,341,000 arose in the period from 1<sup>st</sup> January 2014 to 16<sup>th</sup> September 2014. The summarised profit and loss account and statement of total recognised gains and losses for the period from 1<sup>st</sup> January 2014 to 16<sup>th</sup> September 2014, shown on the basis of the accounting policies of Blitz Communications Limited prior to the acquisition, are as follows:

<b>Profit and loss account</b>	<b>£000</b>
<b>Turnover</b>	8,400
Cost of sales	(4,795)
<b>Gross profit</b>	3,605
Other operating expenses (net)	(4,266)
<b>Operating loss</b>	(661)
Finance charges (net)	(37)
<b>Loss on ordinary activities before taxation</b>	(698)
Tax on profit on ordinary activities	(643)
<b>loss on ordinary activities after taxation</b>	(1,341)
Minority interests	-
<b>loss for the financial period</b>	(1,341)
<b>Statement of total recognised gains and losses</b>	<b>£</b>
Profit for the financial period	(1,341)
<b>Total recognised gains and losses relating to the period</b>	<b>(1,341)</b>

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 10. Acquisition of subsidiary undertakings (continued)

On 24<sup>th</sup> November 2014 the Company acquired 100 per cent of the issued share capital of N200 BV (Netherlands) and N200 Limited (UK) for cash consideration. The fair value of the total consideration was £8,675,195.

Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000	Fair value adjustments £'000	Fair value to Group £'000
<b>Fixed assets</b>			
Tangible	478	337	815
<b>Current assets</b>			
Stocks	29	-	29
Debtors	1,174	-	1,174
Cash	599	-	599
<b>Total assets</b>	<u>2,280</u>	<u>337</u>	<u>2,617</u>
<b>Creditors</b>			
Trade creditors	(628)	-	(629)
Accruals	(739)	-	(739)
<b>Total liabilities</b>	<u>(1,367)</u>	<u>-</u>	<u>(1,368)</u>
Net assets	<u>913</u>	<u>337</u>	<u>1,249</u>
Goodwill			<u>7,426</u>
			<u>8,675</u>
<b>Satisfied by</b>			
Cash consideration			7,884
Contingent consideration			791
			<u>8,675</u>

Fair Value Adjustments relates to a revaluation of Development Software £337,000.

The contingent consideration is payable based on the performance of the N200 business acquired for the period to 30 June 2015. The performance period has completed post year-end and consequently, the contingent consideration represents the final amount payable.

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 10. Acquisition of subsidiary undertaking (continued)

N200 (BV and UK) earned a profit after taxation and minority interests of £360,000 in the period from 1 July 2014 to 31 December 2014, of which £469,000 arose in the period from 1<sup>st</sup> July 2014 to 24<sup>th</sup> November 2014. The summarised profit and loss account and statement of total recognised gains and losses for the period from 1<sup>st</sup> July 2014 to 24<sup>th</sup> November 2014 shown on the basis of the accounting policies of N200 (BV and UK) prior to the acquisition, are as follows:

<b>Profit and loss account</b>	<b>£'000</b>
<b>Turnover</b>	2,083
Cost of sales	(588)
<b>Gross profit</b>	1,495
Other operating expenses (net)	(890)
<b>Operating profit</b>	605
Finance charges (net)	(2)
<b>Profit on ordinary activities before taxation</b>	603
Tax on profit on ordinary activities	(134)
<b>Profit for the financial period</b>	469
<b>Statement of total recognised gains and losses</b>	<b>£'000</b>
Profit for the financial period	469
Unrealised surplus on revaluation of investment properties	-
Gain on foreign currency translation	1
<b>Total recognised gains and losses relating to the period</b>	470

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 11. Stocks

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Raw materials	1,304	-	866	-
Work-in-progress	372	-	790	-
	<u>1,676</u>	<u>-</u>	<u>1,656</u>	<u>-</u>

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

### 12. Debtors

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
<b>Amounts due in less than one year</b>				
Trade debtors	7,412	-	5,966	-
Other debtors	23	-	401	-
Amounts owed from group undertakings	-	-	1,817	-
Prepayments and accrued income	2,673	-	2,304	-
Corporation Tax	69	-	166	-
Deferred taxation (note 13)	767	-	422	-
<b>Total debtors</b>	<u>10,944</u>	<u>-</u>	<u>11,076</u>	<u>-</u>

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

### 13. Deferred taxation asset

		£'000
<b>Movement on deferred taxation balance in the year</b>		
At beginning of year		422
Acquisitions	10	500
Debit to the profit and loss account		(155)
		<u>767</u>

#### Analysis of closing deferred tax balance

	2014 £'000	2013 £'000
<b>Amounts recognised</b>		
Accelerated capital allowances	629	396
Other timing differences	24	26
	<u>653</u>	<u>422</u>

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 14. Creditors: amounts falling due within one year

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Bank overdrafts	238	-	337	-
Trade creditors	5,169	-	3,088	-
Amounts owed to group undertakings	2,501	-	-	-
Other taxes and social security	1,423	-	753	-
Accruals and deferred income	7,873	-	6,022	-
	<u>17,204</u>	<u>-</u>	<u>10,200</u>	<u>-</u>

'Amounts owed to group undertakings' disclosed for the Group reflect amounts owed to other parts of the larger Viad Group. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Bank Overdrafts are payable on demand and relate to GES Data Services Limited.

### 15. Provision for liabilities

		Group 2014 £'000	Group 2013 £'000
At 1 January 2014		202	241
Provided during the year		307	-
Utilised in the year		(32)	(39)
Acquisitions	10	362	-
At end of year		<u>839</u>	<u>202</u>

The closing provision includes £733,000 (2013: £200,000), £607,000 relating to dilapidation costs on various sites occupied and leased by the Group. This provision has been calculated through reference to information provided to the company by surveyors, and is expected to be settled at the end of the respective lease terms.

A further £232,000 relates to GES Middle East LLC for gratuities legally required to be paid employees in the event they leave the business. This amount is likely to be paid in more than one year.

### 16. Called up share capital

	2014 £	2013 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 17. Share premium account

	2014 £'000	2013 £'000
<b>Group and Company</b>		
At 1 January and 31 December	<u>17,725</u>	<u>17,725</u>

# GES Service Companies Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 18. Other reserve

	2014 £'000	2013 £'000
At 1 January	-	-
Additions in the year	23,025	-
At 31 December	23,025	-

The capital contribution recorded in the year has been received from Viad Corp to finance the acquisition of Blitz Communications Group Limited and N200.

### 19. Profit and loss account

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 January	4,627	-	4,586	-
(Loss)/profit for the year	(4,768)	-	41	-
Movement on foreign exchange	(179)	-	-	-
At 31 December	(320)	-	4,627	-

### 20. Reconciliation of movements in shareholders' funds

	2014		2013	
	Group £'000	Company	Group £'000	Company £'000
At 1 January	22,352	17,725	22,311	17,725
(Loss)/profit for the year	(4,768)	-	41	-
Currency translation difference on foreign subsidiaries	(179)	-	-	-
Capital contribution from group company	23,025	23,775	-	-
At 31 December	40,430	41,500	22,352	17,725

### 21. Financial commitments

Annual commitments of the Group under non-cancellable operating leases are as follows:

	31 December 2014		31 December 2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
<b>Operating leases which expire:</b>				
Within one year	67	249	-	171
Within two to five years	716	345	838	344
After five years	-	34	-	6
	783	628	838	521

### 22. Related party transactions

In accordance with FRS 8 "Related Party Disclosures" transactions with Viad Corp have not been disclosed in these financial statements. No other related party transactions occurred which require disclosure.

# **GES Service Companies Limited**

## **Notes to the financial statements (continued) For the year ended 31 December 2014**

### **23. Ultimate parent company**

The company's immediate and ultimate parent and controlling company is Viad Corp which is incorporated in the United States of America. Copies of the financial statements of Viad Corp are available from Viad Corp, 1850 N Central Avenue, Suite 800, Phoenix, Arizona, 85004-4545 or the company's website at [www.Viad.com](http://www.Viad.com).