

# **BRITISH TOURIST AUTHORITY**

TRADING AS



## **VISITBRITAIN & VISITENGLAND**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2011**

# **BRITISH TOURIST AUTHORITY**

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## **VISITBRITAIN & VISITENGLAND**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2011**

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## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual report and financial statements for the year ended 31 March 2011

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## **1. INTRODUCTION**

Tourism is Britain's third highest export earner behind Chemicals and Financial Services. In most years it is the sixth biggest sector of the economy and generates £90bn of direct business for the economy each year with over 200,000 businesses providing 4.4% of all employment.

Government Tourism Policy is to grow the sector, making it more productive, competitive and profitable. The domestic tourism industry offers good growth potential because Britons currently take significantly fewer 'staycation' holidays than most other European countries. The next few years also offer an unprecedented series of opportunities for to attract overseas tourists to Britain. Starting with the Royal Wedding in 2011 Britain will stage a series of major international events, including the Queen's Diamond Jubilee, the London 2012 Olympic and Paralympic Games, World Pride (2012), the Rugby League World Cup (2013), the Commonwealth Games (Glasgow in 2014), the Ryder Cup (Scotland in 2014), the Rugby Union World Cup (2015) and the Cricket World Cup (2019).

The Government works with the tourism industry, VisitBritain and VisitEngland to develop the full potential of tourism in Britain, by building on the strengths and addressing the weaknesses in the sector.

The Government's aspirations are to:

- Co-fund a £100 million marketing campaign with the industry which aims to attract 4 million extra visitors to Britain over the four years from 2011 to 2014,
- Increase the proportion of UK residents who holiday in the UK, to match those who holiday abroad each year, and
- Improve the sector's productivity to become one of the top five most efficient and competitive visitor economies in the world.

## **2. ORGANISATION**

The British Tourist Authority (BTA) is a Non-Departmental Public Body (NDPB), funded by the Department for Culture, Media and Sport (DCMS). The functions, duties and powers of the BTA are set out in the Development of Tourism Act 1969 (the Act). The Act defines BTA's functions as:

- Encouraging overseas visitors to come to Great Britain
- Encouraging people who live in Great Britain to take their holidays in Great Britain
- Promoting the provision and improvement of tourist amenities and facilities in Great Britain.

BTA also has a duty to:

- Advise ministers and public bodies on tourism matters in Great Britain.

The English Tourist Board (ETB) has similar functions and the same duty under the Act in relation to England but does not have power to encourage overseas visitors to come to England unless it is acting on behalf of BTA.

On 1 April 2003, ETB ceased to be funded. It was re-classified as an unfunded advisory body. The British Tourist Authority assumed responsibility for the domestic marketing of England and commenced trading as VisitBritain. Following the British Tourism Framework Review in 2009, it became clear that there was a demand for a dedicated tourist board for England which would rank on an equal footing with Scotland and Wales.

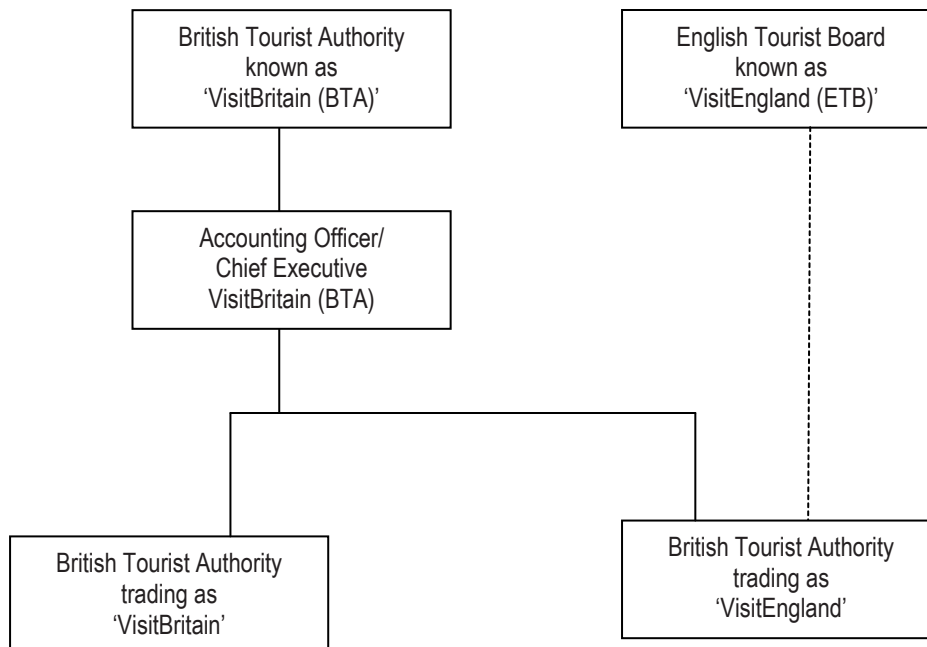
To achieve this within the existing statutory and funding framework, VisitBritain (BTA) established 'VisitEngland' with a Chief Executive reporting directly to the Chairman of the English Tourist Board (now known as VisitEngland). Legally, the VisitEngland Executive team remains a part of VisitBritain (BTA) for funding and governance purposes and undertakes its role as 'The British Tourist Authority trading as VisitEngland.'

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VisitEngland is legally accountable to the Board and Chief Executive/Accounting Officer of VisitBritain (BTA) who exercise their responsibilities through an internal Funding Agreement and a Memorandum of Understanding which details the corporate governance arrangements.



The VisitBritain (BTA) Board is responsible for ensuring that VisitBritain and VisitEngland operate within the terms of the Development of Tourism Act 1969 and comply with statutory and administrative requirements for the use of public funds. The Board is also responsible for establishing the organisations' overall strategic direction within the policy and framework agreed with the DCMS and, subsequently, for overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets. In carrying out its responsibilities in relation to VisitEngland, the Board is advised by the Board of VisitEngland (ETB).

To contribute towards realising the Government's aspirations as outlined in the Introduction, VisitBritain (BTA) and the DCMS agreed Funding Agreement targets for VisitBritain and VisitEngland, results against these targets are outlined on pages 22 to 24.

### 3. OBJECTIVES

#### 3.1 VisitBritain

VisitBritain's vision is to inspire the world to explore Britain and its mission is to build the value of tourism to Britain, working in partnership with the industry, nations and regions. In order to increase overseas visitor spend to all parts of Britain, and improve Britain's ranking on the destination wish-list for international travellers, VisitBritain has adopted a four point strategy:

1. Inspiring travellers from overseas to visit and explore Britain.
2. Delivering a global network to support tourism promotion in mature and developing markets.
3. Advise Government and the industry on tourism, particularly on issues that affect our global competitiveness.
4. Maximise public investment through partner engagement and commercial activity.

### **3.2 VisitEngland**

VisitEngland's purpose is to lead and drive the quality, competitiveness and sustainable growth of England's visitor economy by providing intelligence, coordinated marketing and strategic direction for the sector. Through partnership and collaborative activities VisitEngland will support partners at national and local level to deliver excellent visitor experiences, achieve economic growth and increase investment and employment.

VisitEngland's corporate priorities over the next four years are to:

1. Drive forward the implementation of the Strategic Framework for Tourism in England and deliver the actions for which it is responsible.
2. Develop and implement a national brand and marketing approach for England which leverages England's best assets and encourages a range of partners to benefit from collaborative activities to achieve a step change in domestic holiday taking and contribute to the 5% annual growth target outlined in the Strategic Framework for Tourism in England.
3. Establish VisitEngland as the primary source of expertise on English tourism and its visitor economy and make this expertise and intelligence widely accessible.
4. Develop a business model that provides England's tourism sector with a more robust and sustainable national tourism body for the longer term, which is effectively engaged with a wider range of partners at the national and local level, whilst reducing our overheads in accordance with our Funding Agreement with the DCMS.
5. Support Government to achieve its policy aspirations.

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#### 4. BOARD MEMBERSHIP

The Board comprises the Chairman, Christopher Rodrigues CBE, and six other members, five of which are appointed by the Secretary of State for Culture, Olympics, Media and Sport and one by the Welsh Assembly. The Chairmen of VisitEngland and VisitScotland sit on the Board in an ex-officio capacity. In addition, a small number of observers attend the Board meetings by invitation.

Two sub-committees report to the Board, the Audit Committee, whose members are identified below, and the Remuneration Committee whose report is on pages 25 to 29.

The VisitEngland (ETB) Board comprises the Chairman and six other members, all of whom are appointed by the Secretary of State for Culture, Olympics, Media and Sport. In addition there are a number of observers who attend the Board meetings by invitation.

VisitBritain (BTA) and VisitEngland both maintain Registers of Board Members' Interests. Copies of these Registers can be obtained from the Secretary to the Boards.

<b>VisitBritain (British Tourist Authority) Board Members</b>	<b>Appointed</b>	<b>Appointment Expires</b>
Christopher Rodrigues CBE, Chairman**	01 January 2007	31 December 2014
Dr Michael Cantlay	01 April 2010	31 March 2013
Penelope, Viscountess Cobham* **	01 April 2009	31 March 2013
Stephanie Griffiths	01 April 2010	31 March 2013
Janis Kong OBE**	13 February 2006	12 February 2014
The Rt Hon Baroness Liddell**	15 March 2010	14 March 2014
John Lindquist *	15 March 2010	14 March 2015
Sir Moir Lockhead OBE	11 July 2005	10 July 2013
Ieuan Evans MBE	14 July 2009	13 July 2012
Kumar Muthalagappan OBE	01 March 2002	28 February 2010
Alan Parker CBE	01 April 2003	31 March 2010

<b>VisitBritain (British Tourist Authority) Board Observers</b>	<b>Position, Organisation</b>
Tamara Ingram OBE	Chairman, Visit London, from 23 July 2002 until 31 March 2011
Clive Gordon	Board Member, Northern Ireland Tourist Board, from 20 March 2009

<b>VisitEngland (English Tourist Board) Board Members</b>	<b>Appointed</b>	<b>Appointment Expires</b>
Penelope, Viscountess Cobham, (Chairman)* **	01 April 2009	31 March 2013
Sir Brian Briscoe	23 April 2007	22 April 2011
David Orr	14 September 2009	13 September 2013
Rob Rees MBE*	04 May 2007	03 May 2011
Christopher Webster	04 May 2007	03 May 2011
Nick Varney	22 June 2009	21 June 2013
Denis Wormwell	22 June 2009	21 June 2013
Suzanne Bond	01 May 2003	30 April 2009
Nick Cust OBE	01 September 2002	31 August 2009
John Govett	01 May 2003	30 April 2009

<b>VisitEngland (English Tourist Board) Board Observers</b>	<b>Position, Organisation</b>
Suzanne Bond	Chief Executive, Cornwall Development Agency
Steve Brown	Chairman, Partners for England
Sally Chatterjee	Chief Executive, Visit London, to 31 March 2011
Nick Cust OBE	Tourism Consultant, to 31 August 2010
Sandie Dawe MBE	Chief Executive, VisitBritain

\* Members of British Tourist Authority's Audit Committee

\*\* Members of British Tourist Authority's Remuneration Committee

The biographies of the members of both Boards are available on our corporate websites:  
<http://www.visitbritain.org/aboutus/ourboard/index.aspx>,

<http://www.visitengland.org/about/theboard/index.aspx>



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#### **5. ACCOUNTS DIRECTIONS**

The Secretary of State for Culture, Olympics, Media and Sport, with the approval of the Treasury and in accordance with Section 6(1) of the Development of Tourism Act 1969, has issued Accounts Directions to VisitBritain (BTA). These Directions state how the Annual Accounts should be prepared and what disclosure requirements must be followed. VisitEngland does not receive any income from the Exchequer or from any other source. All costs incurred by VisitEngland and all other expenses connected to VisitEngland's (ETB's) work are met from within VisitBritain's (BTA's) resources. VisitBritain (BTA) is required to disclose all expenditure made on behalf of VisitEngland, specifying separately individual board member's remuneration (see Remuneration Report). Copies of the latest Accounts Directions for both VisitBritain (BTA) and VisitEngland (ETB) can be obtained by contacting the Director of Business Services

#### **6. STAFF AND OFFICE POLICIES**

##### **6.1 Staff**

###### **Introduction**

VisitBritain and VisitEngland staff are employed by VisitBritain (BTA) and all employment matters are managed jointly.

###### **Employment**

Full details of the numbers of employees split between marketing, marketing support and administration are given in note 9 to the accounts.

###### **Internal Communications**

VisitBritain (BTA) recognises the Public and Commercial Services Union (PCS) as representing the interests of staff in official negotiations. During the year PCS was consulted on a range of issues, including contractual terms and conditions, pay and grading issues. The PCS union represents staff in grievance and disciplinary cases. During the year PCS were fully consulted and worked with management to implement significant organisational change following the Comprehensive Spending Review (CSR) funding reductions.

VisitBritain (BTA) ensures that information is provided to employees in a timely manner and they are consulted on significant matters. This is achieved through the use of a range of communication channels including the staff intranet (incorporating up-to-date news and information, as well as networking forums), staff surveys, regular presentations on initiatives and developments within the organisation and industry as well as meetings with senior management.

###### **Pay**

VisitBritain (BTA) operates a performance management system to align individual objectives to the Corporate Business Plan. Performance is assessed against targets and demonstration of competencies with payments made only where there are achievements in both areas. During 2010/2011 VisitBritain (BTA) was subject to the public sector pay freeze although approval was received from the DCMS to make one-off non-consolidated performance payments which were implemented for all eligible staff.

###### **Performance Assessment and Payment**

Performance objectives are mutually agreed at the beginning of the financial year. These consist of a mix of hard numerical / factual objectives and certain behavioural objectives (core competencies).

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These objectives are then monitored and measured throughout the year with a half yearly and final review when a performance rating is agreed ranging from 1 – 3. The range is as follows:

- 1 Has over achieved on set objectives and delivered additional projects. Is an exceptional performer. Exceeds all requirements, including displaying competencies to a very high standard.
- 2+ Has achieved all objectives and over achieved in some significant areas. Is a high performer in terms of job objectives, competencies and team working.
- 2 Has done the job well. Has achieved all objectives to an effective standard and is displaying the required level of competencies for the job.
- 2- Have met some requirements. Has not fully achieved all annual objectives but is displaying competencies or has achieved all objectives but is not displaying required competencies.
- 3 Needs further development. Has not achieved annual objectives set to a satisfactory standard and is not displaying the required level of competencies.

All staff are rewarded purely on the basis of performance. There are no automatic annual increments. Reward has two elements: a variable salary increase (assuming effective performance at least) and a performance payment if performance is very effective.

#### **Contracts of Employment**

Contracts are open-ended rolling contracts; notice periods for staff are between 1 and 6 months. Termination payments are limited to the notice period unless redundancy is applied in which case a formula is used to calculate the amount of compensation which roughly equates to a lump sum compensation of one month's pay for each complete year of service plus pay in lieu of notice if applicable.

#### **Sickness Absence**

The average sickness absence per full time employee in 2010/11 was 3.38 days compared to 2.3 days in 2009/10 and average public sector absence of 9.6 days.

#### **Training and Development**

Our performance management system is aligned to the corporate competencies and includes a workshop on the principles of effective performance management. As part of the process, training and development needs are identified and appropriately satisfied by means of coaching, mentoring and competency-based courses that are directly applicable to the workplace.

Personal development plans form an important part of this process and all staff are encouraged to take ownership of their own development.

Performance of staff is recognised as a vital part of our future success and team development and training events continue to be undertaken to reinforce the desired culture and competencies.

A 360-degree feedback system is in place and is designed to provide feedback to managers and directors. A shortened version (180-degree) is in use for staff at all other levels.

#### **Equal Opportunities and Disability**

VisitBritain (BTA) is fully supportive of creating and maintaining an inclusive environment. All employees have equal opportunities for employment and advancement solely on the basis of ability, qualifications and relevant skills and experience for the work. We are committed to an environment where there is no discrimination on any grounds including age, gender, racial or national origin, religious belief, sexual orientation or disability.

VisitBritain (BTA) regularly monitors and reports on a range of staff statistics including gender and ethnic origin.

#### **Investor in People**

VisitBritain has been recognised as an 'Investor in People' since 1994 and currently holds the Silver Status.

## **6.2 Office policies**

### **Sustainability**

Sustainability is one of the key factors considered when any management decision is in regards to VisitBritain (BTA) activities. We work in partnership with our supply chains to identify opportunities and potential areas to further minimise waste and reduce our carbon footprint.

We have increased our use of information technology, such as video conferencing, to hold meetings and conferences. As a result, we have more than halved our travel costs.

VisitBritain (BTA) operates the Cycle Loan scheme, offering staff an interest free loan to purchase bicycles. In addition, VisitBritain (BTA) is also a member of the Evans Cycles Ride2Work scheme. This scheme takes advantage of the Government's Green Transport Plan by supplying VisitBritain (BTA) employees with a new bike at around half of the recommended retail price.

### **Accommodation strategy**

In 2010/11 we benefited from the first full year of efficiencies in energy, waste management and increased use of public transport by our staff from our move to our current London premises in October 2009. The accommodation is 40% smaller than our previous offices with no parking for staff. We are continuing to look for ways to increase our energy efficiency by reducing the scale of our estate overseas and relocating into existing government establishments.

### **Energy Efficiency and Waste Management**

Working with our London landlord, the Department for International Development, we continue to improve energy efficiency resulting in a reduction of at least 10% in energy use at our 1 Palace Street offices. This includes removing staff individual waste bins and implementing separate bins for recyclable and non-recyclable waste. Currently, 75% of our waste is recycled.

## **7. RESULTS FOR THE YEAR 2011/10 AND OTHER FINANCIAL INFORMATION**

### **Financial Policy**

During the period covered by these accounts, VisitBritain (BTA) was funded primarily by grant-in-aid (GIA) from the DCMS under the provisions of the Act. Following the Government's objectives, VisitBritain (BTA) seeks to ensure that optimum use is made of all resources during the financial year and so far as is consistent with its objectives, seeks to maximise non-Exchequer resources generated through close working partnerships with the private sector and its commercial activities.

In October 2010, the DCMS announced the result of the CSR, which reduced VisitBritain's (BTA's) grant-in-aid from £40.323m (2010/11) to £35.892m (2011/12), £33.092m (2012/13), £30.892m (2013/14) and £28.708m (2014/15). The CSR settlement specifically allocated funding between VisitBritain and VisitEngland and imposed a marketing spend limit.

### **Income**

Group income from non-government funded activities slightly decreased in 2010/11 (see note 7 & 8) mainly due to the decrease in partnership funding and other operating income. Some of the highlights are:

- Income from commercial activities increased reflecting the continuing growth of online retail activities worldwide.
- Other operating income declined as VisitBritain overseas offices stopped providing agency model services to strategic partners.
- A decrease in online advertising.
- A reduction in partnership funding reflecting and resulting from the reduction in GIA.

### **Expenditure**

In 2010/11 VisitBritain (BTA) incurred £3.220m (2009/10 - £1.197m) for re-organisation costs, the majority of which is related to employee costs incurred in shrinking the organisation to accommodate the GIA reduction. These are shown separately as an exceptional item in the Statement of Comprehensive Net Expenditure (see note 12). The other main changes in operating costs were:

- Continued reduction in infrastructure costs reflecting efficiency savings
- A decrease in marketing expenditure to offset exceptional costs in respect of reorganisation.
- An increase in commercial and quality assessment costs in line with the growth in income in these areas.

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#### Pension Schemes

Employee benefits, including pensions and other post-retirement benefits are presented in these financial statements in accordance with IAS 19 'Employee Benefits'.

Under IAS 19, the valuation of the main pension scheme, the British Tourist Boards' Pension Scheme, VisitBritain's (BTA) share of the deficit was £14.472m as at 31 March 2011 compared to £19.281m deficit last year. This scheme is a multi-employer pension scheme in which the actuary is able to split the share of each employer on consistent and reasonable basis; since 2009/10 the deficit has been included in the financial statements. The improvement in the deficit compared to last year is mainly due to the fact that the Government has changed the inflation measure used to revalue deferred pensions and to increase pensions in payment. In particular statutory revaluation and pension increases are now linked to Consumer Price Inflation (CPI) for deferred benefits and pensions earned in respect of service before April 1997, rather than Retail Price Inflation (RPI). The impact of this change on the Scheme is a reduction of £5.5m in the liabilities. There was also an investment gain over the year reflecting the continued market recovery.

Following negotiations with the Trustees of the Scheme, the employers have agreed a deficit recovery plan. The plan requires VisitBritain (BTA) to pay, in proportion to its share of the deficit, 6% of pensionable payroll. VisitBritain's (BTA's) estimated annual cost is £603k. The employer contribution in respect of future services also increased from 10% to 17.3% and both changes were agreed to be effective as of 1 July 2010. VisitBritain (BTA) also has an additional pension liability of £300k for pension payments to ex-chairmen which are unfunded and are included in the Statement of Financial Position.

The US pension scheme valuation reported an increased surplus of £584k (2009/10 £571k) which was capped to £359k (2009/10 £487k), the maximum amount that can be recognised equivalent to the future service costs. The employers' contribution rate will continue to be nil in 2010/11 to utilise this surplus.

#### Fixed Assets

In accordance with Treasury guidelines, fixed assets have been revalued to their value to the business, using current replacement cost, by adjusting historic cost to current value using price indices. The net adjustment of (£68k) has been recognised in these accounts by reducing the value of fixed assets and a corresponding decrease to the revaluation reserve.

There were total additions of £130k to tangible fixed assets, of which £100k was funded from grant-in-aid specifically designated for capital expenditure by the DCMS and the remaining amount funded by non-government funding. £84k was for leasehold improvements of the new office in Japan and £46k for additional computers.

#### Working Capital

As outlined above under 'Financial Policy', the result of the CSR was a reduction of the grant-in-aid for the years 2011/12 to 2014/15. Accordingly, VisitBritain's (BTA's) plans and operations have been drawn-up on the basis of the reduced grant-in-aid but also taking into account the outcome of the British Tourism Framework Review.

The stock value increase is mainly due to the increase in the commercial activities in relation to the opening of a number of additional online shops.

#### Treasury Management

In order to finance its overseas operations, VisitBritain (BTA) has a requirement to purchase approximately £7m per annum of foreign currency; the biggest amounts being in US Dollars. The reduction in requirement from the previous year is due to reduced spend in line with GIA reduction and the increase in retail revenue in foreign currency.

VisitBritain (BTA) has a Treasury Policy in place, which has been agreed by the VisitBritain (BTA) Board and Audit Committee. The latter receives reports at each meeting on currency purchases and the outstanding position at that time.

To manage the risk of currency fluctuation, the policy sets out that foreign currency requirements sufficient to meet the fixed costs of overseas operations, but not more than 75% of total foreign currency required, are purchased at the start of the financial year. The balance is purchased during the financial year to allow for changes between currencies and depending on activity and foreign currency income generated during the year.

The decrease in interest received (see note 15) is due to the global reduction in interest rates.

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#### Creditor Payments Policy

VisitBritain (BTA) is a signatory to the Confederation of British Industry code of practice on supplier payment and is committed to the payment of its suppliers to agreed terms or within 30 days. From 1 November 1998 the organisation has incorporated into this policy the regulations contained in the Late Payment of Commercial Debts (Interest) Act 1998. There were no claims for interest payment under the terms of this Act in this financial year. During 2010/11 - 88% (2009/10 - 83%) of suppliers' invoices not in dispute were paid within 30 days of receipt.

#### 8. PERSONAL DATA MANAGEMENT

In April 2008, the Cabinet Office issued guidance on the reporting of personal data related incidents in the Management Commentary to Departments' Resource Accounts for 2007/08. The DCMS has indicated that it wishes such reporting to be included in the Annual Reports of its sponsored bodies.

The disclosure of incidents which could create an unacceptable risk of harm, may be excluded in accordance with the exceptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

The disclosure required is in three areas:

- Summary of protected personal data related incidents formally reported to the Information Commissioner's Office
- Summary of other protected personal data related incidents
- Number of incidents under the above categories since 2004.

In 2010/11, VisitBritain (BTA) has had no incidents covered by the first two paragraphs above and is not aware of any incidents in previous years. During the course of 2010/11 VisitBritain (BTA), in conjunction with its internal auditors, reviewed its existing Data Protection policies, procedures and recording to ensure they reflect the latest Cabinet Office guidance.

#### 9. AUDITORS

The audit of VisitBritain's (BTA's) financial statements by the National Audit Office (NAO) enables the Comptroller and Auditor General to fulfil his statutory duty under the Development of Tourism Act 1969, to lay before Parliament certified copies of the annual accounts and his report. Deloitte Touche Tohmatsu in Stockholm audited the Swedish subsidiary, British Travel Centre AB in Stockholm (see note 18).

The fees paid to the NAO and overseas auditors for the audit services amount to £50k and £3k respectively. There is a further £1k provision for the LDA grant audit by BDO. There are no other services provided by the NAO.

As Accounting Officer I confirm that:

- There is no relevant audit information of which the auditors are unaware
- I have taken all the steps I ought to ensure that I am aware of relevant audit information
- I have taken all the steps I ought to establish that VisitBritain (BTA) auditors are aware of the information.

#### 10. REPORT ON THE YEAR 2010/2011

##### VISITBRITAIN

2010/11 was a year of significant change for VisitBritain.

The changes followed the general election in May 2010 when the new Coalition Government formed by the Conservative and Liberal Democrat parties took office. The incoming Government had two clear priorities: swift action to cut the deficit, and structural reform of Whitehall to reduce the size, cost and burden imposed by government.

The new Government was also quick to recognise the critical importance of the tourism sector to the wider British economy and the contribution made by VisitBritain. Shortly after the election, the new Culture Secretary Jeremy Hunt challenged VisitBritain to create 'the best Olympics marketing plan ever mounted by a host country'. He also asked VisitBritain to create 'a permanent tourism legacy – a sustained uplift in spending by tourists - not just for London, but for the UK as a whole.'

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This was reinforced by a speech in August 2010 in which the new Prime Minister, David Cameron, declared his ambition to return Britain to the top five global destinations by increasing our share of tourism, especially from emerging markets such as India and China. The Prime Minister believes tourism is fundamental to the rebuilding and rebalancing of our economy.

#### Funding

In October 2010, the Secretary of State announced that, as part of the Government's austerity measures, funding to VisitBritain would be cut by 34% in real terms. The annual grant-in-aid for the 2011/12 financial year will be £26.692m, reducing to £21.392m by 2014/15. There were two conditions:

- Continued commitment to funding VisitBritain's core international marketing and PR activity in the top and emerging markets is in the expectation that the Government's investment is match funded by the private sector.
- Administration budgets should be reduced by around 50% in real terms in partnership with VisitEngland (with whom VisitBritain shares premises and many administrative and support functions).

#### Market & economic conditions

According to the UN World Tourism Organisation, global international tourist arrivals increased by almost 7% during 2010, fuelled by intra-regional growth across Asia. In contrast European arrivals grew by just 3%. Travel into and within Northern Europe was not helped by the volcanic ash cloud which saw planes grounded for prolonged periods in April 2010.

Although spend by overseas visitors in Britain increased by 1% in 2010 to £16.6 billion, the total number of visits fell by 1%. The biggest drop was from North American visitors reflecting difficulties in the US economy, but this was largely offset by a growth in visits from Central and South America, Africa, Middle East, Asia and Australasia. The number of visits from EU15 countries (nations who were members of the European Union before the 2004 expansion) was unchanged in the year to January 2011, but visits from the Accession countries fell by 6% in the twelve months to January 2011.

The leisure sector performed well, welcoming almost 11.6 million visitors coming purely for holiday purposes. This was stimulated by a combination of the weak pound and VisitBritain's strong marketing efforts. Business visits recovered by 4% against the previous year but were still well below the pre-economic downturn levels.

#### Britain's image

Britain maintained its image as a strong nation brand, ranking 4<sup>th</sup> out of 50 countries in the 2010 Nations Brand Index. Research consistently shows that Britain's key strengths are its heritage, culture, education, sport and London. Despite this, misperceptions still exist about British food, while many potential travellers see Britain as primarily an urban destination and are concerned about value for money and our friendliness and welcome. However, many of our traditional markets remain fascinated by our rich cultural scene, royal heritage and other strengths.

#### Marketing activities

VisitBritain began the financial year by launching a new marketing strapline and branding for Britain, based on in-depth customer insights. This coincided with a deliberate shift away from local micro campaigns to three global major campaign themes (classic, dynamic and luxury) all using the new strapline. **'Britain – You're Invited'** to position Britain as open, friendly and welcoming. It has now been rolled out across the world.

A significant amount of our marketing effort was targeted towards social media with our 'Love UK' Facebook page and Twitter feed pulling in hundreds of thousands of fans and followers and a high level of interaction and engagement. In December we were listed number 19 out of the '50 Most Influential Travel Related Companies Online' while our Twitter feed was deemed to have more 'Klout' than any other national tourism agency in the world.

We also developed our own digital platforms. In June we launched a new version of our website [www.visitbritain.com](http://www.visitbritain.com). This was a major project which moved VisitBritain even further ahead of the competition by fully embracing social media platforms, online video and personalised content. Since its launch it has won 3 best website awards.



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This launch was swiftly followed by new online media centres, tailored for journalists and media contacts in each of our major markets. These media centres are seen by thousands of journalists and broadcasters around the world and will be invaluable tools in helping to secure destination coverage around the major events of 2011 and 2012.

Meanwhile our retail team worked around the clock to build, populate and roll out 27 online shops during the nine months leading up to October 2010 and have already seen improvements in performance. Conversion rates increased by 20% and the value of the average sale rose by 14% during the first quarter after launch.

In early 2011 we launched another extension to our social media: VisitBritainSuperBlog.com. This special site brings together a 'dream team' of leading travel bloggers from around the world, including 11 of the world's Top 50 Online Travel Influencers. Between them they have almost half a million dedicated, travel-targeted followers on Twitter, providing us with an instant global distribution network that would normally take years to develop.

In the field of mobile technology, our first iPhone app featuring movie locations was in the top five travel apps on iTunes (receiving 65,000 downloads in its first few months). In November we announced a worldwide partnership with top Olympic sponsor and electronic giant, Samsung. This is the first collaboration of its kind between an IOC Olympic Sponsor and the host nation and was the first partnership activity undertaken by VisitBritain with an official Olympic sponsor in the run up to the London 2012 Games.

The partnership revolves around a new 'Best of Britain' phone widget and application, to be loaded on to all Samsung Galaxy tab devices, on selected Galaxy smart phones and on the Samsung android store, reaching a potential of around 25 million units. The GPS/'location' based app contains inspirational content and imagery, destination guides and focuses on the top editorially picked attractions, events, locations and activities from around Britain.

Towards the end of the year much of our marketing effort was focused on showcasing Britain in the lead up to the Royal Wedding. In the five day lead up to and during the Royal Wedding VisitBritain gained 127,546 new fans to our Facebook page 'LoveUK', almost doubling the membership to over 255,000, with the content viewed by over 1.3 million people. There were over 18,000 comments and Likes and sentiment within the posts from 'LoveUK' fans around the world was universally positive. Our content was used by some of the world's key broadcasters and we reconfirmed our status as most influential international tourist board on Twitter with our 'Klout' score shooting up.

#### **Industry engagement**

We also embraced digital social media to help keep in touch with our stakeholders, launching a new corporate Twitter feed @VisitBritainBiz in May, ceotwitter@sandiedawe, plus corporate blogs and a VisitBritain group on LinkedIn. These are all growing steadily in popularity and provide additional channels to our website and e-communications for keeping our industry partners updated about our activities.

We also broke from tradition to develop a purely online Annual Review this year. It was launched to around 300 stakeholders at our annual industry event which formed part of our International Business Exchange (VIBE) at which UK destinations and suppliers meet our overseas marketing staff in workshops and seminars. The exchange programme received excellent industry feedback, with 95% of delegates rating it as excellent or very good.

2010 saw a record number of UK industry partners attending our overseas travel trade missions, exhibitions and workshops, contributing £1.8m towards the running costs. We saw our largest ever missions to Brazil and China, our first to Mexico, a record number of UK suppliers at Destination Britain and Ireland in Asia Pacific, Middle East and Africa, and our largest Britain Marketplace in the US, to name but a few. Our overseas teams' strong relationships with their local travel trade are critical to the success of these missions and events. An online travel trade educational initiative 'BritAgents' was developed and launched during the year. Supported by the British travel industry, we have created a global agents educational eLearning programme.

The former British Tourism Development Committee was replaced with the British Tourism Industry Group (BTIG). The BTIG is VisitBritain's main stakeholder body. Its meetings provide a vehicle for VisitBritain to inform and consult with stakeholders on the development and implementation of the four-year marketing programme. By facilitating a strategic dialogue between VisitBritain and the wider tourism industry, the BTIG supports VisitBritain in delivering on its role as a trusted advisor to government on tourism matters. All companies and destinations, which contribute financially to the marketing programme as partners, are members of the BTIG, as are a number of trade associations and other bodies, which are able to provide input from different segments of the tourism and travel industry.



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#### **Partner Marketing**

The mobile technology deal we signed with Samsung was just one of a number of partner marketing successes during the year. We signed a new three-year contract with the English Premier League which is enabling us to use international footballers in some of our overseas promotions. On-going partnerships with film studios such as Warner Bros and Universal Pictures provided us with great exposure and helped extend our reach. Our activity around the new Robin Hood film, for example, delivered in kind marketing support valued at £9.3 million and won an award for best affinity marketing.

#### **Partnership working**

Working closely with our strategic partners and international stakeholders is vital to our work. In all our markets we enjoy good relationships with local British Council, UK Trade & Investment and Embassy staff and other public diplomacy representatives. This collaboration helps improve local perceptions of Britain as an attractive country in which to invest, do business with, and visit.

#### **Media visits**

Facilitating and assisting international broadcasters and journalists to visit Britain remains a vitally important part of our work.

Helping broadcasters is time intensive but rewarding. For example, we helped Record TV, the 2012 Games broadcast rights holders in Brazil, to film an eight-part series on destination Britain for their morning show, 'Hoje em Dia'. The resulting TV coverage of this particular series would have cost us at least £2.5 million if we had bought the equivalent advertising space.

Other examples include a new travel and music series in Canada, 'SharleneVs', which we persuaded to feature a whole special on the Isle of Wight. We have also some good results from our regional approach to press visits in Asia Pacific, Middle East and Africa, such as the Wales Blogathon which generated a large number of unique visitors and opportunities to view.

Media interest in Britain received a massive boost on 16 November when the wedding of Prince William to Catherine Middleton was announced. Since then we have been inundated with requests, while proactively churning out a wealth of ideas and angles via our new online media centres and network of overseas press officers, to help extend coverage of the wedding to destinations around Britain with a royal connection.

#### **Issues management**

Closer to home, we had to deal with intense media interest as a result of the closure of UK airspace due to volcanic ash. We led the industry's response, chairing and managing TIER which is the tourism industry's network for responding to emergencies and critical issues. There were many stranded passengers during that period and our Britain & London Visitor Centre in Regent Street was inundated, dealing with long queues and helping distressed visitors with their travel plans and arrangements.

#### **Turning challenge into opportunity**

As the Prime Minister himself said, we have in the coming decade an unprecedented opportunity to take our tourism industry to a whole new level. There are some significant events coming up that will put Britain at the centre of the world stage in the coming years.

During the next 18 months alone, the combination of the Royal Wedding, the Queen's Diamond Jubilee and the London 2012 Olympic Games and Paralympic Games will attract global attention. But we also need to reassure potential visitors and local residents that these big events are not reasons to stay away – quite the contrary, they are invited.

In January 2011 the Prime Minister launched a partnership between VisitBritain and the travel and tourism sector to deliver a four-year match funded global marketing campaign. In February VisitBritain followed this by announcing more details of this campaign and how we are reorganising ourselves to deliver it.

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The £100m **'Britain – You're Invited'** campaign will use the major events taking place over the next few years – the Royal Wedding, the Diamond Jubilee and the Olympic and Paralympic Games for starters – to deliver an additional £2 billion of visitor spend over four years. Founding partners include British Airways, Easyjet, Radisson Edwardian Hotels, Hilton, P&O Ferries, DFDS Seaways and lastminute.com, while leading global marketing services agency M&C Saatchi was appointed to provide a full suite of marketing communications services around the campaign. A number of high profile celebrities were recruited to lead the campaign, which is due to go live in early summer 2011.

#### Organisational changes

Towards the end of 2010/11 we announced a major organisational change to help deliver the **'Britain – You're Invited'** campaign while addressing the 34% cut to our budget by 2014/15. The main changes include reducing functions, activity and the numbers of markets in which we have a presence to ensure maximum funds are allocated to marketing. Although still maintaining a global footprint through our consumer, trade and media websites we are reducing our physical presence from 35 to 21 overseas markets, based in 24 key cities. These markets provide a wide geographic spread across the world, accounting for 75% of inbound tourism spend.

Staff in overseas offices will continue to gather market intelligence; look after trade and press contacts, arrange and facilitate sales missions and trade events; secure partners on-territory and also look after public diplomacy liaison, as well as help deliver the marketing programme.

The central marketing team will focus on delivering the global marketing campaign, ramping up partnership marketing and key account management with commercial partners. Digital and social media, PR, marketing and relationships with 2012 stakeholders remain a priority.

We will continue to provide research; market intelligence and analysis to inform the industry and to deliver on our statutory duty to advise Government on matters related to tourism, in particular those areas that affect Britain's global competitiveness. We will also continue to provide a bid support service to help attract more international conferences, conventions and major sporting events to the UK. However we will no longer conduct activity specifically to attract business tourism although we can provide on territory advice and support to other agencies.

The resulting restructure has involved making 70 employees in 21 jurisdictions compulsorily redundant. The closure of the Britain and London Visitor Centre (BLVC) will follow in December 2011.

#### Moving forward

The recent organisational restructuring has not been easy. The large reduction in funding meant there were difficult choices to make and painful measures to be implemented. The result is that we are now well set up to deliver against the targets that have been set. We are also fortunate to enjoy stronger support than ever from across our industry, with partners from every sector coming forwards to contribute towards our forthcoming £100m marketing drive.

The next financial year will be critical in maximising the opportunities surrounding the major events of 2011 and 2012 and creating a permanent legacy for the UK. Within the next few months we will roll out our invitation to Britain and stress that there's never been a better time to come.

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#### **VISITENGLAND**

##### **A year of transition**

2010/11 was a year of transition for England's national tourist board, VisitEngland. The organisation, which was established with an arm's length relationship with VisitBritain (BTA) in 2009 as a direct outcome of the British Tourism Framework Review, was subject to a comprehensive re-evaluation in autumn 2010 as part of the Government's Arm's Length Body Review.

VisitEngland emerged from the Review with a firm endorsement from Government and with its four year funding agreement came a clear steer towards its future priorities. The organisation will continue to work closely with destination management organisations and local businesses, local authorities and enterprise partnerships to ensure that tourism continues to grow and to support the country's economic recovery. At the same time it will rationalise its involvement in the delivery of the national quality assessment schemes and digital platforms.

##### **Funding**

In October 2010, as part of VisitBritain's (BTA's) settlement, the Secretary of State announced a ring fenced funding commitment to VisitEngland which over the coming four years will be £9.2m in 2011/12 reducing to £7.31m by 2014/15. The key conditions are:

- Rationalising VisitEngland's involvement in and the delivery of the Quality Schemes and EnglandNet,
- In partnership with VisitBritain (with which VisitEngland share its premises and many administrative and support functions), reducing administration budgets by around 50% in real terms.

##### **Providing leadership in a changing world**

The new Government's change in economic policy from regional to local has had a significant impact on VisitEngland. The closure of the Regional Development Agencies (RDA) means that for the first time since the creation of the Development of Tourism Act in 1969 there will be no publicly funded tourism delivery at a regional level.

In anticipation of change, in March 2010, VisitEngland published a Strategic Framework for Tourism in England 2010-2020. Developed in partnership with the industry, this provided a road map for growing the value of the visitor economy and its contribution to employment and our quality of life. The ethos behind the Strategic Framework is one of collaboration. It is only by adopting a partnership approach across the sector and related stakeholders that the Framework's aspiration of creating a 5% per year on year growth in tourism can be achieved. VisitEngland is the natural custodian of this Strategic Framework, working across industry as the Government's lead body for tourism in England.

A number of action plans have since been devised on key issues such as seaside tourism, business tourism, sustainability, rural tourism and visitor information. Following the Government's confirmation of VisitEngland's position in autumn 2010, the organisation began a round of consultations on these plans and also provided considerable advice and assistance to England's many destination management organisations as they look to reconstruct themselves to help deliver these plans.

In this time of transition VisitEngland has been assisted in its work by a small team of RDA staff who were able to provide expert knowledge in the key areas of Quality Assurance; Visitor Information; Marketing; Research and optimising the domestic tourism opportunity to be gained from hosting the Olympic and Paralympic Games in 2012. The transition team have played a key role in identifying valuable resources created by the RDAs in support of tourism which continue to have relevancy and are transferable to the new tourism delivery landscape. In some cases the resources have transferred to a local organisation ( e.g. the West Midlands Regional Observatory statistics and research programme has transferred to Marketing Birmingham), or nationally in the instance of the North East's photographic library which has transferred to VisitEngland.

With their support VisitEngland submitted a bid, 'Growing Tourism Locally', to the Department for Business, Innovation & Skills to seek funds from the Regional Growth Fund. A key element of the programme is a marketing campaign 'The Time to be in England' designed to capitalise on the forthcoming once-in-a-generation events of the London 2012 Olympic and Paralympic Games, The Diamond Jubilee, the Cultural Olympiad, and the Torch Relay all of which will act as a fantastic showcase of the whole of the country. Although unsuccessful, working on the bid was a helpful experience providing VisitEngland with a sound base on which to build partnerships and to deliver the All-England Marketing Strategy coordinating the activity of the sector and encouraging collaboration towards the shared objective of growing the value of the industry. VisitEngland has been encouraged by the responses and feedback it has received and is therefore submitting a bid in July 2011 for the second round of funding.

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#### Getting tourism on the radar

In early March 2011 the Coalition Government published its new Tourism Policy, affirming the critical importance of tourism to the UK economy and highlighting the vital issues affecting the industry. It particularly emphasised the need to build on the quality of the welcome received by visitors - especially at ports of entry – and the requirements for a new approach to transport. These are both areas which are currently being tackled by VisitEngland. VisitEngland is also supportive of key areas highlighted for review including the modernisation of the star rating system and the implementation of brown and white signage on which so many visitors and attraction operators depend.

Local Enterprise Partnerships (LEPs), the locally-owned partnerships between local authorities and businesses, will play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. They are also a key vehicle in delivering Government objectives for economic growth and decentralisation, whilst providing a means for local authorities to work together with business in order to quicken the economic recovery. VisitEngland has in place a programme of engagement to forge relationships with the LEPs thus ensuring that the benefits that tourism has to offer their locality and how those benefits might be realised is central to their emerging plans.

On 14 March VisitEngland organised 'Think Growth, Think Tourism' – a conference for key representatives from the LEPs to demonstrate how tourism can boost the local economy; acting as a catalyst for job creation, economic growth and improving quality of life for residents in their destinations. Keynote speakers included HRH The Prince of Wales and the Minister for Tourism John Penrose MP.

#### Positive tourism performance

VisitEngland's Insight Team has worked steadily to monitor England's tourism performance and to improve its interpretation and communication of market trends. The 'staycation' trend that started in 2009 was largely maintained in 2010 and VisitEngland monitored closely the opinions and drivers of 'staycationers' (people who switched an overseas holiday for one in England or who took an extra break in England). The introduction of the new England Brand Tracker will be a powerful tool enabling VisitEngland to measure visitor satisfaction, key influencers on holiday taking in England along with the effectiveness of the organisation's own marketing activity. During the year a new Day Visits Survey was introduced (the first since 2005); the United Kingdom Tourism Survey contract was retendered and the programme of ongoing surveys was reviewed and refreshed.

In January, to coincide with the end of year three of the English Tourism Intelligence Partnership, a conference was held to share its outputs and learnings and to announce that funding for the Tourism Intelligence Unit (housed within the Office for National Statistics) had been agreed for an additional year.

A key development to support VisitEngland's leadership role was the creation of [www.visitengland.org](http://www.visitengland.org) as a business to business website, communicating news and information and offering a portal for England's tourism intelligence sources. It also houses a media centre providing a full set of press tools, itineraries and releases to ensure journalists are provided with the most inspirational and informative ideas and experiences that can be offered.

#### Sustainability and accessibility

With sustainable practices an increasingly integral issue for the industry, VisitEngland took advantage of World Environment Day 2010 to launch [www.better-tourism.org](http://www.better-tourism.org). The new website is positioned as a one-stop information shop on sustainability. Incorporating 'Green Start', the site offers a suite of tools for tourism businesses seeking to reduce their impact on the local environment or community and in addition it gives access to entry level training initiatives.

Towards the end of the financial year VisitEngland co-launched Green London, the first map to highlight exclusively green businesses i.e. sustainable places to eat, sleep, shop and have fun, around the capital. Available as a download from [www.enjoyengland.com](http://www.enjoyengland.com) the map is also being distributed through tourist information centres in and around London.

The internet has also been used to promote the importance of greater accessibility in tourism. In October VisitEngland launched a new online tool aimed at helping businesses to improve their offer for visitors with access needs. It makes it easier for them to create a robust Access Statement, which in turn allows people to make an informed decision about whether the establishment can cater sufficiently for their access needs.

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In January 2011 a comprehensive business case for accessible tourism in England was launched. The booklet, entitled 'At Your Service', was created through a joint partnership between the Government's Accessible Tourism Stakeholder Forum and VisitEngland, with the aim of inspiring tourism businesses to improve accessibility for customers in the lead up to the London 2012 Olympic & Paralympic Games.

#### **Marketing England**

VisitEngland's marketing team aims to encourage consumers to make the most of their free time and choose England as a holiday destination. Through cross-media campaigns, the marketing team inspires consumers to choose England as a destination that can deliver world class experiences and ensure it features on their list of preferred destinations.

The marketing year kicked off with a splendid Enjoy England Awards for Excellence ceremony in Brighton sponsored by the Caravan Club of Great Britain. As well as providing an opportunity to recognise and celebrate the talented and committed members of the industry receiving awards on the night, the event provides VisitEngland's communications team with an unrivalled opportunity to promote England's best kept secrets – stunning service; luxurious accommodation; awe-inspiring attractions to the media.

With 112 Saturdays, Sundays and Bank Holidays to enjoy each year, VisitEngland's 'Enjoy Every Minute' campaign encourages consumers to make the most of them by getting out and about and enjoying England. The creative route of the campaign – which has been promoted consistently throughout the year via press and digital platforms - consists of a series of vignettes depicting the time opportunities we all have from one hour to a whole week, and what can be done with them to best enjoy England.

VisitEngland also ran a number of tactical marketing promotions with key partners during the year. For example, early in 2011 it formed a partnership with leading travel and leisure retailer, lastminute.com, to deliver a campaign, 'No passport required', which aimed to promote the ease with which one can holiday in England. The integrated campaign including advertising, PR and online activity was launched on 28 February, ahead of the Royal Wedding and bumper Bank Holiday weekends in April and May.

#### **Business Tourism**

VisitEngland's Business Visits and Events team is able to help international operators with advice and information on planning an event in England, coordinate proposals from destinations, venues and other suppliers and provide materials to enable agents to more effectively promote England to clients. In 2010/11 the team continued its highly successful campaign promoting England's superb conference, incentive and events offer in England's most important source markets of North America and Western Europe.

Through detailed research and telemarketing initiatives, VisitEngland worked with destinations, venues, destination management companies and professional conference organisers from across the country on an integrated campaign of sales missions, networking dinners, exhibitions, workshops and familiarisation trips in addition to targeted e-news, PR and the continued development of the comprehensive website [www.meetengland.com](http://www.meetengland.com). VisitEngland's activity provided cost effective successful platforms for partners to launch products, raise awareness and win business.

#### **International marketing**

Throughout 2010/11 VisitEngland has continued to promote England to the key international leisure markets of North America, Germany and the Netherlands. This has been achieved via a mixture of press engagements and direct consumer activity in partnership with domestic and international partners. Much has been achieved in our target markets including consumer campaigns in Germany with our partners including Bath, Manchester, Welcome to Yorkshire, Easyjet, DFDS Seaways and German Wings.

Activity in North America has focused on PR campaigns. Recent successes have included features on NBC's 'Today Show' with 5.3 million viewers and 8.0 million unique visitors to its website per month and a wide variety of positive articles in popular newspapers and magazines. Our representative has also worked closely with English destinations including Bristol, Birmingham and Yorkshire on press liaison in the North American markets.

In all other international markets activity has been undertaken on a case by case basis. Notable successes have included the promotion of the film 'The King's Speech' in New Zealand resulting in excellent coverage in that market.

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#### Partnerships for the future

The Government's Tourism Policy was launched in March and VisitEngland has developed a four year Corporate Strategy which takes this into consideration. Amongst the Policy's aims is an ambition to *'refocus and reform VisitEngland to become an industry-led body charged with driving up productivity in our visitor economy.'* VisitEngland is already reviewing its approach within the context of a reduced CSR settlement (34% over four years) and against the backdrop of the changing tourism delivery landscape. In future VisitEngland will concentrate its efforts on growing domestic tourism and international business tourism delivering innovative nationwide marketing campaigns in conjunction with the public and private sectors. It will be the 'brains trust' for tourism; offering expert advice, data and brand analysis and an effective network for English tourism.

VisitEngland welcomes the Policy's recognition that in the short-term there is a *'role for the state, to fill the gap in promoting UK destinations while we create and grow the structures and organisation which will be needed for the sector to organise and fund its own collective marketing in future.'* At a national level, VisitEngland will use the modest amount of public sector funding it receives to actively market and develop tourism in England. It will match, wherever possible, pound for pound the public sector money it receives with private sector contributions. At a local level, VisitEngland recognises the opportunities created by *'new and independent tourism bodies which allow the industry to take responsibility for its own future.'* VisitEngland is, however, acutely aware of funding difficulties that exist at a local level whereby the majority of businesses are either SMEs or micro-businesses. VisitEngland will forge new relationships with the existing and emerging Destination Management Organisations (DMO) to add value to the marketing efforts of these organisations through the Strategic Framework for Tourism and by facilitating engagement across the DMO network, VisitEngland will ensure the needs of DMOs are represented at Board level through the make-up of its membership and through the direction given to the Executive by the Board.

VisitEngland will enact its role of tourism body of last resort by providing a national marketing framework; positioning business advice and skills support as an online resource for all tourism bodies and businesses; providing a national communications framework for the industry and sharing best practice and developing collaborative initiatives in future.

As VisitEngland begins the new financial year it has refocused itself to function as a modern, responsive, fit for purpose and forward looking tourist board. It has in place a four year corporate strategy and is well placed to work with Government and the private sector to deliver their joint aspirations for tourism in England.

#### 2011/12 PRIORITIES

##### STRATEGIC PRIORITIES FOR VISITBRITAIN 2011/12

During the next four years VisitBritain will

- Deliver the £100m Britain marketing programme, in partnership with the private sector
- Focus investment on markets which offer the best immediate return and best future prospects for Britain
- Deliver insights, trends and industry performance research, and
- Maintain a streamlined advisory role in line with our statutory duty to advise Government on tourism.

##### Inspiring travellers from overseas to visit and explore Britain

The £100m **'Britain – You're Invited'** campaign will use the major events taking place in Britain over the next few years – the Royal Wedding, the Diamond Jubilee and the Olympic and Paralympic Games for starters – to deliver an additional £2 billion of visitor spend. The campaign will launch to consumers in May capitalising on global interest in the Royal Wedding. The launch will be built around showcasing the best of Britain in key origin cities around the world and will take place at a time when interest in the UK will be exceptional. Campaign targets in 2011/12 are:

- £350m PR for Britain
- 750,000 extra visitors
- £375m extra spend in the UK



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#### **Deliver a global network to support tourism promotion**

We will reduce the complexity and scale of our overseas network. We will retain a worldwide footprint but with a focus on 24 cities in 21 markets which represent 75% of total overseas visitor spend in Britain.

Our activity will be concentrated on:

- Core markets
- Reducing our physical presence in smaller markets
- Extending our reach through a network of representatives and online capability
- Providing the following key marketing services:
  - Insights and market intelligence
  - Business to business connectivity
  - Media connectivity (including social media on territory)
  - Sourcing and securing local partners and match funding
  - Assisting the UK travel trade and strategic partners in their overseas marketing efforts
  - Public diplomacy work
- Growing delivery capabilities across the world by:
  - Developing our webinar programme to cover key markets and industry sectors
  - Extending the BritAgents online learning programme to markets worldwide
  - Delivering Destination Britain events to all appropriate markets

#### **Advise Government and Industry on Tourism – particularly on issues that affect our global competitiveness.**

The research and evaluation team will deliver insights, trends and analysis and industry performance research targeted at industry sectors to enable the industry to market more effectively overseas and develop products that appeal to the international visitor.

We will negotiate clear targets with our commercial and Government stakeholders for the global marketing campaign and deliver regular progress reports to enable transparency of delivery outcomes and operational changes where needed.

The Government Tourism Policy was published in early 2011. We will work with the DCMS and our Ministers on its implementation, we will aid discussion on the issues that affect Britain's competitiveness with regular briefings that highlight our global positioning and the barriers to growth and work with the relevant bodies to address this.

We will deliver on our statutory duty to advise Government on tourism issues.

To support the success of our industry match-funding we will ensure clear and regular communications with stakeholders, media and industry partners to ensure that the aims of the campaign are clearly conveyed, the delivery by industry and regional sector is understood and that industry understands how they can play their part in overseas promotion whatever their size or geographical location.

#### **Maximising public investment through partner engagement and commercial activity**

##### **Partnership Funding**

Commercial partners' funds and marketing assets will be secured in support of the 'Britain - Your Invited' proposition providing compelling reasons to visit Britain throughout 2011 and 2012 (and thereafter) delivering value and access to events on the back of heightened interest in Britain created by the campaign and available partner inventory.

Campaign activity will be spread over the two years but will be heavily weighted in Quarter 3 and 4 of 2011 underpinning and defining the global May consumer launch.

In addition to a programme of partner-led tactical campaigns, VisitBritain will create a repository of SMEs offers that can support PR, digital and social media activity.

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#### Administration

In partnership with VisitEngland (with whom we share premises and many administrative and support functions) we must reduce our administration budgets by around 50% in real terms by 2014/15. To achieve reductions whilst maintaining our marketing spend at the prescribed annual funding VisitBritain has embarked on a significant change programme. In conjunction with this programme we will also be driving down non-staff administration costs across the organisation.

#### STRATEGIC PRIORITIES FOR VISITENGLAND 2011/12

Drive forward the implementation of the Strategic Framework for Tourism in England and deliver the actions for which we are responsible:

- New National collaboration structures established including a Visitor Economy Forum, a Destinations Forum and a Strategic Industry Advisory Group.
- Action plans agreed and partner commitment confirmed; appropriate management, monitoring and working group structures in place.
- The 'Tourism body of last resort' role defined, with the Destination Management Toolkit instituted, new funding opportunities explored in partnership with others and pathfinder/peer to peer networks functioning.

Develop and implement a national brand and marketing approach for England which leverages England's best assets and successfully contributes to the 5% annual growth target outlined in the Strategic Framework for Tourism in England:

- The All-England Marketing Strategy implemented, including the roll out of the new England Brand guidelines and creation of the All-England Marketing Group.
- Advertising campaigns delivered through both financial and value-in-kind partnerships encouraging consumers to holiday in England. New PR platform and All-England advocacy platform introduced.
- New partnership marketing tools delivered including the 'Time to be in England' and 'Welcome to England' creative toolkits.
- New travel trade engagement programme activated providing VisitEngland with new communication channels.
- Support provided to VisitBritain in delivering their international agenda on behalf of England.

To establish VisitEngland as the primary source of expertise on English tourism and its visitor economy and make this expertise and intelligence widely accessible to our partners:

- In support of industry a programme of continuous surveys, primary and secondary research into the market, industry performance and external impacts managed and delivered in the most cost effective way.
- Working with appropriate stakeholders and representative bodies of the public and private sectors, impediments affecting the competitiveness of England as a destination identified and a shared response developed to effect change with particular reference to the Strategic Framework for Tourism.
- Annual engagement programme across industry established involving regular, timely and insightful communications to industry delivered.
- Effective internal VisitEngland communications procedures established and functioning.
- VisitEngland.org website managed effectively as the 'information portal' for research, intelligence and insight into the makeup of England's tourism and the work of VisitEngland.



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Develop a business model that provides England's tourism sector with a more robust and sustainable national tourism body for the longer term, which is effectively engaged with a wider range of partners at the national and local level, whilst reducing our overheads in accordance with our funding agreement:

- New delivery model for the Quality schemes established and endorsed by industry.
- VisitEngland's quality agenda with associated programmes and portfolio of services are appropriately managed and developed.
- New approach to collecting and distributing (national) product data is established and endorsed by industry allowing VisitEngland to withdraw from involvement in EnglandNet.
- New approach to delivering VisitEngland's Excellence Award programme in place.

Support Government to achieve its policy aspirations:

- Business activities aligned to Government aspirations.
- Regular updates on tourism issues and strategic progress shared with Tourism Minister.
- Insight and assistance provided to the DCMS officials in driving forward the Tourism Policy.

11. Outcomes against the DCMS Funding Agreement Targets 2010/11

TARGETS: GROWING THE VISITOR ECONOMY	RESULTS
<p><b>Incremental Spend and Return on Investment: VisitBritain</b></p> <p>International £850m</p>	<p>Data for incremental spend and return on investment will not be available until autumn 2011, and therefore was unavailable when the Annual Report and Accounts was published. VisitBritain has agreed with the DCMS that it can report these results separately in the autumn.</p> <p>Advertising Press / PR activity results will also be reported in the autumn.</p>
<p><b>Incremental Spend and Return on Investment: VisitEngland</b></p> <p>International and Domestic £200m</p>	
<p><b>Press and PR Activity</b></p> <p><b>Generate advertising equivalent value of:</b></p> <p>VisitBritain £500m VisitEngland £20m</p> <p><b>Opportunities to see:</b></p> <p>VisitBritain 2bn.</p>	
<p><b>Visits to websites</b></p> <p><b>VisitBritain:</b></p> <p>Visits to family of websites: 17m</p> <p><b>VisitEngland</b></p> <p>Visits to family of websites: 9m</p>	<p>VisitBritain received 28m visits to its family of websites (including campaign sites)</p> <p>VisitEngland received 10.5m visits to its family of websites (including campaign sites)</p>
<p><b>Increase the Number of Accommodation Providers in Quality assessment scheme to 65% of qualifying businesses</b></p>	<p>64% of accommodation providers in England are members of accommodation quality assessment schemes.</p>

Outcomes against DCMS Funding Agreement Targets 2009/10

TARGETS: GROWING THE VISITOR ECONOMY	RESULTS
<p><b>Incremental Spend and Return on Investment: VisitBritain</b></p> <p>International £995 m</p>	<p>Incremental Spend: VisitBritain £875m</p>
<p><b>Incremental Spend and Return on Investment: VisitEngland</b></p> <p>International and Domestic £200m</p>	<p>Incremental Spend: VisitEngland £213m</p>
<p><b>Press and PR Activity</b></p> <p><b>VisitBritain</b></p> <p>Generate advertising equivalent value (AEV): £830m Opportunities to see (OTS): 2bn</p> <p><b>VisitEngland</b></p> <p>Generate advertising equivalent value (AEV): £ 20m</p>	<p>VisitBritain AEV : £550m VisitBritain OTS : 3.8bn</p> <p>VisitEngland AEV: £ 22.4m</p>
<p><b>Visits to VisitBritain's family of websites</b></p> <p>25m visits</p>	<p>VisitBritain received 26.7m visits to its family of websites</p>
<p><b>Increase the Number of Accommodation Providers in Quality assessment scheme</b> to 65% of qualifying businesses</p>	<p>62% of accommodation providers in England are members of accommodation quality assessment schemes.</p> <ul style="list-style-type: none"> <li>▪ 79% of non-serviced accommodation (Self Catering and Parks)</li> <li>▪ 47% of serviced accommodation (Hotels and Bed &amp; Breakfasts)</li> </ul> <p>VisitEngland is addressing several issues in order to meet its future targets to grow its quality assessment schemes including recognising local and company specific assessment schemes which meet minimum standards.</p>

**Outcomes against DCMS Funding Agreement Targets 2009/10 (Continued)**

In 2009/10 VisitBritain's Targets were significantly impacted by the recession and changes in methodology.

1. Return on Investment

2009 was an even tougher year for global tourism than expected with a 40 million reduction in the number of international trips being made compared with 2008. The UK saw a decline of two million in the number of international visitors that it attracted, an annual fall of 6%, on the back of a fall of one million in 2008.

In the three year period 2006 to 2009 we witnessed a decline in the number of visits from the USA of more than one million, with a decline of a further 200,000 in 2010. The number of visits from Western Europe fell by a more modest 700,000 between 2006 and 2009, and has been stable since that point.

The incremental spend we achieved in the Asia Pacific area exceeded forecast in 2009/10, bolstered by the Asian and Australasian economies being less hard hit by the global economic downturn than those in Europe and North America, improvements in connectivity (for example new routes from the Middle East to destinations in Britain other than London and new low-cost flights from Malaysia to London), and favourable exchange rates.

In Europe incremental spend matched forecast in 2009/10. Visitors from Europe were able to take advantage of favourable exchange rates but were still looking for value for money and individual travel compensated for a sharp decline in business visits.

Performance in North America, and especially the US was very disappointing. Despite bullish reports from the US market at the beginning of 2009, we were hit by the sharp declines in outbound travel by Americans. Although successful value campaigns were run with our partner British Airways in the US, falling incremental spend achieved fell short of what was, in retrospect, an optimistic target.

2. Advertising Equivalent Value

The cost of advertising, which has a direct effect on AEV, fell in all our major territories - rates were down by 18% on average. VisitBritain also adopted a revised methodology for valuing AEV which, in line with industry best practice, calculates the value of activity based on audited rates and aligns the value of broadcast with advertising impact. On the 'Opportunities to See' measure we exceeded our target in 2009/10 demonstrating the anticipated level of PR exposure was achieved and that the shortfall to AEV target was caused by changes in methodology and cost of advertising movement.

The methodological changes and continuing recession will also impact on VisitBritain's 2010/11 outcomes. As a result of these influences, on incremental spend and AEV valuation, we have adjusted our targets for 2010/11.

Sandie Dawe MBE  
Accounting Officer  
VisitBritain (BTA)

7 July 2011

## **REMUNERATION REPORT**

### **Introduction**

The information in this report relates to the Chief Executive (Accounting Officer) and Senior Executives of the VisitBritain (BTA), including the Chief Executive of VisitEngland, and also includes details of the remuneration of the VisitBritain (BTA) and VisitEngland (ETB) Board Members.

The purpose of Remuneration Committee is:

- to assist the Chairmen of VisitBritain (BTA) and VisitEngland (ETB) in assessing the performance of their Chief Executives against their objectives and approve the level of pay increase and bonus which they should receive
- to assist and advise the Chief Executives in assessing the performance of the Directors each year in order to determine their pay increases and bonuses, and
- to consider any matters relating to employees' conditions of service, remuneration and related matters as the Chief Executives or Boards may refer to it.

### **Membership**

The Committee consists of four members drawn from the Boards of VisitBritain (BTA) and VisitEngland (ETB), including the Chairman of VisitBritain (BTA), who are appointed by the VisitBritain (BTA) Board.

The Committee elects its own Chairman and the quorum of the Committee is three including the Chairman of VisitBritain (BTA) and the Chairman of the Committee (the Committee is currently chaired by the Chairman of VisitBritain (BTA)).

The Chief Executives, Director of Business Services and the Head of People and Performance attend meetings as required and the Secretary to the Boards is the Secretary to the Committee.

No member of staff, including the Chief Executive, is present when his/her remuneration is being discussed.

The members of the Remuneration Committee are:

Membership: Christopher Rodrigues CBE (Chairman of VisitBritain (BTA) and the Remuneration Committee)  
Penelope, Viscountess Cobham  
Janis Kong OBE  
The Rt Hon Baroness Liddell

Secretary: Ros Carey

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual report and financial statements for the year ended 31 March 2011

#### Remuneration Report *(continued)*

##### Remuneration Policy for Executives

Under the terms of the Development of Tourism Act, 1969 and the Financial Memorandum, the conditions of service that the VisitBritain (BTA) offers to its staff, and its pay award scheme, must be approved by the DCMS. The DCMS must, in turn, obtain Treasury approval before agreeing the pay award framework each year. The arrangements for the Chief Executive of VisitBritain are slightly different from those that apply to the Chief Executive of VisitEngland, the Directors and the rest of the staff but the same principles apply.

##### Performance Assessment and Payment

Performance objectives are mutually agreed at the beginning of the financial year. These consist of a mix of hard numerical / factual objectives, certain behavioural objectives (core competencies) and are similar to those for other staff. (See section 6 – Staff)

These objectives are then monitored and measured throughout the year with a half yearly and final review when a performance rating is agreed

##### Remuneration of Boards and Senior Executives

In common with other public sector workers the Chairmen and Board Members of VisitBritain (BTA) and VisitEngland (ETB) have had their salaries frozen for two years with effect from 1 April 2010. Having waived the pay increase of 1.5% to which they would have been entitled on 1 April 2009 their remuneration has therefore been held at 2008/09 levels. However, approval was received from the DCMS to make one-off non-consolidated performance bonus payments which were implemented for all executives.

*The figures for the Remuneration Report of the Board and senior executives are within the scope of the Comptroller and Auditor General's audit opinion on the accounts.*

##### VisitBritain (BTA) Board Members' remuneration:

	Remuneration	Remuneration
	2010/11	2009/10
	£	£
Christopher Rodrigues CBE, Chairman*	49,090	49,090
Janis Kong OBE	9,435	9,435
Stephanie Griffiths	9,435	Nil
The Rt Hon Baroness Liddell	9,435	444
John Lindquist	9,435	444
Sir Moir Lockhead OBE	9,435	9,435
Kumar Muthalagappan OBE	Nil	8,649
Alan Parker CBE	Nil	9,435
Dr Michael Cantlay	Nil	Nil
Ieuan Evans MBE	Nil	Nil
	<hr/>	<hr/>
	96,265	86,932
Pensions to former Chairmen**	25,427	25,403
Total remuneration	<hr/>	<hr/>
	121,692	112,335

\* Christopher Rodrigues CBE, Chairman is contracted for 2 days per week.

\*\*The Chairmen's pension benefits, which are un-funded, are provided through a modification of the British Tourist Boards' Pension Scheme and are paid directly from VisitBritain's (BTA's) own funds. This benefit is no longer available to current and future Chairmen.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual report and financial statements for the year ended 31 March 2011

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#### Remuneration Report *(continued)*

##### VisitEngland (ETB) Board Members' remuneration:

	Remuneration 2010/11	Remuneration 2009/10
	£	£
Penelope, Viscountess Cobham Chairman*	33,840	33,840
Suzanne Bond	Nil	786
Sir Brian Briscoe	9,435	9,435
Nick Cust OBE	Nil	3,931
John Govett	Nil	786
David Orr	9,435	5,182
Rob Rees MBE	9,435	9,435
Nick Varney	9,435	7,326
Christopher Webster	9,435	9,435
Denis Wormwell	9,435	7,326
Total remuneration	<u>90,450</u>	<u>87,482</u>

\* Penelope, Viscountess Cobham is contracted for 1.5 days per week.

#### Executives' remuneration

The salary and pension entitlements of the Executives of the VisitBritain and VisitEngland are set out in the tables on pages 28 to 29 'Salary' includes gross salary, performance pay and any other allowances to the extent that these are subject to UK income tax. Bonuses paid are accounted for separately. These senior Executives do not receive overtime or reserved rights to London weighting.

The pension benefits for the Executives are as for other UK employees, provided through the British Tourist Boards' Pension Scheme (see note 28 to the accounts).

The Executives contribute 5% of their gross salary to the pension scheme.

Sandie Dawe MBE  
Accounting Officer  
VisitBritain (BTA)

7 July 2011

British Tourist Authority trading as VisitBritain and VisitEngland

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Remuneration Report (continued)

2010/11

Name	Salary <sup>7</sup> (£'000)	Bonus Payments (£'000)	Employer pension contributions (£'000)	Real increase in pension at 60 (£'000)	Total accrued pension at 31.03.2011 (£'000)	Cash equivalent transfer value as at 31.03.2010 (£'000)	Cash equivalent transfer value as at 31.03.2011 (£'000)	Real increase cash equivalent transfer value (£'000) <sup>1</sup>
Sandie Dawe MBE (appointed VisitBritain Deputy CEO 5 Jan 2009 and CEO 11 May 2009)	145-150	15-20	30-35 <sup>3</sup>	0-2.5	50-55	936 <sup>2</sup>	1,024	64
James Berresford <sup>4</sup> (appointed 1 July 2009) (CEO VisitEngland)	135-140	10-15	15-20 <sup>5</sup>	0-2.5	0-5	14 <sup>2</sup>	46	32
Keith Beecham (appointed 13 Jan 2009) (Director, Overseas Network)	90-95	0-5	10-15	2.5-5	40-45	694 <sup>2</sup>	818	102
Kenny Boyle <sup>6</sup> (appointed 17 March 2003) (Director, Distribution Services)	40-45	0	5-10	0-2.5	10-15	156	178	17
Laurence Bresh (appointed 1 September 2009) (Britain Marketing Director)	95-100	0-5	10-15	2.5-5	20-25	221	304	76
David Parkhill <sup>4</sup> (appointed 5 January 2009) (Director, Business Services)	110-115	0-5	15-20	0-2.5	0-5	30	61	30
Patricia Yates (appointed 3 Nov 2008) (Director, Strategy and Insights)	80-85	0-5	10-15	0-2.5	5-10	126	159	29

<sup>1</sup> The real increase in cash takes into account inflation of 3.1%, in line with the Government's statutory revaluation order for 2010/11, in 2009/10 the inflation was 0%.

<sup>2</sup> CETV closing balance has been restated due to an actuary calculation error detected in 2010/11.

<sup>3</sup> Includes additional contribution of £12,500 to Self Invested Personal Pension Plan (SIPP).

<sup>4</sup> All directors have a normal retirement age of 60, except D Parkhill and J Berresford, who have a normal retirement age of 65.

<sup>5</sup> Includes additional contribution of £7,500 to Self Invested Personal Pension Plan (SIPP).

<sup>6</sup> Kenny Boyle left VisitBritain on 31 August 2010 and was paid a redundancy package of £152k. The full year equivalent salary was in the band of £100k - £105k.

<sup>7</sup> The executives did not receive any benefit in kind in 2010/11.



2009/10

Name	Salary <sup>9</sup> (£'000)	Bonus Payments (£'000)	Employer pension contributions (£'000)	Real increase in pension at 60 (£'000)	Total accrued pension at 60 as at 31.03.2010 (£'000)	Cash equivalent transfer value as at 31.03.2009 (£'000)	Cash equivalent transfer value as at 31.03.2010 (£'000) <sup>7</sup>	Increase cash equivalent transfer value (£'000)
Sandie Dawe MBE (appointed VisitBritain Deputy CEO 5 Jan 2009 and CEO 11 May 2009)	145-150 <sup>1</sup>	0-5	25-30 <sup>2</sup>	2.5-5	50-55	609	936 <sup>3</sup>	327
Christopher Rodrigues CBE (Executive Chairman <sup>3</sup> )	20-25	0	n/a	n/a	n/a	n/a	n/a	n/a
James Berresford (appointed 1 July 2009) (CEO VisitEngland)	100-105	0	15-20 <sup>4</sup>	n/a <sup>5</sup>	0-5 <sup>5</sup>	0	14 <sup>6</sup>	14
Michael Bedingfield <sup>6</sup> (left 10 July 2009) (Director, Britain Marketing)	25-30	0	0-5	0	10-15	125	155	31
Keith Beecham (appointed 13 Jan 2009) (Director, Overseas Network)	80-85	0-5	5-10	10-12.5	35-40	457	694 <sup>8</sup>	237
Kenny Boyle (appointed 17 March 2003) (Director, Distribution Services)	95-100	0-5	5-10	0-2.5	10-15	90	156	66
Laurence Bresh (appointed 1 September 2009) (Britain Marketing Director)	80-85	0-5	5-10	n/a	15-20	129	221	92
David Parkhill (appointed 5 January 2009) (Director, Business Services)	105-110	0-5	10-15	0-2.5	0-5	3	30	27
Patricia Yates (appointed 3 Nov 2008) (Director, Strategy and Insights)	80-85	0-5	5-10	0-2.5	5-10	59	126	67

1 Includes performance bonus of £3,745 for her previous role as a Director.

2 Includes additional contribution of £14,340 to Self Invested Personal Pension Plan (SIPP).

3 Christopher Rodrigues CBE, assumed the role of Executive Chairman following the resignation of Tom Wright CBE, on 31 December 2008 until the appointment of the new Chief Executive, Sandie Dawe MBE, on 11th May 2009.

4 Includes additional contribution of £7,144 to Self Invested Personal Pension Plan (SIPP).

5 Director with effect from July 2009 pension benefits as at 31 March 2010.

6 Member left on 10 July 2009, pension benefits quoted are to his date of leaving.

7 The CETV increase from 31 March 2009 to 31 March 2010 is mainly due to the change in market conditions underlying the transfer value bases used; in particular, the post-retirement interest rate has reduced by more than 1% while the market implied rate of inflation has increased by around .75%. Both factors have led to significant increase in transfer values.

8 CETV closing balance has been restated due to an actuary calculation error detected in 2010/11.

9 The executives did not receive any benefit in kind in 2009/10.

**STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

Under Section 6(1) of the Development of Tourism Act 1969, the Secretary of State for Culture, Olympics, Media and Sport, with the consent of the Treasury, has directed VisitBritain (BTA) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of VisitBritain (BTA) and of its comprehensive net expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of State for Culture, Olympics, Media and Sport including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- Prepare the accounts on a going concern basis.

The Accounting Officer of the Department for Culture, Media and Sport has designated VisitBritain's Chief Executive as Accounting Officer of VisitBritain (BTA). The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding VisitBritain's (BTA's) assets, are set out in the 'Managing Public Money' guidance issued by the Treasury.

Sandie Dawe MBE  
Accounting Officer  
VisitBritain (BTA)

7 July 2011

## CORPORATE GOVERNANCE

### STATEMENT ON INTERNAL CONTROL

#### 1. SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of VisitBritain (BTA) policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

I am also responsible for ensuring that proper records are maintained as set out in the Non-Departmental Public Bodies Accounting Officer Memorandum, issued by Treasury and published in Managing Public Money.

My responsibility to ensure compliance with the requirements of VisitBritain's (BTA's) Management Statement and Financial Memorandum and Funding Agreement with the DCMS is supported by regular meetings between the Chairman and myself with the Secretary of State for Culture, Olympics, Media and Sport and the Minister for Tourism and Heritage. These meetings cover updates on the implementation of our strategic objectives, help formulate our future business direction and highlight the inherent risks and opportunities in implementing our policies.

These meetings are supplemented by a regular dialogue by myself and my executive team with officials at the DCMS.

#### 2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of VisitBritain (BTA) policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

#### 3. CAPACITY TO HANDLE RISK

VisitBritain (BTA) aim to manage risk at a reasonable level to achieve and add value to our policies, aims and objectives. We do not aim to eliminate all risk but we do aim to eliminate surprises and to reduce risk to such a level as is reasonably practicable.

The Board monitors the significant risks to achieving our strategic goals and has delegated to the Audit Committee the responsibility for ensuring risk management is embedded throughout the organisation and appropriate training is given to support this.

As Accounting Officer it is my responsibility to ensure that an appropriate Risk Management process is in place within the organisation. Operationally the risk management process is led by the Secretary to the Board with input from the Executive Team and the Risk Advisory Group as appropriate.

The formal 'Risk Management Policy and Guidelines' are available on our intranet to all staff and give detailed guidance on responsibilities and management of risk.

## STATEMENT ON INTERNAL CONTROL *(continued)*

### 4. THE RISK AND CONTROL FRAMEWORK

#### Risk Strategy

VisitBritain's (BTA's) strategy is to recognise that good risk management can add value to their work by increasing the likelihood that they will achieve their objectives and targets and by enabling them to take action to reduce the impact if something goes wrong. Good risk management also enables VisitBritain (BTA) to exploit opportunities in a managed way. It should help in using resources more effectively and lead to better decision making and management of activity. At the heart of the risk management process are well documented procedures and an integrated system of planning, allocation of responsibilities and budgetary control.

VisitBritain (BTA) take a balanced approach to determining its risk exposure, by accepting that major risks affecting the organisation must be monitored and where possible controlled, but that exposure to some risk is necessary to enable the effective delivery of objectives. The risk management policy encourages the taking of controlled risk designed to maximise new opportunities and to promote the use of innovative approaches to further the interests of VisitBritain (BTA) and to achieve their objectives, provided the resultant exposures are within our risk appetite range. The risk appetite levels are set by combining the impact and probability levels of residual risk and defining a response for each.

Risks are identified and consistently ranked for major projects and at divisional level and reviewed quarterly by Directors. The Risk Advisory Group reviewed the key risks incorporated into the Corporate Registers.

During the year the Risk Advisory Group, the Audit Committee and the Board reviewed and updated the risk policy and procedures. In future the Risk Advisory Group will meet twice each year to review corporate risk registers, policies, procedures and other matters as necessary.

#### Risk Management Framework

We have identified four levels at which risk management needs to be embedded in VisitBritain (BTA) to ensure a culture of risk management throughout the organisation.

- **Strategic/Corporate**  
This is the level at which we manage risks that threaten our ability to meet our strategic goals and targets, including Funding Agreement targets. It is the responsibility of the Board supported by the Executive, Audit Committee and the Risk Advisory Group to manage and control risk at this level.
- **Directorate**  
At this level we manage risks that threaten the ability of the divisions to deliver their strategies and business plans and to meet their divisional targets.
- **Support/Crosscutting risks**  
At this level we manage the risks which are identified by one division but which are 'owned' by another.
- **One-off projects and campaigns**  
At this level we manage the risks that threaten our ability to deliver significant projects and campaigns which need to be dealt with in more detail than is possible at the strategic, departmental and support levels.

In addition, VisitBritain (BTA) has continued to develop and test its business continuity planning for a range of crises. In 2010/11 following the move to new offices VisitBritain (BTA) completed revised business continuity plans and will continue to develop their planning alongside risk management strategies and crisis communications management. Crisis testing exercises are held regularly, based on a range of scenarios that could have a serious impact on the organisation.

Business continuity planning is an ongoing process which needs to keep pace with staff changes, technology developments and external factors. VisitBritain (BTA) uses a network of business continuity coordinators, representing each division, to keep the plan updated and staff throughout the organisation briefed. A template business continuity plan is now being used by all overseas offices.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual report and financial statements for the year ended 31 March 2011

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#### STATEMENT ON INTERNAL CONTROL *(continued)*

Building the resilience of Britain's tourism industry to crises such as acts of terrorism or diseases, such as foot and mouth and avian influenza, is a key priority. VisitBritain (BTA) chairs the Tourism Industry Emergency Response (TIER) Group, which ensures a coordinated response to a crisis and has worked very effectively for crisis events such as the disruption caused by volcanic ash in spring 2010.

#### Key Risks & Uncertainties

Steps have been taken to address the key operational risks facing VisitBritain (BTA), including;

- Being unable to deliver the Secretary of State's priority of maximising the benefits of the London 2012 Olympic and Paralympic Games for the UK tourism industry including the creation of a sustainable legacy
- Reduction in operating budget
- Radical restructure and / or change in current strategy leads to loss of ground in gaining market share in developing markets;
- Not obtaining full shareholder buy-in to England strategy leads to VisitEngland failing to meet industry and partner expectations
- Changes in England tourism following the demise of RDAs and the development of localism impacts on the delivery of the England strategy, and
- Change in quality assessed only policy and closure of EnglandNet leads to reputational damage.

#### 5. REVIEW OF EFFECTIVENESS

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and the Executive Managers within VisitBritain (BTA) who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and to ensure continuous improvement of the system is in place.

#### Process, Oversight and Monitoring

We have documented processes and procedures in place for all key activities with clear accountability and risk ownership reinforced through our system of performance management.

I am supported by the Chair and Board of VisitBritain (BTA) in monitoring and overseeing corporate governance strategy and ensuring VisitBritain (BTA) fulfils its role under the Development of Tourism Act.

The roles of the Chairman and Board are set out in VisitBritain's (BTA's) Code of Practice for Board Members and the Management Statement. In broad terms, the VisitBritain (BTA) Board is responsible for:

- Setting strategy and subsequently monitoring VisitBritain's (BTA) performance against this, and the targets set out in the Business Plan and Funding Agreement
- Ensuring that VisitBritain (BTA) fulfils its role under the Development of Tourism Act 1969 and meets the aims and objectives established by the Secretary of State for Culture, Olympics, Media and Sport as set out in the Funding Agreement
- Ensuring it takes account of any guidance received from the DCMS in reaching its decisions; and complies with statutory and administrative requirements for the use of public funds, and
- Ensuring that high standards of corporate governance are observed at all times within the organisation, including for data security.

The Chairman regularly reviews the skills and experience of Board Members, who are appointed by the Secretary of State in accordance with the Nolan Procedures, to ensure that they are compatible with the needs of the organisation. If a skills gap arises, this is addressed as soon as a vacancy occurs.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual report and financial statements for the year ended 31 March 2011

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#### STATEMENT ON INTERNAL CONTROL *(continued)*

The Board meets six times a year and, in recent years, an annual, all day workshop to discuss strategic issues has been introduced, timed to fall at the beginning of the business planning cycle, at which Board Members are joined by the Chief Executive and Senior Management Team. In addition, the majority of Board Members are engaged on an on-going basis in sponsoring discrete areas of activity in which their particular expertise is of value.

Responsibilities in respect of VisitEngland are managed through a memorandum of understanding and internal funding agreement to the Board of VisitEngland (ETB).

There is an independent Audit Committee chaired by John Lindquist, a Board Member with appropriate financial expertise supported by Hugh Green, a seconded finance professional. The Audit Committee oversees the control environment and risk management framework and receives reports from our internal and external auditors on our system of internal control.

BDO LLP provides VisitBritain's (BTA) internal audit service. An annual programme of work is agreed with the Audit Committee on those areas which are known to be of higher risk or may be of an innovative nature or where it is appropriate to carry out a periodic review of existing systems.

The work is amended as defined by VisitBritain's (BTA's) continuous review of its needs and as the priorities for management change. The work is regularly reviewed and adapted as necessary with the consent of the Audit Committee.

All work undertaken by BDO LLP is operated to the standards defined in the Government Internal Audit Standards. They submit reports that include their independent opinion on the appropriateness and effectiveness of internal controls, together with their recommendations for improvement. The appropriate managers and directors provide formal management responses to these recommendations.

In 2010/11 this work covered:

- Commercial Contracts - a follow-up review to provide assurance that appropriate procedures exist, and that operational contracts are in place in the Commercial department;
- Overseas Offices - a review of head office controls being applied to overseas offices and the self-assessment framework and controls and compliance at the Berlin office in Germany
- Risk Management - a full review of Risk Management processes and controls
- Commercial Income - a full review of the operations being applied within Commercial Income
- Quality (G4S) Systems Review - a full review of the operations being carried out the Quality In Tourism department
- Core Financial Systems - an annual review of the core financial systems, and
- Core Financial Systems follow up - a follow up looking at non-compliance on purchase orders and QPF forms and on obtaining credit checks to identify any alternative controls already in place and suggest refinements to these processes.

The Internal Auditors provide regular updates to the Audit Committee at each of their meetings and present their Annual Internal Audit Report at the Audit Committee's autumn meeting. In their opinion and on the assumption that internal audit recommendations are implemented, VisitBritain (BTA) has a sound framework of control in the areas reviewed which they are satisfied should provide assurance regarding the effective and efficient achievement of objectives.

My management team has provided me with assurance that the review carried out in 2008/09 on the effectiveness of data security is still applicable and the controls that were considered to be in place then continue to operate as intended. In addition VisitBritain (BTA) hold only small quantities of personal information all of which is held in a fully compliant environment and I consider the overall level of risk to be low.

In addition to the work of Internal Audit, assurance is also received from management e.g. monthly review of management accounts by budget holders and the oversight monitoring arrangements, for example the 'Control Self-Assessment' questionnaire completed by overseas offices. My review of effectiveness is also informed by the work of the external auditors in their management letter.

**STATEMENT ON INTERNAL CONTROL** *(continued)*

**Future Developments**

In the year 2011/12 VisitBritain (BTA) will be retendering the contract for internal audit and strengthening its internal controls by the following work in addition to the annual review of core financial systems:

- review overseas offices centralised control processes to seek assurances as to the operation of controls
- review the Press and PR network for VisitBritain (BTA)
- review the new Great Britain Heritage Pass scheme that has been brought back in house
- review the IT environment that is in place at VisitBritain (BTA). This will include a high level review of protection of data, reviewing our IT strategy and a general review of our IT infrastructure
- review adoption of Risk Management policies and procedures by our Directorates, and
- an annual review of the core financial systems

**6. SIGNIFICANT INTERNAL CONTROL WEAKNESSES**

I am able to confirm that there have been no significant internal control problems in VisitBritain (BTA) for the year ended 31 March 2011 and up to the date of this report.

Sandie Dawe MBE  
Accounting Officer  
VisitBritain (BTA)

7 July 2011

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT**

I certify that I have audited the financial statements of the British Tourist Authority for the year ended 31 March 2011 under the Development of Tourism Act 1969. These comprise the Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

**Respective responsibilities of the British Tourist Authority, the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the British Tourist Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Development of Tourism Act 1969. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff 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 British Tourist Authority and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the British Tourist Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the British Tourist Authority and the group's affairs as at 31 March 2011 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Development of Tourism Act 1969 and Secretary of State directions issued thereunder.



## **British Tourist Authority trading as VisitBritain and VisitEngland**

### **Annual report and financial statements for the year ended 31 March 2011**

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#### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Development of Tourism Act 1969; and
- the information given in the Board Membership; Staff and Office Policies; Results for the Year and Other Financial Information; Personal Data Management; Auditors and Report on the Year 2010/2011 sections within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

#### **Report**

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

13 July 2011

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

		Group		VisitBritain (BTA)	
	Note	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Revenue</b>			Restated		Restated
Income from activities	7	20,869	21,936	20,878	21,071
Other income	8	1,351	1,486	1,354	1,568
		<u>22,220</u>	<u>23,422</u>	<u>22,232</u>	<u>22,639</u>
<b>Expenditure</b>					
Employee benefits costs	9	(17,429)	(15,784)	(17,429)	(15,784)
Depreciation	17	(597)	(710)	(597)	(710)
Other operating charges	10	(43,470)	(52,877)	(43,483)	(52,107)
Grants paid to Regional Tourist Boards	11	(132)	(166)	(132)	(166)
Re-organisation costs	12	(3,220)	(1,197)	(3,220)	(1,197)
		<u>(64,848)</u>	<u>(70,734)</u>	<u>(64,861)</u>	<u>(69,964)</u>
<b>Net Expenditure before finance cost</b>	13	<u>(42,628)</u>	<u>(47,312)</u>	<u>(42,629)</u>	<u>(47,325)</u>
Finance (cost)/income	15	(226)	(10)	(226)	(10)
<b>Net Expenditure</b>		<u>(42,854)</u>	<u>(47,322)</u>	<u>(42,855)</u>	<u>(47,335)</u>
<b>Other Comprehensive Expenditure</b>					
Decrease/(increase) in UK pension liability on unfunded schemes	28	22	(30)	22	(30)
Actuarial gain/(loss) on UK & US pension schemes	28	5,396	(21,474)	5,396	(21,474)
Effect of paragraph 58(b) limit (including requirements for IFRIC 14) - US	28	(151)	(81)	(151)	(81)
Exchange rate (loss) on US pension scheme	28	(23)	(22)	(23)	(22)
Revaluation gain/(loss) on leasehold improvements		45	(3)	45	(3)
<b>Other Comprehensive Income/(Expenditure)</b>		<u>5,289</u>	<u>(21,610)</u>	<u>5,289</u>	<u>(21,610)</u>
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2011</b>		<u>(37,565)</u>	<u>(68,932)</u>	<u>(37,566)</u>	<u>(68,945)</u>

The notes on pages 43 to 76 form part of these financial statements

British Tourist Authority trading as VisitBritain and VisitEngland

Consolidated Statement of Financial Position as at 31 March 2011

	Note	2011 £'000	2010 £'000 Restated	2009 £'000 Restated
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	17	940	1,361	1,791
Retirement benefit assets	28	359	487	422
<b>Total non-current assets</b>		<b>1,299</b>	<b>1,848</b>	<b>2,213</b>
<b>Current assets</b>				
Inventories	19	2,771	2,056	1,921
Trade and other receivables	20	5,995	6,567	7,968
Derivative financial assets	25	117	222	37
Cash and cash equivalents	21	1,180	1,897	1,089
<b>Total current assets</b>		<b>10,063</b>	<b>10,742</b>	<b>11,015</b>
<b>Total assets</b>		<b>11,362</b>	<b>12,590</b>	<b>13,228</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	22	(7,561)	(8,750)	(8,539)
Derivative financial liabilities	25	0	0	(132)
Provisions	23	(3,637)	(1,602)	(1,155)
<b>Total current liabilities</b>		<b>(11,198)</b>	<b>(10,352)</b>	<b>(9,826)</b>
<b>Non-current liabilities</b>				
Retirement benefit liabilities	28	(14,772)	(19,604)	(292)
<b>Total non-current liabilities</b>		<b>(14,772)</b>	<b>(19,604)</b>	<b>(292)</b>
<b>Total liabilities</b>		<b>(25,970)</b>	<b>(29,956)</b>	<b>(10,118)</b>
<b>Total Net (Liabilities)/Assets</b>		<b>(14,608)</b>	<b>(17,366)</b>	<b>3,110</b>
<b>Taxpayers' Equity</b>				
Income and expenditure reserve		(15,012)	(17,838)	2,463
Revaluation reserve		404	472	647
		<b>(14,608)</b>	<b>(17,366)</b>	<b>3,110</b>

The financial statements were approved by the Board on 7 July 2011 and were signed on its behalf by:

Sandie Dawe MBE  
Accounting Officer  
VisitBritain (BTA)

The notes pages on 43 to 76 form part of these financial statements

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Financial Position as at 31 March 2011

	<i>Note</i>	<b>2011</b> <b>£'000</b>	<b>2010</b> <b>£'000</b> Restated	<b>2009</b> <b>£'000</b> Restated
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	17	940	1,361	1,791
Investment in subsidiary	18	8	8	8
Retirement benefit assets	28	359	487	422
<b>Total non-current assets</b>		<b>1,307</b>	<b>1,856</b>	<b>2,221</b>
<b>Current assets</b>				
Inventories	19	2,771	1,991	1,843
Trade and other receivables	20	5,988	6,650	8,103
Derivative financial assets	25	117	222	37
Cash and cash equivalents	21	1,146	1,751	934
<b>Total current assets</b>		<b>10,022</b>	<b>10,614</b>	<b>10,917</b>
<b>Total assets</b>		<b>11,329</b>	<b>12,470</b>	<b>13,138</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	22	(7,574)	(8,675)	(8,481)
Derivative financial liabilities	25	0	0	(132)
Provisions	23	(3,637)	(1,602)	(1,155)
<b>Total current liabilities</b>		<b>(11,211)</b>	<b>(10,277)</b>	<b>(9,768)</b>
<b>Non-current liabilities</b>				
Retirement benefit liabilities	28	(14,772)	(19,604)	(292)
<b>Total non-current liabilities</b>		<b>(14,772)</b>	<b>(19,604)</b>	<b>(292)</b>
<b>Total liabilities</b>		<b>(25,983)</b>	<b>(29,881)</b>	<b>(10,060)</b>
<b>Total Net Assets/ (Liabilities)</b>		<b>(14,654)</b>	<b>(17,411)</b>	<b>3,078</b>
<b>Taxpayers' Equity</b>				
Income and expenditure reserve		(15,058)	(17,883)	2,431
Revaluation reserve		404	472	647
		<b>(14,654)</b>	<b>(17,411)</b>	<b>3,078</b>

The financial statements were approved by the Board on 7 July 2011 and were signed on its behalf by:

Sandie Dawe MBE  
Accounting Officer  
VisitBritain (BTA)

The notes on pages 43 to 76 form part of these financial statements

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Cash Flows for the year ended 31 March 2011

		Group		VisitBritain (BTA)	
	Note	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Cash flows from operating activities</b>			Restated		Restated
Net Expenditure		(42,854)	(47,322)	(42,855)	(47,335)
Adjustments for:					
Depreciation	17	597	710	597	710
Profit/(loss) on disposal of fixed assets		(19)	10	(19)	10
Defined benefit pension cost	28	3,276	1,169	3,276	1,169
Finance costs/(income) – UK & US pension schemes	15	282	82	282	82
Defined benefit employer pension contribution	28	(3,018)	(952)	(3,018)	(952)
Fair value adjustment on financial assets	25	105	(185)	105	(185)
Fair value adjustment on financial liabilities	25		(132)	0	(132)
<b>Cash flows from operating activities before changes in working capital and provisions</b>		(41,631)	(46,620)	(41,632)	(46,633)
Decrease in trade and other receivables		572	1,401	662	1,453
(Increase) in inventories		(715)	(135)	(780)	(148)
Increase/(decrease) in trade and other payables		(1,190)	210	(1,102)	193
Increase in provisions		2,035	446	2,035	446
<b>Net cash flows from operating activities</b>		(40,929)	(44,698)	(40,817)	(44,689)
<b>Investing activities</b>					
Purchases of property, plant and equipment	17	(130)	(304)	(130)	(304)
Sale of property, plant and equipment		19	10	19	10
<b>Net cash (outflows) from investing activities</b>		(111)	(294)	(111)	(294)
<b>Financing activities</b>					
Grant-in-aid received from the DCMS		40,323	45,800	40,323	45,800
<b>Net cash flows from financing activities</b>		40,323	45,800	40,323	45,800
<b>Net increase/(decrease) in cash and cash equivalents</b>		(717)	808	(605)	817
<b>Cash and cash equivalents at beginning of year</b>	24	1,897	1,089	1,751	934
<b>Cash and cash equivalents at end of year</b>	24	1,180	1,897	1,146	1,751

The notes on pages 43 to 76 form part of these financial statements

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	Group			VisitBritain (BTA)		
	I&E	Re-valuation	Total Reserves	I&E	Re-valuation	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2009</b>	2,614	647	3,261	2,582	647	3,229
Prior year restatement (note 5)	(151)		(151)	(151)		(151)
<b>Restated balance as at 1 April 2009</b>	2,463	647	3,110	2,431	647	3,078
<b>Changes in reserves 2009/10</b>						
Total comprehensive net expenditure for the year	(68,932)	(3)	(68,935)	(68,945)	(3)	(68,948)
Defined benefit pension opening balance	2,659		2,659	2,659		2,659
Release of reserves to the income and expenditure reserve	172	(172)	0	172	(172)	0
<b>Grant in Aid</b>	45,800		45,800	45,800		45,800
<b>Restated balance as at 31 March 2010</b>	(17,838)	472	(17,366)	(17,883)	472	(17,411)
<b>Changes in reserves 2010/11</b>						
Total comprehensive net expenditure for the year	(37,610)	45	(37,565)	(37,611)	45	(37,566)
Release of reserves to the income and expenditure reserve	113	(113)	0	113	(113)	0
<b>Grant in Aid</b>	40,323		40,323	40,323		40,323
<b>Balance as at 31 March 2011</b>	(15,012)	404	(14,608)	(15,058)	404	(14,654)

Reserve	Description and purpose
Revaluation	Gains/losses arising on the revaluation of the Group's property (other than investment property).
Income and expenditure	Cumulative net gains and losses recognised in the Statement of Comprehensive Net Expenditure.

The notes on pages 43 to 76 form part of these financial statements

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011

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#### 1 Accounting policies

These financial statements have been prepared in accordance with the 2010/11 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of VisitBritain (BTA), for the purpose of giving a true and fair view, has been selected. The particular accounting policies adopted by VisitBritain (BTA) are described below. They have been applied consistently in dealing with items that are considered material to the accounts, unless otherwise stated.

The principle accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all of the years presented unless otherwise stated.

#### *Changes in accounting policies*

Per Chapter 11 of the FRoM: Income and Expenditure, effective from 1 April 2010, notional costs are no longer recorded for cost of capital. The changes have been reflected in the Statement of Comprehensive Net Expenditure and in accordance with IAS 1 the 2009/10 statements have been restated. There is no impact on the Statements of Financial Position for this change in accounting policy. However, the Statements of Financial Positions have been restated for the effect of prior year adjustments and further details are provided in the notes.

#### *Basis of preparation and going concern*

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and inventories.

The financial statements have been prepared on a going concern basis, which assumes that the Group and the entity will continue in operational existence for the foreseeable future. At the year end 31 March 2011, the Group had a taxpayers' deficit of £14,608,000 (2010: £17,366,000) ((Entity: taxpayers' deficit of £14,654,000 (2010: £17,411,000)).

The Board has considered the position of the Group and of VisitBritain (BTA), with respect to its obligations to ensure the business can continue in operational existence for the foreseeable future and confirms its approval to adopt the going concern basis for preparing these accounts.

The main factors the Board of VisitBritain (BTA) has considered in reaching this conclusion are summarised as follows:

- The taxpayers deficit is considered to be primarily caused by the retirement benefit obligation and related actuarial losses recognised in 2010 in the amount of £21,714,000. Following negotiations with the UK Trustees of the BTBP scheme the employers' have agreed a deficit recovery plan (see further explanation in note 28). £5,336,000 of the actuarial losses has reversed during 2010/11, resulting in a retirement benefit liability of £14,772,000 at year end, compared to £19,604,000 at the end of 2009/10.
- The Group remains cash flow positive and based on current forecasts and budgets it will continue to do so for the foreseeable future.
- VisitBritain (BTA) is a non-departmental public body funded by the Department for Culture, Media and Sport (DCMS) on a three year cycle through the CSR process.

On this basis, the Board considers it appropriate to prepare the financial statements on a going concern basis.

#### *Basis of consolidation*

These consolidated financial statements present the results of the parent and its subsidiary undertaking ('the Group') as if they formed a single entity.

The VisitBritain (BTA) group financial statements for 2010/11 consolidate the financial statements of the parent (VisitBritain (BTA)) and its wholly owned subsidiary, British Travel Centre AB (Sweden), its accounts being made up to 31 March 2011. Intercompany transactions and balances between members of the Group are therefore eliminated in full.

**Accounting policies** (*Continued*)

*Property, plant and equipment*

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Property, plant and equipment are subsequently carried at fair value and are subject to revaluation under Modified Historic Cost Accounting (MHCA) when material. Changes in fair value are recognised in the revaluation reserve. An appropriate transfer is made from the revaluation reserve to the income and expenditure reserve when property, plant and equipment are expensed through the Statement of Comprehensive Net Expenditure (e.g. through depreciation, impairment or sale).

The Group has a policy of capitalisation of all property, plant and equipment over £5,000. Intangible assets (software both purchased and developed in house) are written off in the year of purchase.

*Depreciation*

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives or to their estimated residual values. It is applied at the following rates:

Improvement to leasehold land and building - the lease term  
Fixtures and fittings - six years\*  
Computer equipment - three years\*  
Motor vehicles - four years\*

\* For these categories of assets depreciation is charged for a full year in the year of purchase and no charge is made in the year of disposal.

*Inventories*

Inventories consist of transport and attraction tickets, publications and maps/guides. Inventories are initially recognised at cost, and subsequently measured at the lower of cost and net realisable value. Net realisable value is estimated selling price in the ordinary course of business less further expected costs to be incurred to completion and estimated costs necessary to make the sale. Costs incurred in producing publications and promotional items for which no revenue is obtained are charged to the Statement of Comprehensive Net Expenditure in the year in which they are incurred.

*Derivatives and financial instruments*

The recognition and measurement of financial instruments complies with IAS 39 – ‘Financial Instruments – Recognition and Measurement’ in so far as it applies to VisitBritain (BTA).

*Financial assets*

The Group has not classified any of its financial assets as held to maturity or available for sale.

The Group accounting policy for each category is as follows:

*Fair value through profit and loss:* This category comprises only in-the-money derivatives. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Net Expenditure in ‘finance income’. Other than derivative financial instruments which are not designated as a hedging instrument, VisitBritain (BTA) does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit and loss.

*Receivables:* These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables). They are recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.



## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

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#### Accounting policies (*Continued*)

##### *Financial liabilities*

Financial liabilities include trade payables and other short-term monetary liabilities, which are recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

*Financial liabilities measured at fair value through profit and loss:* This category comprises only out of the money derivatives. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Net Expenditure in other operating expenses.

##### *Provisions for liabilities and charges*

Provisions are made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Restructuring provisions are made for direct expenditure of a business reorganisation where the plans are sufficiently detailed and well advanced, approved by the Board of VisitBritain (BTA) and where appropriate communication to those affected has been undertaken at the Statement of Financial Position date.

##### *Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)*

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the administrative expenses line item in the Statement of Comprehensive Net Expenditure, except to the extent they reverse gains previously recognised.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Net Expenditure. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

##### *Translation of foreign currencies*

Foreign currency transactions arising from normal trading activities are recorded at the rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end exchange rate. Foreign currency gains and losses are credited or charged to the Statement of Comprehensive Net Expenditure as they arise.

The Statement of Comprehensive Net Expenditure of the overseas subsidiary undertaking are translated into pound sterling at average exchange rates and the year-end net asset is translated at the year-end exchange rate.

Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated Statement of Comprehensive Net Expenditure.

##### *Government grants*

Grant-in-aid received for revenue purposes from the sponsoring body is treated as financing by crediting it to the income and expenditure reserve per FReM 11.2.18. Grant-in-aid received for the purchase of fixed assets in general is credited to the income and expenditure reserve.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

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#### Accounting policies (*Continued*)

##### *Value added tax (VAT)*

UK VAT – VisitBritain (BTA) is subject to partial restriction on the deductibility of VAT on inputs calculated in accordance with a formula agreed with HM Revenue and Customs (HMRC). The amount of irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure in the year to which it relates.

Overseas VAT - In countries where VisitBritain (BTA) is not registered for VAT and does not recover VAT the costs of activities are charged gross, inclusive of VAT, to the Statement of Comprehensive Net Expenditure. In countries where VisitBritain (BTA) recovers VAT, either fully or partially, the treatment of irrecoverable VAT is the same as for UK VAT.

Property, plant and equipment – are shown at cost, net of VAT, in the Statement of Financial Position and the irrecoverable element is charged to the Statement of Comprehensive Net Expenditure.

##### *Leased assets - operating leases*

Leases of property, plant and equipment where the Group holds substantially all the risks and rewards of ownership are classified as finance leases. The Group currently has no leases of this type.

Leases where a significant portion of the risks and rewards are held by the lesser are classified as 'operating leases'. All leases regarded as operating leases and rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

##### *Revenue*

Revenue represents the fair value of consideration received or receivable for services provided and goods sold, net of discount and sales taxes. Revenue from long term contractual arrangements are recognised based on the percentage of completion method.

Revenue from the Quality Assessment Schemes is derived from annual participation fees and one-off joining fees from those who participate in the schemes. Only when an assessment has been physically undertaken is the participation fee recognised as income. New joiners to the scheme pay a non-refundable joining fee which is recognised as income when received.

##### *Retirement benefits*

Employee benefits, including pensions and other post-retirement benefits are presented in these financial statements in accordance with IAS 19 'Employee Benefits'. VisitBritain (BTA) has both defined benefit and defined contribution plans.

##### *Defined contribution plan*

A defined contribution plan is a pension plan under which VisitBritain (BTA) pays fixed contributions into a scheme and has no legal or constructive obligations to pay further if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate.

##### *Defined benefits scheme*

For defined benefit schemes the amounts charged to the operating surplus/deficit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Comprehensive Net Expenditure if the benefits have vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown within finance costs and finance income respectively. Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Net Expenditure.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

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#### Accounting policies (*Continued*)

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Recognition of a surplus in the defined benefit schemes is limited based on the economic gain the company is expected to benefit from in the future by means of a refund or reduction in future contributions to the plan, in accordance with IAS 19.

Contributions are made to the British Tourist Boards' Staff Pensions and Life Assurance Scheme (see note 28) in accordance with the advice of independent actuaries and are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate. Overseas pension schemes are treated similarly.

#### *Standards, amendments and interpretations to existing standards not yet effective*

The application of any new or amended IFRS standards is governed by their adoption by the FReM. Usually such changes are not put into effect by the FReM until the effective date of the related IFRS, although occasionally some changes are adopted early or might be delayed. The following standards have been published but are not effective for the periods presented and the Group has chosen not to early adopt:

- IAS 32 (Amendment): Classification of Rights Issues (from 1 February 2010); and
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (from 1 July 2010).
- IAS 24 (Revised): Related Party Disclosures (from 1 January 2011)
- IFRS 7 (Amendment): Disclosures – Transfers of Financial Assets (from 1 July 2011)
- IFRIC 14 (Amendment): Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (from 1 January 2011)
- Improvements to IFRS (2010) (from 1 January 2011); and
- IFRS 9: Financial Instruments (from 1 January 2013)
- IFRS 10: Consolidated Financial Statements (from 1 January 2013)
- IFRS 11: Joint arrangements (from 1 January 2013)
- IFRS 12: Disclosures of involvement with other entities (from 1 January 2013)
- IAS 27 (Amended): Separate Financial Statements (from 1 January 2013)
- IAS 28 (Amended): Investments in Associates and Joint Ventures (from 1 January 2013)

In addition the following chapters in the FReM have been amended, effective for the 2011-12 financial year:

- Chapter 3: Parliamentary accountability
- Chapter 4: Accounting boundaries
- Chapter 5: Form and content of annual report and accounts
- Chapter 6: Tangible non-current assets
- Chapter 7: Intangible assets
- Chapter 11: Income and Expenditure
- Chapter 13: Accounting for consolidated fund revenue

VisitBritain (BTA) is currently assessing the impact of these amendments, revisions and interpretations on its financial statements but, at this stage, with the exception of IFRS 9, does not consider that they will have a significant material effect save for any potential additional disclosure requirements.

IFRS 9: Financial Instruments (effective for accounting periods beginning on or after 1 January 2013). It is envisaged that this standard will replace IAS 39: Financial Instruments: Recognition and Measurement in its entirety. The Group is currently assessing the impact of the new standard on its Consolidated Financial Statements.

**Accounting policies (*Continued*)**

**2 Significant accounting estimates and judgements**

(a) Property, plant and equipment

Property, plant and equipment are measured at fair value depreciated over their useful lives to their estimated residual values. Fair values, useful lives and residual values are based on management's estimates and are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in carrying value and amounts charged to the Statement of Comprehensive Net Expenditure in specific periods.

(b) Inventories

The net realisable value of, and demand for, inventories are reviewed on a regular basis and particularly at the year end to provide assurance that it is stated at the lower of cost and net realisable value. Factors that could impact estimated demand and selling prices include the timing and success of innovations, competitor activities, supplier prices and economic trends

(c) Provisions

The Group recognises provisions in accordance with its accounting policy described in Section 7 – 'Results for the year and other financial information'. In arriving at estimates for provisions, estimates and judgements are made, in particular with regard to timing and amount. Calculations are based on anticipated future cash flows relating to the relevant event, which are estimated by management and where appropriate supported by the use of external advisers.

Provisions are made where an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. The provision under note 23 is made based on professional advice received.

(d) Defined benefit assumptions

The costs, assets and liabilities of the defined benefit schemes operated by VisitBritain (BTA) are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 28. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the Statement of Comprehensive Net Expenditure and the Statement of Financial Position.

**3 Financial instruments and risk management**

The principal financial instruments are as follows:

- Trade and other receivables
- Cash at bank and in hand
- Trade and other payables
- Forward exchange contracts

The financial asset for the Group and VisitBritain (BTA) in the Loans and Receivables category has been restated in 2008/09 and 2009/10, previously this figure incorrectly included VAT Receivable and net Section 4 grants recoverable.

Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)

3 Financial instruments and risk management (Continued)

The following tables show financial instruments by category:

Group	2011			2010 Restated			2009 Restated		
	Loans and Receivables £'000	Financial assets at fair value through profit & loss £'000	Total £'000	Loans and Receivables £'000	Financial assets at fair value through profit & loss £'000	Total £'000	Loans and Receivables £'000	Financial assets at fair value through profit & loss £'000	Total £'000
<b>Financial assets</b>									
Trade and other receivables	2,064	117	2,064	3,498	222	3,498	3,448	37	3,448
Derivative financial assets	1,180		1,180	1,897		1,897	1,089		1,089
Cash and cash equivalents	3,244	117	3,361	5,395	222	5,617	4,537	37	4,574
<b>VisitBritain (BTA)</b>									
<b>Financial assets</b>									
Trade and other receivables	2,057	117	2,057	3,581	222	3,581	3,583	37	3,583
Derivative financial assets	1,146		1,146	1,751		1,751	934		934
Cash and cash equivalents	3,203	117	3,320	5,332	222	5,554	4,517	37	4,554

Group	2011			2010 Restated			2009 Restated		
	Financial liabilities held at amortised cost £'000	Financial liabilities at fair value through profit and loss £'000	Total £'000	Financial liabilities held at amortised cost £'000	Financial liabilities at fair value through profit and loss £'000	Total £'000	Financial liabilities held at amortised cost £'000	Financial liabilities at fair value through profit and loss £'000	Total £'000
<b>Financial liabilities</b>									
Trade and other payables	5,312		5,312	6,249		6,249	5,717	132	5,717
Derivative financial liabilities	5,312		5,312	6,249		6,249	5,717	132	5,849
<b>VisitBritain (BTA)</b>									
<b>Financial liabilities</b>									
Trade and other payables	5,325		5,325	6,174		6,174	5,659	132	5,659
Derivative financial liabilities	5,325		5,325	6,174		6,174	5,659	132	5,791

### 3 Financial instruments and risk management (*Continued*)

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the significance of the inputs used in making the measurements. All financial instruments measured at fair value are classified as Level 1 on the fair value hierarchy i.e. quoted prices in active markets for identical instruments are used to fair value the instruments.

Financial liabilities held at amortised cost include trade payables and other short-term monetary liabilities, which are recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. There is no material difference between the net carrying amounts and the fair values, and consequently no amortisation of interest on this financial liability class due to their short term nature.

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial instruments comprise cash and liquid resources and various items such as trade payables and receivables that arise directly from its operations. The Group is exposed through its operations to the following risks:

- Credit risk
- Liquidity risk
- Market Risk

In common with all other organisations, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks and consequently the objectives, policies and processes are unchanged from the previous period.

The Board of VisitBritain (BTA) has overall responsibility for the determination of the Group's risk management policies. The objective of the Board is to set policies that seek to reduce the risk as far as possible without unduly affecting the Group's competitiveness and effectiveness. Further details of these policies are set out below:

#### *Credit risk*

VisitBritain (BTA) is exposed to credit risk primarily on its trade receivables, which are spread over a range of customers and countries, a factor that helps to dilute the concentration of the risk.

It is group policy, implemented locally, to assess the credit risk of each new customer before entering into binding contracts. Each customer account is then reviewed on an ongoing basis (at least once a year) based on available information and payment history.

Quantitative disclosure of the credit risk exposure in relation to trade and other receivables are given in note 20.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. VisitBritain's (BTA's) main banking arrangements are with Royal Bank of Scotland. Amounts held by overseas operations with banks are kept to a minimum.

VisitBritain (BTA) does not enter into derivatives to manage credit risk.

#### *Liquidity risk*

The cash requirements of VisitBritain (BTA) are met through grant-in-aid provided by the DCMS under the provision of the Act. Following the Government's objectives, VisitBritain (BTA) seeks to ensure that optimum use is made of all resources during the financial year and, so far as is consistent with its objectives, seeks to maximise non-exchequer resources generally through close working partnerships with the private sector and commercial activities. As a result VisitBritain (BTA) is not exposed to significant liquidity risk.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

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#### *Market Risk*

Market risk arises from VisitBritain's (BTA's) interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value, or future cash flows, of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign currency exchange rates (foreign currency risk).

#### *Interest Rate Risk*

VisitBritain (BTA) is exposed to interest rate risk through its financial assets and liabilities. These financial assets and liabilities carry no or nominal interest, thus VisitBritain (BTA) considers its exposure to interest rate risk not to be significant. Bank balances are placed on overnight deposit at current bank deposit rates.

#### *Foreign currency risk*

Foreign exchange transaction risk arises when individual operations enter into transactions denominated in a currency other than their functional currency.

VisitBritain (BTA) has a treasury policy in place, which has been agreed by the VisitBritain (BTA) Board and Audit Committee. The latter receives reports at each meeting of the Committee on currency purchases and the outstanding position at that time. To manage the risk of currency fluctuation, the policy requires that on production of the book keeping rates for the future financial year, forward foreign currency contracts will be placed on order to cover the infrastructure costs as listed. This figure should not exceed 75% of the total actual requirements prior to the start of the financial year. The balance is purchased during the financial year to allow for changes required between currencies and depending on the foreign currency income generated during the year.

At 31 March 2011 there were commitments to purchase foreign currency exchange forward contracts with a guarantee of currency to a total sterling value of £3.8m (2010 - £2.0m; 2009 - £8.4m). These contracts are based on forward option strike rates; if the strike rate is achieved 100% is paid, if the strike rate is not achieved a guaranteed 25% to 30% is paid. The £3.8m (2010 - £2.0m) sterling value represents the guarantee of each contract. If all strike rates were achieved the value would equate to £6.7m (2010 - £7.2m). The guaranteed values are 2011 - EUR 0.0m, USD 3.1m and JPY 0.1m (2010 - EUR 1.6m, USD 0.9m and JPY 11.3m) with the full strike rate values set at 2011: EUR 0.0m, USD 5.1m and JPY 0.4m (2010 - EUR 6.0m, USD 3.0m and JPY 45.0m). Overall there was no material difference between the total value of these currency contracts at spot rates on the Statement of Financial Position date, and at the contracted forward purchase rates. The reduction in the purchase value of forward contracts reflects the increase in cash receipts in foreign currency from the e-commerce activities worldwide.



## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

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#### 4 Segment information

IFRS 8 'Operating Segments' requires an entity to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. VisitBritain (BTA) overall has determined nine reportable segments (five for VisitBritain and four for VisitEngland) that are largely organised and managed separately according to a combination of the nature of services provided and operational spend, and geographical location based on the management information.

The main reportable segments are as follows:

##### VisitBritain

- *Britain Marketing*: International marketing activities with the core objective of 'inspiring travellers from overseas to visit and explore Britain'
- *Global Network*: Delivering a global network to support tourism promotion overseas, providing an overseas office network for all the national and regional tourist boards and for the tourism industry. By sharing market intelligence, customer insights, local contacts and operational and execution capabilities, VisitBritain helps its UK partners reach overseas customers and together create substantial efficiency savings
- *Retail*: Maximise public investment through commercial activity. The retail operation was reported as part of the Global Network in prior years. In 2010/11, the decision was made to report the segments separately to better reflect management information and reports
- *Championing Tourism*: Engaging industry and government in support of its growth of the tourism industry, and
- *Shared Services*: This segment involves the business and administration services of VisitBritain.

Retail activities have previously been reported as part of the Global Network, however from April 2010 the decision was made to present separate management information to the Board on the retail operation. Therefore, the segment report reflected this change and as a result the 2009/10 segment report has been restated.

##### VisitEngland

- *England Marketing*: This segment concerns marketing England both domestically & internationally
- *Industry Services*: Manages accommodation and tourist attraction grading schemes and provides advice and business support with the overall aim of improving the quality of tourism provision in England
- *Industry Leadership*: VisitEngland's role is to provide leadership across the sector and provide industry with sound insights and robust data, and
- *Shared Services*: This segment involves the business and administration services of VisitEngland.

##### *Measurement of operating segment income and expenditure, assets and liabilities*

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of the net expenditure i.e. excluding the effects of finance income and notional costs. There are no inter-segment revenue streams.

Due to the nature of VisitBritain and VisitEngland's business, assets and liabilities are not managed on a sector basis and consequently no allocation of assets and liabilities are made to individual operating segments.



British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)

4 Segment information (continued)	VISITBRITAIN					VISITENGLAND					Group VB & VE Total £,000	
	Britain Marketing £,000	Global Network £,000	Retail £,000	Championing Tourism £,000	Shared Services £,000	VisitBritain Total £,000	England Marketing £,000	Industry Services £,000	Industry Leadership £,000	Shared Services £,000		VisitEngland Total £,000
2010/11												
Income	4,431	753	9,964	62	408	15,618	901	5,512	283		6,696	22,314
Inter-segmental revenue			(87)		(7)	(94)						(94)
Revenue from external customers	4,431	753	9,877	62	401	15,524	901	5,512	283		6,696	22,220
Segment net expenditure before shared service cost allocation	(10,026)	(8,745)	(114)	(1,277)	(13,685)	(33,847)	(4,314)	(1,174)	(1,621)	(817)	(7,926)	(41,773)
Net finance (costs)/income												(226)*
Depreciation												(597)*
Defined benefit pension costs												(3,276)*
Defined benefit employer pension contribution adjustment												3,018*
Shared services costs					1,831	1,831				(1,831)	(1,831)	
<b>Segment net expenditure</b>	<b>(10,026)</b>	<b>(8,745)</b>	<b>(114)</b>	<b>(1,277)</b>	<b>(11,854)</b>	<b>(32,016)</b>	<b>(4,314)</b>	<b>(1,174)</b>	<b>(1,621)</b>	<b>(2,648)</b>	<b>(9,757)</b>	<b>(42,854)</b>
2009/10 Restated												
Income	5,377	1,137	8,859	5	577	15,955	1,745	5,642	304		7,691	23,646
Inter-segmental revenue			(104)		(120)	(224)						(224)
Revenue from external customers	5,377	1,137	8,755	5	457	15,731	1,745	5,642	304		7,691	23,422
Segment net expenditure before shared service cost allocation	(11,184)	(9,886)	(761)	(1,708)	(13,843)	(37,382)	(5,961)	(1,020)	(1,638)	(384)	(9,003)	(46,385)
Finance income												(10)*
Depreciation												(710)*
Defined benefit pension costs												(1,169)*
Defined benefit employer pension contribution adjustment												952*
Shared services costs					2,741	2,741				(2,741)	(2,741)	0
<b>Segment net expenditure</b>	<b>(11,184)</b>	<b>(9,886)</b>	<b>(761)</b>	<b>(1,708)</b>	<b>(11,102)</b>	<b>(34,641)</b>	<b>(5,961)</b>	<b>(1,020)</b>	<b>(1,638)</b>	<b>(3,125)</b>	<b>(11,744)</b>	<b>(47,322)</b>

\* It is not possible to allocate these expenses to each segment without distorting the information.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

#### 4 Segment information (*continued*)

Geographical information:

	External income by location of sales offices	
	2011 £'000	2010 £'000
UK	13,750	13,846
Germany	1,816	1,940
United States Of America	1,138	1,496
France	633	736
Australia	381	587
Holland	508	542
Hong Kong	391	533
Sweden	407	1,051
Spain	194	327
Italy	291	305
India	548	278
Canada	180	255
Japan	296	236
Other Countries	1,687	1,290
	<b>22,220</b>	<b>23,422</b>

Geographical information about the Group's non-current assets is not available and the cost to produce this is considered excessive.

#### 5 Prior year restatement

During the year it was established that an amount of £151k relating to quality assessment scheme revenue was recognised in error during the year ended 31 March 2006. The comparative information has been restated to reflect this adjustment. The effect of the restatement was as follows:

Trade and other payables at 31 March 2009 and 2010 increased by £151k and opening income and expenditure reserve decreased by the same amount. As a result the Group Taxpayers' Equity at 31 March 2010 and 2009 decreased to (£17,366k) and £3,110k respectively (VisitBritain (BTA): (£17,411k) and £3,078k) from (£17,215k) and £3,261k (VisitBritain (BTA): (£17,260k) and £3,229k) previously stated. In accordance with IAS 1 the comparative statements of financial position with related notes have been restated and the financial position as at 1 April 2009 presented.

Prior year comparatives in a few other notes have been restated to correct inconsistencies in the 2009/10 published accounts, there is no impact on the balances presented in the primary financial statements.

#### 6 Grants

The figure for core government grant-in-aid allocation of £39,673k less £100k capital (2010: £47,200k less the £300k capital grant-in-aid) and cash drawn of £40,323k (2010 - £45,800k) is reconcilable to the expenditure on the Department for Culture, Media and Sport resource account RfR1.

Other grants received include £236k (2010 - £279k) from The London Development Agency (LDA) who continued their work with our Britain and London Visitor Centre.

During 2010/11 VisitBritain (BTA) also received £344k (2010: £371k) from the Regional Development Agencies and £72k (2010 - £77k) from the UK Trade & Industry for part funding partners attending trade shows overseas to promote UK tourism.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

#### 7 Income from activities

Gross income represents the invoiced amount of goods sold and services provided (stated net of trade discount and value added tax) and, in the case of continuing activities, the value of work done during the year.

	Group		VisitBritain (BTA)	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Revenue arises from:				
Partnership marketing, media & publicity	2,906	4,210	2,906	4,210
Income from exhibition, fairs & workshops	1,782	1,666	1,782	1,666
Income from commercial activities	10,728	10,492	10,737	9,627
Quality scheme income	5,382	5,493	5,382	5,493
Distribution income	71	75	71	75
Total revenue	20,869	21,936	20,878	21,071

#### 8 Other income

	Group		VisitBritain (BTA)	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Service income	41	77	47	197
Office rental income	617	606	617	606
Other grants	652	727	652	727
Other income	41	76	38	38
Total other operating income	1,351	1,486	1,354	1,568

VisitBritain (BTA) sub-lets properties in London and also received rental income from Visit London and Visit Wales in the USA. For the year ended 31 March 2011, the total rental income from the sub-let of properties was £617k, in the year ended 31 March 2010, it was £606k.

**British Tourist Authority trading as VisitBritain and VisitEngland**

**Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)**

**9 Employee costs**

	Group		VisitBritain (BTA)	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Staff costs (including directors) comprise:				
Wages and salaries	11,367	11,893	11,367	11,893
Agency staff and students	391	435	391	435
Payments to contractors	708	827	708	827
Expatriate taxable benefits	217	319	217	319
Expatriate local taxes	(25)	(4)	(25)	(4)
Social security contributions and similar taxes	1,272	1,245	1,272	1,245
Pension costs – normal contributions	76	95	76	95
Special pension costs	20	21	20	21
Movement on accrued holiday pay	127	(216)	127	(216)
<b>Total employee costs before defined pension cost</b>	<b>14,153</b>	<b>14,615</b>	<b>14,153</b>	<b>14,615</b>
Defined benefit pension cost (see note 28)*	3,276	1,169	3,276	1,169
<b>Total employee costs</b>	<b>17,429</b>	<b>15,784</b>	<b>17,429</b>	<b>15,784</b>

\* Defined benefit pension cost includes pension enhancement costs relating to the reorganisation (see note 12). In 2010/11, this amounts to £1,604k and in 2009/10 - £331k.

The average number of employees during the year is made up as follows:

	Group		VisitBritain (BTA)	
	2011 Number	2010 Number	2011 Number	2010 Number
Marketing	231	257	231	257
Overseas support (marketing and administration)	18	20	18	20
Administration (CEO, People & Performance and Corporate Services)	42	42	42	42
<b>Total staff numbers</b>	<b>291</b>	<b>319</b>	<b>291</b>	<b>319</b>

VisitBritain (BTA) uses temporary agency and contractor staff to fill short-term posts to deliver its objectives. The number of staff employed would be equivalent of 28 full time VisitBritain (BTA) staff (2009/10 – 39).

**Key management personnel remuneration**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Details of their remuneration are disclosed in the Remuneration Report.

**British Tourist Authority trading as VisitBritain and VisitEngland**

**Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)**

**10 Other operating charges**

	Group		VisitBritain (BTA)	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Partnership marketing, media & publicity costs	18,154	23,077	18,154	23,077
Publishing	641	787	641	787
Commercial cost of sales and overhead cost*	10,404	10,682	10,417	9,912
Quality scheme costs	5,498	5,667	5,498	5,667
Distribution costs	438	569	438	569
Research and evaluation	2,120	2,175	2,120	2,175
Property and support costs – overseas	3,329	3,666	3,329	3,666
Property and support costs – UK**	2,813	4,725	2,813	4,725
(Surplus)/Loss on sale of fixed assets	(19)	10	(19)	10
VisitEngland Board secretariat operation costs	11	20	11	20
Irrecoverable VAT (UK and overseas)***	329	1,935	329	1,935
Prior year creditors provision written off	(405)	(327)	(405)	(327)
Foreign exchange loss	52	113	52	113
Fair value adjustment on financial liability/(asset)	105	(222)	105	(222)
<b>Total other operating charges</b>	<b>43,470</b>	<b>52,877</b>	<b>43,483</b>	<b>52,107</b>

\* The 2009/10 figure includes £302k of web development costs incurred during the year for the new online shop platform (Webshop). These costs are included in the 'Retail' segment under the segment report (see note 4). Despite being cash generating, the maintenance and service costs are expected to exceed the revenue streams from the website over its useful life resulting in the charges to the statement of comprehensive net expenditure.

\*\* The 2009/10 figure includes £560k move cost from Thames Tower to Palace Street and £260k legal fee for the on-going American lawsuit.

\*\*\* Irrecoverable VAT includes £627k creditors' provision made in 2009/10 for UK and French VAT that was not used in 2010/11 and was written back.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)

11 Grants paid to regional tourist boards and regional development agencies

	Group		VisitBritain (BTA)	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
General grants relating to Regional Tourism entities	71	103	71	103
Visit East of England	7	7	7	7
Visit Heart of England	5	7	5	7
Visit London	7	7	7	7
Visit North East England	7	7	7	7
Visit England's Northwest	7	7	7	7
Visit South East England	7	7	7	7
Visit South West	7	7	7	7
East Midlands Development Agency	7	7	7	7
Yorkshire Tourist Board	7	7	7	7
Total grant expenditure to regional and other tourism bodies	132	166	132	166

12 Re-organisation costs

	Group		VisitBritain (BTA)	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Staff redundancy costs*	4,576	1,475	4,576	1,475
Staff moving & recruitment costs	114	38	114	38
Office closure costs	67	0	67	0
Legal & professional fees	67	15	67	15
Total reorganisation costs including pension costs	4,824	1,528	4,824	1,528
Pension enhancement costs*	(1,604)	(331)	(1,604)	(331)
Total reorganisation costs per the Statement of Comprehensive Net Expenditure	3,220	1,197	3,220	1,197

\*Actual pension enhancement costs incurred in 2010/11 was £1,604k (2009/10 was £331k), all relating to the BTB pension scheme, which was adjusted (credited) per the IAS 19 accounting requirement.

Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2010/11	(2009/10)	2010/11	(2009/10)	2010/11	(2009/10)
<£10,000	11	(6)	0	(0)	11	(6)
£10,000 - £25,000	18	(10)	0	(0)	18	(10)
£25,000 - £50,000	17	(7)	0	(0)	17	(7)
£50,000 - £100,000	13	(2)	0	(0)	13	(2)
£100,000- £150,000	4	(1)	0	(0)	4	(1)
£150,000- £200,000	1	(2)	0	(0)	1	(2)
>£200,000	6	(1)	0	(0)	6	(1)
<b>Total number of exit packages by type (total cost)</b>	<b>70</b>	<b>(29)</b>	<b>0</b>	<b>(0)</b>	<b>70</b>	<b>(29)</b>
<b>Total resource cost</b>	<b>£4,576,000</b>	<b>(£1,475,000)</b>	<b>0</b>	<b>(0)</b>	<b>£4,576,000</b>	<b>(£1,475,000)</b>

Redundancy and other departure costs have been paid in accordance with the provisions of VisitBritain's (BTA's) Premature Retirement and Redundancy policy. Exit costs are accounted for in full in the year of departure. Where VisitBritain (BTA) has agreed early retirements, the additional costs are met by VisitBritain (BTA) and not the BTB Pension Scheme.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)

13 Net expenditure before finance costs

	Group		VisitBritain (BTA)	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Net expenditure before finance cost	(42,628)	(47,312)	(42,629)	(47,325)
This has been arrived at after charging:				
VisitBritain (BTA) Board Members' remuneration	96	88	96	88
VisitEngland (ETB) Board Members' remuneration	90	87	90	87
Auditors' remuneration (UK)	51	57	51	57
Auditors' remuneration (overseas)	3	7	1	1
Operating lease expense:				
- Land and buildings	2,416	3,129	2,416	3,129
- Vehicles and equipment	120	122	120	122
Travel, subsistence and hospitality:				
- Chairman and Board Members VisitBritain (BTA)	24	36	24	36
- Chairman and Board Members VisitEngland (ETB)	12	23	12	23
- Employees	1,135	1,566	1,135	1,566

14 Overseas and domestic activities

VisitBritain (BTA) is required under the current Accounts Direction issued by the DCMS to disclose separately, expenditure on the promotion of Britain internationally and England domestically and to disclose the expenditure made on behalf of the VisitEngland (ETB) Board Members. The total expenditure reconciles with VisitBritain's (BTA's) parent account, and not the Group.

The following table reports total expenditure split between international and domestic marketing activities:

2011	Britain	England	England	Total VisitBritain (BTA)
	International	Domestic	International	
	£'000	£'000	£'000	
Staff costs (see note 9)	14,801	2,528	100	17,429
Re-organisation staff costs (see note 12)	2,580	392	0	2,972
Re-organisation other costs (see note 12)	248	0	0	248
Programme costs	20,713	10,843	456	32,012
Operational costs	9,619	2,537	44	12,200
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>47,961</b>	<b>16,300</b>	<b>600</b>	<b>64,861</b>
Less:				
Other grant income	272	380	0	652
Non-Government Funding (NGF) (see note 7, 8 & 15)	15,082	6,020	252	21,354
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>32,607</b>	<b>9,900</b>	<b>348</b>	<b>42,855</b>

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

14 Overseas and domestic activities (*continued*)

2010	Britain International £'000 Restated	England Domestic £'000	England International £'000	Total VisitBritain (BTA) £'000 Restated
Staff costs (see note 9)	13,712	1,928	144	15,784
Re-organisation staff costs (see note 12)	1,144	0	0	1,144
Re-organisation other costs (see note 12)	53	0	0	53
Programme costs	24,228	12,682	1,622	38,532
Operational costs	11,327	3,108	16	14,451
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>50,464</b>	<b>17,718</b>	<b>1,782</b>	<b>69,964</b>
Less:				
Other grant income	277	450		727
Non-Government Funding (NGF) (see note 7, 8 & 15)	14,596	6,461	845	21,902
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>35,591</b>	<b>10,807</b>	<b>937</b>	<b>47,335</b>

The allocation of expenditure between international and domestic activity is made as follows:

1. Expenditure undertaken directly for international or domestic activity is allocated directly;
2. Expenditure that is a shared resource for economic or control reasons is allocated using various ratios that recognise the underlying impact. The criteria used for such allocation includes; time, space, or allocation recognising use of corporate resources;
3. It is not possible to split capital expenditure between domestic and international activity as the fixed assets are shared between all areas;
4. Expenditure relates to VisitBritain (BTA) and excludes subsidiaries' results;
5. The VisitBritain (BTA) parent total expenditure of £64,861k (2009/10 - £69,964k) represents the following items in the Statement of Comprehensive Net Expenditure:

	2011 £'000	2010 £'000 Restated
Staff costs (see note 9)	17,429	15,784
Exceptional re-organisation staff costs (see note 12)	2,972	1,144
Exceptional re-organisation other costs (see note 12)	248	53
Other operating charges (see note 10)	43,483	52,107
Depreciation (see note 17)	597	710
Grant paid to Regional Tourist Boards (see note 11)	132	166
Parent expenditure per Statement of Comprehensive Net Expenditure	<u>64,861</u>	<u>69,964</u>



**British Tourist Authority trading as VisitBritain and VisitEngland**

**Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)**

**14 Overseas and domestic activities (Continued)**

	2011	2010
	£	£
VisitEngland Board Member's expenditures		
Board Members' remuneration	90,450	87,484
Employers NI & other taxes	10,812	9,957
Travel & subsistence and secretariat	11,913	21,279
	<u>113,175</u>	<u>118,720</u>
Total expenditure	<u>113,175</u>	<u>118,720</u>

**15 Finance income**

	Group		VisitBritain (BTA)	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
<i>Finance Income:</i>				
Interest received on bank deposits	56	72	56	72
Finance costs UK & US pension scheme	(282)	(82)	(282)	(82)
	<u>(226)</u>	<u>(10)</u>	<u>(226)</u>	<u>(10)</u>

**16 Tax expense**

VisitBritain (BTA) is assessed for Corporation Tax in the UK on its activities, excluding those funded by grant-in-aid. Following a review of the taxable activities and our tax position with our advisors, unused taxable losses brought forward from 2010/11 amount to £29.7m (2009/10 - £19.86m).

VisitBritain (BTA) is assessed for corporate tax in Germany, Sweden, New Zealand, Hong Kong and the Netherlands and in all of these countries there is no corporate tax due to loss relief claim.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

17 Property, plant and equipment

	Leasehold improvements	Motor vehicles	IT equipment	Fixtures fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
Balance at 1 April 2009	5,937	41	845	249	7,072
Revaluation	(14)	0	0	0	(14)
Additions	304	0	0	0	304
Disposals	(2,511)	(1)	(160)	(169)	(2,841)
Balance at 31 March 2010	3,716	40	685	80	4,521
Revaluation	138	0	0	0	138
Additions	84	0	46	0	130
Disposals	(55)	0	(254)	(13)	(322)
Balance at 31 March 2011	3,883	40	477	67	4,467
<b>Accumulated depreciation</b>					
Balance at 1 April 2009	4,575	40	473	193	5,281
Revaluation	161	0	0	0	161
Charge for the year	298	0	228	12	538
Disposals	(2,511)	0	(160)	(149)	(2,820)
Balance at 31 March 2010	2,523	40	541	56	3,160
Revaluation	206	0	0	0	206
Charge for the year	313	0	159	11	483
Disposals	(55)	0	(254)	(13)	(322)
Balance at 31 March 2011	2,987	40	446	54	3,527
<b>Net carrying value</b>					
At 1 April 2009	1,362	1	372	56	1,791
At 31 March 2010	1,193	0	144	24	1,361
At 31 March 2011	896	0	31	13	940

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

#### 17 Property, plant and equipment (*Continued*)

##### Improvements to leasehold land and buildings, motor vehicles, computer equipment, fixtures, fittings and equipment

From 2004/05 onwards these classes of assets were subject to modified historic cost accounting using appropriate indices and only the indexation of leasehold improvements was considered to be material and adjusted accordingly. All improvements to leasehold property are considered to be short-term leases that expire within 50 years

The revaluation includes £113k (2010 - £172k; 2009 - £167k) of revaluation related additional depreciation which is charged to the Statement of Comprehensive Net Expenditure and as part of the current year depreciation and then credited to the income and expenditure reserve by transferring from the revaluation reserve. Therefore the total depreciation charge for the year was £597k (2010 - £710k; 2009 - £894k).

#### 18 Investment in subsidiary undertakings

	2011 £'000	2010 £'000	2009 £'000
<b>Cost</b>			
At the start and end of the year	8	8	8

The only consolidated subsidiary of VisitBritain (BTA) has been included in these consolidated financial statements as follows:

Subsidiary undertaking	Country of Incorporation	Principal activity	Proportion of ownership interest at 31 March		
			2011	2010	2009
British Travel Centre AB	Sweden	Undertaking of trading activities of a commercial nature	100%	100%	100%

VisitBritain's (BTA's) growing retail operation and its e-commerce platforms has decreased the scale of operations of its subsidiary to the point where its long term viability is no longer guaranteed. As a result the subsidiary will be winding up its operation from 31 March 2011. The subsidiary accounts have been prepared on a going concern basis but this discontinuation will not significantly affect the Group results.

#### 19 Inventories

	Group			VisitBritain (BTA)		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Finished goods and goods for resale	2,771	2,056	1,921	2,771	1,991	1,843
Total inventories	2,771	2,056	1,921	2,771	1,991	1,843

**British Tourist Authority trading as VisitBritain and VisitEngland**

**Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)**

**20 Trade and other receivables**

	Group			VisitBritain (BTA)		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Trade receivables	1,607	2,742	3,085	1,607	2,747	3,222
Less: provision for impairment of trade receivables	(310)	(194)	(190)	(310)	(194)	(190)
Trade receivables – net	1,297	2,548	2,895	1,297	2,553	3,032
VAT receivables	1,803	1,549	1,923	1,803	1,549	1,923
Other receivables	767	950	553	760	1,028	551
Prepayments	1,746	1,391	2,428	1,746	1,391	2,428
Accrued income	376	121	160	376	121	160
HM Government – Section 4 grants recoverable	7	11	12	7	11	12
Less provisions for irrecoverable Section 4 grants	(1)	(3)	(3)	(1)	(3)	(3)
<b>Total trade and other receivables</b>	<b>5,995</b>	<b>6,567</b>	<b>7,968</b>	<b>5,988</b>	<b>6,650</b>	<b>8,103</b>

There is no material difference between the net carrying amounts and the fair values of trade and other receivables due to their short term nature.

There is no particular concentration of credit risk to the Group's trade receivables as the Group has a large number of customers primarily denominated in the Group's functional currency.

The provision for impairment is analysed as follows:

	2011 £'000	2010 £'000	2009 £'000
At 1 April beginning of the year	194	190	160
Statement of Comprehensive Net Expenditure charge	122	(13)	(31)
Provision written off/ (written back)	(6)	17	61
<b>At 31 March end of the year</b>	<b>310</b>	<b>194</b>	<b>190</b>

The creation and release of provision for impaired receivables has been included in the Statement of Comprehensive Net Expenditure under other expenses.

The Group does not hold any collateral as security.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

#### 20 Trade and other receivables (*Continued*)

As at 31 March 2011 trade receivables of £1.297m (2010 - £2.548m; 2009 - £2.895m) were past due but not impaired. The ageing analysis of these receivables is as follows:

Group	2011	2010	2009
	£'000	£'000	£'000
		Restated	
Up to 30 days	1,133	2,292	2645
30 to 60 days	107	129	23
60 to 90 days	0	28	12
Over 90 days	57	99	215
	<u>1,297</u>	<u>2,548</u>	<u>2,895</u>

#### VisitBritain (BTA)

Up to 30 days	1,133	2,297	2782
30 to 60 days	107	129	23
60 to 90 days	0	28	12
Over 90 days	57	99	215
	<u>1,297</u>	<u>2,553</u>	<u>3,032</u>

The carrying values of the Group's trade and other receivables are denominated in the following currencies:

Group	2011	2010	2009
	£'000	£'000	£'000
		Restated	
Pound sterling	3,735	3,205	4,718
Euro	1,056	1,450	1,896
HK dollar	47	578	117
US dollar	290	422	373
Swedish Krona	164	221	290
Other	703	691	574
	<u>5,995</u>	<u>6,567</u>	<u>7,968</u>

#### VisitBritain (BTA)

Pound sterling	3,729	3,288	4,853
Euro	1,056	1,450	1,896
HK dollar	47	578	117
US dollar	290	422	373
Swedish Krona	163	221	290
Other	703	691	574
	<u>5,988</u>	<u>6,650</u>	<u>8,103</u>

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

21 Cash at bank and in hand

	Group			VisitBritain (BTA)		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Cash at bank and in hand	1,180	1,897	1,089	1,146	1,751	934
Total cash at bank and in hand	1,180	1,897	1,089	1,146	1,751	934

22 Trade and other payables

	Group			VisitBritain (BTA)		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
		Restated	Restated		Restated	Restated
Trade payables	1,643	3,037	4,003	1,658	2,970	3,948
Other taxes and social security taxes	55	92	121	55	92	121
Other payables	295	51	6	295	49	8
Deferred income	2,188	2,401	2,692	2,188	2,401	2,692
Accruals	3,374	3,161	1,708	3,372	3,155	1,703
HM Government – Section 4 grants payable	7	11	12	7	11	12
Less provisions for irrecoverable section 4 grants	(1)	(3)	(3)	(1)	(3)	(3)
Total trade and other payables	7,561	8,750	8,539	7,574	8,675	8,481

There is no material difference between the net carrying amounts and the fair values of trade and other payables due to their short term nature.

**British Tourist Authority trading as VisitBritain and VisitEngland**

**Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)**

**22 Trade and other payables (Continued)**

Maturity analysis of the financial liabilities classified as financial liabilities measured at amortised cost, is as follows:

Group	2011	2010	2009
	£'000	£'000	£'000
		Restated	Restated
Up to 30 days	1,618	2,962	5,069
30 to 60 days	22	(18)	(193)
60 to 90 days	4	7	(10)
Over 90 days	3,668	3,298	851
	<u>5,312</u>	<u>6,249</u>	<u>5,717</u>

VisitBritain (BTA)	2011	2010	2009
	£'000	£'000	£'000
		Restated	Restated
Up to 30 days	1,631	2,887	5,011
30 to 60 days	22	(18)	(193)
60 to 90 days	4	7	(10)
Over 90 days	3,668	3,298	851
	<u>5,325</u>	<u>6,174</u>	<u>5,659</u>

The carrying values of the group's trade and other payables are concentrated in the following principle currencies:

Group	2011	2010	2009
	£'000	£'000	£'000
		Restated	Restated
Pound sterling	6,036	6,368	4,360
Euro	269	370	1,745
US dollar	521	353	632
Aus dollar	126	178	456
Other	609	1,481	1,346
	<u>7,561</u>	<u>8,750</u>	<u>8,539</u>

VisitBritain (BTA)	2011	2010	2009
	£'000	£'000	£'000
		Restated	Restated
Pound sterling	6,049	6,293	4,360
Euro	269	370	1,745
US dollar	521	353	632
Aus dollar	126	178	456
Other	609	1,481	1,288
	<u>7,574</u>	<u>8,675</u>	<u>8,481</u>

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

#### 23 Provisions

	VAT £'000	Mobile tax £'000	Relocation £'000	Re-organisation £'000	Total £'000
At 1 April 2009	154	37	964		1,155
Amount used during the year	(49)	(7)	(14)		(70)
Increase/(decrease) in provision	522	(5)			517
At 31 March 2010	627	25	950		1,602
Amount used during the year	0	0	(47)		(47)
Increase/(decrease) in provision	(627)	(25)	447	2,287	2,082
At 31 March 2011	0	0	1,350	2,287	3,637

*Relocation provision:* VisitBritain (BTA) relocated from Hammersmith to Victoria in October 2009, this provision relates to the dilapidation claim by the landlord. The estimate relied on expert opinion and is not discounted because the timing of the cash flow is within one year and therefore VisitBritain (BTA) does not consider it to have a material impact.

*Re-organisation provision:* VisitBritain (BTA) has undergone significant organisational change following the DCMS Comprehensive Spending Review funding reduction. Note 12: Re-organisation Costs provides more detail of the costs. The provision estimate is based on contractual obligations and legislative requirements for redundancy payments. The amount is not discounted because the timing of the cash flow is within one year and therefore VisitBritain (BTA) do not consider it to have a material impact.

*Mobile tax provision:* VisitBritain (BTA) has employees who operate overseas for specific contracted periods on expatriate terms, it operates a tax equalisation scheme to ensure that staff earnings are taxed in a similar way to UK employees. VisitBritain (BTA) is responsible for paying any local income tax raised on taxable earnings of that expatriate in the country in which they are operating. Since 2004 the liabilities are estimated and disclosed separately based on the previous year earnings and tax payments. A provision was not necessary in 2010/11.

The provisions have been analysed between current and non-current as follows:

	2011 £'000	2010 £'000	2009 £'000
Current	3,637	1,602	1,155
Non-current	0	0	0
	3,637	1,602	1,155

#### 24 Notes supporting the statement of cash flow

Cash and cash equivalents for purposes of the cash flow statement comprise the following:

	Group		VisitBritain (BTA)	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash available on demand	1,180	1,897	1,146	1,751
	1,180	1,897	1,146	1,751



**British Tourist Authority trading as VisitBritain and VisitEngland**

**Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)**

**25 Derivative financial instruments**

	2011 £'000	2010 £'000	2009 £'000
Forward foreign exchange contracts - asset	117	222	37
Forward foreign exchange contracts - liability			(132)
Total financial instruments classified as held for trading	<u>117</u>	<u>222</u>	<u>(95)</u>

The fair value of a derivative financial instrument is split between current and non-current depending on the remaining maturity of the derivative contract and its contractual cash flows. All contracts mature in less than 12 months, therefore the instruments are classified as current.

The fair value of the Group's foreign exchange derivatives is based on broker quotes.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the Statement of Financial Position.

**26 Disclosure on intra-government balances**

	Trade and other receivables			Trade and other Payables		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Balances with other central government bodies (including pension and other government funds)	113	535	1,230	145	17	52
Balances with local authorities	3	96	33	0	0	0

**27 Leases**

**Operating leases**

The total future values of minimum lease payments under non-cancellable operating leases are due as follows:

	Land & Buildings		Land & Buildings	
	2011 £'000	Other 2011 £'000	2010 £'000	Other 2010 £'000
Not later than one year	2,244	128	2,426	126
Later than one year and not later than five years	1,738	83	3,033	108
Later than five years	480	0	539	0
	<u>4,462</u>	<u>211</u>	<u>5,998</u>	<u>234</u>

**Sub-lease income**

	Land & Buildings 2011 £'000	Land & Buildings 2010 £'000
	Not later than one year	390
Later than one year and not later than five years	245	466
Later than five years	476	539
	<u>1,111</u>	<u>1,316</u>

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

#### 28 Retirement benefits

VisitBritain (BTA) operates two post-employment defined benefit schemes for its employees, in the United Kingdom and the USA, and defined contribution schemes in other parts of the world.

The total pensions cost of the group was £3,114k (2010 - £1,064k; 2009 - £1,289k), of which £962k (2010 - £617k; 2009 - £775k) is normal contribution related to the group's main defined benefit pension scheme, the British Tourist Boards' Pension Scheme (BTBPS). A further special contribution of £1,604k (2010 - £331k; 2009 - £394k) has been paid to the BTBPS as pension enhancement for staff who took early retirement as part of VisitBritain's (BTA's) restructuring programme. There was also £452k paid to reduce the pension deficit as agreed with the Trustees (see note 1).

Total amounts charged to the Statement of Comprehensive Net Expenditure for contributions to pension schemes were as follows:

	2011	2010
	£'000	£'000
Normal contribution	962	617
Pension enhancement exceptional contributions	1,604	331
Pension deficit recovery contribution	452	
Total pension contribution to the BTBPS	3,018	948
Normal contribution - Overseas pension schemes	76	95
Special contributions – SIPP*	20	21
Total Pension contribution	3,114	1,064

\*The special pension contribution is a supplementary pension scheme for the CEOs of both VisitBritain (BTA) and VisitEngland (ETB) that was made to a Self Investment Pension Plan (SIPP)

The pension report is prepared according to the requirements of IAS 19: Employment Benefits.

VisitBritain (BTA) is a participant in the British Tourist Boards' Pension Scheme (BTBPS) providing pension benefits and life assurance for all UK permanent staff, based upon final pensionable pay.

VisitBritain (BTA) employees in the USA employed on a local status basis can join the USA defined benefit scheme.

A full actuarial valuation was carried out for both the UK and the US schemes by Xafinity Consulting and Mercer Limited respectively. The valuation, using IAS 19 assumptions and methodology, form the basis of the disclosure.

VisitBritain (BTA) also has additional pension liability of £300k (2010 - £322k; 2009 - £292k) for pension payments to ex-chairmen which are unfunded and are included within the retirement benefit liabilities in the Statements of Financial Position.

#### Change in pension discount rate

A change in the pension discount rate from RPI to CPI was announced by the Government with effect from 2010/11. This impacts our deferred benefits and pensions earned in respect of service before April 1997 and leads to a reduction in liabilities because the CPI is lower than RPI, which is treated as a change in accounting estimate.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

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#### 28 Retirement benefits (*Continued*)

##### UK BTBPS

The latest full valuation of the UK pension scheme was carried out with effect from 1 April 2009 and liabilities for the IAS 19 disclosure have been calculated by rolling forward the valuation liabilities from that valuation date to the measurement date, allowing for payroll and benefit information. The resulting liabilities have then been adjusted to reflect the different assumptions used.

The UK scheme is a multi-employer scheme including other Tourist Boards where the employers' contributions are affected by a surplus or deficit in the scheme but the contribution rate is set at a common level and does not reflect the liability of the individual participating employer. In the past each employer was unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis; however from April 2010 the actuary was able to use the results of the triennial valuation at 31 March 2009 to allocate individual member liabilities to each employer. As a result this information has been disclosed in the financial statements with effect from 31 March 2010.

VisitBritain's (BTA's) share of the deficit in the UK scheme at the measurement date under the proposed assumptions is £14.472m. This compares with a notional deficit of £19.281m at the previous year end – an improvement of £4.809m. This improvement is due to changes in the inflation assumption from RPI to CPI. This affected VB's deferred benefits and pensions earned in respect of service before April 1997, leading to a reduction in liabilities.

##### US pension scheme

The overall position of the US pension scheme is continuing to show surplus. The current year result shows a net asset of £584k (2010 - £570k; 2009 - £422k). The recognised surplus as at 31 March 2011 is restricted to £359k (2010 - £486k), as a surplus cap is now applicable in line with para. 58(b) (ii) of IAS 19, the maximum surplus that the company may recognise is limited to the amount which is defined as 'the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan'. VisitBritain (BTA) continued to benefit from this surplus by taking a pension contribution holiday, hence the employer contribution is nil for the current year and will continue to be so for the foreseeable future.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

28 Retirement benefits (*Continued*)

Details of the Group's defined benefit schemes are as follows:

	2011			2010 Restated			2009
	UK scheme	Overseas (US) scheme	Total	UK scheme	Overseas (US) scheme	Total	Overseas (US) scheme
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reconciliation to consolidated statement of financial position</b>							
Fair value of plan assets	110,879	2,323	113,202	104,647	2,280	106,927	1,862
Present value of funded obligations	(125,351)	(1,739)	(127,090)	(123,928)	(1,709)	(125,638)	(1,440)
Total	(14,472)	584	(13,888)	(19,281)	571	(18,711)	422
Present value of unfunded obligations	(300)		(300)	(322)		(322)	
Unrecognised past service cost							
Effect of paragraph 58(b) limit (including requirements for IFRIC 14)		(225)	(225)		(84)	(84)	
Net assets/ (liabilities)	(14,772)	359	(14,413)	(19,604)	487	(19,117)	422
<b>Reconciliation to plan assets</b>							
At the beginning of the year	104,647	2,280	106,927	85,514	1,862	87,376	2,154
Exchange gain/(loss)		(134)	(134)		(90)	(90)	517
Expected return	6,441	161	6,602	5,374	114	5,488	150
Contributions by participants	311		311	310		310	
Contributions by Group	3,018		3,018	952		952	
Benefits paid	(4,699)	(110)	(4,809)	(4,694)	(97)	(4,791)	(113)
Settlements	(24)	(15)	(39)	(13)	(7)	(20)	(5)
Actuarial gain/(loss)	1,185	141	1,326	17,204	498	17,702	(841)
At end of year	110,879	2,323	113,202	104,647	2,280	106,927	1,862
<b>Composition of plan assets</b>							
Equity	64,283	1,865	66,148	42,076	1,690	43,766	1,162
Bonds	15,160	421	15,581	38,843	522	39,365	674
Gilts	9,563		9,563				
Property	9,292		9,292	7,628		7,628	
Cash	0	37	37	4,303	68	4,371	26
Annuities	10,569		10,569	11,395		11,395	
Cash in bank and net current assets	2,012		2,012	402		402	
	110,879	2,323	113,202	104,647	2,280	106,927	1,862

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2011 (Continued)

28 Retirement benefits (Continued)

	2011			2010 Restated			2009
	UK scheme	Overseas (US) scheme	Total	UK scheme	Overseas (US) scheme	Total	Overseas (US) scheme
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reconciliation to plan liability</b>							
At the beginning of the year	(123,928)	(1,709)	(125,637)	(82,855)	(1,440)	(84,295)	(1,039)
Exchange gain/(loss)		100	100		72	72	(400)
Interest cost	(6,786)	(98)	(6,884)	(5,472)	(98)	(5,570)	(73)
Current service cost	(1,596)	(76)	(1,672)	(748)	(89)	(837)	(76)
Past service cost	(1,604)	0	(1,604)	(332)	0	(332)	
Contributions by plan participants	(311)	0	(311)	(310)	0	(310)	
Benefits paid by Group	4,699	110	4,809	4,694	97	4,791	113
Settlements	24	15	39	13	7	20	5
Actuarial gain/(loss)	4,151	(81)	4,070	(38,918)	(258)	(39,176)	30
At end of year	(125,351)	(1,739)	(127,090)	(123,928)	(1,709)	(125,637)	(1,440)
<b>Cumulative actuarial gains/(losses) recognised in other Comprehensive Net Expenditure</b>							
At the beginning of the year	(37,932)		(37,932)	(16,218)		(16,218)	
Recognised during the year	5,336	60	5,396	(21,714)	240	(21,474)	(811)
Effect of paragraph 58(b) limit (including requirements for IFRIC 14)		(151)	(151)		(81)	(81)	654
At end of year	(32,596)	(91)	(32,687)	(37,932)	159	(37,773)	(157)
<b>Included in administrative expenses</b>							
Current service cost	(1,596)	(76)	(1,672)	(749)	(89)	(838)	(76)
Past service cost	(1,604)		(1,604)	(331)		(331)	
Settlement loss							
Expected return on plan assets	6,441	161	6,602	5,374	114	5,488	150
Unwinding of discount on plan liabilities (interest cost)	(6,786)	(98)	(6,884)	(5,472)	(98)	(5,570)	(72)
	(3,545)	(13)	(3,558)	(1,178)	(73)	(1,251)	2
<b>Statement of financial position reconciliation</b>							
Net asset/ (liability)	(19,281)	487	(18,794)	2,659	422	3,081	460
Pension expense recognised in Comprehensive Net Expenditure in the financial year	(3,545)	(14)	(3,559)	(1,178)	(73)	(1,251)	2
Amounts recognised in OCI in the financial year	5,336	(91)	5,245	(21,714)	159	(21,555)	(157)
Employer contributions made in the financial year	3,018		3,018	952		952	
Plan participants' contributions							
Benefits paid directly by company in the financial year							
Exchange rate adjustment - gain/(loss )		(23)	(23)		(22)	(22)	117
	(14,472)	359	(14,113)	(19,281)	487	(18,795)	422

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

#### 28 Retirement benefits (*Continued*)

The expected return on plan assets is equal to the weighted average return appropriate to each class of asset within the schemes. The return attributed to each class has been reached following discussions with the actuaries.

	2010/11		2009/10	
	UK scheme	Overseas (US) scheme	UK scheme	Overseas (US) scheme
<b>Principal actuarial assumptions</b>				
Discount rate on plan liabilities	5.50%	5.50%	5.50%	5.90%
Expected rate of return on plan assets	6.51%	7.51%	5.50%	6.95%
Expected increase in pensionable salary	3.50%	3.00%	3.40%	3.00%
Expected increase in deferred pensions	3.00%	2.50%	3.40%	2.50%
Expected increase in pensions-in-payment *	3.00%	2.50%	3.40%	2.50%
Inflation rate	3.00%	2.50%	3.40%	2.50%

\* From 2010/11, the statutory revaluation and pension increases are linked to the CPI (3.00%) rather than the RPI (3.50%).

The expected return on plan assets is equal to the weighted average return appropriate to each class of asset within the schemes.

The return attributed to each class has been reached following discussions with the actuaries.

#### Defined Contribution Schemes

Other schemes in place during the year to 31 March 2011 are in the Netherlands, Germany, Belgium, Denmark, Norway, Poland, Czech Republic, Brazil, Sweden, Australia, New Zealand and Canada. All of these are defined contribution schemes with the employer's basic rate of contribution varying between 3% and 8% of pensionable salaries. The total charges for contributions to these schemes in the year were £76k (2010 - £95k; 2009 - £105k) and are included within the total pension cost for the year.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)

#### 29 Related party transactions

In compliance with the FReM and IAS 24 'Related Party Disclosures' requirements, details of material transactions with government bodies and companies where Board Members, directors and senior staff have an interest are disclosed:

- a) Intra-department transactions – VisitBritain (BTA) is a Non-Departmental Public Body of the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. During the year, VisitBritain (BTA) had no transactions with the DCMS other than the receipt of grant-in-aid. There were no material transactions to report with other entities for which the Department is regarded as the parent department.
- b) Details of transactions with government bodies and other entities where VisitBritain (BTA) and VisitEngland (ETB) Board Members, directors and senior staff have an interest are as follows.

Representatives	Company name	Role	Nature of supply	Sales to £'000	Debtor balance £'000	Purchases from £'000	Creditor balance £'000
<b>2011</b>							
Ieuan Evans MBE	Visit Wales	Chairman	Marketing promotions	619	98	4	
Peter Lederer CBE	Visit Scotland	Chairman	Marketing promotions	241	9	61	
Sandie Dawe MBE	Visit London	Director	Marketing promotions	476	150	26	
Bernard Donaghue	Marketing Manchester	Director	Marketing promotions	266	18	6	1
Christopher Rodrigues CBE & Penelope, Viscountess Cobham	National Trust	Member	Marketing promotions	245	1	101	
Nicholas Varney	Merlin Entertainment	Board Member	Marketing promotions	350	1	365	10
<b>2010</b>							
Ieuan Evans MBE	Visit Wales	Chairman	Marketing promotions	378	65		
Peter Lederer CBE	Visit Scotland	Chairman	Marketing promotions	300	57	54	
Sandie Dawe MBE	Visit London	Director	Marketing promotions	508	157	35	
Bernard Donoghue	Marketing Manchester	Director	Marketing promotions	168	53	4	
Jenny McGee	One North East Tourism Advisory Board	Observer	Marketing promotions	96	10	7	

## **British Tourist Authority trading as VisitBritain and VisitEngland**

### **Notes forming part of the financial statements for the year ended 31 March 2011 (*Continued*)**

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#### **30 Contingent liabilities**

A complaint was made to the European Commission in July 2006, alleging that the use of grant-in-aid to fund some aspects of VisitBritain's (BTA's) EnglandNet project amounted to a case of State Aid. However, VisitBritain (BTA) anticipates that the outcome of the case could be positive for all parties.

The BLVC lease expires on the 5 April 2012 and will not be renewed. British Columbia was the landlord until the 31 March 2011, but the lease then reverted back to the Crown Estate. So as of the 1 April 2011 the Crown Estate is our landlord and we will have to negotiate dilapidation costs with them. It was not possible to estimate the dilapidation costs and as a result no provision was made.

#### **31 Events after the Statement of Financial Position date**

The Annual Report and Accounts were authorised for issue on 13 July 2011. There are no other events after the Statements of Financial Position date.





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