

# **BRITISH TOURIST AUTHORITY**

TRADING AS



## **VISITBRITAIN & VISITENGLAND**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**Presented to Parliament pursuant to Section 6(4)  
and Section 6(6) of the Development of Tourism Act 1969.**

**Ordered by the House of Commons to be printed 15 July 2013**

**HC 376  
SG/2013/110**

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**London: The Stationery Office**

**£17.00**

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You can download this publication from [www.visitbritain.org](http://www.visitbritain.org).

ISBN: 9780102982633

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID: 2554234

07/13

Printed on paper containing 75% recycled fibre content minimum.

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# British Tourist Authority trading as VisitBritain and VisitEngland

## Annual Report and Financial Statements for the Year Ended 31 March 2013

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### 1. INTRODUCTION

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:

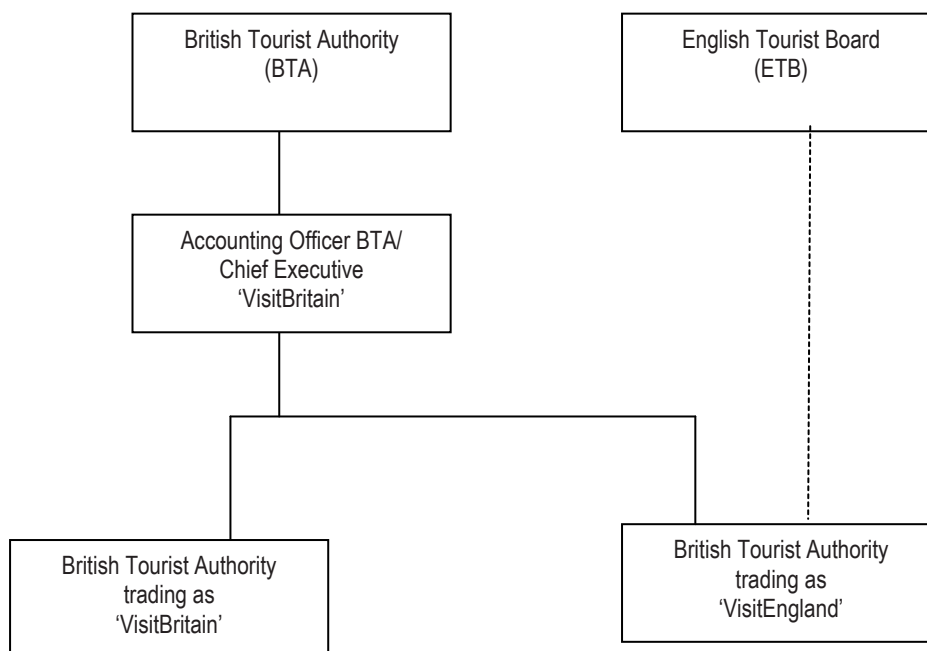
- Encouraging overseas visitors to come to Great Britain
- Encouraging people who live in Great Britain to take their holidays in Great Britain
- Promoting the provision and improvement of tourist amenities and facilities in Great Britain

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. BTA 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 similar bodies in Scotland and Wales. To achieve this within the existing statutory and funding framework, BTA established 'VisitEngland' with a Chief Executive reporting directly to the Chairman of the ETB. Legally, the VisitEngland Executive team remains a part of BTA for funding and governance purposes and undertakes its role as 'The British Tourist Authority trading as VisitEngland'.

VisitEngland is legally accountable to the Board and Accounting Officer of BTA who exercise their responsibilities through an internal Funding Agreement and a Memorandum of Understanding with ETB which details the corporate governance arrangements.



ETB does not receive any income from the Exchequer or from any other source. All costs incurred by VisitEngland and all other expenses connected to ETB's work are met from within BTA's resources. The Secretary of State for Culture, Media and Sport has issued Accounts Directions to BTA which include the requirement for BTA to disclose all expenditure made on behalf of ETB. (See Note 14).

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#### 2. ORGANISATION

The BTA Board comprises the Chairman, Christopher Rodrigues CBE, and six other members, five of whom are appointed by the Secretary of State for Culture, Media and Sport and one by the Welsh Assembly. The Chairmen of ETB and VisitScotland sit on the Board in an ex-officio capacity. In addition, the Chairman of London & Partners and a Member of the Northern Ireland Tourist Board attend Board meetings as observers by invitation.

Two sub-committees report to the Board, the Audit Committee and the Remuneration Committee. Members of both Committees are identified below.

<b>British Tourist Authority Board Members</b>	<b>Appointed</b>	<b>Appointment Expires</b>
Christopher Rodrigues CBE, (Chairman)**	01 January 2007	31 December 2014
Penelope, Viscountess Cobham * **	01 April 2009	31 March 2017
Dan Clayton Jones OBE	01 October 2011	31 March 2013
Dr Michael Cantlay	01 April 2010	31 March 2016
Janis Kong OBE **	13 February 2006	12 February 2014
John Lindquist *	15 March 2010	14 March 2015
Sir Moir Lockhead OBE	11 July 2005	10 July 2013
Stephanie Griffiths	01 April 2010	31 March 2013
The Rt Hon Baroness Liddell of Coatdyke **	15 March 2010	14 March 2014

<b>British Tourist Authority Board Observers</b>	<b>Position, Organisation</b>
Clive Gordon	Board Member, Northern Ireland Tourist Board
Dame Judith Mayhew Jonas DBE	Chairman, London & Partners

The ETB Board comprises the Chairman and six other members, all of whom are appointed by the Secretary of State for Culture, Media and Sport. In addition two observers attend the Board meetings by invitation.

<b>English Tourist Board (ETB) Board Members</b>	<b>Appointed</b>	<b>Appointment Expires</b>
Penelope, Viscountess Cobham, (Chairman)* **	01 April 2009	31 March 2017
Amanda Cottrell OBE	30 May 2011	29 May 2014
David Orr	14 September 2009	13 September 2013
Denis Wormwell	22 June 2009	21 June 2013
John Hoy	30 May 2011	29 May 2015
Nick Varney	22 June 2009	21 June 2013
Sarah Stewart*	30 May 2011	29 May 2016

<b>English Tourist Board (ETB) Observers</b>	<b>Position, Organisation</b>
Suzanne Bond	Chief Executive, Cornwall Development Agency
Sandie Dawe MBE	BTA Accounting Officer/Chief Executive, VisitBritain

\* Members of the British Tourist Authority's Audit Committee

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

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

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#### Organisation *(Continued)*

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

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>

#### VisitBritain Corporate Objectives

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.

VisitBritain's four-point strategy to increase overseas visitor spend to all parts of Britain and improve Britain's ranking as a global destination is to:

1. Inspire travellers from overseas to visit and explore Britain;
2. Deliver a global network to support tourism promotion overseas;
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.

#### VisitEngland Corporate Objectives

VisitEngland is the National Tourist Board for England. It exists to ensure that tourism in England thrives. It does this by:

1. Leading and driving forward the quality, competitiveness and sustainable growth of England's visitor economy by providing intelligence, co-ordinated marketing and strategic direction for the visitor economy;
2. Undertaking its work in partnership with others and actively encouraging greater collaboration between the different sectors involved in the visitor economy; and
3. Supporting its partners at national and local level to achieve economic growth and increase investment and employment by encouraging the development of excellent visitor experiences and effective business practices.

VisitEngland's corporate priorities are to:

- Drive forward the implementation of the Strategic Framework for Tourism in England to contribute to the annual 5% growth target and deliver the actions for which VisitEngland is responsible;
- 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 ensure England is visible in the international market place;
- 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;
- 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 overheads in accordance with the Management Agreement with DCMS; and
- Support Government to achieve its policy aspirations as appropriate and relevant to VisitEngland.

### **3. REPORT FOR THE YEAR 2012/13**

#### **3.1 VISITBRITAIN REPORT FOR THE YEAR**

##### **Overview**

Few industries are as important to Britain as tourism. The UK's fifth largest; it supports 2.6 million jobs, over 200,000 small and medium-sized enterprises, and contributes £115 billion (8.9%) to the country's GDP each year. A significant proportion of that comes from overseas visitors and is a valuable source of foreign exchange.

In over four decades since the Development of Tourism Act 1969, no year has presented such a sustained sequence of significant British anniversaries, sporting events and cultural activities with global appeal as 2012. Millions watched as we celebrated the Queen's Diamond Jubilee in the spring. Millions more followed the Olympic Torch as it criss-crossed the country in early summer on its 70-day, 8,000-mile journey. Then in August and early September, by some estimates, over half of the world's population looked on as London and other destinations around the UK hosted the Olympic and Paralympic Games.

VisitBritain took full advantage of these and other cultural, sporting and heritage-related opportunities to promote and enhance Britain's image throughout the world and maximise the economic benefits of tourism to its nations.

Overall during the 2012 calendar year Britain welcomed over 31 million international visitors – a 1% rise on 2011 – who spent a record £18.6 billion – a 4% increase in nominal terms. More than one in three of these visitors chose Britain as their holiday destination, with the remaining 19 million representing a recovery in the numbers travelling on business or to visit friends and relations (VFR). Some 685,000 visits from overseas to the UK during July, August and September can be attributed to the Games, with those visitors spending an average of £1,350 each and a total of over £900 million.

Visitor numbers from a number of our traditional markets of Europe and North America recovered strongly following a number of lean years and we attracted a record number of visitors (4.9 million) from elsewhere in the world, including record numbers from Brazil and China, two of the four economically-important BRIC countries.

The figures indicate that Britain in 2012 avoided the downturn in overall visitor numbers and spend experienced by some Olympic host nations. This year, for the first time, perceptions of Britain's 'welcome' to visitors was rated among the top 10 countries in the world and our international rankings for 'overall national brand' and 'culture' also improved.<sup>1</sup>

The UK also saw its position improve from 7th to 5th<sup>2</sup> in terms of overall competitiveness in tourism according to a recent World Economic Forum report, thanks to significant increases in the scores for affinity for tourism, attitude towards visitors and effectiveness of marketing – a testament to the impact of the GREAT Britain campaigns - both image and tactical – run by VisitBritain.

Our strong marketing performance has also been recognised by independent experts, with the former Marketing Director of the International Olympic Committee remarking, "Full credit must go to the UK tourism board and their programme to fully capitalise on being the Olympic host. Their GREAT Britain campaign and how it exploited the Olympic opportunity, will probably deliver the best results of all."

By continuing to learn from, and improve on, our promotional activities and commercial partnerships and by informing policy development favourable to tourism, we forecast that a million extra visitors will come to the UK in 2013/14 spending an additional £500 million, helping to generate an additional 12,500 jobs. For the first time, international visitors are likely to spend more than £19 billion in Britain – contributing £3 billion in taxes directly to the Exchequer.

##### **Delivering on the Opportunity of 2012**

To maximise the tourism potential of this Jubilee and Olympic year, VisitBritain mounted a highly-integrated programme of marketing and public relations activity drawing on both existing and new funding streams. Work targeted at attracting visitors to Britain drew on the £100 million marketing budget for 2011-15 generated by match-funded partnerships with the industry and capitalised on the additional funds used to promote Britain's image as a tourism destination, increasing propensity to travel.

<sup>1</sup> Anholt GfK-Roper Nations Brand Index, November 2012

<sup>2</sup> World Economic Forum's Travel & Tourism Competitiveness Report 2013



## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

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#### VisitBritain Report for the Year 2012/13 (Continued)

##### Building up to the Games

In the Olympic year the world's attention was first drawn to Britain in May 2012 with the Queen's Diamond Jubilee celebrations. To promote Britain's royal heritage – a major draw for visitors – VisitBritain worked with the Royal Household and others, creating and supplying information and images to the media including stock footage and an app. Global interest was highest in Australia, parts of Europe and North America, with over 1,500 pieces of coverage generated by VisitBritain in the United States alone worth \$15 million in advertising equivalent value.

During the build-up to the Games, a comprehensive range of initiatives were undertaken to support our marketing activities. In conjunction with the BBC, 40 short films featuring 2012 locations were shot and made available to broadcasters. Sporting celebrities Boris Becker, Colin Montgomerie and Lennox Lewis provided their time for free to create videos showcasing famous British sporting venues – generating a marketing-in-kind value estimated at £1.7 million. We also produced Britain for Broadcasters, a comprehensive guide aimed at international broadcasters recommending filming locations and explaining permits and fees.

Particular focus was given to promoting Britain to visitors from the BRIC countries. A delegation of Russian tourism officials visited London in April and two Russian TV channels covered the visit to the UK of five Russian Olympic champions, organised with the British Council and the Russian Olympic Committee. We ran a Heritage is GREAT quiz on Weibo, a leading Chinese social media platform, and facilitated the filming in Britain of an eight-episode series for a major Chinese TV channel. We also assisted a Brazilian broadcaster with 10-days of filming in the UK for inclusion in a programme reaching a monthly audience of 63 million.

An investment of £4 million (cash and in-kind) in pre-Games marketing activity included campaigns with British Airways, P&O Ferries, Expedia, Virgin Australia and STA Travel.

As the eyes of the world turned to Britain around the Diamond Jubilee and the 2012 London Games, marketing activities started to wind down, with the exception of hundreds of global TV slots to show the VisitBritain TV adverts as part of our partnership with the All England Lawn Tennis Club.

##### During the Games

The duration of the Games saw an intensive period of PR and digital activity. Through our presence at the London Media Centre we supplied 8,600 journalists from 102 countries with information about destinations, activities and experiences across the whole of Britain. Our team delivered over 200 promotional events including media briefings, hospitality and opportunities to interview our VisitBritain spokespeople; we distributed a Media Offers Guide including 750 discounted or complimentary offers from leading hotels, theatres and visitor attractions, and made available broadcast quality stock footage and imagery. Over 500 overseas media organisations took part in media tours to locations in each of the four nations.

Supported by British Airways, we hosted a World Travel Leaders' Summit during the Games, attended by 20 of the world's most influential figures in international tourism. As well as visiting the Olympic Park, our guests were escorted to a range of tourist destinations and attractions across each of the four nations, and contributed their expertise to a summit on opportunities and barriers to growing tourism in Britain.

##### VisitBritain's Olympics in Numbers

During the Olympic and Paralympic Games:

£1.6+ billion estimated value of international broadcast coverage of Britain;

1.4 billion people reached by VisitBritain-related activity;

60 million connected with our digital media platforms – including over 5 million people engaging on Facebook and Weibo during the Olympic Opening Ceremony;

£200+ million worth of media coverage of Britain in China alone (8 x annual target);

121,000 downloads of the Best of Britain App (developed in partnership with Samsung Electronic).

## British Tourist Authority trading as VisitBritain and VisitEngland

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#### VisitBritain Report for the Year 2012/13 (Continued)

##### Creating a Legacy

To maintain the momentum generated by the Olympics, a new £13.5 million phase of marketing activity was launched on the day after the Paralympics closing ceremony. Tourism-related businesses supported the campaign with a co-ordinated package of offers and incentives centred on the GREAT Britain themes of heritage, countryside, sport, shopping, music, food and culture.

For examples, a partnership with British Airways included £5 million match-funded brand activity in China, Japan, India and the US and £2.5 million tactical activity in UAE, Canada, Brazil and Russia – running from October 2012 until the end March 2013. Under the slogan 'The Big British Invite', the campaign featured 'real' British people inviting potential visitors to visit Britain and enjoy their favourite places and experiences. Nine launch ambassadors include the Chief Yeoman Warder of the Tower of London and the producer and CEO of the Edinburgh Military Tattoo. Launched in October with print and digital advertising featuring special fares, the second phase ran from January, with PR stunts, poster advertising and digital activity.

To provide another significant event around which to generate interest in Britain, VisitBritain turned to popular culture and the release in October 2012 of SKYFALL, as well as the 50th anniversary of James Bond. The 'home of Bond' connection was used to showcase a range of British destinations globally through cinema, press, digital, and outdoor marketing, with Oscar nominations sustaining interest into February 2013. Over 13.2 million people in four of the GREAT key markets saw our Bond is GREAT cinema advertising. The online video was viewed a further 11.4 million times and press interest in the Bond is GREAT Britain campaign resulted in over 2,100 items of coverage worth an equivalent of £36 million in advertising and with the potential to reach over 650 million people.

As a result of a long-standing partnership with the Barclays Premier League, VisitBritain secured five new football ambassadors, including Japanese superstar Shinji Kagawa. In addition to £4.2 million worth of PR coverage for Britain seen by 69.8 million people around the world, the joint campaign on CABLE TV, the official Premier League broadcaster in Hong Kong, secured £2.2 million in advertising equivalent value.

The legacy of the year is clear. Research carried out post-Games showed that Britain's ranking for 'overall nation brand' and 'culture' moved up a place, and for the first time Britain is seen in the top ten for its welcome. The coverage VisitBritain generated of Britain has also contributed to 75% of respondents agreeing that they wanted to see more of Britain than London and 70% agreeing that Britain has lovely countryside<sup>3</sup>.

This is backed up by tracking research into the impact of the GREAT Britain campaign which found that overall intention to visit Britain in 2013 is higher than in 2012<sup>4</sup>. Significantly, those who recalled seeing the GREAT Britain campaign were more than twice as likely to visit Britain in the next year than those who did not, and the desire to visit destinations outside of London was as strong as for London itself.

##### **Impact of our Global Network**

In addition to its offices in London, VisitBritain maintains a network of experienced staff on the ground in locations around the world. In 2012/13 we continued to align the network and its activities to maximise our influence in key markets, helping British travel suppliers access export markets, promoting Britain's image and competing for international visitors.

Working with colleagues in London our global network hosted or participated in over 20 opportunities to promote Britain to tourism industry representatives. Events ranged from international trade fairs in major capitals to roadshows in regional towns, with activity in all our strategically significant markets including the BRIC countries, the Gulf, Japan, USA, Canada, Asia Pacific, Germany and Spain. Our programme of outbound sales missions was well supported. 343 businesses participated in our missions which ran in 14 markets.

<sup>3</sup>Anholt GfK-Roper Nations Brand Index, November 2012

<sup>4</sup>Brand tracker 2012

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#### VisitBritain Report for the Year 2012/13 (Continued)

In March 2013, VisitBritain hosted 'Hosted Buyers Marketplace' in Britain. Over 400 UK suppliers and international buyers from 22 markets attended. In addition to a day of one to one appointments, a gala dinner and a visit to the Queen Elizabeth Park, the international buyers were invited on one of 16 tailored trips from the Scottish Highlands to Cornwall, with activities including coasteering on the Welsh coast and driving vintage cars at Goodwood.

BritAgent is VisitBritain's online modular training programme for the travel trade. It improves agents' knowledge about Britain and its tourism offer, and hence their potential to increase sales, while creating a valuable communications channel. The benefits for certified BritAgents include business referrals and priority invitations to VisitBritain's business-to-business events. BritAgent was rolled out in Brazil and Qatar this year. All of VisitBritain's European markets, including Poland, are now covered by BritAgent. Some 5,400 agents globally have successfully completed the training, with a further 4,000 registered on the programme.

#### Global Network in Numbers

30,000 articles generated resulting in 68 billion opportunities to see with an AEV<sup>5</sup> of £2.8 billion;

750 media visits organised;

20 trade events hosted or attended in 14 countries – reaching in the region of 34,600 travel trade and business representatives.

#### Impact of our Digital Resources

VisitBritain's digital presence was radically transformed during the year using the London 2012 Games as the impetus. The VisitBritain.com website was upgraded to ensure better user experiences in many countries and to support the coverage of the 8,000-mile Torch Relay, including live streaming, staff blogging and tweeting about locations and personalities, and the uploading of images and video content.

Our Best of Britain Samsung app was upgraded to include David Beckham's Top 10 Favourite Places to visit in the UK, content about Olympic Torch and Games locations to inspire visitor interest and accommodation and entertainment options for visitors.

Our Facebook page, Love UK, passed the landmark million-follower figure, securing its position in the Top 10 biggest British travel brands on Facebook and one of the biggest of all UK brand pages. During the Opening Ceremony over 100,000 people liked, shared or commented on the page, with over 2.5 million people seeing our images. Our Weibo account also saw substantial increases in engagement, with one post about the London Underground being shared 2,000 times to reach an estimated audience of one million.

Immediately after the Games, VisitBritain ran its first fully integrated digital campaign around the release of SKYFALL and the 50th anniversary of James Bond with Agent UK. Results show that this campaign had the potential to contribute directly towards over 145,000 tourist nights in Britain and potential to contribute to almost £12 million in additional visitor expenditure.

#### Digital VisitBritain in Numbers

13.5 million visitbritain.com page views with an average of 1.9 pages viewed per visit;

9.9 million views of GREAT Britain content on Yahoo.com generating 5 million clicks to VisitBritain's digital channels;

1.2 million likes of the Love UK Facebook page;

Over 132,000 @visitbritain followers (an increase of 200% on 2011/12);

20 million online views of videos;

Over 500,000 views of blogs on VisitBritain's Superblog;

Over 300,000 Weibo followers

<sup>5</sup>AEV: Advertising Equivalent Value – the amount that content would cost if paid for in advertising

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

### **Annual Report and Financial Statements for the Year Ended 31 March 2013**

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#### **VisitBritain Report for the Year 2012/13 (Continued)**

##### **Impact of our Partnerships**

Partnership working was stronger than ever this year with the Olympics providing unprecedented opportunities to collaborate on campaigns, strategic alliances and complementary activity.

VisitBritain works with partners in both the UK and overseas. These partners include government agencies, such as UK Trade and Investment (UKTI), the Foreign and Commonwealth Office (FCO) and the British Council, airlines and operators, global brands such as Samsung and the Barclays Premier League, and the official tourism bodies for London, England, Scotland, Wales and destinations. By delivering insights, trends, analysis and performance research for industry sectors, VisitBritain has encouraged international marketing that's inspirational and relevant, as well as better targeted product development. The private sector funding secured has doubled the impact of Government's investment in VisitBritain's marketing activity.

##### **A More Efficient Service**

Savings in operating costs in the region of £0.4 million were achieved this year as the programme to co-locate VisitBritain's overseas offices with FCO or British Council premises continued. Offices in Beijing, Hong Kong, Shanghai, New York, Toronto and Sydney were all relocated successfully, while the move into the Consulate General's premises in Amsterdam means that all our European offices are now co-located, leaving only four of our 24 overseas offices independent of the public diplomacy estate, with two - Delhi and Tokyo - moving early in 2013/14. Additionally, our hub in Asia-Pacific Middle East was re-located from Singapore to Dubai in response to the growing significance of the Gulf region and the desirability of fostering strategic relationships with Gulf-based airlines.

Retail operations performed strongly this year, with total revenue of £10.8 million exceeding the target for the year by 9.1%, and net profit of £0.6 million reinvested in activity. Digital channels also performed strongly with traffic to VisitBritain online shops up by 73% on the previous year and revenue up by 42% to £0.9 million.

Image sales from Britain on View, a commercial collection managed on our behalf by Getty Images, met the revenue target of £128,000. Interest continued to grow in our new non-commercial asset library VisitBritainimages.com launched in November 2012 with 3,500 images available free to press and trade media in 2013. With 55,000 images available overall to VisitBritain and industry partners, its value is estimated at £2 million annually to British tourism, based on the projected figure of 2,000 downloads per month.

##### **Advisor to Government and Industry**

In 2011 the Government set out three objectives; to fund the most ambitious marketing campaign ever to attract visitors to the UK in the years following 2012; to increase the proportion of UK residents holidaying in the UK; and to increase the productivity of the tourism sector, making us one of the world's top five most efficient and competitive visitor economies in the world. VisitBritain is committed to furthering these Government objectives through its own actions and through its advice to ministers and other public bodies in relation to increasing value from overseas tourism.

During 2012/13 VisitBritain worked closely with Number 10, others across Government, and the private sector to reduce barriers that may deter visitors from overseas, to support efforts to improve the competitiveness of Britain as an international tourist destination, and to maximise the impact of the GREAT campaign. Over the past year VisitBritain has responded to 11 Parliamentary Questions, and provided a large number of briefings on tourism issues to MPs and peers. These have covered a range of issues including the UK's tourism competitiveness in China, and the regional benefits of international tourism across Britain. In its role as statutory advisor on tourism, VisitBritain continues to actively respond to consultations relating to the sector, including the Davies Review on airport capacity in the South East, and the All Party Parliamentary Group on Events tourism.

The World Economic Forum's latest biennial Travel and Tourism Competitive Index rates Britain as fifth in the world, two places higher than previously and achieving the ambitious target set by Government. Meanwhile progress has been made in changes to the visa regime – the main focus has been in China – simplifying and speeding up the application process.

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#### **VisitBritain Report for the Year 2012/13** *(Continued)*

VisitBritain's knowledge of global and UK tourism trends, and what drives them has continued to play an important role in informing those that have a stake in tourism, be these public or private. The comprehensive suite of publications and briefings have included monthly and quarterly digests of the latest visitor statistics, analytical reports focussing on major drivers of inbound tourism such as 'welcome' and 'value for money', comprehensive 'go to' reports detailing intelligence on each of the markets where VisitBritain is active.

Through the deployment of a number of tools – daily tweets, fortnightly newsletters, the VisitBritain LinkedIn group, the dedicated website [visitbritain.org](http://visitbritain.org), industry events, regular presentations to a wide array of audiences, filmed updates – a direct audience of over 11,000 tourism businesses has been reached.

## British Tourist Authority trading as VisitBritain and VisitEngland

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#### VisitBritain Report for the Year 2012/13 (Continued)

#### VisitBritain Key Performance Indicators 2012/13

VisitBritain met all Key Performance Targets. The overall impact of our overseas work in 2011/12 was £503 million in Extra Visitor Spend with an additional £89 million generated in partner booking. The 2012/13 result is not available until the autumn, and will be reported in next year's Annual Report.

Leveraging an exceptional year, which included the Diamond Jubilee and the Olympic and Paralympic Games, our PR activities in 2012/13 far exceeded their target with an AEV of £2.8 billion.

Description	Definition	2012/13 (Actual/Target)	2011/12 (Actual/Target)
Extra Visitor Spend*	The amount visitors spend in Britain that resulted from VisitBritain interventions	Note 1/ £375m	£503m / £375m Note 1
Advertising-Equivalent Value	The monetary value of press and PR coverage generated in overseas media based on what equivalent advertising space would have cost	£2.8bn / £400m Note 2	£3.7bn / £350m
Marketing and PR Spend*	Grant in aid spent on marketing and PR	£14.3m / £11.2m	£10.7m / £10.5m
'GREAT' Britain Image Campaign*	Grant spent on 'GREAT' Britain image campaign	£12.6m / £12.5m	£10.2m / £10m
Partner Contribution – Cash*	Cash contributions from partners to VisitBritain activities	Core: £6.7m / £6.1m GREAT: £2.7m / £2.5m	£5.6m / £5m
Partner Contribution – In-kind* Note 3	In-kind contributions from partners to VisitBritain activities	£7.3m / £5.6m	£5.6m / £5m
Overseas Presence*	Number of top and emerging markets VisitBritain operates in	21	21
Administration Spend Reduction*	Cumulative progress on achieving 50% reduction in real terms in administration spend by 2014-15	40%	37%

\* These are DCMS Management Agreement KPIs

#### Note 1:

#### Additional Spend Evaluation

To identify additional spend, the evaluation methodology surveys consumers. Each survey asks directly about travel and the effect that VisitBritain's marketing and information had on choices to travel. Surveys are timed several months after each campaign, so that actual travel plans can be captured in the survey, and regional spending patterns estimated. The 2011/12 results were not available until autumn 2012, after the publication of the Annual Report and Accounts for the year ended 31 March 2012. Similarly, the 2012/13 results are not yet available, and will be reported in autumn 2013, and the 2014 Annual Report.

#### Note 2:

#### Advertising Equivalent Value

VisitBritain worked with Metrica Global Analytics to evaluate the advertising – equivalent value using industry standard methodology.

**VisitBritain Report for the Year 2012/13** *(Continued)*

**Note 3:**

**In-kind Partner Contribution**

In-kind support is something, be it a product or a service, which is provided by partners that would normally have a 'price' attached to it, but which is being offered 'for free, or at a reduced price'.

**Delivering a Golden Legacy: A Growth Strategy for Inbound Tourism 2010 – 2020**

VisitBritain published a draft inbound tourism growth strategy for Britain, with an ambition to reach 40 million visitors, spending £31.3 billion by 2020, a 3% year-on-year increase. The strategy shows how aligning marketing and Government policy can deliver growth, building on Britain's successful hosting of the London 2012 Olympic and Paralympic Games. Reaching that figure would secure £8.7 billion additional foreign exchange earnings at today's prices, and support more than 200,000 additional jobs.

In absolute terms the majority of growth in both visits and value is forecast to come from established markets. Emerging markets have been growing, and will continue to grow quickly, making a significant contribution to the UK visitor economy. These are, however, markets with significant long term growth potential, where VisitBritain's research demonstrates that knowledge and perceptions of Britain as a holiday destination are weaker, and where time and resource-intensive engagement with the travel trade are key to increasing visits.

A summary of nearly 300 responses to the consultation was published in January 2013 and the strategy on target to be published with a foreword by our Secretary of State, the Rt Hon Maria Miller MP, in Spring 2013, supported by market by market plans.

The consultation exercise confirmed four key elements which together are drivers of future success:

1. Enhance Britain's image by playing to its strengths such as heritage, traditional and contemporary culture. At the same time, build on the positive perceptions of Britain generated by our year in the global spotlight.
2. Ensure that Britain is packaged and sold more widely by working with the travel trade in key markets.
3. Broaden Britain's strong product offering so that it continues to meet the expectations of new visitors from growth markets.
4. Make visiting Britain easier by addressing limiting factors such as aviation capacity and the current visa process.

These have informed VisitBritain's priorities for 2013/14, which are set out overleaf.

**Strategic Priorities for VisitBritain 2013/14**

The calendar year 2012 was rich in opportunities to reap short-term benefits for tourism, as summarised above. Our ambition for 2013/14 is to ensure the benefits from the previous year's unique circumstances are sustained for the long term. By summer 2013 we will demonstrate an on-going tourism dividend from the 2012 Games. By 2015 we will show an increase in jobs and growth attributable to tourism and that we are on track to attract 40 million international visitors by 2020.

To achieve this, VisitBritain has set the following priorities for the year 2013/14:

- Continue lead role in the GREAT Britain campaign, working with government agencies and departments to position Britain as a great place to visit, study in, invest in and do business with.
- Extend the GREAT Britain brand by launching the third year of our match-funded £100 million tactical programme, broadening the range of commercial partners and securing high levels of return.
- Implement the Britain tourism strategy for long-term growth, working with commercial and public sector partners to tackle barriers to growth.
- Maintain an international presence, grouping inbound markets with similar characteristics into one of four categories – 're-energise, grow, make and nurture' – to help define the appropriate targets, actions and tools for each market.
- Produce research, analytics, consumer and market insights that inform our marketing, are of benefit to the industry and underpin our role as trusted advisor to the Government.
- Continue work on policy issues that affect Britain's competitiveness. We will also work on cross-government initiatives such as soft power and relationships with emerging powers.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

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#### VisitBritain Report for the Year 2012/13 (Continued)

##### The GREAT Programme

VisitBritain will continue to play a lead role in the GREAT campaign, working with Government to position Britain as a great place to visit, study, invest in and do business. Government has committed £12 million to an image campaign focused in seven markets to increase propensity to travel. To extend the GREAT brand VisitBritain will deploy resources from the £100 million tactical campaign (now in its third year of four) in such a way that it broadens the range of partners and drives visits, securing high rates of return.

##### Delivering a Golden Legacy: A Growth Strategy for Inbound Tourism 2010 – 2020

VisitBritain will develop plans with commercial and public sector partners to address the barriers and capitalise on the opportunities and we will monitor and report progress.

##### Reviewing Operations to Increase Impact

VisitBritain will review its global network and digital presence, and align its PR operation to the strategy, categorising each of inbound markets as 're-energise,' 'grow,' 'make,' or 'nurture'. Targets, actions and tools for each will be set accordingly. We will also review our commercial partnerships to inform future potential for brand building, return on investment, customer reach and other benefits, and review our PR, digital and social media to ensure they are acting in concert to amplify our messaging.

##### Insight and Influence

VisitBritain will produce research, analytics, and consumer and market insights that inform our marketing, benefit the industry, and underpin its role as a trusted adviser to Government. Its work on policy issues that affect Britain's competitiveness will be continued, as well as on cross-Government initiatives that foster influence (soft power) and build positive relationships with emerging powers. A common theme to emerge from the consultation on the Britain strategy was the value of business visits and events for raising international recognition of Britain as a travel destination and the inclination to visit. In recognition of this, "*Delivering a Golden Legacy*" articulated a Britain-level role and activity that VisitBritain will undertake.

##### Funding

Funds to augment its core grant-in-aid will be sought – by increasing profits from our retail operation and securing match-funding from partners, as well as exploring the potential for contributions from other Government bodies towards tourism targets.

Overall in 2013/14, our activities are aimed at supporting the creation of 17,500 new jobs by generating £750 million revenue to the economy that would not otherwise be spent in Britain by visitors.



### **3.2 VISITENGLAND REPORT FOR THE YEAR**

#### **Background**

VisitEngland is England's national tourist board. The mission of VisitEngland is to lead and drive the quality, competitiveness and sustainable growth of England's visitor economy by providing strategic direction, intelligence and co-ordinated marketing for the sector.

As the lead body for tourism in England the organisations, purpose is to '*ensure that tourism in England thrives*', working with industry and Government to safeguard the sector's successful and sustainable future.

#### **Operational Environment 2012/13**

The Government's Tourism Policy, in conjunction with its localism and economic growth agendas, sets a clear fiscal, policy and delivery framework. Alongside this, the National Strategic Framework for Tourism 2010 – 2020 states the sector's own priorities to achieve 5% growth per annum.

VisitEngland has led and supported the sector during 2012, a period in which UK tourism enjoyed great support from national Government as the country hosted the international community for a year of unprecedented celebration. 2012 provided the industry with an opportunity like no other to raise awareness of its products, the diversity and quality of the tourism offer and a unique opportunity to achieve a step change in growing tourism's contribution to the economy. Despite this year's change in both Secretary of State and Minister, the support by DCMS for the sector and VisitEngland has remained consistent and strong.

The year was not without its challenges. Changes in the local delivery landscape have continued, with new destination organisations and partnerships emerging and existing ones reducing in size or merging with other local organisations. In some cases these mergers have involved the tourism body taking on a wider remit, in others it has resulted in tourism being a division of a larger structure. There are now around 200 local tourism organisations, with around 40 considered to be functioning Destination Management Organisations (DMOs).

However in almost all destinations, funding and capacity have remained tight. The pressure on Local Authority budgets continues and is only predicted to become tighter. The Regional Growth Funded project '*Growing Tourism Locally*' has helped some destinations to protect their funding by enabling them to demonstrate additional value from their existing budgets. Increasingly the private sector locally has been expected to fill the gap caused by funding cuts in the public sector, but with challenging trading conditions and more public agencies turning to the private sector, results are progressively more difficult to achieve.

#### **Market Context 2012/13**

In many ways, 2012 was a challenging year for domestic tourism. The economy remained sluggish, the summer was the wettest for a century, and the Olympics, though widely enjoyed, changed the pattern of demand for goods and services which was hard to predict and caused differing concerns across the country for different parts of the industry. Whilst economic conditions continued to be broadly conducive to growing domestic tourism during 2012/13, prolonged macro-economic conditions have impacted on consumers' willingness to spend their disposable incomes and the trend to choose day visits has increased.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

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#### VisitEngland Report for the Year 2012/13 (Continued)

Against this background, it is perhaps not surprising that the number of domestic overnight tourism trips taken stalled, increasing by just 0.2% in England compared to 2011, although positively, the amount spent continued to grow, and the 9% increase in expenditure brought overnight value to a record high in nominal terms.

As in previous years, trends differed by trip purpose. A marginal 0.4% decline in holiday trips left volumes still well above pre-recession levels, with spending at an all-time high (and at the same time there were no signs of recovery in outbound holiday volumes). An overall increase of 3% in business travel was the result of strong performance in the early and late parts of the year, but declines in late summer and autumn. A 1% decline in visits to friends and relatives (VFR) reflected fewer "duty" VFR trips, whereas leisure VFR trips grew year on year.

Alongside differences by trip purpose, performance trends around the country varied widely. Leisure tourism to cities grew strongly, but 9% fewer rural holidays were taken, and the North East and Yorkshire, and London and the South East all outperformed Eastern and South West England.

While fewer overnight trips were taken in 2012, the year to November saw a 9% uplift in the number of tourism day trips taken, suggesting that there was some degree of substitution, with uncertain weather and limited finances encouraging consumers to undertake leisure activities closer to home instead of taking overnight trips further afield.

#### The Olympic Effect – Domestic Tourism

Between July and September, some 11 million tourism day trips were taken which included an Olympic activity, of which almost 8 million involved watching an Olympic or Paralympic sporting event. In total, £1 billion was spent on these trips, an average spend per trip of almost £90, well in excess of average day trip spending of £33.

In addition, initial analysis suggests that just over 1 million domestic overnight trips involved Olympic activity, worth c. £330 million, and including c. 600,000 trips which involved attending an Olympic or Paralympic sports event.

While there were undoubtedly changes in consumer behaviour during the main Games period, for example, people staying away from central London, especially in the first Olympic week, it seems likely that the Olympic Games themselves had only a minimal impact on overall domestic trip volumes for 2012. The sector rose to the challenge to present its product competitively to stimulate and capture the domestic market, making the most of the opportunities given by the Torch Relay, and TV coverage. Over four-fifths of British residents made no changes to their holiday patterns as a result of the 2012 events, and as any changes made included both those who travelled more within the country and those who travelled less, it seems likely that the *net* impact was neutral, although this was not necessarily the case for individual businesses and destinations in or close to Games locations.

The main concern in the year was to prevent a potential downturn in domestic tourism as the Olympics caused a distraction from normal holiday taking behaviours and /or exacerbated a trend to 'escape' the Games. Undoubtedly the work of VisitEngland to stimulate the market through the GREAT TV campaign helped to achieve this. The interest from the international and national media was high and the activities in the year to provide the media with stories and information on the product has provided a strong basis for legacy activity in future years.

#### Funding

VisitEngland's funding agreement with DCMS commits the organisation to implement the £25 million 'Holidays at Home' campaign (including GREAT). VisitEngland Grant in Aid for the 2012/13 financial year was £11.2 million, including £3 million for the domestic GREAT campaign. In addition £6.9 million was received as Regional Growth Funding from DBIS for the delivery of the 'Growing Tourism Locally' programme of activity with local destination partners.

#### Activity in 2012/13

##### Leading the Industry

As a Non-Departmental Public Body sponsored by the Department for Culture Media and Sport, VisitEngland is influenced by the Department's wider governmental priorities. It is also guided by the industry itself through the Strategic Framework for Tourism 2010 – 2020, created and developed by partners involved at national and local levels in both the public and private sectors. VisitEngland is the custodian of the strategy, leading partners in its delivery, but its aim of 5% year on year growth is delivered by the whole of the industry.

**VisitEngland Report for the Year 2012/13 (Continued)**

All of the promised initial 3 year action plans for the Framework are now published and being delivered.

VisitEngland shares the Government's vision of the sector playing a vital role in generating employment and helping to rebalance local economies through private sector led economic growth and our work in supporting business and seeking to influence a wide, range of policy and tourism support agendas reflects this vision. The organisation has prioritised initiatives designed to maximise the Olympics tourism legacy, and worked closely with industry, local Destination Management Organisations and Local Enterprise Partnerships to ensure that tourism is established as a contributor to national and local economic and regeneration agendas.

During 2012 the industry has at various times been concerned about the potential impacts of the Olympic and Paralympic Games. VisitEngland has worked to communicate the opportunity and re-assure the industry whilst delivering activity through press and media activities to provide further opportunities for businesses in areas outside London.

The challenge to co-ordinate so many partners remains, but support from government departments and their agencies, trade associations and local destination partners have enabled VisitEngland to deliver sector leadership and clarity in a dynamic and diverse period.

VisitEngland led the industry in the delivery of the second annual English Tourism Week (ETW13 16-23 March). There was a significant increase in the number of destinations using the campaign to engage with local residents, businesses and key decision makers in order to draw their attention to tourism's contribution to the local economy and to their quality of life. Destinations including Oxfordshire, Lincolnshire, Stafford and Kent showcased their local attractions through "Big Day Out" initiatives and an eclectic collection of local hospitality associations and businesses ran special deals and value added offers. MPs across the country, including the Secretary of State for Culture, Media and Sport, showed their support for the sector by visiting local tourism businesses on Constituency Friday. A key theme for ETW13 was *Customer First!* to highlight the important role of customer care in growing the value of England's tourism.

Policy and Advocacy

In addition to the on-going support provided to DCMS in response to parliamentary questions and ministerial briefing requests, VisitEngland has provided written responses to consultations including the Natural England Paths Consultation, the National Parks Governance Consultation, the EU Sustainability Charter Consultation and the EU Consultation on Quality.

VisitEngland aims to ensure it comments directly on issues affecting the tourism industry whether that is in the form of a pro-active stance, a reactive statement, a response to Government consultations, or where required, a briefing to a key influencer. Despite limited resource in this area we have delivered well against an intensive agenda responding on issues such as the Alcohol Policy Consultation, Marine Plan Consultation, Draft Gambling Plan Consultation, Off-shore Wind Farming, Change of Building Use and the EU Atlantic Action Plan.

In addition we have provided expert advice, presenting and representing VisitEngland's view-point at conferences and meetings relating to Social Tourism, Seaside Towns, Olympic Legacy, Quality of Bathing Water (Blue Flag), changes to the administration of the EU Structural Funds 2014-20, and prepared reactive statements on the Cumbria Nuclear Waste proposals, the EU Package Travel Directive and collated the responses to the Brown Signs Task Force on behalf of DCMS and the Highways Agency.

Partnership and Engagement

The work to embed tourism's role at local and national levels has continued, helped enormously by the implementation of the Regional Growth Funded programme '*Growing Tourism Locally*' and the high profile implementation of the "Holidays at Home are GREAT" cross-media campaign - the most extensive domestic UK tourism campaign ever staged.

Closer working with the cultural sector has resulted in a Partnership Statement with Arts Council England to improve synergies and alignment of delivery activities at National and Local level to achieve greater growth impact. A close working relationship with the Department of Business Innovation and Skills local teams has generated greater understanding of the role of the visitor economy in driving and supporting local growth. In a similar vein a Partnership Statement has been established with the English National Parks Association to ensure that both parties work effectively together to realise the value of the natural landscapes for tourism and work to ensure their future economic wellbeing.

We have also worked closely with the Department for Environment Food and Rural Affairs contributing to its Rural Growth Plan and advising on the Rural Development Programme for England (RDPE).

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

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#### VisitEngland Report for the Year 2012/13 (Continued)

We have worked to support Local Enterprise Partnerships to identify the opportunities from tourism in response to their requests and have provided regular bulletins to the LEP Network and DBIS Local teams. A project with York, North Yorkshire and East Riding LEP on Innovation in the sector is in its early stages.

We have maintained an effective relationship with the Local Government Association in recognition of the important role that Local Authorities have in ensuring the conditions for tourism to grow locally. Our predominant engagement at local level remains with local destination organisations. Much of our activity in this area is face to face and on the phone to ensure our support is tailored to local needs. It has not been possible to meet all destinations but regular communication has been a priority and bulletins to all 200 local organisations, combined with twice a year forums for the 40 recognised Destination Management Organisations have resulted in close partnership working and the development of Destination Management Planning Guidance and online resource to assist local areas to develop plans in conjunction with their industry and other local stakeholders.

The Visitor Economy Forum took place on 22 November 2012, in partnership with RBS/NatWest and was a huge success with over 100 delegates attending from across the sector. The Forum provides an opportunity for senior decision makers in the industry to discuss and debate the issues affecting the sectors growth. The Forum was delivered on a cost neutral basis to VisitEngland. New partners attended from LEPs and the private sector (attractions and SMEs). 100% satisfaction levels were achieved.

#### Supporting Enterprise and Developing the Product

VisitEngland has embedded its new approach to driving the quality agenda, developing effective monitoring and oversight of the accommodation sector quality "licence" and reviewing the Visitor Attractions Quality Assurance Scheme and associated attraction sector schemes.

A review of the Visitor Attractions Quality Assessment Scheme (VAQAS), including the business operating model, was completed in the year and the recommendations for improvement are being implemented.

The new-style VisitEngland Awards for Excellence were held on 22 May 2012 at the Athena Cinema in Leicester. There was a record attendance (473) and a record number of entries received (392 overall). Initial estimate of the PR advertising equivalent value (AEV) is over £450,000. This includes 58 pieces of broadcast coverage, over 270 pieces of regional print coverage and pieces on the BBC website, ITV.com and in the Daily Mail, Daily Mirror, Sunday Mirror and Independent on Sunday.

#### Integrated Marketing of England

With backing from the Government, VisitEngland and the host nation tourist boards of Scotland, Wales, Northern Ireland and London, ran the biggest ever domestic marketing campaign to date. The campaign called *Holidays at Home are GREAT* was designed to encourage Brits to take more domestic short breaks and holidays in the momentous year of 2012.

Over £60 million in incremental spend was generated by the great2012offers.com and the visitengland.com websites between March and October 2012, and a further £240 million was generated by the TV campaign. Based on average spending of £66 per night on English holidays, this £300 million equates to over 4.5 million nights away.

The level of ROI achieved by the Holidays at Home are Great activity indicates that it undoubtedly helped to persuade domestic consumers to Holiday at Home whether they were 'escaping' from London to other areas or experiencing the sporting, cultural or torch events. This in turn has contributed to the continuation of the staycation trend and helped to cement the legacy of the Games by inspiring new and continued interest in England's tourism assets and experiences. The campaign was the most successful campaign for VisitEngland to date, achieving the highest recall and motivation (people intending to take action as a result of the campaign). The multi-media campaign also won the prestigious Chartered Institute of Marketing Excellence Award - Hotel/Travel and Leisure 2012. Regional Growth Funding combined with DCMS grant in aid and private sector match drove the delivery of 'Growing Tourism Locally' destination and thematic campaigns which were visible in the marketplace in the autumn and winter months. The activity is aimed at increasing expenditure on domestic tourism products and services to increase revenues and stimulate job creation. The first evaluation of the programmes outputs took place in May 2013.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

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#### VisitEngland Report for the Year 2012/13 (Continued)

In addition marketing partnership activity with national partners including, National Express, Butlins, Hilton, Expedia, the English Premier League, Blacks Outdoor, Last Minute.Com, Merlin Entertainments, Hoseasons, Creative England, Stena Line, and Irish Ferries has extended the reach of activities to stimulate interest in domestic holiday taking and demonstrated the ability of VisitEngland to work effectively with the private sector to deliver the All England Marketing Plan, one of the action plans of the Strategic Framework for Tourism.

Work to increase engagement with the travel trade was moved to the fore this year and work commenced to provide product training and increased promotion of the English product.

The consumer press and PR resources in the organisation have been stretched this year providing an excellent service to the huge numbers of media before, during and after the Olympic and Paralympics Games, working closely with VisitBritain to service the London Media Centre, organising press trips across the country and responding to queries. Around £90 million of additional coverage has been achieved by the consumer PR activity of VisitEngland in mainstream and specialist media promoting English destinations and tourism products and businesses.

VisitEngland's 'Fan in a Van' project delivered additional promotion and profile to the destinations in and around the Torch Relay route. The camper van and resident social media blogger attracted local, national and international media interest in the 7,000 mile campervan trip around England. The project continues to inspire people to holiday at home, months after completion.

The social media campaign entitled "101 things to do before you go abroad" launched on 14 January 2013. The map-based application has been launched in support of the Regional Growth Fund thematic campaigns and to build on the heightened sense of pride following 2012. The campaign enables fans and partners to recommend their top experience on home turf. The app will become the ultimate compilation of must-do experiences in England. 'Things to do' was uploaded and voted for, by the public between 14 January and 1 March 2013, with the top-rated 101 experiences now being used in legacy activity.

The quality of VisitEngland's work in this area in combination with the corporate communications around the activity was recognised with a Public Relations Consultants' Association Annual Award.

#### *Attracting International Events and Business Tourism*

VisitEngland is, in conjunction with VisitBritain, active in New York, Madrid, Brussels, Berlin and Delhi generating leads and business for England. Working with partners from English destinations, VisitEngland has exhibited at key exhibitions and trade shows including in North America, Germany and China. Organisation of sales missions and familiarisation visits for buyers and agents has also been undertaken. Confirmed business for England from these activities in 2012/13 stands at £9.8 million.

#### Research and Insights

The Research and Insights services of VisitEngland have been in demand across the country and in Government. A large time commitment has been devoted to standardising marketing metrics and evaluation methodologies and attending local events to provide expertise. A Destination Intelligence System was launched enabling online access to tourism statistics. The system brings together all available sources of destination information, allowing users to generate summary reports and bespoke analysis.

Following a request by the English Tourism Research and Intelligence Partnership (ETRIP) Steering Group, VisitEngland held a series of meetings with DCMS, representatives from academia, private sector operators and with the Chairman of the Tourism Society's Consultancy Group to ascertain interest in providing core funding to, or entering into a commercial arrangement with, the Tourism Intelligence Unit (TIU) which, as an RDA legacy body, was at risk of closure. An agreement has been reached which secures the future of this valuable unit for a further 18 months.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

#### VisitEngland Report for the Year 2012/13 (Continued)

##### Corporate Communications

VisitEngland has delivered a consistently effective programme of media engagement designed to highlight its agenda of supporting growth through the delivery of, its travel trade strategy; its re-energised business visits and events activity, RGF programme, development of public and private sector partnerships, market development and the provision of timely and relevant market intelligence. High levels of national, regional and local coverage all supporting VisitEngland's growth story were achieved including broadcast coverage (BBC Breakfast, BBC News24 and Sky News, BBC's Inside Out London, BBC See Hear, and many regional stations). National print coverage included The Times, The Daily Telegraph, The Guardian, trade print coverage, a large amount of coverage in regional newspapers and over 455 pieces of online news.

##### Delivering Value for Money

VisitEngland has worked diligently to deliver effectively within the demands placed on public sector funding, working closely with Government Departments to ensure that alignment of activities and budgets have a combined impact. Encouraging collaboration between national and local levels, and between partners at the local level, has helped to reduce the impact of funding reductions on the delivery activity of our partners. In some areas this has strengthened the understanding of tourism's importance in local economies but in others the challenges remain.

VisitEngland shares back office business services with VisitBritain. During the year we have worked with VisitBritain to identify further operational efficiencies in this area to ensure that the maximum resources possible are invested in front line activities aimed at creating growth and employment. Where the organisation has been presented with new opportunities such as supporting the England Rugby World Cup 2015 we have reorganised to provide a senior project lead absorbing the impact within our existing resources. It is a key principle within our Corporate Plan to regularly assess that the focus of our activities is on the areas where we can intervene to greatest effect.

##### Digital Transformation

Work was started in 2012/13 to develop a revised digital strategy and VisitEngland's adoption of a more digital approach in the delivery of its activities. The organisation already delivers a considerable amount of its consumer facing activity in the digital environment but recognises the need for continuous development in this area. Its current technology platforms need to be more adaptable to the digital world in other areas of its delivery to engage and inform businesses and other partners. The goal is to deliver a five year plan enabling the organisation to quickly adapt to emerging technologies.

#### VisitEngland Key Performance Indicators 2012/13

VisitEngland met all Key Performance Targets.

Description	Definition	2012/13 (Actual/Target)	2011/12 (Actual/Target)
Extra Visitor Spend*	The amount visitors spend in England that would not have happened had there not been VisitEngland interventions	Note 1/£83m	£81.3m / £80m Note 1
Advertising-Equivalent Value	The monetary value of all press and PR coverage generated based on what equivalent advertising space would have cost	£95.4m / £50m	£45.5m / £40m Note 2
Marketing and PR Spend*	Grant in aid spent on marketing and PR plus on Holidays at Home are Great campaign.	£8.36m / £8.06m	£7.2m / £6.13m
Administration Spend Reduction*	Cumulative progress on achieving 50% reduction in admin spend by 2014-15	42%	21%

\* These are DCMS Management Agreement KPIs

VisitEngland Report for the Year 2012/13 (Continued)

**Note 1:**

**Extra Visitor Spend**

The £81.3 million achieved in 2011/12 refers to the period 1 April - 7 March, and not to 31 March as in previous years. The reason for this is that the "Holidays at Home are GREAT Campaign" launched on March 8 2012 and ran into early summer, and results for the campaign as a whole will be presented within the 2012/13 results. To identify additional spend the evaluation methodology surveys consumers. Each survey asks directly about travel and the effect that VisitEngland's marketing and information had on choices to travel. Surveys are timed several months after each campaign, so that actual travel plans can be captured in the survey, and regional spending patterns estimated. The 2011/12 results were not available until the autumn of 2012, after the publication of the Annual Report and Accounts for the year ended 31 March 2012. Similarly, the 2012/13 results are not yet available, and will be reported in autumn 2013, and the 2014 Annual Report.

**Note 2:**

**Advertising Equivalent Value (AEV) Evaluation**

VisitEngland works with Durrants media cuttings and Metrica global analytics to evaluate the AEV of PR activity. Durrants calculates the advertising value equivalent for domestic and international coverage using industry standard methodology, while Metrica analyses the positivity of coverage received, along with its prominence, and the inclusion of key messages.

**VisitEngland Regional Growth Fund "Growing Tourism Locally" Programme Key Performance Indicators**

Description	Actual 2012/13	Total Programme (3 Years)
Jobs Created	Note 1	9,136

**RGF Funding**

Funding	£(m)	Per cent of Total Programme	Total Programme (3 Years) £m
DBIS	£6.9	34.8	£19.8
VisitEngland	£3.1	34.1	£9.1
Other Eligible Match	£5.3	41.7	£12.7
TOTALS	£10.3	36.7	£41.6

**Note 1:**

**Job Creation**

The 2012/13 results will not be available until after the publication of the Annual Report and Accounts for the year ended 31 March 2013 and will be reported in autumn 2013 and in the 2014 Annual Report and Accounts.

**VisitEngland Report for the Year 2012/13** *(Continued)*

**Strategic Priorities for VisitEngland 2013/14**

VisitEngland operates in a dynamic and challenging environment where limitations on the public purse are a reality - wise and efficient use of resources will remain at the heart of the work programme. In addition to maximising returns on public investment, VisitEngland will seek to build ever increasing links with business partners and explore opportunities for new income streams. It will explore new collaborations and partnerships with the private sector and across Government Departments and their agencies to ensure effective and efficient support for the sector.

VisitEngland's key priorities for the year are to:

1. Deliver effective marketing impact through:
  - a. The domestic GREAT activity;
  - b. The Regional Growth Funded 'Growing Tourism Locally' programme with partners and achieve its job creation targets; and
  - c. Achieving increased impact and reach for England and its destinations in the lucrative business tourism market.
2. Deliver a step change in the digital capabilities of the organisation to respond to changing consumer and business needs. Increasing the rate at which the organisation adapts to the digital environment and improving the technical capabilities of the organisation and its people.
3. Deliver a step change in our communications to increase understanding of the organisation's role, strengthen the relationship with the private sector and clearly articulate the legacy of the events of 2012.
4. Support local areas to achieve greater returns from the visitor economy and explore new delivery models and sources of funding and income.
5. Reduce operational overheads to meet the Management Agreement with DCMS, and the additional cuts announced in the autumn Statement 2012, whilst making adjustments to our organisation to accommodate direct funding and relocating offices in central London.

Making the case for public sector support for tourism in England, at both national and local level, continues to be a pertinent and important role for VisitEngland. This case must articulate the wide scope of work that the public sector undertakes that impacts on tourism and not be solely about 'funding for tourism' but about influencing others to work together on common themes to optimise the funds available.

Likewise demonstrating the impact of VisitEngland's co-ordination, collaboration and partnership working in economic growth and public sector spending efficiency terms will increase in importance.

At a time of continuing change within the tourism landscape, VisitEngland will continue to show strong and pro-active leadership in championing the industry. In contributing to the delivery of Government's Tourism Policy and the Strategic Framework for Tourism, and delivering its Corporate Plan objectives.

VisitEngland, through the 'Holidays at Home are GREAT' activity, will continue to deliver the ground breaking UK domestic campaign in association with Scotland, Wales, Northern Ireland and London and, by coordinating and implementing the RGF Project 'Growing Tourism Locally', contribute to the growth opportunity of the domestic market and the staycation. It will continue to seek partnerships to further VisitEngland's and the English destinations' international marketing ambitions with a particular focus on business tourism, thus growing the reputation and impact of England's business tourism sector. It will seek to strengthen media relations both in broadcast, print and online media and extend awareness of England as a destination and increase distribution by working with wholesalers & tour operators.

Our delivery partners locally are a key asset to achieving the growth ambitions for the sector. For VisitEngland to be visible at the local level remains a challenge with current resources. The increased emphasis on digital communications across the business will add value to the face to face networking at the Destination Management Forum, Visitor Economy Forum, industry briefings and workshops.



**VisitEngland Report for the Year 2012/13** *(Continued)*

**Market Context 2013/14**

2013/14 is a year of both threats and opportunities. The poor weather in 2012 and in previous years has led to some consumers cutting out trips, and feeling put off from taking them in future, and those who had “switched” to domestic breaks from foreign holidays were less positive about them than in previous years. Together with an increasing sense that the worst of the recession is over, and perhaps also that if 2012 was the year to be in Britain, 2013 was the year for a change, this attitude shift has led to an increased intention to take overseas breaks this year, potentially at the expense of domestic travel. At the same time, personal finances remain squeezed, and it is possible that recent high street closures and economic news will have dented consumer confidence.

On the other hand, the events of 2012 generated a huge amount of pride in the country, and for some (around 1 in 5) sparked an interest in taking more domestic trips. It also generated a huge amount of media interest nationally and internationally in English tourism events, attractions and experiences. Therefore in 2013 there is a very real need, combined with a timely opportunity, to further increase awareness of the quality and range of products, destinations and experiences available in England and to keep the media briefed with interesting and inspiring stories.

**Operating Context 2013/14**

Challenges that the organisation will need to be mindful of in the coming year are:

- The events of 2012 have given the UK’s reputation a significant boost internationally and it is critical that this impact is capitalised on by the industry;
- The need to maintain interest in domestic holidays despite increasing competition and value conscious consumers. VisitEngland must communicate and inspire using strong value messages without de-valuing the offer;
- The challenging business operating environment for the private sector with rising operating costs pressuring prices to consumers, limited access to finance and reducing profit margins;
- The need to ensure that decision makers understand that whilst tourism revenues appear to be increasing this can be misleading - the rising prices in transportation are causing some of this;
- The changing political and financial circumstances at the local level. VisitEngland needs to ensure it has effective engagement in place to stay informed, adapt its support to local circumstances in order to advise and support local areas effectively;
- Ensuring our work is visible and has impact at the local level within the constraints of available resources.

VisitEngland will work to increase the understanding of how tourism contributes to wider economic priorities.

At grass-roots the pressures on Local Authority funding continue to impact the visitor economy on issues such as the quality of the public realm, effectiveness of signage, the cleanliness of the streetscape, and transport in rural areas. Authorities will continue to respond by absorbing the cuts through efficiency savings but as the funding tightens, tourism as a non-statutory service is vulnerable.

Local Enterprise Partnerships are evolving and in the next 12 months are likely to be strengthened as a result of the Heseltine Review in 2012 and the response of HM Government in March 2012. This includes the introduction of a ‘single local growth pot’ of funding to be made available by different Government Departments. The purpose, scope and performance outcomes expected are yet to be determined. In addition the role of LEPs in European Funding administration is also being explored. These plans are of interest to VisitEngland as European funding remains a useful source of funding for tourism development and growth exploited by some destinations more than others.

The interest of LEPs in the visitor economy and tourism issues is varied. Regular information briefings to LEPs, DBIS Local and attendance at LEP Board meetings and steering groups remains a valuable way to influence agendas and delivery activities which are focussed on delivering the Strategic Framework for Tourism.

The increased profile of tourism as a key driver and supporter of economic growth, the increased maturity of VisitEngland as the national leadership body for tourism in England and the clear market opportunity to grow the quality and worth of the sector provide VisitEngland with a strong and valuable purpose in the coming year.

### **3.3 SHARED SERVICES REPORT FOR THE YEAR 2012/13**

To maximise efficiency BTA operates a Shared Services division responsible for finance, HR, IT, legal and company secretariat and facilities. Shared Services is responsible for putting systems, policies and procedures in place to ensure both VisitEngland and VisitBritain operate effectively and adhere to best practice in all areas of financial and non-financial governance. It provides advice to the Chairmen, Boards, Chief Executives and Senior Management teams of both organisations helping deliver value for money and ensure exposure to risk is minimised.

In the year of the Olympic Games a major focus of activity was ensuring temporary facilities created for the Games were fully operational with 24 hour support and increasing the capacity and robustness of our existing infrastructure. System resilience was significantly enhanced with penetration testing undertaken on all customer facing digital platforms and the commissioning of a new disaster recovery facility.

During the year a number of significant new initiatives were undertaken by both organisations e.g. VisitEngland RGF activity and the GREAT campaigns organised by both VisitEngland and VisitBritain. Although together they represented an increase in Grant in Aid of £11.4 million with additional partner contributions of £3.5 million they were effectively integrated into on-going activities with no increase to overhead.

With the assistance and oversight of the Audit Committee significant work was also undertaken in developing the governance and control processes for capturing and valuing in-kind contributions.

VisitBritain and VisitEngland have been set the challenging target of decreasing overhead cost by around 50% in real terms over the 4 years of the current Comprehensive Spending Review (CSR). By the end of the year, the mid-point of the 4 year period, overhead will have reduced by 40% in VisitBritain and 42% in VisitEngland, ahead of target.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

#### 4. RESULTS FOR THE YEAR 2012/13 AND OTHER FINANCIAL INFORMATION

During the period covered by these accounts, BTA was funded primarily by core grant-in-aid from DCMS, supplemented by; additional funding for an international image campaign and a campaign to persuade people to holiday in Britain both branded GREAT; revenue from its own income generating activities; and a Regional Growth Fund grant from DBIS. BTA seeks to ensure that optimum use is made of all resources and, so far as is consistent with its objectives, generates additional funding for its activities through close working with private sector partners and commercial activities.

In October 2010, DCMS announced the result of the Comprehensive Spending Review (CSR), which reduced BTA's grant-in-aid from £40.323 million (2010/11) to £35.892 million (2011/12), £33.092 million (2012/13), £30.892 million (2013/14) and £28.708 million (2014/15). During the year DCMS announced a further cut to 2013/14 (2%) and 2014/15 (3%) allocation and the revised funding figures are £30.230 million and £27.807 million respectively. In 2011/12 DCMS allocated additional funding for the GREAT image and Holidays at Home are GREAT campaigns which were extended to 2012/13 and 2013/14. The funding is not included within the above figures.

The Management Agreement allocated funding amounts to VisitBritain and VisitEngland and specified grant to be expended on marketing activities.

##### 1. Funding

Funding for the year amounted to a total of £48.672 million (2011/12 £47.771 million).

##### BTA (VisitBritain & VisitEngland) Funding - 2012/13

	VisitBritain	VisitEngland	BTA (Total)
	£'000	£'000	£'000
GIA Original Management Agreement	24,592	8,500	33,092
Additional GIA - GREAT Campaign	12,500	3,000	15,500
Other	400	(320)	80
<b>Total GIA Allocation</b>	<b>37,492</b>	<b>11,180</b>	<b>48,672</b>

##### 2. Income

Income from non-GIA funded activities saw a further 32% (2011/12: 14%) increase in 2012/13 (see Notes 6 & 7). The main drivers were:

- A Regional Growth Funding (RGF) grant received from the Department of Business Innovation and Skills, (DBIS), amounting to £6.9 million for the delivery by VisitEngland of the "Growing tourism locally" programme;
- An additional £5.4 million income received from commercial partners reflecting the increased commitment to invest more in partnership marketing activities using the additional Great funding and some benefit from delivering the RGF programme;
- Income from commercial activities which increased with the continuing growth of online retail activity worldwide;
- The quality scheme was discontinued as a result of the decision to outsource this function from 2012/13. The reduction in income of £5.1 million from 2011/12 is effectively offset by a similar saving in the costs incurred;
- Excluding the RGF grant discussed above, other operating income reduced mainly due to a reduction in office sublet income as VB has now co-located most of its overseas offices with the Foreign Commonwealth Office (FCO).
- An amount of £650k receivable from the DFID as compensation to cover relocation costs for the early termination of their obligation under the Palace Street premises lease agreement.

##### 3. Expenditure

The additional grants received for the "GREAT" image marketing campaign and Regional Growth Funding (RGF) from the Department of Business Innovation and Skills in 2012/13 contributed largely to the increase in the BTA's annual expenditure with an additional £15.6 million spent on marketing, media and publicity and an additional £0.4 million on research activities during the year.

The other main changes in operating costs were:

- The increase in staff costs is due to the use of fixed term contract staff and overtime pay during the Olympic period. Recruitment lag is another contributing factor in VisitEngland as a number of marketing posts vacant during 2011/12 were filled at the start of 2012/13.
- The £5 million saving in quality scheme costs resulting from outsourcing the function.
- The continued reduction in infrastructure costs reflecting continued efficiency savings, for example through the relocation of overseas offices within FCO facilities.
- The increase in irrecoverable VAT is due to lower recovery on the RGF programme spending and additional VAT incurred on the GREAT campaign expenditure.

**Results for the Year 2012/13 and Other Financial Information** *(Continued)*

**4. Pension Schemes**

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

Based on the valuation of the main pension scheme, the British Tourist Boards Pension (BTBP) Scheme, BTA's share of the deficit is £15.507 million as at 31 March 2013 compared to £18.544 million deficit last year. This 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 accordance with IAS 19 BTA's share of the assets and liabilities have been identified and are reflected in the accounts. (See Note 28).

The decrease in the deficit compared to last year is primarily due to the higher than expected returns achieved on the assets (actual return of £13.211 million compared to an expected return of £5.898 million), giving a larger asset value at the year end. This resulted in an actuarial gain of £7.313 million in 2012/13 (2011/12 - loss of £1.2 million). This has been partly offset by an increased pension liability. The increase in the defined benefit obligation is largely due to changes in financial conditions over the year resulting in changes in the assumptions used to value the liabilities. Most noticeable is the reduction of the discount rate from 4.65% in 2011/12 to 4.40% in 2012/13 and the increase in the Consumer Price Index (CPI) inflation rate assumption from 2.35% to 2.50%. However, these have been offset by membership experience gains, giving an overall liability loss of £4.031 million (2011/12 – loss of £3.1 million).

The net actuarial gain for the year in respect of the BTBP Scheme amounted to £3.282 million (2011/12 – loss of £4.301 million) being recognised in other comprehensive expenditure.

Following the last full valuation of the scheme the employers agreed a deficit recovery plan with the trustees. The plan requires BTA to pay in proportion to its share of the deficit. BTA's cost for 2012/13 is £637k (2011/12 – 618k) and increases annually by inflation. The employer contribution in respect of future service is 17.3%. BTA also has an additional pension liability of £290k (2011/12 - £293k) for pension payments to former chairmen which are included in the Statement of Financial Position.

The US pension scheme valuation reported a surplus of £186k (2011/12 £183k).

**5. Working Capital**

Net working capital increased by approximately 10%, primarily as a result of the increase in partnership marketing and related activities; which increased by 92% on the previous year. After the spike in inventory levels in 2011/12 in preparation for the Queen's Jubilee and London 2012 Olympics, inventory returned to normal levels. The increase in trade receivables is largely balanced by an increase in trade and other payables and the decrease in inventories.

**6. Creditor Payments Policy**

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. Since January 2013, BTA has committed to the Government pledge to pay its suppliers, wherever possible, to agreed terms or within 10 days and is monitoring progress against this target. During 2012/13 57% of suppliers' invoices not in dispute were settled within these parameters.

**5. AUDITORS**

The audit of the British Tourist Authority'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.

The fees paid to the NAO for audit services amount to £47k and there are no other services provided by the NAO.

So far as the Accounting Officer is aware, there is no relevant audit information of which BTA auditors are unaware. She has taken all necessary steps to make herself aware of any relevant audit information and to establish that BTA's auditors are aware of that information.

**6. STAFF**

**1. Introduction**

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

**2. Employment**

Full details of the numbers of employees split between marketing, marketing support and administration are given in Note 8 to the accounts.

**3. Internal Communications**

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.

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.

**4. Pay**

BTA operates a performance management system and individual objectives are aligned to the Corporate Business Plans. Performance is assessed against targets and demonstration of corporate competencies with payments made based on achievements in both areas. All employees are rewarded purely on the basis of performance. There are no automatic annual increments.

**5. Pension**

BTA is a member of the British Tourist Boards' Pension Scheme and offers a defined benefit (final salary) pension to all UK based staff. Employees contribute 5% of their gross salary to the pension scheme (see Note 28 to the accounts).

**6. 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 (approximately equating to a lump sum compensation of one month's pay for each complete year of service).

**7. Sickness Absence**

The average sickness absence per full time employee in 2012/13 was 4.4 days compared to 2.25 days in 2011/12.

**8. Training and Development**

BTA's performance management system is aligned to the corporate competencies of VisitBritain and VisitEngland. As part of the performance management process, training and development needs are identified and all staff are encouraged to take ownership of their own development through Personal Development Plans.

A 360-degrees feedback system is in place and is designed to provide feedback on Managers and Directors. A shortened version (180-degrees) is in use for staff at all other levels.

**9. Equal Opportunities and Disability**

BTA maintains 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.

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

**Staff** *(Continued)*

**10. Investor in People**

VisitBritain has been recognised as an 'Investor in People' since 1994, and currently holds the Silver status which it retained with an improved overall rating in 2012. BTA is recognised as an ACCA approved employer.

Sandie Dawe MBE  
Accounting Officer  
BTA

27<sup>th</sup> June 2013

## 7. REMUNERATION REPORT

### 1. Remuneration Report Policy for Staff

Under the terms of the Development of Tourism Act, 1969 and the Management Agreement issued by DCMS, the conditions of service that BTA offers to its staff, and its pay award scheme, must be approved by the DCMS. DCMS must, in turn, obtain HM Treasury approval before agreeing the pay award framework each year. The arrangements for the Chief Executives of VisitBritain and VisitEngland are slightly different but the same principles apply.

BTA implemented pay increases, in line with DCMS guidelines, limited to 1% increase of the annual consolidated salary bill for all staff including Directors for both 2012 and 2013.

DCMS has also approved one-off non-consolidated performance bonus payments in 2012 and 2013, limited to the same percentage (2.66%) of the annual salary bill as 2010 and 2011, for all eligible staff depending on their appraisal ratings.

### 2. Remuneration of CEOs

The basis of the Chief Executives' remuneration packages is set out in their contracts of employment and stipulates that they are eligible to be considered for an annual performance bonus of up to 15% for VisitBritain's CEO and 10% for VisitEngland's CEO, subject to the approval of the Remuneration Committee. Bonus payments of 13.5% for the CEO of VisitBritain and 10% for the CEO of VisitEngland were recommended and accepted by the Remuneration Committee for 2012.

### 3. Remuneration of Boards

The Chairmen and Board Members of BTA and ETB have had their salaries frozen for three 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.

The information below falls within the scope of the Comptroller and Auditor General's audit opinion on the accounts and is audited.

#### BTA Board Members' Remuneration:

	Remuneration 2012/13 £	Remuneration 2011/12 £
Christopher Rodrigues CBE, Chairman	49,090	49,090
Penelope, Viscountess Cobham	Nil	Nil
Janis Kong OBE	9,435	9,435
Dan Clayton Jones OBE	Nil	Nil
Dr Michael Cantlay	Nil	Nil
Stephanie Griffiths	9,435	9,435
The Rt Hon Baroness Liddell of Coatdyke	9,435	9,435
John Lindquist	9,435	9,435
Sir Moir Lockhead OBE	9,435	9,435
Total Remuneration	96,265	96,265



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

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**Remuneration Report** *(Continued)*

**ETB Board Members' Remuneration:**

	Remuneration 2012/13 £	Remuneration 2011/12 £
Penelope, Viscountess Cobham, Chairman	33,840	33,840
Sir Brian Briscoe	Nil	581
Amanda Cottrell OBE	9,435	7,947
John Hoy	9,435	8,256
David Orr	9,435	9,435
Rob Rees MBE	Nil	859
Sarah Stewart	9,435	8,256
Nick Varney	9,435	9,435
Christopher Webster	Nil	859
Denis Wormwell	9,435	9,435
Total Remuneration	<u>90,450</u>	<u>88,903</u>

**British Tourist Authority trading as VisitBritain and VisitEngland**  
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**Remuneration Report (Continued)**

The information below relates to the Accounting Officer/Chief Executive of VisitBritain, the Chief Executive of VisitEngland and the Senior Executives of VisitBritain and VisitEngland:

**2012-13**

<u>Name</u>	Salary £'000 <sup>3</sup>	Bonus Payments £'000	Employer pension contributions (£'000)	Real Increase in pension at normal pension age £'000	Total accrued pension at normal pension age as at 31.03.2013 £'000	Cash equivalent transfer value as at 31.03.2012 £'000	Cash equivalent transfer value as at 31.03.2013 £'000	Real increase cash equivalent transfer value (£'000) <sup>1</sup>
Sandie Dawe MBE (Accounting Officer BTA/CEO VB)	145-150	20-25	25-30 <sup>2</sup>	2.5-5	60-65	1,233	1,512	252
James Berresford (CEO VisitEngland) <sup>4</sup>	135-140	10-15	20-25	2.5-5	5-10	90	147	55
David Parkhill (Director BTA, Business Services) <sup>4</sup>	110-115	0-5	15-20	0-2.5	5-10	102	144	39
Laurence Bresh (Director VB, Britain Marketing) <sup>6</sup>	65-70	0-5	5-10	(2.5)-0	25-30	395	448	44
Joss Croft (Director VB, Britain Marketing) <sup>6</sup>	85-90	0-5	10-15	2.5-5	20-25	234	359	120
Keith Beecham (Director VB, Overseas Network) <sup>5</sup>	100-105	0-5	15-20	2.5-5	50-55	964	1,218	233
Louise Stewart (Director VE, Partnership & Performance) <sup>4</sup>	80-85	0-5	10-15	0-2.5	0-5	17	34	17
Patricia Yates (Director VB, Strategy and Insights)	80-85	0-5	10-15	0-2.5	10-15	215	271	51
Alex Mawer (Director VE, England Marketing) <sup>5</sup>	75-80	0-5	10-15	0-2.5	10-15	114	150	33
Jeremy Brinkworth (Director VE, Business Development)	65-70	0-5	10-15	(5)-(2.5)	35-40	736	747	-5
Jenny McGee (Director VE, Insights & Communications)	60-65	0-5	10-15	(2.5)-0	30-35	549	622	61

1 The real increase in cash takes into account inflation rate of 2.2%, in line with the Government's statutory revaluation order for 2012/13; in 2011/12 the inflation rate was 5.2%.

2 Includes additional contribution of £5,454 to Self-Invested Personal Pension Plan (SIPP).

3 No benefit in kind was paid in 2012/13.

4 All directors have a normal retirement age of 60, except D Parkhill, J Beresford and L Stewart, who have a normal retirement age of 65.

5 A Mawer and K Beecham salary increased as a result of resolutions of pay anomalies agreed by the Remuneration Committee.

6 L Bresh left VisitBritain on 19/10/2012 and replaced by J Croft who was Head of Marketing. J Croft was acting Director until 20/11/2012 and was appointed as Marketing Director on 21/11/2012. Their salaries are reported on a full year equivalent basis.

**British Tourist Authority trading as VisitBritain and VisitEngland**  
**Annual Report and Financial Statements for the Year Ended 31 March 2013**

**Remuneration Report (Continued)**

**2011-12**

<u>Name</u>	Salary (£'000) <sup>3</sup>	Bonus Payments (£'000)	Employer pension contributions (£'000)	Real Increase in pension at normal age (£'000)	Total accrued pension at normal age as at 31.03.2012 (£'000)	Cash equivalent transfer value as at 31.03.2011 (£'000)	Cash equivalent transfer value as at 31.03.2012 (£'000)	Real increase cash equivalent transfer value (£'000) <sup>1</sup>
Sandie Dawe MBE (Accounting Officer BTA/CEO VB)	145-150	10-15	25-30 <sup>2</sup>	0-2.5	55-60	1,024	1,233	156
James Berresford (CEO VisitEngland) <sup>4</sup>	140-145	5-10	20-25 <sup>2</sup>	0-2.5	5-10	46	90	42
David Parkhill (Director BTA, Business Services) <sup>4</sup>	105-110	0-5	15-20	0-2.5	5-10	61	102	38
Laurence Bresh (Director VB, Britain Marketing) <sup>6</sup>	100-105	5-10	15-20	2.5-5	25-30	304	395	75
Keith Beecham (Director VB, Overseas Network)	90-95	0-5	15-20	(2.5)-0 <sup>7</sup>	40-45	818	964	103
Louise Stewart (Director VE, Partnership & Performance) <sup>4,5</sup>	80-85	0-5	10-15	0-2.5	0-5	5	17	12
Patricia Yates (Director VB, Strategy and Insights)	80-85	0-5	10-15	0-2.5	5-10	159	215	48
Alex Mawer (Director VB, England Marketing) <sup>5,6</sup>	70-75	0-5	10-15	0-2.5	10-15	80	114	30
Jeremy Brinkworth (Director VE, Business Development) <sup>5</sup>	65-70	5-10	10-15	2.5-5	35-40	584	736	122
Jenny McGee (Director VE, Insights & Communications) <sup>5</sup>	60-65	0-5	10-15	(2.5)-0 <sup>7</sup>	30-35	492	549	31

1 The real increase in cash takes into account inflation rate of 5.2%, in line with the Government's statutory revaluation order for 2011/12; in 2010/11 the inflation rate was 3.1%.

2 Includes additional contribution of £7,697 (S Dawe) and £1,674 (J Berresford) to Self-Invested Personal Pension Plan (SIPP).

3 No benefit in kind was paid in 2011/12.

4 All directors have a normal retirement age of 60, except D Parkhill, J Berresford and L Stewart, who have a normal retirement age of 65.

5 Appointed as Directors from April 2011 to rationalise the VE structure; prior to this date they were Head of Departments. Except L. Stewart who was appointed as Director upon commencing employment.

6 L. Bresh and A. Mawer had salary increase in 2011/12 as a result of Job Evaluation.

7 The real increase in pension is measured using the 2013 Pension Increase (Review) Order of 5.2%. This results in some Directors receiving a real decrease in pension in the year ending 31 March 2012.

**Remuneration Report** *(Continued)*

'Salary' includes gross salary, consolidated performance pay and any other allowances. Bonuses paid are accounted for separately. The pension benefits for the Executives are provided through the British Tourist Boards' Pension Scheme (see Note 28 to the accounts).

Reporting bodies are required to disclose the relationship between the remuneration, (Note 1), of the highest-paid director in their organisation and the median remuneration of the organisation's workforce from 2011/12. The banded remuneration of the highest-paid Director in BTA in the financial year 2012/13 was £170k -175k (2011/12 - £155k-160k). This was 4.9 times (2011/12: 4.6) the median remuneration, (Note 2), of the workforce, which was £34,934 (2011/12: £34,112). The ratio remained relatively constant from 2012 to 2013, reflecting stability in the remuneration packages and compilation of the workforce.

No employees were paid more than the highest paid director.

Sandie Dawe MBE  
Accounting Officer  
BTA

27<sup>th</sup> June 2013

**Note 1:**

Remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

**Note 2:**

The median remuneration of BTA's staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid Director.

**8. STATEMENT OF SUSTAINABILITY**

**Introduction**

During the year we undertook a number of initiatives to improve energy efficiency and our overall impact on the environment. Around the world we have adopted a policy of co-locating with our public diplomacy partners wherever possible. By the end of the year 20 out of 24 offices in 21 countries were within FCO or British Council offices.

**Summary of Performance**

BTA's key sustainability performance indicators are summarised below:

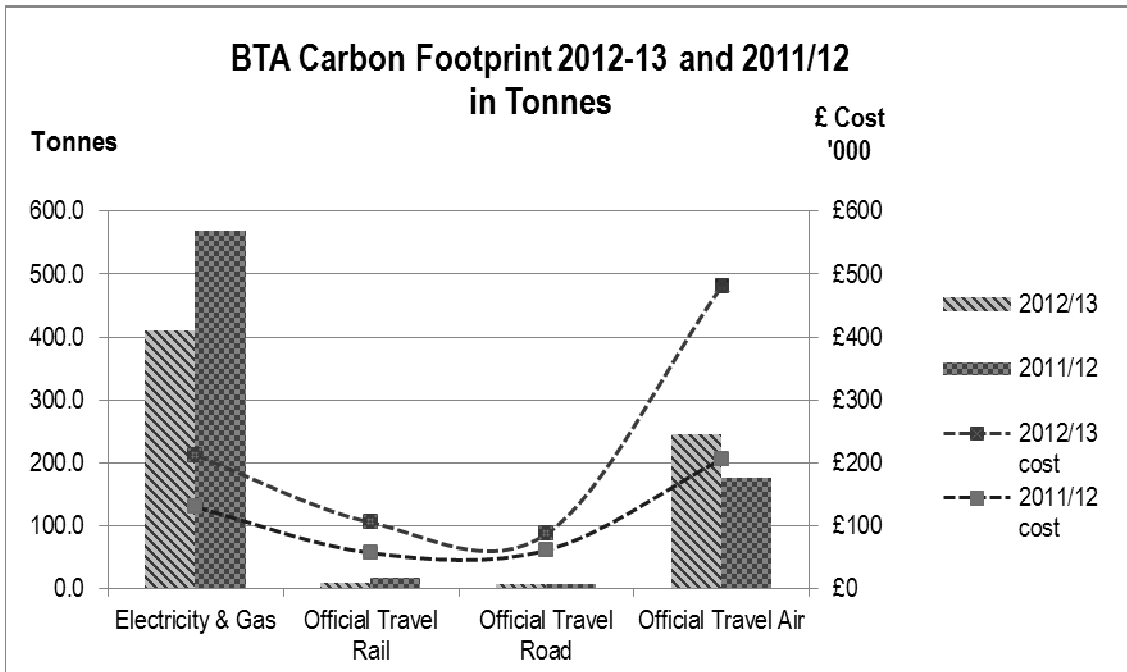
Sustainability Area	Units	Performance	
		2012/13	2011/12
<b>Non-Financial Indicators</b>			
Total CO2 Emissions	Tonnes	690	770
Energy Consumption	KWh	783,929	1,143,240
Total Waste	Tonnes	48.72	56.43
Water Consumption	Metre <sup>3</sup>	1,890	1,836
<b>Financial indicators</b>			
Energy Consumption Costs	£'000	£82.4	£129.7
Official Business Travel Costs	£'000	£349.8	£323.7
Waste Disposal Costs	£'000	£5.15	£5.97
Water Supply Costs	£'000	£2.35	£2.7

**Notes:**

The scopes and conversion rates are set out in the Guidelines to Defra/DECC's Greenhouse Gas Protocol Conversion Factors for Company Reporting.

The rental arrangements for some overseas offices mean energy and water consumption and waste data are not readily available. Best estimates have been made using data from comparable offices.

Statement of Sustainability (Continued)



**BTA Carbon Footprint**

We are an international organisation which needs to maintain good communications with staff around the world and to communicate our work to our stakeholders. By using information technology such as video conferences and webinars to hold meetings and conferences we have continued to minimise the need for travel. However, air travel increased in the year with the global GREAT campaign generating more activity in markets with the consequent need to engage directly with partners and industry.

We operate a Cycle Loan scheme offering staff an interest free loan to purchase bicycles and we are also a member of the Evans Cycles Ride2Work scheme. This scheme takes advantage of the Government's Green Transport Plan by allowing BTA employees to lease a new bike at around half of the recommended retail price.

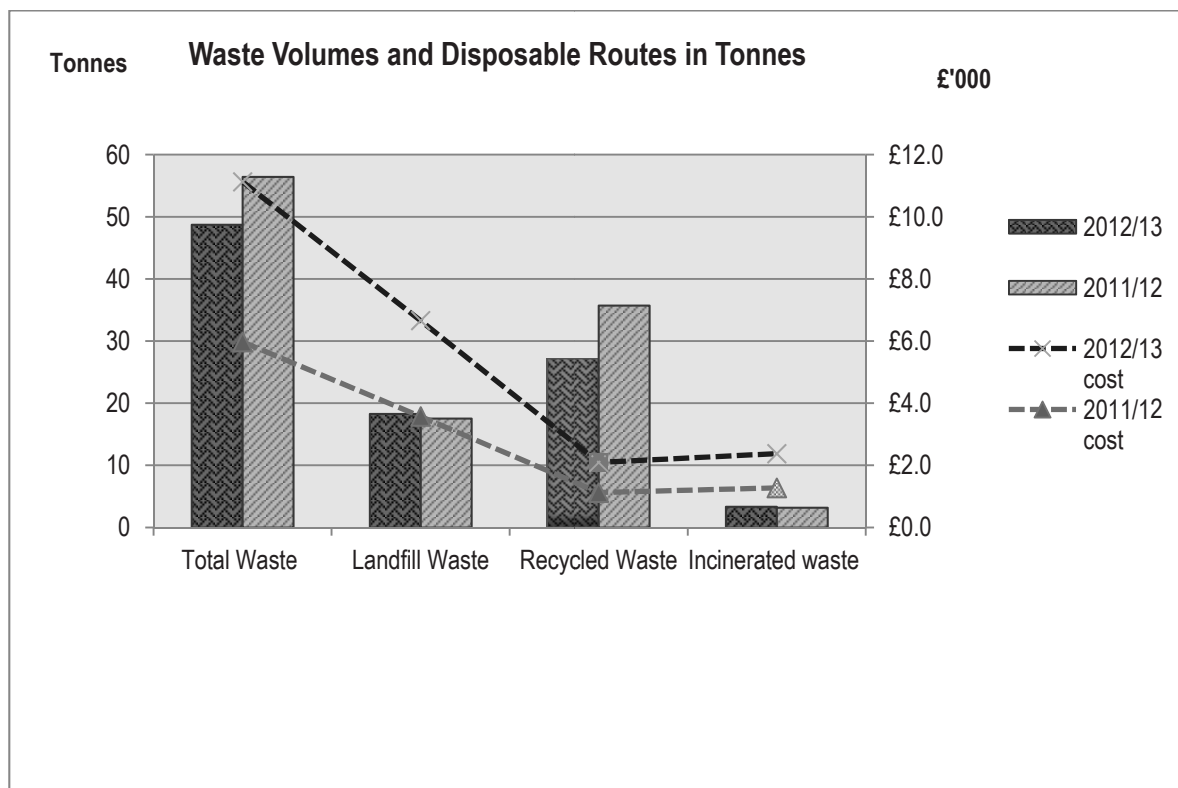
Continuing our drive to increase our efficiency in the coming year we will move from our current London offices and in the process reduce the area we occupy by 33%.

Statement of Sustainability (Continued)

Waste

			2012/13	2011/12
Non- Financial Indicators  (tonnes)	Total Waste		48.73	56.43
	Hazardous waste	Total	0	0
		Landfill	18.28	17.52
		Reused/Recycled	27.10	35.72
		Incinerated/energy from waste	3.35	3.19
Financial Indicators £'000	Total disposal cost		£5.16	£5.96
	Hazardous waste - Total Disposal cost			
	Non-hazardous waste - Total disposal cost	Landfill	£3.09	£3.57
		Reused/Recycled	£0.97	£1.12
		Incinerated/energy from waste	£1.10	£1.27

Statement of Sustainability (Continued)



Currently 61%, against 57% last financial year, of waste at the London office is recycled. Removing individual waste bins and implementing separate bins for recyclable and non-recyclable waste, has made a significant contribution.

**Water**

		2012/13	2011/12
Non-Financial Indicators (m <sup>3</sup> )	Water Consumption	1,768	1,836
Financial Indicators	Water Supply Costs	£2.6k	£2.7k

BTA's business is primarily conducted in an office environment. The consumption of water is largely limited to human consumption by staff.

**Sustainable Procurement**

As part of our procurement process, we request suppliers to provide their environmental policy, and this is considered as part of the overall evaluation of a preferred supplier. Where sustainability issues are critical to the performance of a product or service, and will therefore inform our selection process, we always request specific information. Such information may be in relation to energy consumption, the lifecycle of consumables or the lifetime of a product.

Our print buying policy recommends using Forest Stewardship Council certified or recycled paper for our marketing materials, leaflets and books. We favour suppliers who can demonstrate their commitment to sustainability, for example through achieving environmental accreditations. We avoid using materials and print finishes that are non-recyclable, and regularly review print volumes and stock levels to minimise wastage.



## **9. STATEMENT OF CORPORATE GOVERNANCE BY THE ACCOUNTING OFFICER**

### **Scope of Responsibility**

The British Tourist Authority (BTA) is a Non-Departmental Public Body created by the Development of Tourism Act, 1969 (the Act). Its responsibilities under the Act and its wider governance arrangements vis-à-vis the English Tourist Board (ETB) are explained in detail in Section 1 of this Report. BTA is sponsored, and part funded, by the Department for Culture, Media and Sport with which we have entered into a three year Management Agreement from 2012-2015.

BTA is committed to high standards of governance and ethical behaviour and adopts systems and implementation arrangements which are appropriate for its business.

### **The Governance Framework**

As Accounting Officer, I have responsibility for maintaining a sound system of governance whilst managing risks and safeguarding BTA's funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me in 'Managing Public Money'. I am supported in this by the Board which, in turn, must satisfy itself that our internal control and risk management systems are effective.

The Board is responsible for ensuring that VisitBritain and VisitEngland operate within the terms of the Development of Tourism Act, 1969 and for overseeing the delivery of planned results. In carrying out its responsibilities in relation to VisitEngland, the Board is advised by the Board of ETB which I attend as an Observer.

The roles of the Chairman and Board are set out in full in BTA's Code of Practice for Board Members and the Management Agreement with DCMS. In broad terms, the Board is responsible for:

- Establishing the overall strategic direction of VisitBritain and VisitEngland and subsequently monitoring performance against this, and the targets set out in the Business Plans and Management Agreement;
- Ensuring that it fulfils its role under the Development of Tourism Act, 1969 and meets the aims and objectives established by the Secretary of State for Culture, Media and Sport as set out in the Management Agreement;
- Ensuring it takes account of any guidance received from 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.

The Board is supported by the work of Audit and Remuneration Committees which is discussed below.

As a result of our governance arrangements we deem it essential to hold regular meetings between myself and the Chairman and the Chairman of ETB and Chief Executive of VisitEngland. At these meetings we discuss, inter-alia, progress in meeting our strategic objectives and assess the risks and opportunities in implementing our policies: we also use these forums to discuss and address any matters arising which impact on our corporate governance arrangements.

As Accounting Officer, I am responsible for the day-to-day operations and management of BTA. However in relation to VisitEngland, I have delegated this responsibility to its Chief Executive albeit I do, of course, retain overall accountability. We are each supported by our teams of operational Executive Directors and by the Director, Business Services, who has responsibility for finance, and Secretary to the Board(s) who support both Boards and are members of both Executive Teams. Well-developed information and reporting systems are in place to assist us in monitoring progress against financial and non-financial targets and to provide access to detailed management and transactional information.

Accountability, limits of authority and lines of reporting are clearly defined and every employee in VisitBritain and VisitEngland, including myself and the Chief Executive of VisitEngland, has annual performance targets which are linked to our respective Business Plans.

**Statement of Corporate Governance by the Accounting Officer** *(Continued)*

**Compliance with HM Treasury and Cabinet Office's Code of Good Practice 2011**

Except for the two instances noted below, BTA complies with HM Treasury and Cabinet Office's Code of Good Practice 2011 in relation to Corporate Governance to the extent that it is relevant and appropriate to BTA:

- During 2011/12 the Board undertook a thorough annual evaluation process to consider the Board's effectiveness and that of its Committees and a formal self-assessment exercise to evaluate the performance of individual Members. The self-assessment also considered the mix of skills available to the Board and Committees. It was concluded that the Board and its Committees were operating effectively with an appropriate mix of skills. As there were no changes in Board membership during the year the exercise was not repeated in 2012/13 but will be carried out in the autumn following the planned recruitment of two new Members to replace those whose terms of office are expiring; and
- BTA is a mature organisation with a mature control environment and governance and risk management arrangements in place. In the absence of any significant issues arising or instances of fraud, PwC, the internal auditors, have not been invited to attend any Board meetings during the year.

**The Effectiveness of the Governance Framework**

As Accounting Officer I have responsibility for reviewing the effectiveness of BTA's corporate governance arrangements. In carrying out this duty I am advised and supported by the Board, the ETB Board, the Audit Committee and the internal and external auditors as well as by the Chief Executive of VisitEngland, the Executive Directors and Secretary to the Board.

BTA is a mature organisation and has well embedded governance policies and procedures in place. However, we continually review and update our systems of internal control which are designed to meet the needs of our business and the risks to which the organisation is exposed. An example of this is the continuing work during the year, overseen by the Audit Committee and Board, to ensure that our systems for recording and valuing offers of marketing-in-kind from our partners in the GREAT campaign, which contribute to our match-funding targets, are transparent and robust.

A great deal of work has also been undertaken, overseen by the Audit Committee and the ETB Board, to ensure that the accounting procedures and governance processes surrounding the RGF project, Growing Tourism Locally, are also robust and fit for purpose for a project of its size.

I hold quarterly meetings with the Executive Directors of VisitBritain to monitor the budget as does the CEO of VisitEngland with his Team. Management accounts and progress reports against all corporate objectives and targets are produced quarterly for both VisitBritain and VisitEngland and reviewed by myself and the Board to satisfy ourselves that spend and performance results are on target against planned results.

During the year, at my instigation, PwC, our internal auditors, undertook a piece of work to map BTA's governance assurance framework. This work identified no significant gaps in our arrangements and resulted in only two recommendations, both assessed as low risk, which are being implemented.

On the advice of the Audit Committee, I am also introducing annual 'assurance' letters which each member of staff must sign and return to confirm that they are familiar with, and have abided by, all of BTA's key governance policies including the Anti-Bribery and Data Protection Policies.

**Board Governance**

The composition and membership of the Board is reported in Section 2. I attend every meeting as does the Director, Business Services.

The recruitment and appointment process for those Board Members appointed by the Secretary of State for Culture, Media and Sport is carried out in accordance with the Office of the Commissioner of Public Appointments' Code of Practice, and takes full account of the Chairman and Board's assessment of any gaps in the skills and competencies required to ensure a well-rounded Board equipped to carry out its responsibilities for BTA. Board Members are normally appointed for their ability to add to the Board's collective wisdom.

Appointments or re-appointments are normally for periods ranging from a minimum of 3 years to a maximum of 5. The maximum term any Board member can serve continuously is 10 years.

The Chairman ensures that all Members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties and responsibilities. All new Board Members receive a comprehensive induction pack, which includes copies of all relevant governance material, and attend an induction session with the Chief Executive and Directors.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

#### Statement of Corporate Governance by the Accounting Officer *(Continued)*

The Board meets six times during each calendar year. Board Members receive timely, regular and appropriate management and other information to enable them to fulfil their duties. They also have direct access to the advice and services of the Secretary to the Board and have regular informal contact between meetings with the Chairman, Chief Executive, and Senior Management Team as appropriate; particularly in relation to any discrete areas of activity which individual Members sponsor. This helps to foster an open relationship and regular exchange of knowledge and experience between the Management Team and Board Members.

The attendance by individual Board Members, Observers and Sub-Committee Members at meetings during 2012/13 was as follows:

	<b>Board Member/ Observer/ Independent Seconded</b>	<b>Board Meetings Attended</b>	<b>Audit Committee Meetings Attended</b>	<b>Remuneration Committee Meetings Attended</b>
Christopher Rodrigues CBE	Chairman of the Board and Remuneration Committee	6 (6)		2 (3)
Dr Michael Cantlay	Board Member	5 (6)		
Penelope, Viscountess Cobham	Board Member and member of the Audit and Remuneration Committees	6 (6)	4 (4)	3 (3)
Stephanie Griffiths	Board Member	5 (6)		
Janis Kong OBE	Board Member and member of the Remuneration Committee	6 (6)		3 (3)
The Rt Hon Baroness Liddell of Coatdyke	Board Member	6 (6)		3 (3)
John Lindquist	Board Member and Chairman of the Audit Committee	5 (6)	4 (4)	
Sir Moir Lockhead OBE	Board Member	5 (6)		
Dan Clayton Jones OBE	Board Member	5 (6)		
Dame Judith Mayhew Jonas DBE	Observer	2 (2)		
Clive Gordon	Observer	5 (6)		
Sarah Stewart	Member of Audit Committee (ETB Board Member)		3 (4)	
Hugh Green	Independent member Audit Committee		3 (4)	

Arrangements are in place through which potential conflicts of interests are recorded and managed. The purpose of these arrangements is to avoid any danger of Board Members being influenced, or appearing to be influenced, by their private or other interests in the exercise of their public duties for BTA.

The register of Board Members' interests is available on request to the Secretary to the Board. (Employees are also asked to declare potential conflicts of interest and a separate register is maintained to record these). In addition, at all Board and Committee meetings Members are required to declare an interest if they or their close family have an interest, financial or otherwise, in any matter being considered at the meeting. The Board or Committee will then decide whether or not it is appropriate for the Member to participate in the discussion on the item in question. In 2012/13 there were no withdrawals from Board or Committee discussions.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2013

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#### Statement of Corporate Governance by the Accounting Officer *(Continued)*

##### The Work of the Board in 2012/13

During the year, the Board continued to oversee and guide the work which it had started the previous year to create a series of competitive assessments for the overseas markets in which VisitBritain operates. These became the backbone of Delivering a Golden Legacy: a growth strategy for inbound tourism to Britain 2012 – 2020 which was issued for consultation in October 2012 and is intended to build on the success of the Olympic and Paralympic Games. The final version was published in April 2013. The Board has also overseen the development of the competitive assessments into a series of individual Market Strategies all of which will be published in the forthcoming financial year. This has been, and continues to be, a very large strategic project and has been a main focus of the Board's attention during the year.

The Board also received regular reports on the Executive's preparations for the 2012 Olympic and Paralympic Games and continued to oversee VisitBritain's contribution to the GREAT campaign. This led to the Board holding a series of meetings with Public Diplomacy Partners with which we are working on the campaign: the Foreign & Commonwealth Office, UK Trade & Investment and the British Council to explore the scope for future partnership working.

All of this work is discussed in greater detail in Section 3.

##### The Quality of Data used by the Board

The data and information used by the Board includes assessments and statistics relating to both industry performance and BTA's financial performance and progress in meeting its corporate targets and performance measures; reports on the progress of major programme activities, reviews of the competitive landscape both nationally and internationally and reports from the Chief Executive of VisitEngland.

- Industry performance is assessed using data from independent third party sources such as the ONS International Passenger Survey and insights and market intelligence gathered on territory by our managers. Relevant data is presented to the Board at each meeting.
- Financial Data is provided by our Financial Information System from which monthly management accounts and comparisons to budget are produced. These, together with a commentary, are provided to the Audit Committee and Board on a quarterly basis. The performance for the financial year is also re-forecast quarterly and reported to the Board.
- Non-Financial performance reports, presented on a quarterly basis, enable the Board to monitor progress against corporate and business plan targets and are provided on a quarterly basis. These include measures of campaign performance and PR reach and effectiveness. Evaluation is based on tourism industry standards for campaign performance, compiled by internal experts, and industry standard Advertising Equivalent Value for PR activity measured by Metrica – an independent, industry recognised, PR evaluation company. Measures also exist for activities such as digital, including social media, and marketing in kind.
- Progress reports on major areas of programme activity and reviews of the competitive landscape and the issues which impact on Britain's performance as a global destination in each of the territories in which VisitBritain operates are presented to the Board on a regular basis.
- Reports on VisitEngland financial and non-financial performance are presented quarterly to allow the Board to track progress on business plan objectives and budgetary compliance.

The Board considers the standard of this data and information in terms of quality, accuracy and timeliness commensurate with its responsibilities but if it considers it necessary, requests additional information or clarification.

The Board's understanding and scrutiny of the quality of data is also informed by the work of the Audit Committee and that of the internal and external Auditors.

**Statement of Corporate Governance by the Accounting Officer** *(Continued)*

**BTA Board Committees**

BTA does not have a Nominations and Governance Committee. The Remuneration Committee does the work of a Nominations Committee to the extent applicable and the Audit Committee reviews and considers any governance matters referred to it by the Board.

**The Remuneration Committee**

The Remuneration Committee consists of four members: the Chairmen of BTA and ETB and two other DCMS appointed members of the Board of BTA. The Chief Executives, Director, Business Services and the Head of People and Performance attend meetings as required but no member of staff, including either Chief Executive, is present when his/her remuneration is being discussed.

In common with other government departments and agencies BTA must operate within public sector pay policy guidelines further details of which are given in Section 10. However, the Committee reviews the pay remit prior to its submission to DCMS and, subsequently, reviews the final financial consolidated and non-consolidated payment ranges to be awarded to staff which are both based on performance during the year.

During the year, the Committee commenced work on a project with the Executive Team to identify and develop talent within BTA. Work will continue during 2013/14 to link the results of the review to the appraisal process. The Learning and Development Strategy will also be reviewed to ensure it is aligned to any training needs which have been identified.

**The Audit Committee**

The Audit Committee meets four times a year and its remit reflects Government Internal Audit Standards. It provides independent advice and guidance to the Board and Accounting Officer on the adequacy of audit arrangements (internal and external), internal controls and the processes in place to control risk within BTA.

The Committee consists of four members: three are drawn from the Boards of BTA and ETB and the fourth is an independent member who is a Partner at KPMG LLP. I also normally attend meetings together with the Chief Executive, VisitEngland, the Director, Business Services and Secretary to the Board. The Internal and External Auditors are also invited to attend meetings, in particular to discuss the results of internal audit activity and the annual audit respectively. During the year, the Committee met privately with the internal auditors and a further meeting is planned with the external auditors.

An annual programme of internal audit work is agreed with the Audit Committee on those areas which are known to be of higher risk or which may be of an innovative nature or where it is appropriate to carry out a review of existing systems.

During the year the Board referred various matters to the Committee including oversight of:

- The RGF project, Delivering Tourism Locally: this was the subject of an internal audit during the year which resulted in one low risk recommendation which has been actioned. Under the terms of the grant offer from DBIS, we also provided an independent accountants' audit report with our first grant claim and must provide further reports on an annual basis: BDO has been appointed to undertake this work.
- A review our systems for recording and valuing offers of marketing-in-kind from our partners in the GREAT campaign, which contribute to our match-funding targets, to ensure that are transparent and robust. This was also the subject of an internal audit review which resulted in two low level findings which have been addressed. The Head of Marketing also attended a meeting of the Committee in June 2012 to report on the implementation of the recommendations made in the previous year's internal audit review of the marketing programme control environment.

The Chairman of the Audit Committee presents the minutes of its meetings to the Board and briefs Colleagues on any significant issues. He also presents an annual report to the Board at its July meeting on the previous year's business.

**Statement of Corporate Governance by the Accounting Officer** *(Continued)*

**Overall Control Environment**

The Audit Committee reviews all Internal Audit reports and management responses and monitors progress on the implementation of any agreed recommendations. During 2012/13 the internal audit reviews carried out in accordance with the annual work programme did not identify any critical or high risk issues. Some medium risks were identified and in these cases remedial action has been agreed and substantially implemented.

In addition, the Committee follows an annual work programme to ensure that it also reviews the corporate risk registers to satisfy itself that risks are being well managed and that all new emerging risks have been identified; reviews foreign currency arrangements and any procurement and taxation matters which may arise.

The Committee also reviews the Annual Report and Accounts prior to submission to the Board and any matters arising from the audit of the Accounts by the National Audit Office.

During 2012/13 the Committee included audits of our offices in India and Russia in the internal audit programme as both of these countries are perceived to have a higher risk of corruption. The India office audit resulted in one medium level risk being identified: this did not relate to the India office in particular and was a recommendation that we review a wide range of policies to ensure that they referenced our Anti-Bribery Policy and associated matters. The audit of the Russia office did not result in any recommendations.

Another potentially high risk area of BTA's operations, its retail activity, was also the subject of an internal audit review and did not result in any recommendations.

BTA has suffered no protected personal data incident during 2012/13 or prior years and has therefore made no report to the Information Commissioners office.

We have not received any Ministerial Directions during the year.

The Chairman of the Audit Committee, in his annual report to the Board, advised that without giving specific assurance on the effectiveness of the whole system the Audit Committee is satisfied that the internal control environment appears to be well supported by the various embedded mechanisms and working practices.

**Risk Management**

BTA's strategy is to recognise that good risk management can add value to its work by increasing the likelihood that the organisation will achieve its objectives and targets and by enabling it to take action to reduce the impact if something goes wrong. Good risk management also enables VisitBritain and VisitEngland to exploit opportunities in a managed way. It helps us to use resources more effectively and leads to better decision making and management of activity. At the heart of our risk management process are well documented procedures and an integrated system of planning, allocation of responsibilities and budgetary control.

We 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 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 BTA and to achieve its objectives, provided the resultant exposures are within our risk appetite.

For VisitBritain, one of the highest risks which we face is that we fail to reach our match funding targets for the GREAT campaign; a risk shared by VisitEngland in relation to its RGF project campaigns.

We employ a mix of tools to manage the risks around the GREAT campaign: these include monitoring consumer reaction to the campaign and adjusting the creative and choice of delivery channels accordingly; switching the markets in which the campaign is running in in response to external factors beyond our control; having a partner recruitment strategy in place to ensure we reach our match-funding targets coupled with robust procedures for recording marketing-in-kind pledged and redeemed and a strong key account management system.

In the case of RGF where projects are delivered locally our risk management strategy includes putting robust partnership agreements and monitoring arrangements in place which will provide us with an 'early warning system' for potential performance issues allowing to take early

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

**Annual Report and Financial Statements for the Year Ended 31 March 2013**

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corrective action. As noted above we also provided an independent accountants' audit report with our first grant claim and must provide further reports on an annual basis.

Sandie Dawe MBE  
Accounting Officer  
BTA

27<sup>th</sup> June 2013

**10. STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES**

Under Section 6(1) of the Development of Tourism Act 1969, the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, has directed the British Tourist Authority 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 the British Tourist Authority and of its comprehensive net expenditure, changes in taxpayer's equity 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, 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; and
- Prepare the accounts on a going concern basis.

The Accounting Officer of the Department for Culture, Media and Sport has appointed me as the Accounting Officer of the British Tourist Authority. 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 the BTA's assets, are set out in Managing Public Money published by the HM Treasury.

Sandie Dawe MBE  
Accounting Officer  
BTA

27<sup>th</sup> June 2013



**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 2013 under the Development of Tourism Act 1969. The financial statements comprise: the Group and BTA parent Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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, 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 group's and the BTA parent'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 and report.

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

**Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 group's and of the BTA parent's affairs as at 31 March 2013 and of the group's and the BTA parent's 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.

**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 made under the Development of Tourism Act 1969; and
- the information given in Organisation, Results for the Year 2012/13 and Other Financial Information, Auditors, Staff and Statement of Sustainability 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement 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

3<sup>rd</sup> July 2013

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2013

		Group		BTA	
	Note	2013 £'000	2012 £'000	2013 £'000	2012 £'000
<b>Revenue</b>					
Income from activities	6	24,918	24,261	24,918	24,261
Other income	7	8,403	1,049	8,403	1,049
		<u>33,321</u>	<u>25,310</u>	<u>33,321</u>	<u>25,310</u>
Employee benefits costs	8	(13,664)	(12,819)	(13,664)	(12,819)
Depreciation	17	(192)	(970)	(192)	(970)
Other operating charges	9	(67,422)	(55,885)	(67,383)	(55,877)
Grants paid to Private Sector	11	(11)	(32)	(11)	(32)
Re-organisation costs	12	(109)	(1,161)	(109)	(1,161)
		<u>(81,398)</u>	<u>(70,867)</u>	<u>(81,359)</u>	<u>(70,859)</u>
<b>Net Expenditure before finance income</b>	13	<u>(48,077)</u>	<u>(45,557)</u>	<u>(48,038)</u>	<u>(45,549)</u>
Finance income	15	11	347	11	347
<b>Net Expenditure for the year</b>		<u>(48,066)</u>	<u>(45,210)</u>	<u>(48,027)</u>	<u>(45,202)</u>
<b>Other Comprehensive Income / (Expenditure)</b>					
Decrease/(increase) in UK pension liability on unfunded schemes	28	3	7	3	7
Actuarial gain/(loss) on UK & US pension schemes	28	3,281	(4,704)	3,281	(4,704)
Effect of paragraph 58(b) limit (including requirements for IFRIC 14) - US	28	-	225	-	225
Exchange rate gain/(loss) on US pension scheme	28	9	2	9	2
Revaluation gain on leasehold improvements		2	13	2	13
		<u>3,295</u>	<u>(4,457)</u>	<u>3,295</u>	<u>(4,457)</u>
<b>Other Comprehensive Income / (Expenditure)</b>		<u>3,295</u>	<u>(4,457)</u>	<u>3,295</u>	<u>(4,457)</u>
<b>Total Comprehensive Net Expenditure for the year</b>		<u>(44,771)</u>	<u>(49,667)</u>	<u>(44,732)</u>	<u>(49,659)</u>

The Notes on pages 52 to 87 form part of these financial statements

British Tourist Authority trading as VisitBritain and VisitEngland

Consolidated Statement of Financial Position as at 31 March 2013

	Note	Group	
		2013	2012
		£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	173	174
Retirement benefit assets	28	186	183
<b>Total non-current assets</b>		359	357
<b>Current assets</b>			
Inventories	19	3,394	4,362
Trade and other receivables	20	9,603	5,837
Derivative financial assets	25	161	61
Cash and cash equivalents	21	1,095	678
<b>Total current assets</b>		14,253	10,938
<b>Total assets</b>		14,612	11,295
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	(11,418)	(8,954)
Provisions	23	-	(8)
<b>Total current liabilities</b>		(11,418)	(8,962)
<b>Non-current liabilities</b>			
Retirement benefit liabilities	28	(15,797)	(18,837)
<b>Total non-current liabilities</b>		(15,797)	(18,837)
<b>Total liabilities</b>		(27,215)	(27,799)
<b>Total Net Liabilities</b>		(12,603)	(16,504)
<b>Taxpayers' Deficit</b>			
Income and expenditure reserve		(12,603)	(16,504)
		(12,603)	(16,504)

The financial statements were approved by the Board on 27<sup>th</sup> June 2013 and were signed on its behalf by:

Sandie Dawe MBE  
Accounting Officer  
BTA

The Notes pages on 52 to 87 form part of these financial statements.

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Financial Position as at 31 March 2013

	<i>Note</i>	BTA	
		2013	2012
		£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	173	174
Investment in subsidiary	18	1	8
Retirement benefit assets	28	186	183
<b>Total non-current assets</b>		360	365
<b>Current assets</b>			
Inventories	19	3,394	4,362
Trade and other receivables	20	9,603	5,835
Derivative financial assets	25	161	61
Cash and cash equivalents	21	1,095	634
<b>Total current assets</b>		14,253	10,892
<b>Total assets</b>		14,613	11,257
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	(11,418)	(8,954)
Provisions	23	-	(8)
<b>Total current liabilities</b>		(11,418)	(8,962)
<b>Non-current liabilities</b>			
Retirement benefit liabilities	28	(15,797)	(18,837)
<b>Total non-current liabilities</b>		(15,797)	(18,837)
<b>Total liabilities</b>		(27,215)	(27,799)
<b>Total Net Liabilities</b>		(12,602)	(16,542)
<b>Taxpayers' Deficit</b>			
Income and expenditure reserve		(12,602)	(16,542)
		(12,602)	(16,542)

The financial statements were approved by the Board on 27<sup>th</sup> June 2013 and were signed on its behalf by:

Sandie Dawe MBE  
Accounting Officer  
BTA

The Notes on pages 52 to 87 form part of these financial statements.

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Cash Flows for the Year Ended 31 March 2013

		Group		BTA	
	Note	2013 £'000	2012 £'000	2013 £'000	2012 £'000
<b>Cash flows from operating activities</b>					
Net expenditure for the year		(48,066)	(45,210)	(48,027)	(45,202)
Adjustments for:					
Depreciation		192	970	192	970
Profit on disposal of fixed assets		(4)	(5)	(4)	(5)
Gain on disposal of subsidiary		-	-	(41)	-
Defined benefit pension cost	28	1,799	1,817	1,799	1,817
Finance costs/( income) – UK&US pension scheme		138	(287)	138	(287)
Defined benefit employer pension contribution	28	(1,687)	(1,759)	(1,687)	(1,759)
Fair value adjustment on financial assets	25	(100)	56	(100)	56
		<b>(47,728)</b>	<b>(44,418)</b>	<b>(47,730)</b>	<b>(44,410)</b>
<b>Cash flows from operating activities before changes in working capital and provisions</b>					
Decrease/(increase) in trade and other receivables		(3,766)	158	(3,768)	153
Decrease/(Increase) in inventories		968	(1,591)	968	(1,591)
Increase/(decrease) in trade and other payables		2,464	1,393	2,464	1,380
Increase/(decrease) in provisions		(8)	(3,629)	(8)	(3,629)
		<b>(48,070)</b>	<b>(48,087)</b>	<b>(48,074)</b>	<b>(48,097)</b>
<b>Investing activities</b>					
Purchases of property, plant and equipment		(189)	(191)	(189)	(191)
Proceeds on disposal of subsidiary		-	-	48	-
Proceeds on sale of property, plant and equipment		4	5	4	5
		<b>(185)</b>	<b>(186)</b>	<b>(137)</b>	<b>(186)</b>
<b>Financing activities</b>					
Grant-in-aid received from the DCMS		48,672	47,771	48,672	47,771
		<b>48,672</b>	<b>47,771</b>	<b>48,672</b>	<b>47,771</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>					
		417	(502)	461	(512)
<b>Cash and cash equivalents at beginning of the year</b>	24	678	1,180	634	1,146
<b>Cash and cash equivalents at end of the year</b>	24	<b>1,095</b>	<b>678</b>	<b>1,095</b>	<b>634</b>

The Notes on pages 52 to 87 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 2013

	Group			BTA		
	Income and Expenditure £'000	Re- valuation £'000	Total Reserves £'000	Income and Expenditure £'000	Re- valuation £'000	Total Reserves £'000
<b>Balance as at 1 April 2011</b>	(15,012)	404	(14,608)	(15,058)	404	(14,654)
<b>Changes in reserves 2011/12</b>						
Total comprehensive income and expenditure for the year	(49,680)	13	(49,667)	(49,672)	13	(49,659)
Release of reserves to the income and expenditure reserve	417	(417)	-	417	(417)	-
<b>Grant in Aid</b>	47,771	-	47,771	47,771	-	47,771
<b>Balance as at 31 March 2012</b>	(16,504)	-	(16,504)	(16,542)	-	(16,542)
<b>Changes in reserves 2012/13</b>						
Total comprehensive income and expenditure for the year	(44,773)	2	(44,771)	(44,734)	2	(44,732)
Release of reserves to the income and expenditure reserve	2	(2)	-	2	(2)	-
<b>Grant in Aid</b>	48,672	-	48,672	48,672	-	48,672
<b>Balance as at 31 March 2013</b>	(12,603)	-	(12,603)	(12,602)	-	(12,602)

**Reserve**

Revaluation  
Income and expenditure

**Description and purpose**

Gains/losses arising on the revaluation of the Group's property, plant and equipment.  
Cumulative net gains and losses recognised in the Statement of Comprehensive Net Expenditure.

The Notes on pages 52 to 87 form part of these financial statements.

## 1 Accounting Policies

These financial statements have been prepared in accordance with the 2012/13 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Accounts Direction issued by the Secretary of State under the Development of Tourism Act 1969. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of BTA, for the purpose of giving a true and fair view, has been selected. The particular accounting policies adopted by 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.

### *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 BTA will continue in operational existence for the foreseeable future. At the year-end 31 March 2013, the Group had a taxpayers' deficit of £12,603,000 (2011/12: £16,504,000) (BTA: taxpayers' deficit of £12,602,000 (2011/12: £16,542,000)).

The Board has considered the position of the Group and of 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 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). The UK Pension obligation at year end amounts to £15,797,000 (2011/12: £18,837,000).
- The Group remains cash flow positive and based on current forecasts and budgets it will continue to do so for the foreseeable future.
- BTA is a non-departmental public body funded by the Department for Culture, Media and Sport (DCMS) on a four year cycle through the Comprehensive Spending Review (CSR) process until March 2015.

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 BTA had two wholly owned subsidiaries; the British Travel Centre AB (BTC AB) in Sweden and the VisitBritain Services India Private Ltd (VBSILP) in India.

The BTA group financial statements for 2012/13 consolidate the results of the parent BTA and the BTC AB up to the date of its disposal in March 2013. Intercompany transactions and balances between members of the Group are eliminated in full. The result of the VBSILP has been excluded from consolidation where its inclusion is not material for the purposes of giving a true and fair view.



**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.

*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 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 'other operating charges'. Other than derivative financial instruments which are not designated as a hedging instrument, 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 2013

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#### Accounting Policies (Continued)

##### *Financial Liabilities*

*Financial liabilities measured at amortised cost:* This category includes 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 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 other operating charges line item in the Statement of Comprehensive Net Expenditure, except to the extent they reverse gains previously recognised, in which case they are debited to the revaluation reserve.

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 11.2.19. Grant-in-aid received for the purchase of fixed assets in general is credited to the income and expenditure reserve.

**Accounting Policies** *(Continued)*

*Value Added Tax (VAT)*

UK VAT – 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 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 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 lessor 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 is 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'. BTA has both defined benefit and defined contribution plans.

*Defined Contribution Plan*

A defined contribution plan is a pension plan under which 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 net expenditure 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 2013

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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 any 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 IFR 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:

- IFRS 9: Financial Instruments (from 1 January 2015)
- IFRS 10: Consolidated Financial Statements (from 1 January 2013)
- IFRS 13: Fair Value Measurement (from 1 January 2013)
- IAS 1 (Amendment) :Presentation of financial statements (from 1 July 2012)
- IAS 12 (Amendment): Income taxes (from 1 July 2012)
- IAS 19 (Amendment): Employee benefits (from 1 January 2013)

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 for any potential additional disclosure requirements.

IFRS 9: Financial Instruments (effective for accounting periods beginning on or after 1 January 2015). 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.

## 2 Significant Accounting Estimates and Judgements

BTA makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (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 above. 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.

### (d) Defined Benefit Assumptions

The costs, assets and liabilities of the defined benefit schemes operated by 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

**3 Financial Instruments and Risk Management (Continued)**

The following tables show financial instruments by category:

	2013			2012		
	Loans and Receivables	Financial assets at fair value through profit & loss	Total	Loans and Receivables	Financial assets at fair value through profit & loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group</b>						
<u>Financial Assets</u>						
Trade and other receivables	6,761	-	6,761	2,183	-	2,183
Derivative financial assets	-	161	161	-	61	61
Cash and cash equivalents	1,095	-	1,095	678	-	678
	<u>7,856</u>	<u>161</u>	<u>8,017</u>	<u>2,861</u>	<u>61</u>	<u>2,922</u>

**BTA**Financial Assets

Trade and other receivables	6,761	-	6,761	2,181	-	2,181
Derivative financial assets	-	161	161	-	61	61
Cash and cash equivalents	1,095	-	1,095	634	-	634
	<u>7,856</u>	<u>161</u>	<u>8,017</u>	<u>2,815</u>	<u>61</u>	<u>2,876</u>

	2013			2012		
	Financial liabilities held at amortised cost	Financial liabilities at fair value through profit and loss	Total	Financial liabilities held at amortised cost	Financial liabilities at fair value through profit and loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group</b>						
<u>Financial Liabilities</u>						
Trade and other payables	9,287	-	9,287	7,261	-	7,261
Net Financial Liabilities	<u>9,287</u>	<u>-</u>	<u>9,287</u>	<u>7,261</u>	<u>-</u>	<u>7,261</u>

**BTA**Financial Liabilities

Trade and other payables	9,287	-	9,287	7,261	-	7,261
	<u>9,287</u>	<u>-</u>	<u>9,287</u>	<u>7,261</u>	<u>-</u>	<u>7,261</u>

**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 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*

BTA is exposed to credit risk of £6.5 million (2011/12: £1.9 million) of trade receivables which are spread over a range of customers and countries. BTA has recovered more than 99% of trade receivables over the last 2 years and write offs in the year 2012/13 amounted to £108k (£30k in 2011/12).

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 on-going 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. BTA's main banking arrangements are with Royal Bank of Scotland. Amounts held by overseas operations with banks are kept to a minimum.

BTA does not enter into derivatives to manage credit risk.

*Liquidity Risk*

The cash requirements of BTA are met mainly through grant-in-aid provided by the DCMS under the provision of the Act. Following the Government's objectives, 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 BTA is not exposed to significant liquidity risk.

**3 Financial Instruments and Risk Management (Continued)**

*Market Risk*

Market risk arises from 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*

BTA is exposed to interest rate risk through its financial assets and liabilities. These financial assets and liabilities carry no or nominal interest, thus 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.

BTA has a treasury policy in place, which has been agreed by the 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 2013 there were commitments to purchase foreign currency exchange forward contracts with a guarantee of currency to a total sterling value of £6.0 million (2011/12 - £6.5 million). 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 35% to 70% is paid. The £6.0 million (2011/12 - £6.5 million) sterling value represents the guarantee of each contract. If all strike rates were achieved the value would equate to £9.7 million (2011/12 - £13.1 million). The guaranteed values are 2012/13 – EUR1.4 million, USD4.8 million and JPY64.5 million (2011/12: EUR 1.3 million, USD 5.6 million and JPY 97.0 million) with the full strike rate values set at 2012/13: EUR1.4 million, USD9.6 million and JPY64.5 million (2011/12: EUR 1.6 million, USD 13.0 million and JPY188.0 million). 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 2013

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#### 4 Segment Information

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;
- *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.

##### VisitEngland

- *England Marketing*: This segment concerns marketing England both domestic and internationally;
- *Enterprise*: Has responsibility for accommodation standards and visitor attraction grading schemes and provides advice and business support with the overall aim of improving the quality of tourism provision in England;
- *Strategy and Development*: Delivering the programme of activity to deliver the national tourism strategy and facilitate sector growth; 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 2013

4 Segment Information (Continued)

	VISITBRITAIN				VISITENGLAND				BTA Total			
	Britain Marketing	Global Network	Retail	Championing Tourism	Shared Services & CEO Board	VisitBritain Total	England Marketing	Enterprise		Strategy & Development	Shared Services & CEO Board	VisitEngland Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2012/13												
Income	9,596	97	11,304	-	868	21,865	10,509	789	143	15	11,456	33,321
Intra-segmental revenue	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from external customers	9,596	97	11,304	-	868	21,865	10,509	789	143	15	11,456	33,321
Segment deficit for the year before shared service cost allocation	(24,136)	(5,606)	561	(1,585)	(7,280)	(38,046)	(6,290)	(602)	(1,570)	(1,266)	(9,728)	(47,774)
Net finance (costs)/income	-	-	-	-	-	-	-	-	-	-	-	11
Depreciation	-	-	-	-	-	-	-	-	-	-	-	(192)
Defined benefit/pension costs	-	-	-	-	-	-	-	-	-	-	-	(1,799)
Defined benefit/employer pension contribution adjustment	-	-	-	-	-	-	-	-	-	-	-	1,688
Shared services costs	-	-	-	-	1,180	1,180	-	-	-	(1,180)	(1,180)	-
<b>Segment net expenditure for the year</b>	<b>(24,136)</b>	<b>(5,606)</b>	<b>561</b>	<b>(1,585)</b>	<b>(6,100)</b>	<b>(36,866)</b>	<b>(6,290)</b>	<b>(602)</b>	<b>(1,570)</b>	<b>(2,446)</b>	<b>(10,908)</b>	<b>(48,066)</b>
2011/12												
Income	5,843	389	10,874	-	246	17,352	1,689	5,908	173	188	7,968	25,310
Intra-segmental revenue	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from external customers	5,843	389	10,874	-	246	17,352	1,689	5,908	173	188	7,968	25,310
Segment deficit for the year before shared service cost allocation	(19,386)	(6,740)	506	(1,084)	(8,250)	(34,954)	(5,578)	(1,107)	(1,370)	(1,520)	(9,575)	(44,529)
Finance income	-	-	-	-	-	-	-	-	-	-	-	347
Depreciation	-	-	-	-	-	-	-	-	-	-	-	(970)
Defined benefit/pension costs	-	-	-	-	-	-	-	-	-	-	-	(1,817)
Defined benefit/employer pension contribution adjustment	-	-	-	-	-	-	-	-	-	-	-	1,759
Shared services costs	-	-	-	-	1,531	1,531	-	-	-	(1,531)	(1,531)	-
<b>Segment net expenditure for the year</b>	<b>(19,386)</b>	<b>(6,740)</b>	<b>506</b>	<b>(1,084)</b>	<b>(6,719)</b>	<b>(33,423)</b>	<b>(5,578)</b>	<b>(1,107)</b>	<b>(1,370)</b>	<b>(3,051)</b>	<b>(11,106)</b>	<b>(45,210)</b>

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

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#### 4 Segment Information (Continued)

Geographical information:

**Income (excluding GIA) by country:**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
UK*	25,091	17,844
Germany	1,482	1,615
United States Of America	1,169	1,211
France	1,053	817
Australia	324	302
Holland	879	718
Hong Kong	-	89
Sweden	392	361
Spain	148	179
Italy	406	337
India	280	481
Canada	246	202
Japan	326	207
Other Countries	1,525	947
	<b>33,321</b>	<b>25,310</b>

\*The 2012/13 result includes £6.9m grant received from Department of Business Innovation and Skills for the RGF marketing project.

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

#### 5 Grants

Core government grant-in-aid allocation from the Department for Culture, Media and Sport amounts to £48.672 million less £192k capital (2011/12: £47.771 million less £192k capital grant-in-aid), of which cash drawn were £48.672 million (2011 - £47.771 million).

Other grants received include £6.9 million (2011/12: Nil) from the Department of Business Innovation and Skills, £183k (2011/12: £203k) from the Regional Development Agencies and £12k (2011/12 - £33k) 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 2013

#### 6 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		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Revenue arises from:				
Partnership marketing, media & publicity income	11,232	5,845	11,232	5,845
Income from exhibition, fairs & workshops	1,629	1,501	1,629	1,501
Income from Commercial activities	11,266	11,052	11,266	11,052
Quality scheme income	779	5,835	779	5,835
Distribution income	12	28	12	28
Total revenue	24,918	24,261	24,918	24,261

#### 7 Other Income

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Service income	33	22	33	22
Office rental income	251	517	251	517
Other grants*	7,095	236	7,095	236
Other income	1,024	274	1,024	274
Total other operating income	8,403	1,049	8,403	1,049

\*The 2012/13 result includes £6.9m grant received from Department of Business Innovation and Skills for the RGF marketing project.

BTA sub-lets properties in London and also received rental income from VisitScotland and Visit Wales in the USA. For the year ended 31 March 2013, the total rental income from the sub-let of properties was £251k, in the year ended 31 March 2012, it was £517k.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

8 Employee Benefits Costs

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Staff costs (including directors) comprise:				
Wages and salaries	9,591	9,126	9,591	9,126
Agency staff and students	284	230	284	230
Payment to contractors	776	492	776	492
Expatriate taxable benefits	15	159	15	159
Expatriate local taxes	-	-	-	-
Social security contributions and similar taxes	1,056	956	1,056	956
Pension costs – defined contributions	63	37	63	37
Special pension costs	5	9	5	9
Movement on accrued holiday pay	75	(8)	75	(8)
	11,865	11,002	11,865	11,002
Defined benefit pension cost (see Note 28)*	1,799	1,817	1,799	1,817
Total staff costs	13,664	12,819	13,664	12,819

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

	Group		BTA	
	2013 Number	2012 Number	2013 Number	2012 Number
Marketing	181	209	181	209
Overseas support (marketing and administration)	10	16	10	16
Administration (CEO and shared services)	44	43	44	43
Total staff numbers	235	268	235	268

BTA uses temporary agency and contractor staff to fill short-term posts to deliver its objectives. The number of staff employed would be equivalent to 17 full time BTA staff (2011/12 – 19).

**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 2013

9 Other Operating Charges

	Group		BTA	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Partnership marketing, media & publicity costs	47,430	31,880	47,430	31,880
Publishing	525	441	525	441
Commercial cost of sales and overhead cost	9,910	9,928	9,910	9,928
Quality scheme costs	523	5,557	523	5,557
Distribution costs	76	401	76	401
Research and evaluation	2,069	1,664	2,069	1,664
Property and support costs – overseas	2,072	2,524	2,072	2,524
Property and support costs – UK	2,192	1,914	2,192	1,914
(Surplus)/Loss on sale of fixed assets	(4)	(5)	(4)	(5)
VisitEngland Board secretariat operation costs	8	10	8	10
Irrecoverable VAT (UK and overseas)*	2,620	1,667	2,620	1,667
Prior year creditors provision written off	(26)	(283)	(65)	(283)
Foreign exchange loss	127	131	127	123
Fair value adjustment on financial asset	(100)	56	(100)	56
Total other operating charges	67,422	55,885	67,383	55,877

\* The increase in irrecoverable VAT is due to lower recovery on the RGF programme expenditure and additional VAT incurred on the GREAT campaign expenditure.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

10 Analysis of Expenditure by Programme and Administration Budget

Group	Administration	Programme*	Total	Administration	Programme*	Total
	2013	2013	2013	2012	2012	2012
	£'000	£'000	£'000	£'000	£'000	£'000
Partnership marketing, media & publicity costs	24,200	23,230	47,430	18,809	13,071	31,880
Publishing	428	97	525	285	156	441
Commercial cost of sales and overhead cost	9,906	4	9,910	9,928	-	9,928
Quality scheme costs	523	-	523	5,557	-	5,557
Distribution costs	71	5	76	401	-	401
Research and evaluation	1,889	180	2,069	1,638	26	1,664
Property and support costs – overseas	2,055	17	2,072	2,492	32	2,524
Property and support costs – UK	2,192	-	2,192	1,914	-	1,914
(Surplus)/Loss on sale of fixed assets	(4)	-	(4)	(5)	-	(5)
VisitEngland Board secretariat operation costs	8	-	8	10	-	10
Irrecoverable VAT (UK and overseas)	1,866	754	2,620	1,667	-	1,667
Prior year creditors provision written off	(26)	-	(26)	(283)	-	(283)
Foreign exchange loss	127	-	127	131	-	131
Fair value adjustment on financial asset	(100)	-	(100)	56	-	56
Employee Benefits Costs	13,168	496	13,664	12,819	-	12,819
Depreciation	192	-	192	970	-	970
Grants paid to Private Sector	11	-	11	32	-	32
Re-organisation costs	109	-	109	1,161	-	1,161
Total other operating charges	56,615	24,783	81,398	57,582	13,284	70,867

\* Programme expenditure relates to the "GREAT" image (VB), and "Holiday at Home is GREAT" (VE) campaigns, as well as RGF funding.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

10 Analysis of Expenditure by Programme and Administration Budget (Continued)

BTA

	Administration	Programme	Total	Administration	Programme	Total
	2013	2013	2013	2012	2012	2012
	£'000	£'000	£'000	£'000	£'000	£'000
Partnership marketing, media & publicity costs	24,200	23,230	47,430	18,809	13,071	31,880
Publishing	428	97	525	285	156	441
Commercial cost of sales and overhead cost	9,906	4	9,910	9,928	-	9,928
Quality scheme costs	523	-	523	5,557	-	5,557
Distribution costs	71	5	76	401	-	401
Research and evaluation	1,889	180	2,069	1,638	26	1,664
Property and support costs – overseas	2,055	17	2,072	2,492	32	2,524
Property and support costs – UK	2,192	-	2,192	1,914	-	1,914
(Surplus)/Loss on sale of fixed assets	(4)	-	(4)	(5)	-	(5)
VisitEngland Board secretariat operation costs	8	-	8	10	-	10
Irrecoverable VAT (UK and overseas)	1,866	754	2,620	1,667	-	1,667
Prior year creditors provision written off	(65)	-	(65)	(283)	-	(283)
Foreign exchange loss	127	-	127	123	-	123
Fair value adjustment on financial asset	(100)	-	(100)	56	-	56
Employee Benefits Costs	13,168	496	13,664	12,819	-	12,819
Depreciation	192	-	192	970	-	970
Grants paid to private sector	11	-	11	32	-	32
Re-organisation costs	109	-	109	1,161	-	1,161
Total other operating charges	56,576	24,783	81,359	57,574	13,285	70,859

11 Grants Paid

	Group		BTA	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
General grants paid to private sector	11	32	11	32
Total grant expenditure to private sector	11	32	11	32



British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

12 Re-organisation Costs

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Staff redundancy costs**	141	1,064	141	1,064
Staff moving & recruitment costs	16	58	16	58
Office closure costs	2	171	2	171
Legal & professional fees	-	44	-	44
	159	1,337	159	1,337
Pension enhancement costs*	(50)	(176)	(50)	(176)
	109	1,161	109	1,161

\*Actual pension enhancement costs (included under staff redundancy costs) incurred in 2012/13 were £50k (2011/12: £176k), all relating to the BTBP scheme, which was adjusted (credited) per the IAS 19 accounting requirement. The current year amount relates to restructuring in 2010/11 for which the actual charge was only incurred in 2012/13.

\*\*Staff redundancy costs include exit package and other related costs.

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	
	2012/13	(2011/12)	2012/13	(2011/12)	2012/13	(2011/12)
<£10,000	1	-	-	-	1	-
£10,000 - £25,000	3	2	-	-	3	2
£25,000 - £50,000	1	6	-	-	1	6
£50,000 - £100,000	-	2	-	-	-	2
£100,000- £150,000	-	3	-	-	-	3
£150,000- £200,000	-	-	-	-	-	-
>£200,000	-	1	-	-	-	1
<b>Total number of exit packages by type (total cost)</b>	5	14	-	-	5	14
<b>Total resource cost</b>	£134,389	£976,066	-	-	£134,389	£976,066

Redundancy and other departure costs have been paid in accordance with the provisions of BTA's Premature Retirement and Redundancy policy. Exit costs are accounted for in full in the year of departure. Where BTA has agreed early retirements, the additional costs are met by BTA and not the BTBP Scheme. Included above is an amount of £50k in respect of pension enhancement costs relating to an employee who was included in the 2010/11 restructuring.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

13 Net Expenditure before Finance Income

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Net expenditure before finance income	(48,077)	(45,557)	(48,038)	(45,549)
This has been arrived at after charging/ (crediting):				
VisitBritain Board Members' remuneration	96	96	96	96
VisitEngland Board Members' remuneration	90	89	90	89
Auditors' remuneration (UK)*	49	47	49	47
Auditors' remuneration (overseas)	3	-	3	-
Operating lease expense:				
- Land and buildings	1,715	2,319	1,715	2,319
- Vehicles and equipment	37	83	37	83
Travel, subsistence and hospitality:				
- Chairman and Board Members (VisitBritain)	22	11	22	11
- Chairman and Board Members (VisitEngland)	8	11	8	11
- Employees	1,123	847	1,123	847
Depreciation (Note 17)	192	970	192	970
Profit on disposal of property plant and equipment	(4)	(5)	(4)	(5)
Changes in provisions (Note 23)	-	(119)	-	(119)

\*The external audit fee includes £46.5k in respect of external audit services performed by the National Audit Office, and £2k in respect of Regional Growth Fund audit performed by other auditors. The fee does not include any fees for non-audit work as no such work was undertaken during 2012/13.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

14 Overseas and Domestic Activities

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 internationally and to disclose the expenditure made on behalf of the ETB Board Members. The total expenditure reconciles with BTA's parent account, and not the Group.

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

2012/13	Britain	England	England	Total
	International	Domestic	International	
	£'000	£'000	£'000	
Staff costs (see Note 8)	9,525	3,834	305	13,664
Re-organisation staff costs (see Note 12)	91	-	-	91
Re-organisation other costs (see Note 12)	18	-	-	18
Programme costs	41,818	15,269	358	57,445
Operational costs	7,495	2,476	170	10,141
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>58,947</b>	<b>21,579</b>	<b>833</b>	<b>81,359</b>
Less:-				
Other grant income	110	6,985	-	7,095
Non-Government Funding (NGF) (see Notes 6, 7 & 15)	21,766	4,380	91	26,237
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>37,071</b>	<b>10,214</b>	<b>742</b>	<b>48,027</b>
<b>2011/12</b>	<b>Britain</b>	<b>England</b>	<b>England</b>	<b>Total</b>
	<b>International</b>	<b>Domestic</b>	<b>International</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Staff costs (see Note 8)	9,140	3,666	13	12,819
Re-organisation staff costs (see Note 12)	447	441	-	888
Re-organisation other costs (see Note 12)	273	-	-	273
Programme costs	32,988	12,634	203	45,825
Operational costs	8,654	2,385	15	11,054
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>51,502</b>	<b>19,126</b>	<b>231</b>	<b>70,859</b>
Less:-				
Other grant income	103	133	-	236
Non-Government Funding (NGF) (see Notes 6, 7 & 15)	17,302	7,944	175	25,421
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>34,097</b>	<b>11,049</b>	<b>56</b>	<b>45,202</b>

14 Overseas and Domestic Activities (Continued)

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 BTA and excludes subsidiaries' results;
5. The BTA parent total expenditure of £81,359k (2011/12 - £70,859k) represents the following items in the Statement of Comprehensive Net Expenditure:

	2013	2012
	£'000	£'000
Staff costs (see Note 8)	13,664	12,819
Exceptional re-organisation staff costs (see Note 12)	91	888
Exceptional re-organisation other costs (see Note 12)	18	273
Other operating charges (see Note 9)	67,383	55,877
Depreciation (see Note 17)	192	970
Grant paid to private sector (see Note 11)	11	32
	<u>81,359</u>	<u>70,859</u>
BTA expenditure per Statement of Comprehensive Income		

<b>VisitEngland Board Members' Expenditures</b>	<b>2013</b>	<b>2012</b>
	£	£
Board Members' remuneration	90,450	88,903
Employers NI & other taxes	7,510	5,688
Travel & subsistence and secretariat	8,245	10,821
	<u>106,205</u>	<u>105,412</u>
Total expenditure		

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

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15 Finance Income

	Group		BTA	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
<i>Finance Income:</i>				
Interest received on bank deposits	57	60	57	60
Interest received on VAT refund	92	-	92	-
Finance income/(costs) UK & US pension scheme (see Note 28)	(138)	287	(138)	287
	<u>11</u>	<u>347</u>	<u>11</u>	<u>347</u>

16 Tax Expense

BTA is assessed for Corporation Tax in the UK on its activities, excluding those funded by grant-in-aid. Unused taxable losses brought forward from 2012/13 amount to £46.3 million (2011/12 - £37.4 million).

BTA is assessed for corporate tax in Germany, India and Hong Kong and in all of these countries there is no corporate tax due.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

17 Property, Plant and Equipment

Group and BTA

	Leasehold improvements	Motor vehicles £'000	IT equipment £'000	Fixtures fittings & equipment £'000	Total £'000
<b>Cost or valuation</b>					
Balance at 1 April 2011	3,883	40	477	67	4,467
Revaluation	60	-	-	-	60
Additions	-	-	158	33	191
Disposals	-	-	(431)	(6)	(437)
Balance at 31 March 2012	3,943	40	204	94	4,281
Revaluation	4	-	-	-	4
Additions	27	-	162	-	189
Disposals	(1,416)	(15)	-	(39)	(1,470)
Balance at 31 March 2013	2,558	25	366	55	3,004
<b>Accumulated depreciation</b>					
Balance at 1 April 2011	2,987	40	446	54	3,527
Revaluation	464	-	-	-	464
Charge for the year	464	-	68	21	553
Disposals	-	-	(431)	(6)	(437)
Balance at 31 March 2012	3,915	40	83	69	4,107
Revaluation	4	-	-	-	4
Charge for the year	55	-	122	13	190
Disposals	(1,416)	(15)	-	(39)	(1,470)
Balance at 31 March 2013	2,558	25	205	43	2,831
<b>Net carrying value</b>					
At 31 March 2012	28	-	121	25	174
At 31 March 2013	-	-	161	12	173

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

#### 17 Property, Plant and Equipment (Continued)

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

These classes of assets are carried at fair value and are subject to revaluation under Modified Historic Cost Accounting (MHCA). In 2012/13, appropriate indices were used 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 £2k (2011/12 - £417k) 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 £192k (2011/12 - £970k).

##### Capital Commitment

BTA has no contractual commitment to purchase property, plant and equipment.

#### 18 Investment in Subsidiary Undertakings

	2013 £'000	2012 £'000
<b>Cost</b>		
At beginning of the year	8	8
Disposal of subsidiary	(7)	-
At end of the year	1	8

The only consolidated subsidiary of 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	
			2013	2012
British Travel Centre AB	Sweden	Undertaking of trading activities of a commercial nature	-	100%

The result of the VBSILP has been excluded from consolidation where its inclusion is not material for the purposes of giving a true and fair view.

#### 19 Inventories

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Finished goods and goods for resale	3,394	4,362	3,394	4,362
Total inventories	3,394	4,362	3,394	4,362

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

20 Trade and Other Receivables

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade receivables	6,535	1,917	6,535	1,917
Less: provision for impairment of trade receivables	(32)	(145)	(32)	(145)
Trade receivables – net	6,503	1,772	6,503	1,772
VAT receivables	1,229	1,952	1,229	1,952
Other receivables	258	411	258	409
Prepayments	1,466	1,035	1,466	1,035
Accrued income	142	662	142	662
HM Government – Section 4 grants recoverable	6	6	6	6
Less provisions for irrecoverable Section 4 grants	(1)	(1)	(1)	(1)
Total trade and other receivables	9,603	5,837	9,603	5,835

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:

	2013 £'000	2012 £'000
At 1 April beginning of the year	145	310
Income and Expenditure statement release	(5)	(135)
Provision utilised	(108)	(30)
At 31 March end of the year	32	145

The 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 2013

**20 Trade and Other Receivables** *(Continued)*

As at 31 March 2013 trade receivables of £1,090k (2011/12 - £508k) were past due but not impaired. The ageing analysis of these receivables is as follows:

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Up to 30 days	892	501	892	501
30 to 60 days	170	3	170	3
60 to 90 days	-	-	-	-
Over 90 days	28	4	28	4
	<u>1,090</u>	<u>508</u>	<u>1,090</u>	<u>508</u>

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

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Pound sterling	8,251	4,356	8,251	4,356
Euro	363	731	363	731
HK dollar	2	3	2	3
US dollar	342	163	342	163
Swedish Krona	26	159	26	157
Other	619	425	619	425
	<u>9,603</u>	<u>5,837</u>	<u>9,603</u>	<u>5,835</u>

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

21 Cash at Bank and in Hand

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Cash at bank and in hand	1,095	678	1,095	634
Total cash at bank and in hand	1,095	678	1,095	634

22 Trade and Other Payables

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade payables	4,327	3,911	4,327	3,911
Other taxes and social security taxes	1,458	548	1,458	548
Other payables	325	274	325	274
Deferred income	668	1,140	668	1,140
Accruals	4,635	3,076	4,635	3,076
HM Government – Section 4 grants payable	6	6	6	6
Less provisions for irrecoverable Section 4 grants	(1)	(1)	(1)	(1)
Total trade and other payables	11,418	8,954	11,418	8,954

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.

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

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Up to 30 days	4,332	3,701	4,332	3,701
30 to 60 days	10	54	10	54
60 to 90 days	7	22	7	22
Over 90 days	4,938	3,484	4,938	3,484
	9,287	7,261	9,287	7,261

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

22 Trade and Other Payables (Continued)

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

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Pound sterling	10,266	7,830	10,266	7,830
Euro	433	561	433	561
US dollar	249	234	249	234
Indian Rupee	217	37	217	37
Other	253	292	253	292
	<u>11,418</u>	<u>8,954</u>	<u>11,418</u>	<u>8,954</u>

23 Provisions

Group and BTA

	Relocation	Re-organisation	Total
	£'000	£'000	£'000
At 1 April 2011	1,350	2,287	3,637
Amount used during the year	(1,350)	(2,160)	(3,510)
Increase/(decrease) in provision	-	(119)	(119)
At 31 March 2012	-	8	8
Amount used during the year	-	(8)	(8)
At 31 March 2013	-	-	-

*Relocation provision:* BTA relocated from Hammersmith to Victoria in October 2009, this provision relates to the dilapidation claim by the landlord which was fully settled in 2011/12.

*Re-organisation provision:* 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 provisions have been analysed between current and non-current as follows:

	2013	2012
	£'000	£'000
Current	-	8
Non-current	-	-
	<u>-</u>	<u>8</u>

**24 Notes Supporting the Statement of Cash Flow**

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

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Cash at bank and in hand	1,095	678	1,095	634
Total cash at bank and in hand	<u>1,095</u>	<u>678</u>	<u>1,095</u>	<u>634</u>

**25 Derivative Financial Instruments**

	Group		BTA	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Forward foreign exchange contracts - asset	161	61	161	61
Total financial instruments classified as held for trading	<u>161</u>	<u>61</u>	<u>161</u>	<u>61</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**

**Group and BTA**

	Trade and other Receivables		Trade and other Payables	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Balances with other central government bodies (including pension and other government funds)	1,750	1,176	28	45
Balances with local authorities	102	(2)	17	1
Balances outside of government	7,751	4,663	11,373	8,908
Total	<u>9,603</u>	<u>5,837</u>	<u>11,418</u>	<u>8,954</u>

**27 Leases & other Commitments**

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

	<b>Land &amp; Buildings 2013 £'000</b>	<b>Other 2013 £'000</b>	<b>Land &amp; Buildings (Restated) 2012 £'000</b>	<b>Other 2012 £'000</b>
Not later than one year	775	20	1,327	51
Later than one year and not later than five years	701	1	703	8
Later than five years	1,073	-	1,248	-
	<b>2,549</b>	<b>21</b>	<b>3,278</b>	<b>59</b>

**Sub-lease Income**

	<b>Land &amp; Buildings 2013 £'000</b>	<b>Land &amp; Buildings 2012 £'000</b>
Not later than one year	175	187
Later than one year and not later than five years	700	700
Later than five years	1,073	1,248
	<b>1,948</b>	<b>2,135</b>

Included in lease commitments above are obligations under operating lease agreements in respect of the BTA's premises in the UK and overseas as well as obligations under shared corporate services arrangements entered into with the Foreign and Commonwealth Office for the provision of corporate service facilities to certain overseas offices. Commitments include rental and related costs only.

Sub lease income relates to rental agreements entered into with subtenants on parts of the premises rented by the BTA in the UK and overseas.

**28 Retirement Benefits**

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 £1.755 million (2011/12 - £1.821 million), of which £1 million (2011/12 - £965k) is normal contribution related to the group's main defined benefit pension scheme, the British Tourist Boards' Pension Scheme. A further special contribution of £50k (2011/12 - £176k) has been paid to the BTBP Scheme as pension enhancement for staff who took early retirement as part of BTA's restructuring programme. There was also £637k (2011/12 - £618k) paid to reduce the pension deficit as agreed with the Trustees (see Note 1).

Total amounts charged for contributions to pension schemes were as follows:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Normal contribution	1,000	965
Pension enhancement exceptional contributions	50	176
Pension deficit recovery contribution	637	618
Total pension contribution to the BTBPS	<u>1,687</u>	<u>1,759</u>
Normal contribution - Overseas pension schemes	63	53
Special contributions - SIPP*	5	9
Total Pension contribution	<u><u>1,755</u></u>	<u><u>1,821</u></u>

\*The special pension contribution is a supplementary pension scheme for the CEOs of both VisitBritain and VisitEngland (ETB) that was made to a Self-Investment Pension Plan (SIPP). In 2013 the special pension contribution was only paid on behalf of the CEO of VisitBritain.

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

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

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 as at 31 March 2013. The valuation, using IAS 19 assumptions and methodology, form the basis of the disclosure.

BTA also has additional pension liability of £290k (2011/12 - £293k) for pension payments to ex-chairmen which are unfunded and are included within the retirement benefit liabilities in the Statements of Financial Position.

**28 Retirement Benefits** *(Continued)*

**UK BTBP Scheme**

A full valuation of the UK pension scheme was carried out as at 31 March 2013. 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 accordance with IAS 19 BTA's share of the assets and liabilities have been identified and are reflected in the accounts. (See Note 28).

BTA's share of the deficit in the UK scheme at the measurement date under the assumptions used is £15.507 million (2011/12 -£18.544 million). The increase in the defined benefit obligation is primarily due to changes in financial conditions over the year resulting in changes in the assumptions used to value the scheme assets and liabilities. This resulted in an actuarial gain of £3.282 million (2011/12 – loss of 4.301 million) being recognised in the year. Actual return on assets amounted to £13.211 million (2011/12 - £5.844 million) compared to an expected return of £5.898 million (2011/12 - £7.069 million).

**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 £186k (2011/12 - £183k). 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.

## 28 Retirement Benefits (Continued)

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

	UK scheme	2013 Overseas (US) scheme	Total	UK scheme	2012 Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reconciliation to consolidated statement of financial position</b>						
Fair value of plan assets	124,818	2,385	<b>127,203</b>	114,171	2,079	<b>116,250</b>
Present value of funded obligations	(140,325)	(2,199)	<b>(142,524)</b>	(132,715)	(1,896)	<b>(134,611)</b>
Total of funded schemes	(15,507)	186	<b>(15,321)</b>	(18,544)	183	<b>(18,361)</b>
Present value of unfunded obligations	(290)	-	<b>(290)</b>	(293)	-	<b>(293)</b>
Net assets/ (liabilities)	(15,797)	186	<b>(15,611)</b>	(18,837)	183	<b>(18,654)</b>
Reconciliation to plan assets						
At the beginning of the year	114,171	2,079	<b>116,250</b>	110,879	2,323	<b>113,202</b>
Exchange gain/(loss)	-	118	<b>118</b>	-	13	<b>13</b>
Expected return	5,898	148	<b>6,046</b>	7,069	160	<b>7,229</b>
Contributions by participants	289	-	<b>289</b>	278	-	<b>278</b>
Contributions by Group	1,687	-	<b>1,687</b>	1,759	-	<b>1,759</b>
Death in service premiums	-	-	-	(39)	-	<b>(39)</b>
Benefits paid	(4,540)	(53)	<b>(4,593)</b>	(4,550)	(232)	<b>(4,782)</b>
Expenses paid	-	(27)	<b>(27)</b>	-	(10)	<b>(10)</b>
Actuarial gain/(loss)	7,313	120	<b>7,433</b>	(1,225)	(175)	<b>(1,400)</b>
At end of year	124,818	2,385	<b>127,203</b>	114,171	2,079	<b>116,250</b>
Composition of plan assets						
Equity	69,967	2,214	<b>72,181</b>	64,379	1,842	<b>66,221</b>
Bonds	18,572	143	<b>18,715</b>	17,443	210	<b>17,653</b>
Gilts	11,587	-	<b>11,587</b>	10,886	-	<b>10,886</b>
Property	9,758	-	<b>9,758</b>	9,927	-	<b>9,927</b>
Annuities	15,015	-	<b>15,015</b>	10,421	-	<b>10,421</b>
Cash in bank	(81)	28	<b>(53)</b>	1,115	27	<b>1,115</b>
	124,818	2,385	<b>127,203</b>	114,171	2,079	<b>116,250</b>



## 28 Retirement Benefits (Continued)

	2013			2012		
	UK scheme £'000	Overseas (US) scheme £'000	Total £'000	UK scheme £'000	Overseas (US) scheme £'000	Total £'000
<b>Reconciliation to plan liability</b>						
At the beginning of the year	(132,715)	(1,896)	<b>(134,611)</b>	(125,351)	(1,739)	<b>(127,090)</b>
Exchange gain/(loss)	-	(109)	<b>(109)</b>	-	(11)	<b>(11)</b>
Interest cost	(6,100)	(84)	<b>(6,184)</b>	(6,850)	(92)	<b>(6,942)</b>
Current service cost	(1,680)	(69)	<b>(1,749)</b>	(1,573)	(68)	<b>(1,641)</b>
Past service cost	(50)	-	<b>(50)</b>	(176)	-	<b>(176)</b>
Contributions by plan participants	(289)	-	<b>(289)</b>	(278)	-	<b>(278)</b>
Benefits paid by Group	4,540	53	<b>4,593</b>	4,550	232	<b>4,782</b>
Death in service premiums	-	-	-	39	-	<b>39</b>
Expenses paid	-	27	<b>27</b>	-	10	<b>10</b>
Actuarial (loss)/gain	(4,031)	(121)	<b>(4,152)</b>	(3,076)	(228)	<b>(3,304)</b>
At end of year	<b>(140,325)</b>	<b>(2,199)</b>	<b>(142,524)</b>	<b>(132,715)</b>	<b>(1,896)</b>	<b>(134,611)</b>
<b>Cumulative actuarial gains/(losses) recognised in other comprehensive income</b>						
At the beginning of the year	(36,897)	(110)	<b>(37,007)</b>	(32,596)	68	<b>(32,528)</b>
Recognised during the year	3,282	(1)	<b>3,281</b>	(4,301)	(403)	<b>(4,704)</b>
Effect of paragraph 58(b) limit (including requirements for IFRIC 14)	-	-	-	-	225	<b>225</b>
At end of year	<b>(33,615)</b>	<b>(111)</b>	<b>(33,726)</b>	<b>(36,897)</b>	<b>(110)</b>	<b>(37,007)</b>
<b>Included in administrative expenses</b>						
Current service cost	(1,680)	(69)	<b>(1,749)</b>	(1,573)	(68)	<b>(1,641)</b>
Past service cost	(50)	-	<b>(50)</b>	(176)	-	<b>(176)</b>
	<b>(1,730)</b>	<b>(69)</b>	<b>(1,799)</b>	<b>(1,749)</b>	<b>(68)</b>	<b>(1,817)</b>
<b>Included in finance income</b>						
Expected return on plan assets	5,898	148	<b>6,046</b>	7,069	160	<b>7,229</b>
Unwinding of discount on plan liabilities (interest cost)	(6,100)	(84)	<b>(6,184)</b>	(6,850)	(92)	<b>(6,942)</b>
	<b>(202)</b>	<b>64</b>	<b>(138)</b>	<b>219</b>	<b>68</b>	<b>287</b>
<b>Statement of financial position reconciliation</b>						
Net liability (asset)	(18,544)	183	<b>(18,361)</b>	(14,472)	359	<b>(14,113)</b>
Pension expense recognised in P&L in the financial year	(1,932)	(5)	<b>(1,937)</b>	(1,530)	-	<b>(1,530)</b>
Amounts recognised in OCI in the financial year	3,282	(1)	<b>3,281</b>	(4,301)	(178)	<b>(4,479)</b>
Employer contributions made in the financial year	1,687	-	<b>1,687</b>	1,759	-	<b>1,759</b>
Exchange rate adjustment - (gain)/loss	-	9	<b>9</b>	-	2	<b>2</b>
	<b>(15,507)</b>	<b>186</b>	<b>(15,321)</b>	<b>(18,544)</b>	<b>183</b>	<b>(18,361)</b>

**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.

	2012/13		2011/12	
	UK scheme	Overseas (US) scheme	UK scheme	Overseas (US) scheme
<b>Principal actuarial assumptions</b>				
Discount rate on plan liabilities	4.40%	4.00%	4.65%	4.40%
Expected rate of return on plan assets	4.40%	7.30%	4.96%	7.31%
Expected increase in pensionable salary	3.25%	3.00%	2.85%	3.00%
Expected increase in deferred pensions	2.50%	2.50%	2.35%	2.50%
Expected increase in pensions-in-payment	2.75-3.25%	2.50%	2.35-2.85%	2.50%
Inflation rate	2.50%	2.50%	2.35%	2.50%

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 2013 are in Germany, Belgium, Spain, Denmark, Norway, Netherlands, Poland, Brazil, Sweden, Australia 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 £63k (2011/12 - £53k) 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 2013

#### 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 – 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, 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 & balances (over £100k) with government bodies and other entities where BTA and ETB Board Members, directors and senior staff have an interest are as follows.

Company name	Representatives	Role	Nature of supply	Sales to £'000	Debtor balance £'000	Purchases from £'000	Creditor balance £'000
<b>2012/13</b>							
VisitScotland	Dr Michael Cantlay	Chairman	Marketing promotions	453	55	36	2
Merlin Entertainment	Nicholas Varney	Board Member	Marketing promotions	317	3	755	23
London & Partners	Dame Judith Mayhew Jones DBE	Chairman	Marketing promotions	417	149	20	-
VisitWales	Dan Clayton Jones OBE	Chairman, Tourism Panel for Visit Wales	Marketing promotions	224	83	13	1
Newcastle Gateshead Initiative	Sarah Stewart	Chief Executive	Marketing promotions	127	5	1	-
<b>2011/12</b>							
VisitScotland	Dr Michael Cantlay	Chairman	Marketing promotions	268	40	20	-
Merlin Entertainment	Nicholas Varney	Board Member	Marketing promotions	369	360	646	12
Northern Ireland Tourist Board	Clive Gordon	Board Member	Marketing promotions	411	37	-	-

#### 30 Events after the Statement of Financial Position date

The Annual Report and Accounts were authorised for issue by the Accounting Officer on the date of the audit certificate. There are no other events after the Statements of Financial Position date.



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ISBN 978-0-10-298263-3



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