

BRITISH TOURIST AUTHORITY

TRADING AS



VISITBRITAIN & VISITENGLAND

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

**Presented to Parliament pursuant to Section 6
of the Development of Tourism Act 1969**

Ordered by the House of Commons to be printed 11 July 2012

**HC 206
SG/2012/90**

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Annual report and financial statements for the year ended 31 March 2012

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1. INTRODUCTION

Tourism is the UK's third highest export earner behind chemicals and financial services. It directly and indirectly contributes £115 billion (8.2%) to the UK's GDP as well as supports 2.6 million jobs and over 200,000 small and medium-sized enterprises. Tourism is set to be one of Britain's best performing sectors over the coming decade.

Tourism is key to the Government's plans to stimulate economic growth, create jobs and rebalance Britain's economy. Government Tourism Policy is to grow the sector, making it more productive, competitive and profitable. The year 2012 presents the biggest opportunity for the UK to transform the performance of its tourism industry and create a lasting legacy.

There is an abundance of new exhibitions, events and festivals taking place across Britain this year – including commemorations of Shakespeare and Dickens, the Olympic Torch Relay, the Queen's Diamond Jubilee, the Cultural Olympiad Festival and the Olympic and Paralympic Games themselves. These events provide multiple reasons for Britons to travel in their own countries as well as reasons for people living overseas to visit, but most importantly they allow us to showcase Britain to a global audience and subsequently convert the interest generated into additional visitors.

VisitBritain and VisitEngland work with the Government, the public sector and the tourism industry to develop the full potential of tourism in Britain - building on the strengths and addressing the weaknesses in the sector.

The Government Tourism Policy, published in March 2011, highlighted three main objectives:

- To fund the most ambitious marketing campaign ever to attract visitors to the UK
- To increase the proportion of UK residents holidaying in the UK
- To increase the productivity of the tourism sector, making it one of the world's top five most efficient and competitive visitor economies in the world

2. ORGANISATION

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

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

BTA also has a duty to advise ministers and public bodies on tourism matters in Great Britain.

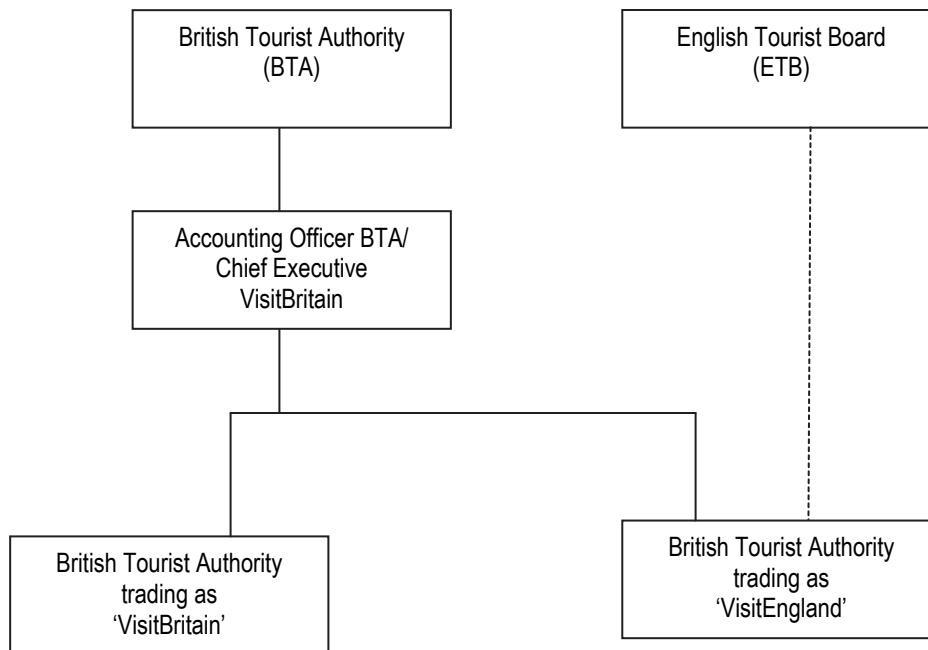
The English Tourist Board (ETB) has similar functions and the same duty under the Act in relation to England but does not have power to encourage overseas visitors to come to England unless it is acting on behalf of BTA.

On 1 April 2003, ETB ceased to be funded. It was re-classified as an unfunded advisory body. 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'.

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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.



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

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, Olympics, Media and Sport has issued Accounts Directions to BTA which include the requirement for BTA to disclose all expenditure made on behalf of ETB.

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3. BOARD MEMBERSHIP

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, Olympics, 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, a member of the Northern Ireland Tourist Board attends Board meetings as an observer by invitation.

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

British Tourist Authority Board Members	Appointed	Appointment Expires
Christopher Rodrigues CBE, Chairman **	01 January 2007	31 December 2014
Penelope, Viscountess Cobham * **	01 April 2009	31 March 2013
Dan Clayton Jones OBE	01 October 2011	31 March 2013
Dr Michael Cantlay	01 April 2010	31 March 2013
Ieuan Evans MBE	14 July 2009	13 July 2012
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

British Tourist Authority Board Observers	Position, Organisation
Clive Gordon	Board Member, Northern Ireland Tourist Board

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Board Membership (Continued)

BTA is required under the current Accounts Direction issued by the DCMS to disclose separately expenditure made on behalf of the ETB Board Members (see note 14).

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

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

English Tourist Board (ETB) Board Members	Appointed	Appointment Expires
Penelope, Viscountess Cobham, (Chairman) * **	01 April 2009	31 March 2013
Amanda Cottrell OBE	30 May 2011	29 May 2014
Christopher Webster	04 May 2007	03 May 2011
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
Rob Rees MBE *	04 May 2007	03 May 2011
Sarah Stewart*	30 May 2011	29 May 2016
Sir Brian Briscoe	23 April 2007	22 April 2011

English Tourist Board (ETB) Observers	Position, Organisation
Suzanne Bond	Chief Executive, Cornwall Development Agency
Steve Brown ***	Chairman, Partners for England
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.

*** Steve Brown stepped down from the Board on 31 March 2012.

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

The biography 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>

4. OBJECTIVES

4.1 VisitBritain

VisitBritain's vision is to inspire the world to explore Britain and its mission is to build the value of tourism to Britain, working in partnership with the industry, nations and regions.

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

4.2 VisitEngland

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

VisitEngland's corporate priorities 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
- 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 our overheads in accordance with our funding letter from DCMS
- Support Government to achieve its policy aspirations as appropriate and relevant to VisitEngland

5. REPORT ON THE YEAR 2011/2012

VISITBRITAIN REPORT ON THE YEAR 2011/12

Background

Government Priorities

2012 is acknowledged to be a once-in-a-lifetime opportunity to showcase Britain abroad. In September 2011 the Prime Minister launched the 'GREAT' Britain campaign to seize this opportunity to reaffirm Britain's international reputation and deliver substantial economic benefits through additional tourism, trade and education. The campaign invites the world to take a fresh look at all Britain has to offer and see it as a great place to visit, study, work, invest and do business. It provides a co-ordinated approach for all the Government agencies responsible for promoting the UK internationally.

Market and economic conditions

Tourism is an industry at which Britain competes well internationally – rated sixth in the world for visitor numbers and seventh for visitor spend. Tourism is also forecast to be one of Britain's best performing sectors over the next decade, with the contribution to the economy growing at 3.5% per annum. This would mean tourism showing faster growth than more recognised industries such as manufacturing, utilities, retailing and transport.

During 2011 Britain welcomed 30.7 million overseas visits, an increase of 3% on 2010 and the first year of growth since 2007. Within this it was a record year for holiday visits with nearly 12 million visits. In total these inbound visits generated £17.9billion of spending, 6% up on 2010.

The global, and in particular European, economy has remained fragile, but despite this there has been some recovery in the amount of business tourism taking place.

Looking at the global picture, early indications are that the number of international tourism visits made globally during 2011 increased by 4.4% on 2010, with UNWTO forecasting that in 2012 the number will for the first time surpass the one billion mark. European destinations saw growth of 6% in 2011, slightly ahead of growth in Asia Pacific, with the Americas increasing volumes by 4%, Africa seeing no growth and the Middle East a decline of 8%.

Throughout 2011 the cost of sterling remained at historically favourable levels for most inbound visitors, while persistently high oil prices were reflected in high fuel surcharge on air fares.

Britain's image

Britain maintained its image as a strong nation brand, ranking 3rd out of 50 countries in the 2011 Nations Brand Index, up one position on 2010. Research consistently shows that Britain's key strengths are its heritage, culture, education, sport and London.

Funding

VisitBritain's Funding Agreement commits it to run a £100million marketing campaign in partnership with industry between 2011-15. Its grant-in-aid for the 2011/12 financial year was £36.592million (including £10million for an image campaign using the GREAT brand and £0.192million specifically allocated for capital spend).

£100million marketing campaign

March 2012 saw the completion of the first year of VisitBritain's four-year marketing programme to generate £2billion spend across Britain by attracting 4million overseas visitors. Activity began in April 2011 with a core proposition of 'Britain – You're Invited' – incorporating invitations from celebrities, industry and the British public. As the wider Government initiative of the 'GREAT' campaign rolled out from autumn 2011, VisitBritain adapted the proposition to 'GREAT Britain – You're Invited' to ensure alignment.

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VisitBritain Report on the Year 2011/12 (Continued)

Through the course of the year, VisitBritain secured 12 major partners and more than £11million of match-funding (cash and in-kind) for year one of the campaign, signed up over a dozen celebrities (plus a number of English Premier League players and US athletes), produced its first global TV ad in 10 years, mounted an ambitious PR stunt (GREATBritain3D), rolled out 'GREAT tactical marketing across 21 markets and developed a campaign to encourage the British public to invite their friends and family to visit Britain in 2012.

GREAT image campaign

VisitBritain was actively engaged throughout the development of the Government's 'GREAT' Britain initiative, providing expertise to help ensure the campaign could be successfully implemented in overseas markets. As a result, it was successful in securing a significant proportion of additional funding. Working with the Cabinet Office, and its public diplomacy partners – the FCO, UKTI and the British Council – in February VisitBritain launched the image campaign focused on 14 key global economic powerhouse cities in nine countries - Australia, Brazil, Canada, China, France, Germany, India, Japan and the US. It is anticipated that an audience of 90m people will be reached with this high impact outdoor advertising as well as print, TV and online.

The GREAT image campaign highlights the key triggers for visits to Britain: countryside, culture, heritage, sport, music, shopping and food alongside business/investment/education drivers such as creativity, innovation and knowledge.

A series of launch events took place, in many cases supported by celebrities - including Prince Harry in Rio de Janeiro, Victoria Beckham and Anna Wintour in New York, and former England cricket captain, Nasser Husain in Delhi. Marketing activity ranged from branded taxis on the streets of Delhi and Mumbai, branded trains in New York, TV ads playing during the Oscars broadcast across the USA, major train station domination in Toronto and metro advertising in Tokyo, Beijing and Shanghai, as well as billboards in Melbourne, Sydney and Berlin, all supported by print ads, supplements and/or wraps of newspapers, such as the *Metro* in New York and Rio de Janeiro.

PR and media relations

VisitBritain's marketing activity is supported by a significant PR effort, led and delivered in-house. During the course of 2011/12 over £1 billion worth of positive editorial coverage of Britain was generated in international media.

This was in part due to the media interest in Britain's heritage generated by the wedding of Prince William to Catherine Middleton. VisitBritain targeted and hosted some of the most influential broadcasters and writers in each of Britain's top inbound markets, shaping story ideas around the couple to ensure articles and features included inspiration for travel destinations including Anglesey in North Wales and St Andrews, Scotland, which have links to the couple.

To launch the second phase of the marketing programme - the invitation from the industry - VisitBritain mounted GREAT Britain 3D, a month long series of PR stunts around the world. This was the first-ever global tour of 3D art with the sole purpose of promoting a destination to an overseas audience and some of the UK's most iconic backdrops were chosen to create inspirational destination-led art. The activity coincided with key booking periods and the roll-out of industry offers from partners in many markets. This programme kicked off in Singapore at the beginning of September and closed in Sao Paolo at the beginning of October. In between, the 3D art touched down in a wide variety of cities including Sydney, Shanghai, Delhi, Utrecht, Stockholm, Milan and Los Angeles. Members of the public who took part were entered into a Facebook competition run in conjunction with British Airways, one of our industry partners.

Since London won the bid to host the 2012 Olympic and Paralympic Games in July 2005, VisitBritain has built strong relationships with rights holding broadcasters worldwide - including Foxtel, Australia's leading subscription television provider, NBC in the US and China Central TV - and developed content packages, including the provision of pan-Britain content from the BBC, to ensure that the 4 billion global TV audience expected for the Games sees inspirational images of Britain. A programme of content and activity has been developed for the London Media Centre aimed at the 6,000 registered unaccredited media in Britain during Games time, working closely with London & Partners and the National Tourist Boards.

In March 2012, 35 top international journalists from around the world were hosted on a tour to preview the highlights of 2012 across the country and why this is a GREAT year to visit Britain.

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VisitBritain Report on the Year 2011/12 (Continued)

VisitBritain has also been working with National Olympic Committees. For example, in the US, VisitBritain joined forces with the United States Olympic Committee to launch 'Team USA: Britain Bound'. Over 60 key media attended the launch. 'Team USA: Britain Bound' showcased Britain's best attractions and destinations through the eyes of Olympic champions. In September 2011, top US Olympic athletes travelled throughout England, Scotland and Wales as part of the project, recounting their stories online and via social media. The project secured coverage worth in excess of \$1million USD in advertising equivalent value in the first week after the launch.

Digital and Social Media

VisitBritain is a leading tourist board in social and digital media, with over 1 million highly-engaged Facebook and Weibo fans. Its online content is projected to be viewed by nearly a quarter of a billion people this year. The website visitbritain.com was awarded best website by Revolution and VisitBritain was named second only to Expedia (in the travel sector) on social media platforms and acclaimed as the most influential tourist board on Twitter. VisitBritain also uses e-CRM to engage nearly 2 million potential visitors on its database directly and inspire them to visit Britain.

VisitBritain's international reach has been strengthened by its global partnership with Yahoo!, one of the world's most visited homepages. As a result of this partnership, VisitBritain has secured 1.9million views of its content on the Yahoo! network since activity commenced on 9th February 2012.

Retail

This year turnover for the retail operation has increased to £9.9million and has delivered a net profit of £508k, which can be reinvested in marketing activity. The online shops support VisitBritain's marketing - as well as providing a profitable route to market for suppliers. The tours and tickets sold enhance people's stay in Britain, offer value for money and encourage visitors to travel around the country.

Partner and Industry Engagement

VisitBritain has always collaborated with commercial partners. However, commercial partnership working has increased in importance and scale since the Government called for the private sector to engage more in public services. Due to the fragmented and diverse nature of the industry, VisitBritain has developed a strategic approach filtering potential commercial partners into three levels – gold (major organisations with a significant stake in international travel and/or the UK inbound market); silver (firms with suitable product and budget to support the source market), and bronze (SMEs whose customer base is essentially domestic but have interest in or some dependency on overseas customers) - and adopted different approaches for each tier.

As a result VisitBritain has secured a good range of partners contributing both cash and in-kind support – the founding (gold) campaign partners include British Airways, DFDS Seaways, P&O Ferries, Radisson Edwardian Hotels, Wimbledon Lawn Tennis Museum, Hilton Worldwide, easyJet, American Express, Expedia and STA Travel.

VisitBritain has enjoyed a mutually-beneficial partnership with English football's Premier League for several years now, using the global appeal of the Premier League and its players to engage football fans around the world. A partnership with TOP Olympic global sponsor, Samsung has been developed – VisitBritain provides fresh content, including recommendations for trips, accommodation and entertainment, which Samsung makes available to its customers.

VisitBritain values its relationships with the tourist boards in England, Scotland, Wales and London and has continued to add value to their marketing efforts, for example, through providing a platform at international travel trade events, sharing research and insights and cooperating on digital services to place their chosen destinations/events on third party sites and on mobile devices. The boards have in turn provided inspirational content for VisitBritain's marketing programme.

VisitBritain has continued to build its relationships with the overseas travel trade, through the BritAgent programme which now has nearly 3,700 graduates, its trade website and a programme of overseas missions and workshops across all markets.

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VisitBritain Report on the Year 2011/12 (Continued)

In March 2012, VisitBritain held its inaugural Hosted Buyers Marketplace in association with the European Tour Operators Association (ETOA) and UKInbound. Nearly 180 international buyers were hosted in Britain and joined 180 British suppliers in an extensive workshop. Buyers also attended familiarisation trips across Britain before and after the event to experience more of Britain.

This trade activity provides a valuable platform and source of information and market intelligence for industry partners, as do VisitBritain's corporate communications channels - visitbritain.org, corporate blog, social media and newsletters. VisitBritain also produced a new 'GREAT' marketing toolkit for industry use. To date over 400 businesses have registered to download this kit.

VisitBritain led the industry's response to the riots in August 2011, chairing and managing the Tourism Industry Emergency Response group (TIER) - the tourism industry's network for agreeing and sharing messages - as well as dealing with the media interest on the riots' impact on tourism and monitoring impact on potential overseas visitors propensity to travel.

2011 saw a shift change in VisitBritain's industry engagement work around the 2012 Games. The London 2012 backed website - tourism2012Games.org - evolved to meet the increasing interest in the Games among UK businesses which were keen to harness potential benefits and avoid pitfalls. The site's e-newsletter now reaches in excess of 10,000 businesses every month. In addition over thirty industry presentations were made across the nations and regions to advise businesses, and the website was a key call to action on the Secretary of State's national roadshow throughout the winter.

Competitive Assessments

Thanks to VisitBritain's market knowledge and insight, it has gained the trust and confidence of Ministers on policy matters and contributed to advisory briefings on aviation, visas, welcome and value and played an active role in the Government's Tourism Regulation Taskforce. Work has started on assessments of Britain's competitive position in each of the 21 priority markets, identifying the opportunities for, and barriers to, growth and formulating an action plan for Britain to address these. VisitBritain has continued to deliver research and insights to inform industry in a timely manner.

Business Support

In an environment of financial constraint, VisitBritain has been set the challenging target of reducing overheads by 50% by 2015, the end of the current spending review. Through early implementation of change in 2011/12 the majority of actions needed to meet this target were taken. By the end of 2011/12 overhead will have reduced by 35% from 2010/11.

The rollout of Microsoft Sharepoint to support the business has commenced and a new training programme to meet the organisation's needs has been developed.

STRATEGIC PRIORITIES FOR VISITBRITAIN 2012/13

VisitBritain is the national tourism agency for Britain and this is Britain's year to be in the spotlight. 2012 presents a once-in-a-generation opportunity for the UK to transform the performance of its tourism industry and create a lasting economic legacy.

VisitBritain has grasped the opportunity of the London 2012 Games to showcase a welcoming, exciting Britain, putting us on the wish list for visitors from the new growth markets in Asia and Latin America and revitalising our appeal in core markets such as Europe and the US.

The organisation's priority in 2012/13 will be to maximise the showcase opportunity during the Games when a global TV audience of 4 billion is expected and to leverage the exposure by immediately rolling out a heavyweight tactical and image campaign to ensure that potential visitors book their trip. Working with both commercial partners and global brands, this activity will provide compelling offers to visit Britain and drive bookings. The key tourism themes of the GREAT Britain programme will be used to showcase products and destinations across the country.

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VisitBritain Report on the Year 2011/12 (Continued)

VisitBritain's key priorities for the year are to:

- Continue to roll out the GREAT marketing programme, with an image campaign in key global cities, and a tactical campaign to encourage people to visit now
- Secure and maintain strong partnerships with businesses and organisations that promote Britain and can help extend VisitBritain's penetration and reach in key markets
- Maintain the financial contribution that retail makes to VisitBritain
- Showcase Britain around the Games to ensure positive coverage in the world's media
- Produce a market plan for Britain in each of our key markets and then engage with partners to deliver these plans

Inspire travellers from overseas to visit and explore Britain: priorities for 2012/13

VisitBritain is evaluating the GREAT campaign and will use the understanding gained to fine tune the marketing programme and maximise its effectiveness.

In the second year of the programme (2012/13), VisitBritain will:

- Focus its investment on those markets which offer either the best immediate return or the best future prospects for Britain
- Provide an extensive PR programme for media during the key events of 2012
- Build on its social media capability as well as digital offering and
- Ensure it capitalises on Britain's high profile by activating an attractive post-Games programme from September 2012

Key events and anniversaries will be used to reinforce the message that NOW is the time to visit. These include the 50th anniversary of James Bond as well as the latest Bond film, Skyfall (Oct 2012), the 50th anniversary of the Beatles first single (Oct 2012) and first album (2013), Rugby League World Cup (2013), Year of Natural Scotland (2013), Commonwealth Games – Glasgow (2014), Ryder Cup (2014), Homecoming Scotland (2014), 100th anniversary of the birth of Dylan Thomas - to name but a few.

The additional government funding (2011-13) for the GREAT programme will also allow VisitBritain to carry out an impactful, broader and deeper image campaign focusing on 14 key global cities, tightly integrated with other work carried out by the FCO, UKTI and British Council.

Along with advertising and PR programmes, integrated digital activities will create, distribute and amplify content to inspire and motivate people to travel.

The international travel trade continues to be an important channel for Britain especially in the growth markets such as Brazil, India and China. As well as running sales missions and workshops and the BritAgent training programme, VisitBritain will support the trade in product development. It will widen the breadth of Britain product on offer by working with tour operators and travel agents to create regional and thematic itineraries based on commissionable product around the GREAT Britain themes, and by raising consumer awareness of destinations outside London.

Deliver a global network to support tourism promotion: priorities for 2012/13

Thanks to its strong digital presence, VisitBritain has a global footprint enabling it to provide analysis and advice on both the issues facing potential visitors and the barriers to inbound tourism growth. VisitBritain provides research, market intelligence and analysis to inform the British tourism industry as well as arranging and facilitating sales missions and trade events, securing partners on-territory and playing its part in the promotion of Britain overseas with public diplomacy partners: the FCO, UKTI and British Council. The network of offices also supports the development and delivery of the GREAT tactical marketing programme in every market.

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VisitBritain Report on the Year 2011/12 (Continued)

Advise Government and Industry on Tourism – particularly on issues that affect our global competitiveness: priorities for 2012/13

The Government Tourism Policy, published in 2011, set the target of becoming one of the five most productive visitor economies in the world.

Whilst Britain performs well, international tourism is a fiercely competitive business and our competitors are upping their game. We want to ensure Britain captures its share of global tourism growth, not least because of tourism's role in job creation.

VisitBritain is undertaking assessments of Britain's competitive tourism position identifying strengths and weaknesses, and developing a market strategy for Britain on which the industry, Government, public diplomacy bodies and the national tourist boards can work together.

Plans will be created for all of the priority markets which identify a series of milestones and actions to enhance Britain's competitiveness and win market share. VisitBritain will work with the wider tourism industry on issues such as product development and packaging, as well as with Government on issues such as visas and aviation capacity.

All VisitBritain's work whether marketing or issue related is shared with Government and industry through briefings, our newsletters and our corporate website. Using its insights from the market and research team in London it tracks trends, provides market analysis, researches consumer perceptions and drivers and disseminates industry performance data to enable the tourism industry to become more competitive - marketing more effectively overseas and developing products that appeal to the international visitor.

Maximising public investment through partner engagement and commercial activity: priorities for 2012/13

VisitBritain will continue to work with a wide range of commercial partners to secure funds and marketing assets to market Britain more effectively. Its four-year funding agreement is dependent upon raising £50million in a combination of cash and marketing in-kind support from industry partners.

VisitBritain will also continue to run a retail operation through which VisitBritain leverages its brand and international reach to generate income, as well as to enhance the "Welcome" message by offering visitors an online shop in their own language and currency. It also provides partners with a route to market and a stream of ancillary income without any investment required on their part.

VISITENGLAND REPORT ON THE YEAR 2011/12

Background

VisitEngland is the country's national tourist board. In implementing the Strategic Framework for Tourism in England 2010-20 with partners, it champions and provides leadership for the industry with the aim of supporting employment growth and building the sector's overall contribution to the economy and local communities. By leading on the marketing of England as a destination with its industry partners to domestic and established overseas markets, and in championing the visitor experience, it is targeting an average 5% growth per annum in England's tourism revenues over the next ten years, generating 250,000 new jobs. Through responding quickly and positively to the new tourism environment, VisitEngland's work in 2011/12 represented major steps towards meeting these ambitious targets.

Operational environment

With the publication of Government's Tourism Policy in March 2011, alongside its localism and economic growth agendas, clear national fiscal, policy and delivery frameworks for the sector have been established.

VisitEngland has relished the opportunity to champion and lead the sector at a time which, while extremely challenging, also offers unparalleled opportunities to achieve a step change in growing tourism's contribution to the economy. Economic conditions remained largely conducive to growing domestic tourism during 2011/12, while alongside Government VisitEngland has led industry initiatives and planning to ensure the industry is well positioned to fully capitalise on the legacy opportunities provided by the London 2012 Olympic and Paralympic Games, Cultural Olympiad and the Queen's Diamond Jubilee celebrations.

VisitEngland has been cognisant of the demands placed on public sector funding and its duty to improve its services and maximise returns on investment - wise and efficient use of resources is at the heart of its work programme in support of the sector. It 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 - its work in supporting business and on developing and seeking to influence a wide range of policy and tourism support agendas reflects this vision.

In establishing a clear strategic framework with the sector and defining the organisation's role within this, the VisitEngland team has worked hard to gain the trust of Government, and local and national industry partners in what has been a rapidly changing delivery environment. VisitEngland has responded proactively to this challenge, refocusing its resources in line with Government advice and market circumstances to the areas where most value can be added, and impact made. VisitEngland has prioritised initiatives designed to maximise the Olympics tourism legacy, and worked closely with industry, local Destination Management Organisations (DMOs) and new Local Enterprise Partnerships (LEPs) to ensure that tourism is established at the forefront of national and local economic and regeneration agendas.

This work in embedding tourism's role at local and national levels has begun to achieve demonstrable results - most notably in the form of moving quickly to establish new co-ordination and communication channels for the industry, a successful application to the Department for Business, Innovation and Skills (BIS) - securing £19.8million of new resources for the sector from BIS's Regional Growth Fund for the "Growing Tourism Locally" programme, and working with DCMS, Government Office for the Olympics and national tourist board partners to lead the development of the £5million "Holidays at Home are GREAT" cross-media campaign - the most extensive domestic UK tourism campaign ever staged. Rapid and tangible progress is now being made, with the building blocks in place which will help deliver the sector's growth potential and ensure that it contributes fully towards meeting economic growth and employment creation targets.

Market context

Continuing the trend seen since 2009, the financial constraints faced by consumers have benefited the domestic tourism industry, and during 2011, the number of domestic holiday trips taken in England was 6% higher than in 2010 reaching its second highest volume since the current survey began in 2006. Business and Visiting Friends and Relatives (VFR) travel also increased in 2011 though still not quite returning to pre-recession trip volumes. In addition, 1.3 billion day trips were taken in England in 2011 with visitors spending £43billion, demonstrating the scale and volume of this market.

For the first time since the recession growth in domestic tourism spending outstripped volume growth in 2011, with value up by 13% on average across all trip types compared to a 9% growth in trip numbers. While this is a positive trend, there is no doubt that it in part reflects inflationary pressures, with many businesses reporting that profit margins are being squeezed as they are unable to increase prices in a highly cost-conscious and deal aware market.

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VisitEngland Report on the Year 2011/12 (Continued)

Despite the positive overall performance for domestic tourism, macro-economic conditions do lead to a note of caution being sounded as the wider economic environment continued to exert a significant influence on the travel patterns of UK residents. Tourism and leisure are particularly susceptible to the inflationary pressures on fuel and travel costs, and the impact of decreasing discretionary expenditure and falling consumer confidence.

Against the backdrop of this operational environment and market context, during 2011/12 VisitEngland worked in partnership with Government and the tourism industry to deliver strategic priorities in support of its corporate objectives and in contributing to delivery of Government tourism policy.

Funding

VisitEngland's Funding Agreement commits it to run a £25million 'Holidays at Home Domestic' campaign (including GREAT), over the 4 years commencing 2011/12. Its grant-in-aid for the 2011/12 financial year was £11.2million, including an additional £1million for the GREAT campaign.

Championing and Leading the Industry

Policy and Advocacy

Within Government, VisitEngland has worked closely with DCMS and its Minister and Secretary of State to champion the industry. Successful delivery of the tourism growth agenda and embedding awareness of key tourism issues in developing and implementing business-friendly policy frameworks is dependent on involvement and support from across Whitehall. During the year VisitEngland, with support from DCMS, has established positive working relationships with officials within BIS, BIS Local, Department for Communities and Local Government (DCLG) and the Department for Food & Rural Affairs (Defra). In particular significant progress has been made in supporting emerging LEPs, embedding the sector in emerging strategy frameworks and ensuring awareness of its potential as a contributor to creating a sense of place and generator of wealth and employment.

As a trusted advisor to Government and the lead advocate for tourism in England, VisitEngland provides on-going support to DCMS and comments on relevant Departmental consultations. During 2011/12 the team responded to 460 consultations across all Government Departments with the potential to impact on the future success of tourism in England. VisitEngland has been a lead advocate with DCMS for the development of Tourism Business Improvement Districts (TBIDs), participated with the Department of Transport and the Highways Agency in the national tourism signing review and been an enthusiastic contributor to the All Party Parliamentary Group study on social tourism. Tourism now features significantly in Defra's Rural Growth Plan in recognition of the sector's economic and employment importance in many rural areas with a dedicated £10million Regional Development Programme for England (RDPE) fund made available specifically for tourism alongside access to the wider RDPE Fund.

Regional Growth Fund

Working with a large number of local and national partners, VisitEngland was successful in winning the bid for £19.8million of new investment for the sector in the second round of applications to the BIS Regional Growth Fund (RGF) - directly supporting wealth creation and employment growth in identified local tourism economies. The project 'Growing Tourism Locally' aims to stimulate the domestic visitor market to grow local economies through increased tourism activity by UK residents. The programme which is managed and coordinated by VisitEngland, with delivery support from local delivery partners, is funded by the RGF and VisitEngland plus matched funding from the private sector at national and local level by Destination Organisations and their private sector partners.

The successful RGF application demonstrated Government's on-going support for tourism, as well as the added value VisitEngland can add in terms of its ability to generate new investment for the sector and lead and co-ordinate industry partners in developing strategic delivery programmes.

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VisitEngland Report on the Year 2011/12 (Continued)

English Tourism Week

To raise awareness of the role tourism will play in the events of 2012 VisitEngland, with support from an industry steering group, ran the first English Tourism Week from 10-18 March 2012. Communications highlighted the value tourism contributes to the local economy and residents' quality of life. Bookended by events supported by English Tourism Week Patron, HRH The Prince of Wales and The Prime Minister, David Cameron, the week created a significant mass of activity including some 500 events and generated over £0.5million advertising equivalent value of media coverage.

Creating the Conditions for Growth

Strategic Framework

Working closely with the industry, VisitEngland has established a firm strategic basis for its sector interventions to deliver their joint aspirations for tourism in England - the Strategic Framework for Tourism in England 2010-20 and its associated action plans have been established, a four year corporate strategy for VisitEngland has been published, and a strong Board consisting of senior public and private sector industry representatives is in place to guide and direct VisitEngland's business.

Partnerships

Following the publication of the Strategic Framework's Action Plans, three new England focussed tourism forums were established to provide a platform for encouraging engagement across the industry.

Given the significant structural changes in the industry which were effective from April 2011, it was essential that VisitEngland moved quickly to establish clear and effective communication channels with its industry partners.

The Destination Management Forum which aims to provide peer to peer association and opportunities to explore common interests, met for the first time in July 2011. The Strategic Industry Advisory Group, consisting of key senior representatives of the industry, met twice during the year to review progress of the Strategic Framework and to assist in overcoming delivery obstacles. The third forum, an annual Visitor Economy Forum, came together for its inaugural event in December 2011 with a broad strategic agenda which attracted interest from senior executives and operators representing organisations both directly and indirectly benefitting from tourism.

These fora provide efficient communications channels and networking opportunities for the industry and VisitEngland. During the year they assisted in the development of three further Action Plans concentrating on the improvement of the quality of the visitor experience, the development of skills for tourism and the mainstreaming of tourism into transport strategies and infrastructure planning.

Within the context of new tourism delivery structures which clearly identified the importance of effective local ownership, co-ordination and delivery, the VisitEngland team placed an increased emphasis on its work to support DMO and local partners, through effective communication, change management support and specific expertise where required. Over the course of the year, over 1800 instances of support to local partners were provided.

Initial stakeholder feedback suggests strong levels of satisfaction with the new partnership structures, and a clear steer about the importance of VisitEngland's role in continuing to provide effective co-ordination channels for the industry.

Focusing Our Resources to Deliver Growth and Value for Money

VisitEngland has been cognisant of the demands placed on public sector funding and its duty to improve services and maximise returns on investment - wise and efficient use of resources is at the heart of its programme in support of the sector. VisitEngland has been charged with reducing overheads by 50% by March 2015. VisitEngland has responded proactively to this challenge, refocusing resources in line with Government advice and market circumstances to the areas where most value can be added, and impact made.

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VisitEngland Report on the Year 2011/12 (Continued)

Following reviews of the areas which were no longer core to its national tourism remit, no longer required public subsidy, nor were appropriate to market circumstances, VisitEngland has rationalised its service delivery and resource investment in a number of areas:

- While maintaining its role as an advocate for developing a high quality visitor experience, VisitEngland tendered and awarded a licence to Quality in Tourism (a division of G4S) to deliver the national Quality Assurance Schemes
- With regard to EnglandNet and maintenance of the national tourism database, VisitEngland ceased direct involvement. Data codes which enable the interoperability of computerised tourist information across England were made available via an open source solution enabling access by any potential commercial operator
- While retaining ownership of the programme, VisitEngland outsourced delivery of the national tourism awards following a tendering process to the commercial conference management company, Glasgows, which has organised the 2012 programme of awards and the signature Awards Ceremony

Prompt action has enabled the refocusing of resources to priority areas, including support for Olympics planning and delivery, support for DMOs and local tourism partners, and engagement in overseas business tourism markets. VisitEngland has begun to put in place the building blocks for its longer term future, developing the flexible skillsets, structures and culture required to adapt to ever changing opportunities and economic circumstances, while retaining its delivery focus.

Integrated Marketing of England

2011/12 saw a step change in VisitEngland's promotion of England as a visitor destination - putting delivery on a new strategic footing and scale of investment.

All England Marketing Strategy

VisitEngland's marketing activity is rooted in the new All England Marketing Strategy, launched in June 2011. Using recognised brands and themes to provide inspiration, VisitEngland has worked in partnership with national suppliers on thematic campaigns which created greater understanding of England's product and the range of experiences on offer.

Campaign Delivery

During 2011/12 with £800,000 match funding from cottages4u.com and Merlin Entertainments, VisitEngland ran two major partnership campaigns respectively highlighting rural and seaside self-catering trips and focussing on family fun. In addition to standard ROI metrics campaigns are evaluated using the England Brand Tracker which continues to show the partnership campaigns' positive impact in shifting propensity to consider holidaying in England. The cottages4u campaign results indicate that of those who saw the advert 59% were motivated to consider holidaying at home (this is 10% higher than the average tourism campaign score). Cottages4u, as part of the Hoseason's Group, is a leading holiday cottage letting agency, Merlin is second only to Disney in its visitor experience portfolio but VisitEngland actively seeks to work in partnership across all tourism sectors. The "Holidays at Home are GREAT" campaign provided a platform for all businesses, large and small, to play a part in a national campaign.

Holidays at Home are GREAT

Between December and February VisitEngland supported DCMS and the Secretary of State for Culture, Olympics, Media and Sport, Jeremy Hunt, on a series of regional road-shows to engage with local tourism businesses throughout England to encourage them to participate in a new pan-UK domestic marketing campaign. With £5million of additional funding from the Government Office for the Olympics, VisitEngland launched the most extensive domestic UK tourism campaign ever staged on 9 March at the London Eye. The "Holidays at Home are GREAT" cross-media campaign with a TV advert produced by M&C Saatchi and featuring top British actors, Stephen Fry, Julie Walters, Rupert Grint and Michelle Dochery, is managed by VisitEngland on behalf of the national tourism organisations, VisitScotland, VisitWales and the Northern Ireland Tourist Board. The campaign centred on a *great2012offers.com* website listing thousands of special offers of 20.12% off or better, all supplied by the tourism industry and seeks to build on the staycation phenomenon highlighting the unprecedented range of events taking place in 2012 in order to create a lasting legacy for domestic tourism. Early results show the campaign inspiring 256,000 visits to the website and an uplift of 20% in the volume of Google searches for terms such as "England holidays" and "UK breaks" over the same period in 2011.

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This campaign was delivered under a national branding framework that provides a call to action to holiday at home (adaptable at the local level to suit local place identities). It was designed to leverage the unique opportunity presented by the Olympic and Paralympic Games, Cultural Olympiad and Torch Relay.

Business Visits & Events

England's cities are particularly dependent on the Business, Visits & Events market which was severely impacted by the economic downturn. VisitEngland reviewed its support for this sector and how it was represented overseas following the reduction in regional funding and the closure of VisitBritain's events unit. In association with England's destinations, VisitEngland's small team delivered an effective programme representing England's interests at 12 overseas sales missions throughout Europe, in North American and India; within the UK and accompanied buyers on four inbound sales visits as well as managing an on-going communication programme to inspire international buyers and promote best practice within English destinations.

Enjoyengland.com

Building on extensive research findings which showed that potential visitors looked to VisitEngland for inspiration and ideas a new www.enjoyengland.com website was launched in May. The website hailed the start of a new direction for VisitEngland as it fully embraced the digital world to ensure visitors get the most out of their trip. French, German, Spanish, Italian and Dutch versions of the site went live during the summer months and later in the year the site won the prestigious British Travel Award for best tourist board website. VisitEngland has quickly established itself as a content curator able to provide industry partners with branded content for their own sites. Pursuing an agenda to modernise visitor information provision VisitEngland launched the first national tourist board iPhone App and a ground-breaking new tourist information project using QR codes to provide in-destination information direct to any smart phone.

Press and PR Support

The content produced for the online channels was also used by the consumer media team in its work of feeding stories and ideas to national and international journalists. The team employed a range of PR strategies for raising media awareness of the depth of the English product offer. At a media breakfast at the October ABTA Conference, journalists were given a round-up of what would be the hot topics for English tourism in 2012. To highlight the importance of Sports Tourism and England's hosting of the next Rugby World Cup in 2015 the team worked with ex-England star Martin Corry. Two themed events showcasing England's diverse offer brought together destination PR managers from across England and provided them with face to face access to influential travel journalists. The Royal Wedding provided a welcome opportunity to not only highlight England's heritage and traditions but also provided a platform to showcase to a new generation the plethora of modern celebratory experiences and venues to be enjoyed in England. Throughout the year the team were trailing the upcoming events of 2012 and gathering content to support the 2012/13 activity programme whilst generating some £50million Advertising Equivalent Value(AEV) through the promotion of England's tourism to both corporate and consumer media audiences.

Industry Expertise & Insight

Specialist business support and expertise based around the visitor experience, quality and modernisation of visitor information, alongside Research and Insight are key VisitEngland functions.

Industry Insight

Robust research, expertise and insight underpin the organisation's work, and continue to be seen as a vital service from VisitEngland by industry partners. Tangible improvements have been made to the analysis, interpretation and accessibility of tourism data, reflecting partner needs and new tourism structures. In particular significant progress has been made on improving the output and relevance of the national tourism volume and value surveys which VisitEngland manages on behalf of DCMS including provision of results at county and local authority level to better meet the demand for destination-level intelligence. During 2011 the team continued its programme of retendering national surveys ensuring greater value for money and in addition ran the first extensive Day Visits Survey since 2005 to ascertain the importance of that sector to the economy, and re-launched the national brand, communications and satisfaction tracker, providing an on-going measure of consumer perceptions, as well as satisfaction data at both national and destination level. The team has also continued its programme of "staycation" research, aimed at understanding the impact of the economic environment on holiday attitudes and behaviour.

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VisitEngland Report on the Year 2011/12 (Continued)

The VisitEngland team continued to play a leading role in ensuring the English Tourism Research & Intelligence Partnership (a forum of public, private and education sectors) maintains its role in promoting best practice in data collection and interpretation and that funding for the Tourism Intelligence Unit housed within the Office for National Statistics was continued.

Developing the Visitor Experience

VisitEngland continued to act as the lead advocate for the development of the visitor experience at a strategic level, with the launch of a star rating service for motorway service stations in association with the Highways Agency and, in advance of the Paralympic Games, a range of online training programmes and resources to improve access for all with the award-winning disability organisation DisabledGo, the British Beer & Pub Association (BBPA), the British Hospitality Association (BHA) and the Royal Society for the Protection of Birds (RSPB).

The annual celebration of excellence within the industry, the Enjoy England Awards for Excellence, took place in Birmingham and as well as congratulating the winning operators for outstanding service and product delivery, the event generated over £1million in AEV.

VisitEngland continued its support to both industry and destination partners through the provision of comprehensive information and sharing of best practice, both through its corporate website and the highly-regarded Quality Edge magazine. It worked closely with the lead sector skills council, People 1st, and supported the introduction of the World Host customer service training programme, previously used in the 2010 Vancouver Winter Olympics. VisitEngland also worked with many of England's leading airports on a welcome audit programme which culminated in a one day workshop and seminar at Gatwick Airport, supported by the Minister for Tourism.

STRATEGIC PRIORITIES FOR VISITENGLAND 2012/13

Delivering During 2012

2012 provides our industry with an opportunity like no-other; the eyes of the world will be on England. Support for business and delivery of VisitEngland's marketing and other consumer facing activities will be to the fore, and it will repay the faith shown in it by Government through ensuring that its marketing programmes deliver real returns, resulting in employment growth and wealth generation for local economies.

Local Enterprise Partnerships are increasingly prioritising tourism as part of their strategic planning, and DCMS is exploring its function in relation to economic development of which tourism is the key plank in its remit. This creates a special time of opportunity; the combination of political support and high profile Government investment in the events of 2012 has created a year in which tourism has to shine.

Our Focus

At a time of continuing change within the tourism landscape, VisitEngland will continue to show strong and proactive leadership in championing the industry. In contributing to the delivery of the Government's Tourism Policy and the Strategic Framework for Tourism, and delivering its corporate plan objectives, it will continue to build its position as a trusted advisor to Government and partner of choice for the tourism industry. It has taken positive steps to realign the focus of its activities and the areas where it can intervene in the marketplace to greatest effect and this work will continue.

The additional marketing funding secured for the industry will enable VisitEngland and its partners to maximise the benefits of the heightened interest in domestic holidays and the legacy of the London 2012 Olympic and Paralympic Games – maintaining and growing market momentum. VisitEngland, through the 'Holidays at Home are GREAT' activity, will continue to deliver the ground breaking UK domestic campaign in association with Scotland, Northern Ireland and Wales and, by coordinating and implementing the RGF Project 'Growing Tourism Locally', realise the growth opportunity of the domestic market and the staycation. It will establish partnerships to further VisitEngland's and the English destinations' international marketing ambitions (e.g. UKTI, British Council) with a particular focus on business tourism, thus growing the reputation and impact of England's business tourism sector's activity. 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.

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VisitEngland Report on the Year 2011/12 (Continued)

VisitEngland will embed the new approach to leading on the quality agenda, develop and articulate a clearly defined approach to the provision of (and signposting to) business support and business solutions, establish and implement effective monitoring and oversight of the accommodation sector quality "licence" and review the Visitor Attractions Quality Assurance Scheme (VAQAS) and associated attraction sector schemes.

Over the next year VisitEngland will continue to drive forward the Strategic Framework for Tourism in England and its associated Action Plans, and support the sector to achieve the target of 5% year on year growth. In addition, the organisation will continue to be the central source of support and tourism expertise for both the public and private sectors. It will prioritise engagement with businesses and public sector partners whose influence will assist in achieving the growth objectives of the Strategic Framework and ensure effective engagement with the Local Enterprise Partnerships on tourism growth opportunities. It will refine and shape its support to destination organisations in order to facilitate growth and liaise with BIS Local, Defra and other Departments of Government to ensure national and local initiatives supporting tourism are aligned with the Government Tourism Policy and the Strategic Framework. VisitEngland will engage more closely with other Non-Departmental Public Bodies (NDPBs) particularly those within the DCMS family to identify areas for closer working on shared and related objectives.

Preparing for the Future

VisitEngland operates in a dynamic and challenging environment where limitations on the public purse are a reality - wise and efficient use of resources must remain at the heart of its 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 opportunities for new income generation, and for further collaboration and partnership with the private sector and work across Government Departments and their executive agencies to ensure effective and efficient support for the sector.

The results of VisitEngland's recent stakeholder survey will inform a communications and engagement plan which will guide it in identifying, examining and monitoring the key drivers and impediments for tourism development and growth in England. It will analyse external impacts on tourism and anticipate future outcomes, disseminating this insight through timely and appropriate channels. With industry, VisitEngland will develop a post-Olympic tourism legacy plan, which supports tourism partners to gain real benefit for England from the London 2012 Olympic and Paralympic Games, Cultural Olympiad, Torch Relay and Diamond Jubilee, to capture the positive messages of Welcome, and good quality skills and service as a result of excellent visitor experiences associated with this unique year.

SHARED SERVICES - VisitBritain and VisitEngland

Finance, HR, IT, legal, company secretariat and facilities are shared resources for both VisitEngland and VisitBritain. Known as Shared Services it is responsible for putting systems, policies and procedures in place to ensure that both organisations adhere to best practice in relation to all areas of financial and non-financial governance. It provides advice to the Chairman and Boards, Chief Executives and Senior Management teams to ensure best value for money is obtained and exposure to risk is minimised. The department operates highly developed control systems and procedures which are continually reviewed and improved. The team also ensures that both organisations comply with the Government's requirements under the transparency agenda and that requests for information under the Freedom of Information Act are responded to within the statutory 20 working days.

In an environment of financial constraint Shared Services has been set a challenging target of reducing overhead by 50% by 2015. However, with the award of additional funds, in 2012/13 VisitBritain and VisitEngland are now managing greater levels of activity than ever before. The key focus will be on the secure and transparent management of resources in an increasingly complex and constrained environment.

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6. RESULTS FOR THE YEAR 2011/12 AND OTHER FINANCIAL INFORMATION

Financial Policy

During the period covered by these accounts, BTA was funded primarily by grant-in-aid from DCMS. 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, the DCMS announced the result of the Comprehensive Spending Review (CSR), which reduced BTA's grant-in-aid from £40.323million (2010/11) to £35.892million (2011/12), £33.092million (2012/13), £30.892million (2013/14) and £28.708million (2014/15). During the year DCMS announced additional funding for the GREAT image and holidays at home are GREAT campaigns. The funding letter allocated funding amounts to VisitBritain and VisitEngland and specified the marketing spend.

Funding for the year amounted to a total of £47.771million (2010/11 £40.323million).

BTA (VisitBritain & VisitEngland) Funding - 2011/12

	VisitBritain £'000	VisitEngland £'000	BTA (Total) £'000
GIA original funding letter	26,692	9,200	35,892
Additional GIA - GREAT Campaign	10,000	1,000	11,000
Other Changes	(100)	979	879
Total GIA Allocation	36,592	11,179	47,771

Income

Income from non-government funded activities saw a substantial 14% increase in 2011/12 (see notes 7 & 8). The main drivers behind these movements include:

- An additional £2.9million income received from partnership marketing reflecting the increased commitment to invest more in marketing activities
- Income from commercial activities increased with the continuing growth of online retail activity worldwide
- Other operating income reduced with no Grant received from the London Development Agency and less rental income due to the closure of the Britain & London Visitor Centre in December
- Also noteworthy is the increase in Quality scheme revenue, up 8% compared to 2010/11

Expenditure

The additional grant received for the image marketing campaign in 2011/12 contributed largely to the increase in the BTA's annual expenditure with an additional £13.7million spent on marketing, media and publicity costs during the year compared to 2010/11.

In addition BTA incurred £1.161million (2010/11 - £3.220million) in respect of re-organisation costs during the year under review, the majority of which related to employee costs incurred to further rationalise the organisation to accommodate the projected GIA reduction. These are shown separately as an exceptional item in the Statement of Comprehensive Net Expenditure (see note 12).

The other main changes in operating costs were:

- A decrease in payroll costs showing the results of the group reorganisation actions over the past three years
- Continued reduction in infrastructure costs reflecting efficiency savings and reduction in the scale of the global network
- Commercial cost of sale decreased due to efficiency savings on retail overhead costs
- Increase in the irrecoverable VAT due to additional VAT incurred on the GREAT expenditure

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Pension Schemes

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

Under IAS 19, the valuation of the main pension scheme, the British Tourist Boards Pension (BTBP) Scheme, BTA's share of the deficit was £18.837million as at 31 March 2012 compared to £14.472million deficit last year. This scheme is a multi-employer pension scheme in which the actuary is able to split the share of each employer on a consistent and reasonable basis.

The increase in the deficit compared to last year 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. The increase in the BTBP Scheme deficit is essentially reflected in the actuarial loss for the year, largely caused by changes in economic and market conditions from 2010/11. In this regard both the present value of plan liabilities increased substantially and the fair value of plan assets reduced as a result of key assumption changes from last year to this year. Most noticeable is the impact of discount rate assumption on plan liabilities. The reduction from 5.50% in 2010/11 to 4.65% in 2011/12, increased the actuarial loss and additional liability recognised at year end by £3.1million. In addition an actuarial loss of £1.2million resulted on the BTA's share of the BTBP Scheme plan assets, reflecting the continued challenging market conditions. This resulted in a total actuarial loss of £4.3million (2010/11 – gain of £5.3million) being recognised in the year.

Following the 2009 full valuation of the scheme the employers have 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 2011/12 is £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 £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 £183k (2010/11 £584k capped to £359k).

Non-Current Assets

In accordance with Treasury guidelines, fixed assets have been revalued to their value to the business, using current replacement cost, by adjusting historic cost to current value using price indices. The net adjustment of (£404k) has been recognised in these accounts by reducing the value of fixed assets and a corresponding decrease to the revaluation reserve.

There were total additions of £191k to tangible fixed assets which were fully funded from grant-in-aid specifically designated for capital expenditure by the DCMS.

Working Capital

2012 saw a substantial increase in the scale up of commercial online activities mainly the TfL shop; which overall increased by 33% from last year and during quarter 4 sales grew by 58% on the previous year. In line with this continuing growth, coupled with the London 2012 Olympics and the Diamond Jubilee celebrations, the value of inventories on hand increased from 2010/11. The increase is partly balanced by trade and other payables.

Treasury Management

In order to finance its overseas operations, BTA has a requirement to purchase foreign currency; the biggest amounts being in US Dollars, Japanese Yen and Euro. 2011/12 saw an increase from the previous year in the requirement for foreign currency with the additional investment of the £10million for the GREAT image campaign being spent in foreign currency.

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. During 2011/12 – 90% (2010/11 - 88%) of suppliers' invoices not in dispute were paid within 30 days of receipt. Since January 2012, 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.

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7. 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 the audit services amount to £46.5k 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 the entity's auditors are unaware
- She has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information

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8. FUNDING AGREEMENT KEY PERFORMANCE INDICATORS 2011/12

The key performance indicators for both VisitBritain and VisitEngland for the 2011/12 year are set out below:

VisitBritain Key Performance Indicators

Description	Definition	2011/12 (Actual/ Target)	2010/11 (Actual/ Target)
Extra Visitor Spend	The amount visitors spend in Britain that resulted from VisitBritain interventions	Note 1 / £375m	£776m Note 3 / £850m
Advertising-Equivalent Value	The monetary value of all press and PR coverage generated based on what equivalent advertising space would have cost	Note 2 /£350m	£845m Note 4 / £500m
Marketing and PR Spend	Grant in aid spent on marketing and PR	£10.7m / £10.5m	£11.3m / n/a
'GREAT' Britain Image Campaign	Grant spent on 'GREAT' Britain image campaign	£10.2m / £10m	n/a
Partner Contribution – Cash	Cash contributions from partners to VisitBritain activities	£5.6m / £5m	£4.2m / n/a
Partner Contribution – In-kind	In-kind contributions from partners to VisitBritain activities	£5.6m / £5m	n/a
Overseas Presence	Number of top and emerging markets VisitBritain operates in	21	33
Administration Spend Reduction	Cumulative progress on achieving 50% reduction in admin spend by 2014-15	35%	n/a

British Tourist Authority trading as VisitBritain and VisitEngland

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VisitEngland Key Performance Indicators 2011/12

Description	Definition	2011/12 (Actual/ Target)	2010/11 (Actual/ Target)
Extra Visitor Spend	The amount visitors spend in England that would not have happened had there not been VisitEngland interventions	Note 1 / £80m	£206m / £200m
Advertising-Equivalent Value	The monetary value of all press and PR coverage generated based on what equivalent advertising space would have cost	Note 2 / £40m	£46.8m / £20m
Marketing and PR Spend	Grant in aid spent on marketing and PR plus on Holidays at Home are Great campaign.	£7.2m / £6.13m	£5.9m / n/a
Administration Spend Reduction	Cumulative progress on achieving 50% reduction in admin spend by 2014-15	19%	n/a
Decommission EnglandNet	Close the EnglandNet digital platform	EnglandNet closed	n/a
Licence Quality Scheme	Management of the Quality Scheme outsourced	Licence issued March 2012	n/a

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 and 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 will not be available until after the publication of the Annual Report and Accounts for the year ended 31 March and will be reported in Autumn 2012 and in the 2013 Annual Report and Accounts.

Note 2:

Advertising Equivalent Value (AEV) Evaluation

VisitBritain and VisitEngland have been working with Metrica global analytics for the past two years to evaluate AEV of PR activity. Metrica calculates the advertising value equivalent for domestic and international coverage of strongly favourable articles using industry standard methodology. The 2011/12 results will not be available until after the publication of the Annual Report and Accounts for the year ended 31 March and will be reported in Autumn 2012 and in the 2013 Annual Report and Accounts.

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VisitEngland Key Performance Indicators 2011/12 (Continued)

Note 3:

In 2010/11 VisitBritain's target for additional spend continued to be significantly impacted by the global recession. Overall VisitBritain generated £776million of visitor spend through its activities.

Note 4:

In November 2010 Prince William and Kate Middleton announced their engagement. VisitBritain took advantage of the ensuing media interest to maximise the opportunities to showcase British tourism. The actual result for the year at £845million significantly exceeded the target of £500million

Sandie Dawe MBE
Accounting Officer
BTA

26 June 2012

British Tourist Authority trading as VisitBritain and VisitEngland

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9. STAFF

Introduction

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

Employment

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

Internal Communications

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.

Pay

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

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. Staff contribute 5% of their gross salary to the pension scheme (see note 28 to the accounts).

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Staff *(Continued)*

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).

Sickness Absence

The average sickness absence per full time employee in 2011/12 was 2.25 days compared to 3.38 days in 2010/11.

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.

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.

Investor in People

VisitBritain has been recognised as an 'Investor in People' since 1994 and currently holds the Silver status. BTA is recognised as an ACCA approved employer.

British Tourist Authority trading as VisitBritain and VisitEngland

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10. REMUNERATION REPORT

Remuneration Policy for Staff

Under the terms of the Development of Tourism Act, 1969 and the Financial Memorandum 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 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.

All staff including Directors have had their salaries frozen for 2 years from April 2010 (with the exception of low earners, earning below £21,000, who received £250 salary increase) and their remuneration has therefore been held at 2009/10 levels. However, approval was received from the DCMS to make one-off non-consolidated performance bonus payments which were implemented for all eligible staff depending on their appraisal ratings.

Remunerations 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 CEO and 10% for VisitEngland CEO, subject to the approval of the Remuneration Committee. Bonus payment of 10% for the CEO of VisitBritain and 8% for the CEO of VisitEngland were recommended by the Remuneration Committee. Subsequently both CEOs voluntarily waived part of their bonus payments and the actual amounts paid were 6.8% and 5% respectively.

Remuneration of Boards

In common with other public sector workers the Chairmen and Board Members of BTA and ETB have had their salaries frozen for two years with effect from 1 April 2010. Having waived the pay increase of 1.5% to which they would have been entitled on 1 April 2009 their remuneration has therefore been held at 2008/09 levels.

British Tourist Authority trading as VisitBritain and VisitEngland

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Remuneration Report *(Continued)*

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 2011/12 £	Remuneration 2010/11 £
Christopher Rodrigues CBE, Chairman	49,090	49,090
Janis Kong OBE	9,435	9,435
Dan Clayton Jones OBE	Nil	Nil
Dr Michael Cantlay	Nil	Nil
Ieuan Evans MBE	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
	<hr/>	<hr/>
	96,265	96,265
Pensions to former Chairmen*	25,427	25,427
Total remuneration	<hr/>	<hr/>
	121,692	121,692

*Former Chairmen's pension benefits are provided through a modification of the British Tourist Boards' Pension Scheme and are paid directly from BTA's own funds. This benefit is no longer available.

ETB Board members' remuneration:

	Remuneration 2011/12 £	Remuneration 2010/11 £
Penelope, Viscountess Cobham, ETB Chairman	33,840	33,840
Sir Brian Briscoe	581	9,435
Amanda Cottrell OBE	7,947	Nil
John Hoy	8,256	Nil
David Orr	9,435	9,435
Rob Rees MBE	859	9,435
Sarah Stewart	8,256	Nil
Nick Varney	9,435	9,435
Christopher Webster	859	9,435
Denis Wormwell	9,435	9,435
Total remuneration	<hr/>	<hr/>
	88,903	90,450

British Tourist Authority trading as VisitBritain and VisitEngland

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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:

2011-12

Name	Salary (£'000) ³	Bonus Payments (£'000)	Employer pension contributions (£'000)	Real Increase in pension at 60 (£'000)	Total accrued pension at 60 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) ¹
Sandie Dawe MBE (Accounting Officer BTA/CEO VB)	145-150	10-15	25-30 ²	0-2.5	55-60	1,024	1,233	156
James Berresford (CEO VisitEngland) ⁴	140-145	5-10	20-25 ²	0-2.5	5-10	46	90	42
David Parkhill (Director BTA, Business Services) ⁴	105-110	0-5	15-20	0-2.5	5-10	61	102	38
Laurence Bresh (Director VB, Britain Marketing) ⁶	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 ⁷	40-45	818	964	103
Louise Stewart (Director VE, Partnership & Performance) ^{4 5}	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) ^{5 6}	70-75	0-5	10-15	0-2.5	10-15	80	114	30
Jeremy Brinkworth (Director VE, Business Development) ⁵	65-70	5-10	10-15	2.5-5	35-40	584	736	122
Jenny McGee (Director VE, Insights & Communications) ⁵	60-65	0-5	10-15	(2.5)-0 ⁷	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.

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 2012 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.

British Tourist Authority trading as VisitBritain and VisitEngland

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2010-11

Name	Salary (£'000) ⁵	Bonus Payments (£'000)	Employer pension contributions (£'000)	Real Increase in pension at 60 (£'000)	Total accrued pension at 60 as at 31.03.2011 (£'000)	Cash equivalent transfer value as at 31.03.2010 (£'000)	Cash equivalent transfer value as at 31.03.2011 (£'000)	Real increase cash equivalent transfer value (£'000) ¹
							Restated	
Sandie Dawe MBE (Accounting Officer BTA/CEO VB)	145-150	15-20	30-35 ³	0-2.5	50-55	936 ²	1,024	64
James Berresford (CEO VisitEngland) ⁴	135-140	10-15	15-20 ³	0-2.5	0-5	14 ²	46	32
David Parkhill (Director BTA, Business Services) ⁴	110-115	0-5	15-20	0-2.5	0-5	30	61	30
Laurence Bresh (Director VB, Britain Marketing)	95-100	0-5	10-15	2.5-5	20-25	221	304	76
Keith Beecham (Director VB, Overseas Network)	90-95	0-5	10-15	2.5-5	40-45	694 ²	818	102
Louise Stewart (Director VE, Partnership & Performance) ⁴	80-85	0	5-10	-	0-5	-	5	-
Patricia Yates (Director VB, Strategy and Insights)	80-85	0-5	10-15	0-2.5	5-10	126	159	29
Alex Mawer (Director VE, England Marketing)	65-70	0-5	5-10	0-2.5	5-10	53	80	25
Jeremy Brinkworth (Director VE, Business Development)	65-70	0-5	10-15	2.5-5	30-35	535	584	32
Jenny McGee (Director VE, Insights & Communications)	60-65	0-5	5-10	0-2.5	25-30	444	492	34
Kenny Boyle (Director VB, Distribution Services) ⁶	40-45	0	5-10	0-2.5	10-15	156	178	17

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

2 CETV opening balances amended as they were incorrectly provided in 2009/10.

3 Includes additional contribution of £12,500 (S Dawe) and £7,500 (J Berresford) to Self Invested Personal Pension Plan (SIPP).

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 No benefit in kind was paid in 2011/12

6 Kenny Boyle left VisitBritain on 31 August 2010 and was paid £136k as severance payment plus £16k pay in lieu of notice.

British Tourist Authority trading as VisitBritain and VisitEngland

Annual report and financial statements for the year ended 31 March 2012

Remuneration Report *(Continued)*

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

Reporting bodies are required to disclose the relationship between the remuneration 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 2011/12 was £155k-160k (2010/11 - £165k-170k). This was 4.6 times (2010/11: 4.9) the median remuneration of the workforce, which was £34,112 (2010/11: £33,704). The ratio remained relatively constant from 2011 to 2012, reflecting stability in the remuneration packages and compilation of the workforce.

Total 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. 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. In calculating the total remuneration of employees, the remuneration is based on a full time equivalent (FTE) where appropriate and annualised where employees have not been employed for the entire year.

No employees were paid more than the highest paid director.

Sandie Dawe MBE
Accounting Officer
BTA

26 June 2012

British Tourist Authority trading as VisitBritain and VisitEngland

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11. STATEMENT OF SUSTAINABILITY

Introduction

This Sustainability report is presented in accordance with the requirements introduced by the Government for public bodies to publish progress against various indicators relating to the sustainability agenda. This is BTA's first such report and it is planned to expand this report in future years.

Summary of Performance

BTA's key sustainability performance indicators are summarised below:

Sustainability area	Units	Performance	
		2011/12	2010/11
Non-financial indicators			
Total CO2 emissions	Tonnes	770	919
Energy consumption	KWh	1,143,240	1,273,180
Total waste	Tonnes	56.43	88.36
Water consumption	Metre ³	1,836	2,610
Financial indicators			
Energy consumption costs	£'000	£129.7	£158.3
Official business travel costs	£'000	£323.7	£399.60
Waste disposal costs	£'000	£5.97	£8.55
Water supply costs	£'000	£2.70	£4.70

Notes:

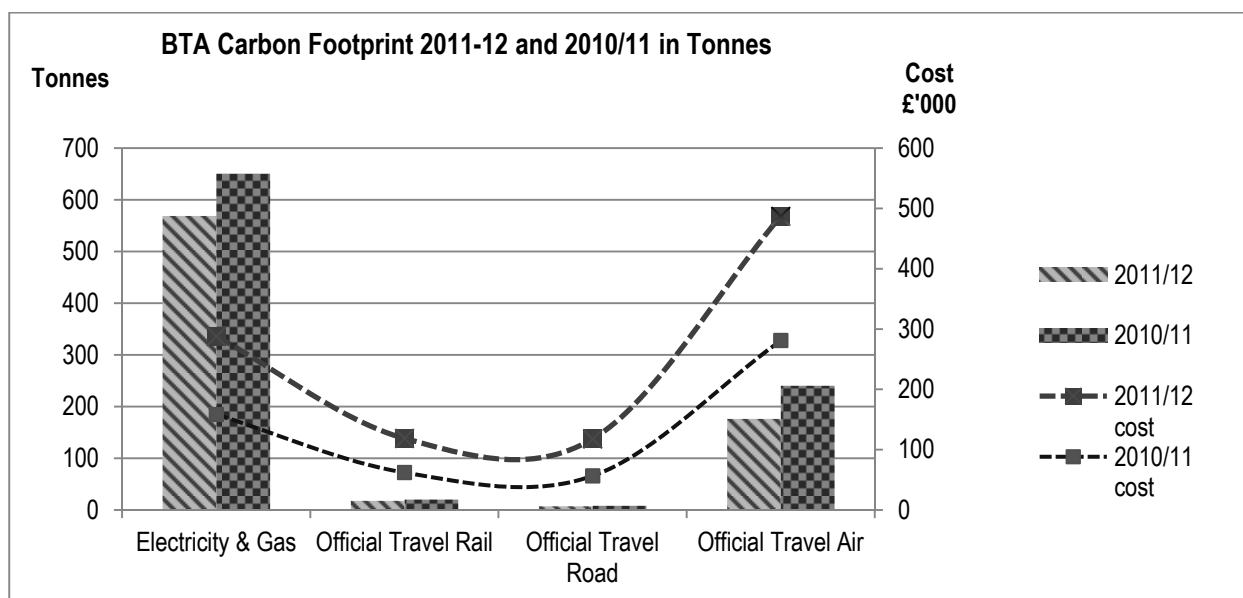
The scopes and conversion rates are set out in the Guidelines to Defra/DECC's Greenhouse Gas Protocol Conversion Factors for Company Reporting.

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.

British Tourist Authority trading as VisitBritain and VisitEngland

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Statement of Sustainability (Continued)



BTA's initial focus in terms of sustainability has been to reduce greenhouse gas emissions through reduced energy consumption and reduced travel. To this end it has increased use of information technology, such as video conferencing to hold meetings and conferences in lieu of travel where possible. BTA has reduced head count from 291 to 268 and also reduced its global operational base from 36 to 24 offices around the world.

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

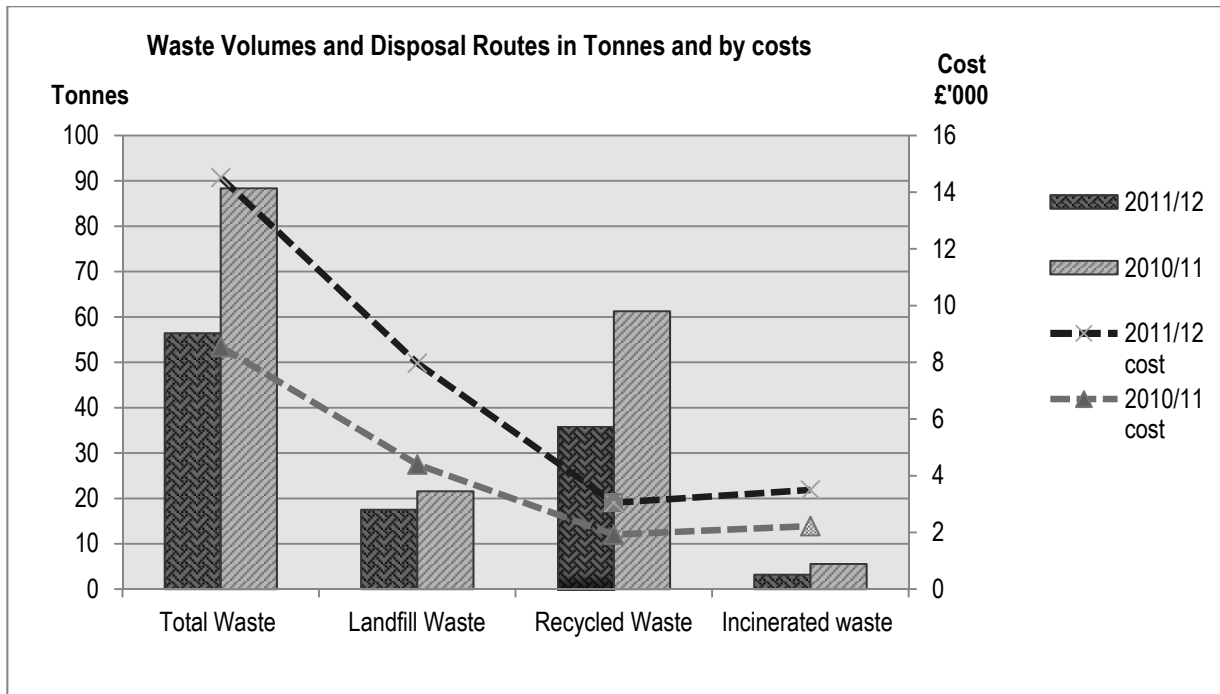
BTA also continues to benefit significantly from efficiencies in energy, waste management and increased use of public transport by staff, resulting from the move to its current London premises in October 2009. The accommodation is 40% smaller than the previous office with no parking for staff.

BTA continues to look for ways to increase energy efficiency.

Waste

			2011/12	2010/11
Non- Financial Indicators (tonnes)	Total Waste		56.43	88.36
	Hazardous waste	Total	0	0
		Landfill	17.52	21.55
		Reused/Recycled	35.72	61.25
		Incinerated/energy from waste	3.19	5.56
Financial Indicators £'000	Total disposal cost		£5.97	£8.55
	Hazardous waste - Total Disposal cost	Landfill	£3.57	£4.40
		Reused/Recycled	£1.12	£1.92
		Incinerated/energy from waste	£1.27	£2.23

Statement of Sustainability (Continued)



Currently, 75% of waste at the Palace Street office is recycled. Removing individual waste bins and implementing separate bins for recyclable and non-recyclable waste from the London office, has made a significant contribution.

Water 2011-12

Non-Financial Indicators (m ³)	Water Consumption	1,836
Financial Indicators	Water Supply Costs	£2.7k

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

British Tourist Authority trading as VisitBritain and VisitEngland

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12. STATEMENT OF CORPORATE GOVERNANCE

Introduction

Achieving good governance and being a responsible Authority is inextricably linked with organisational culture and how the business is run and managed. Culture defines values, how decisions are made and what is deemed as acceptable risk. Equally, it is about what standards BTA applies in how the organisation deals with people, whatever stakeholder group they might be. What BTA strives to do is to adopt and implement what is right for its business, while being open and transparent in all that it does. BTA is committed to good governance and ethical behaviour.

This governance statement is designed to provide a clear understanding of the dynamics and control structure of BTA Board.

The Governance Framework

Governance Framework

The BTA Board is responsible for ensuring that VisitBritain and VisitEngland operate within the terms of the Development of Tourism Act 1969 and comply with statutory and administrative requirements for the use of public funds. Grant-in-Aid is provided by Parliament to enable the Board to carry out its functions as set out in the Act. BTA's practices and procedures comply with the requirements of the Management Statement and Financial Memorandum agreed with DCMS, which sets out the framework of accountability within which BTA operates, HM Treasury's 'Managing Public Money' and the conditions attached to the use of Grant-in-Aid and public funds.

The approach the Board of BTA follows is intended to ensure that appropriate principles of corporate governance are followed effectively. The Board is responsible for establishing the organisations' overall strategic direction and, subsequently, for overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets. In carrying out its responsibilities in relation to VisitEngland, the Board is advised by the Board of ETB.

The roles of the Chairman and Board are set out in BTA's Code of Practice for Board Members and the Management Statement. 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 Funding 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, Olympics, Media and Sport as set out in the Funding 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
- Ensuring that high standards of corporate governance are observed at all times within the organisations

The composition of the Board is reported in section 3.

The BTA Board and the VisitBritain CEO, as Accounting Officer, are responsible for establishing and maintaining systems of internal control. BTA continually reviews and updates its systems of internal control which are designed to meet the needs of BTA and the risks to which it is exposed.

British Tourist Authority trading as VisitBritain and VisitEngland

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Statement of Corporate Governance *(Continued)*

Scope of responsibility

Accountability within BTA is exercised through:

- The Accounting Officer
- The Board of BTA (supported by the Board of ETB)
- Board Sub-Committees
 - The Audit Committee
 - The Remuneration Committee
- The Executive Boards of VisitBritain and VisitEngland

The Accounting Officer and the Board each have responsibilities for maintaining a sound system of internal control that supports the achievement of BTA's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to the Accounting Officer in Managing Public Money and the Management Statement and Financial Memorandum between BTA and DCMS.

To support compliance with the requirements of BTA's Management Statement and Financial Memorandum and Funding Agreement with DCMS, regular meetings are held between the Chairman and Accounting Officer of BTA and the Chairman of ETB and Chief Executive of VisitEngland with the Secretary of State for Culture, Olympics, Media and Sport and the Minister for Tourism and Heritage. These meetings cover updates on the implementation of our strategic objectives, help formulate the future business direction and highlight the inherent risks and opportunities in implementing our policies. These meetings are supplemented by a regular dialogue by the Accounting Officer and Executive teams with Officials at the DCMS.

The operating divisions of BTA are led and managed by the Chief Executive Officers and the Executives of VisitBritain and VisitEngland with the support of their respective management teams. The structure has been developed to ensure delivery of the objectives and targets laid out in the Business Plans of VisitBritain and VisitEngland and the Funding Agreement. Well-developed information and reporting systems monitor progress against financial and non-financial targets and provide access to detailed management and transactional information.

Accountability, limits of authority and lines of reporting are clearly defined in VisitBritain and VisitEngland with annual performance targets set for every member of staff.

How the BTA Board operates

BTA Board meetings

The Board meets six times during each calendar year. Due to the pattern of meetings, this led to the Board meeting seven times during the 2011/12 financial year. The Board also held two workshops to discuss strategic issues at which Board Members were joined by the Chief Executive and Senior Management Team. In addition, the majority of BTA Board Members are engaged on an on-going basis in sponsoring discrete areas of activity in which their particular expertise is of value.

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. In addition to these formal processes, the Board Members are in regular informal communication with the Chief Executive, and Senior Management as appropriate. This helps to foster an open and regular exchange of knowledge and experience between management and the BTA Board.

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Statement of Corporate Governance (Continued)

The attendance by individual Board Members, Observers and Sub-Committee secondees at meetings during 2011/12 was as follows:

	Board Member/ Observer/ Independent Secondee	Board Meetings Attended	Audit Committee Meetings Attended	Remuneration Committee Meetings Attended
Christopher Rodrigues CBE	Board Member and Chairman of the Board and Remuneration Committee	6 (7)		3 (3)
Dr Michael Cantlay	Board Member	6 (7)		
Penelope, Viscountess Cobham	Board Member and member of the Audit and Remuneration Committees	7 (7)	4 (4)	3 (3)
Stephanie Griffiths	Board Member	6 (7)		
Janis Kong OBE	Board Member and member of the Remuneration Committee	6 (7)		(3)
The Rt Hon Baroness Liddell of Coatdyke	Board Member	7 (7)		3 (3)
John Lindquist	Board Member and Chairman of the Audit Committee	7 (7)	4 (4)	
Sir Moir Lockhead OBE	Board Member	6 (7)		
Ieuan Evans MBE	Board Member	3 (3)		
Dan Clayton Jones	Board Member	4 (4)		
Clive Gordon	Observer	6 (7)		
Sarah Stewart	ETB Board representative on Audit Committee		2 (2)	
Rob Rees MBE	ETB Board representative on Audit Committee		1 (1)	
Hugh Green	Independent member Audit Committee		4 (4)	

Conflicts of Interest

BTA has a policy and arrangements through which potential conflicts of interests can be recognised, 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 to BTA.

The register of relevant Board Member interests is maintained and available for the public to inspect on request to the Secretary to the Board. In addition a standing item of all Board and Committee meetings requires Board Members to declare an interest if they or their close family have an interest, pecuniary or otherwise, in any matter being considered. The Board or Committee will then decide if it is appropriate for the Member to participate or withdraw for the item in question. In 2011/12 there were no withdrawals from Board discussions.

Board Appointments and Induction

In accordance with the Development of Tourism Act 1969, the VisitBritain (BTA) Board comprises the Chairman and six other Members, five of whom are appointed by the Secretary of State for Culture, Olympics, Media and Sport and one by the Welsh Assembly. The Chairmen of VisitEngland and VisitScotland sit on the Board in an ex-officio capacity. In addition, a Member of the Northern Ireland Tourist Board attends Board meetings as an Observer by invitation.

British Tourist Authority trading as VisitBritain and VisitEngland

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Statement of Corporate Governance (Continued)

The recruitment and appointment process for those Board Members appointed by the Secretary of State is carried out in accordance with the Office of the Commissioner of Public Appointments' Code of Practice, and the DCMS Delegated Procedure 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 which is fully 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 reappointments 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 9 years. During the year Dan Clayton Jones OBE was appointed by the Welsh Assembly to replace Ieuan Evans, OBE.

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 Board Members receive a comprehensive induction pack on appointment, which includes copies of all relevant governance material, and attend an induction.

BTA Board Performance Evaluation

Under the leadership and guidance of the Chairman, the Board continued to review the design and effectiveness of its own evaluation processes. These processes include an 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 considers the mix of skills available to the Board and Committees.

The Board also holds an annual discussion without the Chairman being present to assess his performance: Members take into consideration the views of the Chief Executive of VisitBritain and feedback is provided directly to the Chairman.

Based upon the results of these evaluations it was concluded that the Board and its Committees are operating effectively with an appropriate mix of skills.

The Chairman also undertakes a performance evaluation of the Chief Executive of VisitBritain, taking into consideration the views of the Board. The Chief Executive of VisitEngland's performance is evaluated by the Chairman of ETB taking into consideration the views of the ETB Board and the Accounting Officer. The Chief Executives undertake performance evaluations of the other senior executives which takes account of the views of the Chairman and Board and feedback is provided directly to the executives by the Chief Executives.

The Quality of Data used by the Board

Data and information used by the Board consists of assessments and statistics relating to industry performance, BTA's financial and non-financial performance measures, reports on progress of major programme activity, reviews of the competitive landscape both nationally and internationally and reports from the ETB Board on progress at VisitEngland.

Industry performance is assessed using data from independent third party sources e.g. the ONS International Passenger Survey.

Financial Data is provided by the 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 reforecast quarterly and reported to the Board.

Non-Financial performance measures enable the Board to monitor the targets set in the business plan. 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. The Board receives quarterly reports and reviews progress towards annual targets.

British Tourist Authority trading as VisitBritain and VisitEngland

Annual report and financial statements for the year ended 31 March 2012

Statement of Corporate Governance *(Continued)*

Progress reports for areas of activity are presented to the Board on a regular basis.

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 in development.

Reports on VisitEngland activity and performance are presented regularly 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 when 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.

The Work of the Board in 2011/12

In 2011/12 the significant matters considered by the Board and its Committees included:

- Conducting two strategy sessions to consider the strategic imperatives post-Olympic Games
- Overseeing VisitBritain's contribution to the GREAT Britain Image campaign
- Overseeing and reviewing the creation of a series of Competitive Assessments for the overseas markets in which VisitBritain operates
- Reviewing and approving VisitBritain's strategies for Evaluation and Digital Activity
- Reviewing and approving the offer of Regional Growth Funding to VisitEngland, its application and the governance processes and procedures which were being put into place around the project

In carrying out its work, the Board adds considerable value to the work of the Executive team through the insights and knowledge which Board Members' are able to contribute.

BTA Board Committees

The Remuneration Committee

The purpose of Remuneration Committee is:

- To assist the Chairmen of BTA and ETB in assessing the performance of their Chief Executives against their objectives and approve the level of pay increases and bonuses which they should receive
- To assist and advise the Chief Executives in assessing the performance of the Directors each year in order to determine their pay increases and bonuses
- To guide the Executive on the Pay Remit prior to submission to DCMS and, subsequently, to approve the final pay and bonus ranges to be awarded to employees and
- To consider any matters relating to employees' conditions of service, remuneration and related matters as the Chief Executives or Boards may refer to it

British Tourist Authority trading as VisitBritain and VisitEngland

Annual report and financial statements for the year ended 31 March 2012

Statement of Corporate Governance *(Continued)*

Membership

The Committee consists of four members: the Chairmen of BTA and ETB and two other DCMS appointed members of the Board of BTA. The Committee elects its own Chairman and the quorum of the Committee is three including the Chairman of BTA and the Chairman of the Committee (the Committee is currently chaired by the Chairman of BTA).

The Chief Executives, Director, Business Services and the Head of People and Performance attend meetings as required and the Secretary to the Boards is the Secretary to the Committee. No member of staff, including either Chief Executive, is present when his/her remuneration is being discussed.

The members of the Remuneration Committee are:

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

Secretary: Ros Carey

The Audit Committee

The Audit Committee oversees the control environment and risk management framework and receives reports from BTA's Internal and External Auditors on its system of internal control. The Committee is responsible for:

- Reviewing the effectiveness of the Authority's financial reporting, internal control policies and procedures for the identification, assessment and reporting of risk
- Monitoring the integrity of the Authority's financial statements
- Reviewing significant financial reporting issues and judgements
- Monitoring the role and effectiveness of the Internal Audit function including approving the appointment or removal of the Internal Auditors
- Approving an annual programme of Internal Audit work
- Agreeing the scope of the Auditors' annual audit programme and reviewing the output
- Keeping the relationship with the Auditors under review, including the terms of their engagement and fees, their independence and expertise, resources and qualifications, and assessing the effectiveness of the audit process

In addition, the Audit Committee reviews the annual financial statements before submission to the Board, considers the Auditors' fees and discusses the nature, scope and results of the audit with the Auditors.

The members and secretary to the Audit Committee are:

Membership: John Lindquist (Chairman of Audit Committee and a BTA Board member)
Penelope, Viscountess Cobham (Chairman ETB)
Hugh Green (Independent member and Partner KPMG LLP)
Sarah Stewart (ETB Board member)

Secretary: David Parkhill (Director, Business Services)

The Audit Committee gives independent advice and guidance to the Board and Accounting Officer on the adequacy of audit arrangements (internal and external) and internal controls and the processes in place to control risk within BTA. The remit of the Committee reflects Government Internal Audit Standards.

British Tourist Authority trading as VisitBritain and VisitEngland

Annual report and financial statements for the year ended 31 March 2012

Statement of Corporate Governance (Continued)

The Committee met four times during the year. The Accounting Officer / Chief Executive VisitBritain, the Chief Executive of VisitEngland, the Head of Financial Planning and the Secretary to the Boards were invited to attend these meetings. The Internal and External Auditors were also invited to attend meetings, particularly to discuss the results of internal audit activity and the annual audit respectively. During the year, the Committee held individual meetings without executives present, solely with the Internal Auditors present, and also solely with the External Auditors present.

The Audit Committee monitors the objectivity and independence of the Internal Auditors. Generally, the Internal Auditors' non-audit services are restricted. Any proposed additional work is considered on an individual basis.

BDO LLP provided BTA's internal audit service until its contract ended in October 2011. PricewaterhouseCoopers (PwC) took over the role of Internal Auditors from October 2011. An annual programme of work is agreed with the Audit Committee on those areas which are known to be of higher risk or may be of an innovative nature or where it is appropriate to carry out a review of existing systems.

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

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

In 2011/12 Internal Audit work covered:

- Core financial systems - *BDO and PwC*
- IT review - *BDO*
- Quality Assessment Scheme – *BDO*
- Programme Management - *PwC*
- Contract Management Review - *PwC*

The final BDO Annual Internal Audit Reports was received at the October 2011 meeting. At the June 2012 meeting the Audit Committee received the PwC Annual Internal Audit Report. These reports found no critical or high risk issues in the areas under review. There were, however, some medium risk issues identified as a result of individual Internal Audit investigations and External Audit work which present some risk. Remedial action has been agreed and substantially implemented to mitigate these risks. The remaining remedial actions are in the process of being implemented. Without giving specific assurance on the effectiveness of the whole system the Committee is satisfied, from the reports received, that the internal control environment appears to be well supported by the various embedded mechanisms and working practices.

The Audit Committee follows an annual programme to ensure that, inter alia, it reviews Internal Audit reports and management responses to any recommendations made; reviews the corporate risk registers to ensure that risks are being well managed and that all new emerging risks have been identified; determines the work programme of Internal Audit and follows-up previous internal audit recommendations. It also reviews foreign currency arrangements and any procurement complexities that may arise. The Committee reviews the Annual Report and Accounts and any matters arising from the audit of the Accounts by the National Audit Office. It also deals with one off matters such as the risks and project management processes surrounding VisitEngland's application for a Grant from the Regional Growth Fund, the arrangements and processes implemented to record, manage and value In-Kind contributions made to BTA and anti-fraud matters.

Minutes of Committee meetings are presented to the BTA Board and the Chairman of the Audit Committee briefs the Board on any significant issues. The Chairman of the Audit Committee also makes an annual report to the Board at its July meeting on the previous year's business. The Committee found that there were no matters of high risk or significance arising during the year. There were, however, a number of recommendations as a result of Internal Audit reports and External Audit work substantially all of which have been implemented. The remainder are in the process of being implemented.

British Tourist Authority trading as VisitBritain and VisitEngland

Annual report and financial statements for the year ended 31 March 2012

Statement of Corporate Governance *(Continued)*

Matters Arising in the Year

In the year one fraud was reported resulting in a net loss to BTA of £17,683. The fraud was executed by a single employee who had been dismissed before the fraud was discovered. The fraud was reported to the police and all necessary systems improvements have been implemented to prevent recurrence. The systems improvements were reviewed by Internal Audit.

Information and Data Security

BTA has suffered no protected personal data incident during 2011/12 or prior years and has therefore made no report to the Information Commissioners office.

The risk and control framework

Capacity to handle risk

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

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

The Accounting Officer is responsible for ensuring that an appropriate Risk Management process is in place within the organisation. Operationally the risk management process is led by the Secretary to the Board with input from a Risk Advisory Group and the Executive Teams as appropriate.

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

Risk Strategy

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.

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

Risks are identified and consistently ranked for major projects and at divisional level and reviewed quarterly by Directors. Divisional Registers are reviewed on a half yearly basis by the Risk Advisory Group and the key risks incorporated into the Corporate Register which is reviewed bi-annually by the Senior Executive Team and annually by the Audit Committee and Board.

British Tourist Authority trading as VisitBritain and VisitEngland

Annual report and financial statements for the year ended 31 March 2012

Statement of Corporate Governance *(Continued)*

Risk Management Framework

BTA classify risks under one of four categories:

- Strategic: Risks which primarily threaten our ability to deliver our Strategies and Corporate Plans
- Reputational: Risks which primarily threaten to damage our reputation
- Operational: Risks which threaten our ability to operate successfully
- Financial: Risks which primarily threaten our financial health and may lead to financial loss

In addition, BTA has continued to develop and test its business continuity planning for a range of crises. BTA will continue to develop its planning alongside risk management strategies and crisis communications management. Crisis testing exercises are held regularly, based on a range of scenarios that could have a serious impact on the organisation.

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

Building the resilience of Britain's tourism industry to crises such as acts of terrorism or diseases is a key priority. VisitBritain chairs the Tourism Industry Emergency Response (TIER) Group, which ensures a coordinated response to a crisis and has worked very effectively for crisis events such as the 2011 riots in England.

British Tourist Authority trading as VisitBritain and VisitEngland

Annual report and financial statements for the year ended 31 March 2012

Statement of Corporate Governance *(Continued)*

Key Risks & Uncertainties

The principle risks facing VisitBritain and VisitEngland in 2011/12 and the steps that have been taken to address them are summarised below:

Risk	Risk Management Strategy
Marketing Campaigns would not achieve their targets	Partner recruitment strategy to secure strong offers from partners Test ads on consumers in market and dial branding elements up and down accordingly Continuous monitoring of progress towards targets and re-allocation of funding between markets as necessary Choice of media channels based on wide experience of VisitBritain, its partners and suppliers Tourism Industry Response Group in place to respond to external crises which may impact on inbound tourism
Major business interruption	Business continuity plan in place Penetration and load testing of websites undertaken and action taken as necessary
Failure to meet targets due to less funding for operational spend caused by unplanned calls on budget	Robust financial management regime supported by experienced staff with oversight by Audit Committee, and internal and external Auditors Fiscal impact undertaken for all new activity Tax impact of Business Plan assessed Treasury Management Policy in place
Failure to make progress in delivery of the Strategic Framework for Tourism in England's Action Plans	Secure high profile advocates for key areas of the Strategy and provide them with platforms to act as champions and secure support for implementation Ensure consultees' views reflected in final Actions Plans Regular communications with LEPs to secure understanding and support for tourism Regular liaison with DMOs especially to secure buy-in to the England Marketing Plan
Fall in NQAS participants leading to less funding for operational spend and failure to attract a Licensee to operate the schemes	Comprehensive, transparent, consistent communications programme aimed at destinations and businesses
Failure to meet EnglandNet revenue targets leading to less funding for operational spend	Close monitoring of revenue and costs Accelerate decision on Platforms' future if necessary

The Board's Assessment of Compliance with the Provisions of the Corporate Governance Code

For the reasons given in this Governance Statement the Board and Accounting Officer of BTA are of the opinion that throughout 2011/12 BTA was compliant with the provisions of the Corporate Governance in Central Government Departments: Code of Good Practice to the extent appropriate for an Arm's Length Body and within the scope of activities and scale of BTA.

Sandie Dawe MBE
Accounting Officer
BTA

26 June 2012

13. STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES

Under Section 6(1) of the Development of Tourism Act 1969, the Secretary of State for Culture, Olympics, Media and Sport, with the consent of the Treasury, has directed 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, Olympics, Media and Sport including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

The Accounting Officer of the Department for Culture, Media and Sport has appointed the VisitBritain's Chief Executive 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

26 June 2012

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 2012 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 2012 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.

British Tourist Authority trading as VisitBritain and VisitEngland

Annual report and financial statements for the year ended 31 March 2012

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 the Board Membership, Results for the Year 2011/12 and Other Financial Information, Auditors, Funding Agreement Key Performance Indicators, 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 July 2012

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

		Group		BTA	
	Note	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Revenue					
Income from activities	7	24,261	20,869	24,261	20,878
Other income	8	1,049	1,351	1,049	1,354
		25,310	22,220	25,310	22,232
Employee benefits costs	9	(12,819)	(17,429)	(12,819)	(17,429)
Depreciation	17	(970)	(597)	(970)	(597)
Other operating charges	10	(55,885)	(43,470)	(55,877)	(43,483)
Grants paid to Regional Tourist Boards	11	(32)	(132)	(32)	(132)
Re-organisation costs	12	(1,161)	(3,220)	(1,161)	(3,220)
		(70,867)	(64,848)	(70,859)	(64,861)
Net Expenditure before finance cost	13	(45,557)	(42,628)	(45,549)	(42,629)
Finance (cost)/income	15	347	(226)	347	(226)
Net Expenditure		(45,210)	(42,854)	(45,202)	(42,855)
Other Comprehensive Expenditure					
Decrease/(increase) in UK pension liability on unfunded schemes	28	7	22	7	22
Actuarial gain/(loss) on UK & US pension schemes	28	(4,704)	5,396	(4,704)	5,396
Effect of paragraph 58(b) limit (including requirements for IFRIC 14) - US	28	225	(151)	225	(151)
Exchange rate gain/(loss) on US pension scheme	28	2	(23)	2	(23)
Revaluation gain/(loss) on leasehold improvements		13	45	13	45
Other Comprehensive Expenditure		(4,457)	5,289	(4,457)	5,289
Total Comprehensive Net Expenditure for the year		(49,667)	(37,565)	(49,659)	(37,566)

The notes on pages 53 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 2012

	<i>Note</i>	Group	
		2012	2011
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	17	174	940
Retirement benefit assets	28	183	359
Total non-current assets		<u>357</u>	<u>1,299</u>
Current assets			
Inventories	19	4,362	2,771
Trade and other receivables	20	5,837	5,995
Derivative financial assets	25	61	117
Cash and cash equivalents	21	678	1,180
Total current assets		<u>10,938</u>	<u>10,063</u>
Total assets		<u>11,295</u>	<u>11,362</u>
Liabilities			
Current liabilities			
Trade and other payables	22	(8,954)	(7,561)
Provisions	23	(8)	(3,637)
Total current liabilities		<u>(8,962)</u>	<u>(11,198)</u>
Non-current liabilities			
Retirement benefit liabilities	28	(18,837)	(14,772)
Total non-current liabilities		<u>(18,837)</u>	<u>(14,772)</u>
Total liabilities		<u>(27,799)</u>	<u>(25,970)</u>
Total Net Assets/ (Liabilities)		<u>(16,504)</u>	<u>(14,608)</u>
Taxpayers' Equity			
Income and expenditure reserve		(16,504)	(15,012)
Revaluation reserve		-	404
		<u>(16,504)</u>	<u>(14,608)</u>

The financial statements were approved by the Board on 26 June 2012 and were signed on its behalf by:

Sandie Dawe MBE
Accounting Officer
BTA

The notes pages on 53 to 87 form part of these financial statements

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Financial Position as at 31 March 2012

	Note	BTA	
		2012	2011
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	17	174	940
Investment in subsidiary	18	8	8
Retirement benefit assets	28	183	359
Total non-current assets		365	1,307
Current assets			
Inventories	19	4,362	2,771
Trade and other receivables	20	5,835	5,988
Derivative financial assets	25	61	117
Cash and cash equivalents	21	634	1,146
Total current assets		10,892	10,022
Total assets		11,257	11,329
Liabilities			
Current liabilities			
Trade and other payables	22	(8,954)	(7,574)
Provisions	23	(8)	(3,637)
Total current liabilities		(8,962)	(11,211)
Non-current liabilities			
Retirement benefit liabilities	28	(18,837)	(14,772)
Total non-current liabilities		(18,837)	(14,772)
Total liabilities		(27,799)	(25,983)
Total Net Assets/ (Liabilities)		(16,542)	(14,654)
Taxpayers' Equity			
Income and expenditure reserve		(16,542)	(15,058)
Revaluation reserve		-	404
		(16,542)	(14,654)

The financial statements were approved by the Board on 26 June 2012 and were signed on its behalf by:

Sandie Dawe MBE
Accounting Officer
BTA

The notes on pages 53 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 2012

		Group		BTA	
	Note	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash flows from operating activities					
Deficit for the year		(45,210)	(42,854)	(45,202)	(42,855)
Adjustments for:					
Depreciation	17	970	597	970	597
Profit on disposal of fixed assets	10	(5)	(19)	(5)	(19)
Defined benefit pension cost	28	1,817	3,276	1,817	3,276
Finance costs/(income) – UK & US pension scheme	28	(287)	282	(287)	282
Defined benefit employer pension contribution	28	(1,759)	(3,018)	(1,759)	(3,018)
Fair value adjustment on financial assets	25	56	105	56	105
		(44,418)	(41,631)	(44,410)	(41,632)
Cash flows from operating activities before changes in working capital and provisions					
Decrease/(increase) in trade and other receivables	20	158	572	153	662
(Increase) in inventories	19	(1,591)	(715)	(1,591)	(780)
Increase/(decrease) in trade and other payables	22	1,393	(1,190)	1,380	(1,102)
(Decrease)/increase in provisions	23	(3,629)	2,035	(3,629)	2,035
		(48,087)	(40,929)	(48,097)	(40,817)
Net cash flows from operating activities					
Investing activities					
Purchases of property, plant and equipment	17	(191)	(130)	(191)	(130)
Sale of property, plant and equipment	10	5	19	5	19
		(186)	(111)	(186)	(111)
Net cash (outflows) from investing activities					
Financing activities					
Grant-in-aid received from the DCMS		47,771	40,323	47,771	40,323
		47,771	40,323	47,771	40,323
Net cash flows financing activities					
		(502)	(717)	(512)	(605)
Net increase/(decrease) in cash and cash equivalents					
		1,180	1,897	1,146	1,751
Cash and cash equivalents at beginning of year					
		678	1,180	634	1,146
Cash and cash equivalents at end of year					

The notes on pages 53 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 2012

	I&E	Group Re- valuation	Total Reserves	I&E	BTA Re- valuation	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2010	(17,838)	472	(17,366)	(17,883)	472	(17,411)
Changes in reserves 2010/11						
Total comprehensive income and expenditure for the year	(37,610)	45	(37,565)	(37,611)	45	(37,566)
Release of reserves to the income and expenditure reserve	113	(113)	-	113	(113)	-
Grant in Aid	40,323	-	40,323	40,323	-	40,323
Balance as at 31 March 2011	(15,012)	404	(14,608)	(15,058)	404	(14,654)
Changes in reserves 2011/12						
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)	-
Grant in Aid	47,771	-	47,771	47,771	-	47,771
Balance as at 31 March 2012	(16,504)	-	(16,504)	(16,542)	-	(16,542)

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

The notes on pages 53 to 87 form part of these financial statements

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012

1 Accounting policies

These financial statements have been prepared in accordance with the 2011/12 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 the BTA will continue in operational existence for the foreseeable future. At the year-end 31 March 2012, the Group had a taxpayers' deficit of £16,504,000 (2011: £14,608,000) (BTA: taxpayers' deficit of £16,542,000 (2011: £14,654,000)).

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 £18,837,000 (2010/11: £14,772,000).
- 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 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 has two wholly owned subsidiaries; the British Travel Centre AB in Sweden and the VisitBritain Services India Private Ltd (VBSILP) in India.

The BTA group financial statements for 2011/12 consolidate the financial statements of the parent BTA and the BTC AB, its accounts being made up to 31 March 2012. Intercompany transactions and balances between members of the Group are therefore eliminated in full. The decision was made to discontinue the activities of the subsidiary from April 2011 as its activities were transferred to the VB online shops. Certain assets remain in the subsidiary until the entity closure has been finalised. 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 2012 (Continued)

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.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

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 2012 (Continued)

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 11: Joint arrangements (from 1 January 2013)
- IFRS 12: Disclosures of involvement with other entities (from 1 January 2013)
- IFRS 13: Fair Value Measurement (from 1 January 2013)
- IAS 27 (Amended): Separate Financial Statements (from 1 January 2013)
- IAS 28 (Amended): Investments in Associates and Joint Ventures (from 1 January 2013)
- IAS 1 (Amendment) :Presentation of financial statements (from 1 July 2012)
- IAS 12 (Amendment): Income taxes (from 1 July 2012)

In addition the following chapters in the FReM have been amended, effective for the 2012/13 financial year:

- Chapter 4: Accounting boundaries

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

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

3 Financial instruments and risk management (Continued)

The following tables show financial instruments by category:

Group	2012			2011		
	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
<u>Financial assets</u>						
Trade and other receivables	2,183	-	2,183	2,064	-	2,064
Derivative financial assets	-	61	61	-	117	117
Cash and cash equivalents	678	-	678	1,180	-	1,180
	<u>2,861</u>	<u>61</u>	<u>2,922</u>	<u>3,244</u>	<u>117</u>	<u>3,361</u>

BTA

Financial assets

Trade and other receivables	2,181	-	2,181	2,057	-	2,057
Derivative financial assets	-	61	61	-	117	117
Cash and cash equivalents	634	-	634	1,146	-	1,146
	<u>2,815</u>	<u>61</u>	<u>2,876</u>	<u>3,203</u>	<u>117</u>	<u>3,320</u>

Group	2012			2011		
	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
<u>Financial liabilities</u>						
Trade and other payables	7,261	-	7,261	5,312	-	5,312
Net Financial Liabilities	<u>7,261</u>	<u>-</u>	<u>7,261</u>	<u>5,312</u>	<u>-</u>	<u>5,312</u>

BTA

Financial liabilities

Trade and other payables	7,261	-	7,261	5,325	-	5,325
	<u>7,261</u>	<u>-</u>	<u>7,261</u>	<u>5,325</u>	<u>-</u>	<u>5,325</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 £1.9million of trade receivables which are spread over a range of customers and countries. BTA has recovered more than 98% of trade receivables over the last 2 years and write offs in the year 2011/12 amounted to £30k (£6k in 2010/11).

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

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

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. 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.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (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 2012 there were commitments to purchase foreign currency exchange forward contracts with a guarantee of currency to a total sterling value of £6.5m (2011 - £3.8m). 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 £6.5m (2011 - £3.8m) sterling value represents the guarantee of each contract. If all strike rates were achieved the value would equate to £13.1m (2011 - £6.7m). The guaranteed values are 2012 – EUR 1.3m, USD 5.6m and JPY 97.0m (2011: EUR 0.0m, USD 3.1m and JPY 0.1m) with the full strike rate values set at 2012: EUR 1.6m, USD 13.0m and JPY 188.0m (2011: EUR 0.0m, USD 5.1m and JPY 0.4m). 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 2012 (Continued)

4 Segment information

IFRS 8 'Operating Segments' requires an entity to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. 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;
- *Business Development*: 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;
- *Industry Leadership*: Role is to establish VisitEngland as the primary source of expertise on English tourism and its visitor economy and make this expertise and intelligence widely accessible to our partners; 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 2012 (Continued)

4 Segment information (continued)

	VISITBRITAIN						VISITENGLAND					BTA Total
	Britain Marketing	Global Network	Retail	Championing Tourism	Shared Services	VisitBritain Total	Marketing England	Business Development	Insights and Communications	Shared Services & CEO Board	VisitEngland Total	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
2012												
Income	5,843	389	10,874	-	246	17,352	1,689	5,908	173	188	7,958	25,310
Revenue from external customers	5,843	389	10,874	-	246	17,352	1,689	5,908	173	188	7,958	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)	-
Segment net expenditure for the year	(19,386)	(6,740)	506	(1,084)	(6,719)	(33,423)	(5,578)	(1,107)	(1,370)	(3,051)	(11,106)	(45,210)
2011												
Income	4,431	753	9,964	62	408	15,618	901	5,512	283		6,696	22,314
Inter-segmental revenue			(87)		(7)	(94)						(94)
Revenue from external customers	4,431	753	9,877	62	401	15,524	901	5,512	283		6,696	22,220
Segment deficit for the year before shared service cost allocation	(10,026)	(8,745)	(114)	(1,277)	(13,685)	(33,847)	(4,314)	(1,174)	(1,621)	(817)	(7,926)	(41,773)
Finance income												(226)*
Depreciation												(597)*
Defined benefit pension costs												(3,276)*
Defined benefit employer pension contribution adjustment												3,018*
Shared services costs					1,831	1,831				(1,831)	(1,831)	-
Segment net expenditure for the year	(10,026)	(8,745)	(114)	(1,277)	(11,854)	(32,016)	(4,314)	(1,174)	(1,621)	(2,648)	(9,757)	(42,854)

*It is not possible to allocate these expenditures to each segment

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

4 Segment information (continued)

Geographical information:

External Revenue by location of sales offices

	2012	2011
	£'000	£'000
UK	17,844	13,750
Germany	1,615	1,816
United States Of America	1,211	1,138
France	817	633
Australia	302	381
Holland	718	508
Hong Kong	89	391
Sweden	361	407
Spain	179	194
Italy	337	291
India	481	548
Canada	202	180
Japan	207	296
Other Countries	947	1,687
	25,310	22,220

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

5 Contingent liabilities

We have received a complaint alleging copyright infringement by an element of media in VisitBritain's marketing programme. We believe no infringement of copyright has occurred and there will be no material financial impact on VisitBritain.

6 Grants

Core government grant-in-aid allocation from the Department for Culture, Media and Sport amounts to £47,771k less £192k capital (2011: £40,323k less £100k capital grant-in-aid), of which cash drawn were £47,771k (2011 - £40,323k).

Other grants received include £203k in 2012 (2011: £344k) from the Regional Development Agencies and £33k (2011 - £72k) 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 2012 (Continued)

7 Income from activities

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

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Revenue arises from:				
Partnership marketing, media & publicity income	5,845	2,906	5,845	2,906
Income from exhibition, fairs & workshops	1,501	1,782	1,501	1,782
Income from Commercial activities	11,052	10,728	11,052	10,737
Quality scheme income	5,835	5,382	5,835	5,382
Distribution income	28	71	28	71
Total revenue	24,261	20,869	24,261	20,878

8 Other income

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Service income	22	41	22	47
Office rental income	517	617	517	617
Other grants	236	652	236	652
Other income	274	41	274	38
Total other operating income	1,049	1,351	1,049	1,354

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 2012, the total rental income from the sub-let of properties was £517k, in the year ended 31 March 2011, it was £617k.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

9 Employee Benefits costs

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Staff costs (including directors) comprise:				
Wages and salaries	9,126	11,367	9,126	11,367
Agency staff and students	230	391	230	391
Payment to contractors	492	708	492	708
Expatriate taxable benefits	159	217	159	217
Expatriate local taxes	0	(25)	0	(25)
Social security contributions and similar taxes	956	1,272	956	1,272
Pension costs –defined contributions	38	76	38	76
Special pension costs	9	20	9	20
Movement on accrued holiday pay	(8)	127	(8)	127
	11,002	14,153	11,002	14,153
Defined benefit pension cost (see note 28)	1,817	3,276	1,817	3,276
Total staff costs	12,819	17,429	12,819	17,429

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

	Group		BTA	
	2012 Number	2011 Number	2012 Number	2011 Number
Marketing	209	221	209	221
Overseas support (marketing and administration)	16	18	16	18
Administration (CEO, people & performance and corporate services)	43	52	43	52
Total staff numbers	268	291	268	291

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 19 full time BTA staff (2010/11 – 28).

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 2012 (Continued)

10 Other operating charges

	Group		BTA	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Partnership marketing, media & publicity costs	31,880	18,154	31,880	18,154
Publishing	441	641	441	641
Commercial cost of sales and overhead cost	9,928	10,404	9,928	10,417
Quality scheme costs	5,557	5,498	5,557	5,498
Distribution costs	401	438	401	438
Research and evaluation	1,664	2,120	1,664	2,120
Property and support costs – overseas	2,524	3,329	2,524	3,329
Property and support costs – UK	1,914	2,813	1,914	2,813
(Surplus)/Loss on sale of fixed assets	(5)	(19)	(5)	(19)
VisitEngland Board secretariat operation costs	10	11	10	11
Irrecoverable VAT (UK and overseas)*	1,667	329	1,667	329
Prior year creditors provision written off	(283)	(405)	(283)	(405)
Foreign exchange loss	131	52	123	52
Fair value adjustment on financial asset	56	105	56	105
Total other operating charges	55,885	43,470	55,877	43,483

*The 2010/11 irrecoverable VAT includes £627k creditors' provision made in 2009/10 for UK and French VAT that was not used in 2010/11 and was written back, which resulted in a lower figure compared to the 2011/12 figure.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

11 Grants paid to regional tourist boards and regional development agencies

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
General grants relating to Regional Tourism entities	32	71	32	71
East of England Tourist Board	-	7	-	7
Visit Heart of England	-	5	-	5
Visit London	-	7	-	7
Northumbria Tourist Board (One North East)	-	7	-	7
North West Tourist Board	-	7	-	7
Tourism South East	-	7	-	7
South West Tourism	-	7	-	7
East Midlands Development Agency	-	7	-	7
Yorkshire Tourist Board	-	7	-	7
Total grant expenditure to regional and other tourism bodies	32	132	32	132

12 Re-organisation costs

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Staff redundancy costs* **	1,064	4,576	1,064	4,576
Staff moving & recruitment costs	58	114	58	114
Office closure costs	171	67	171	67
Legal & professional fees	44	67	44	67
	1,337	4,824	1,337	4,824
Pension enhancement costs*	(176)	(1,604)	(176)	(1,604)
	1,161	3,220	1,161	3,220

*Actual pension enhancement costs (included under staff redundancy costs) incurred in 2011/12 were £176k (2010/11: £1,604k), all relating to the BTBP scheme, which was adjusted (credited) per the IAS 19 accounting requirement.

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

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

12 Re-organisation costs (Continued)

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	
	2011/12	(2010/11)	2011/12	(2010/11)	2011/12	(2010/11)
<£10,000	0	11	0	0	0	11
£10,000 - £25,000	2	18	0	0	2	18
£25,000 - £50,000	6	17	0	0	6	17
£50,000 - £100,000	2	13	0	0	2	13
£100,000- £150,000	3	4	0	0	3	4
£150,000- £200,000	0	1	0	0	0	1
>£200,000	1	6	0	0	1	6
Total number of exit packages by type (total cost)	14	70	0	0	14	70
Total resource cost	£976,066	£4,135,407	0	0	£976,066	£4,135,407

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.

13 Net expenditure before finance costs

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Net expenditure before finance cost	(45,557)	(42,628)	(45,549)	(42,629)
This has been arrived at after charging/(crediting):				
VisitBritain Board Members' remuneration	96	96	96	96
VisitEngland Board Members' remuneration	89	90	89	90
Auditors' remuneration (UK)*	47	51	47	51
Auditors' remuneration (overseas)	-	3	-	1
Operating lease expense:				
- Land and buildings	2,319	2,416	2,319	2,416
- Vehicles and equipment	83	120	83	120
Travel, subsistence and hospitality:				
- Chairman and Board Members (VisitBritain)	11	24	11	24
- Chairman and Board Members (VisitEngland)	11	12	11	12
- Employees	847	1,135	847	1,135
Depreciation (note 17)	970	597	970	597
Profit on disposal of property plant and equipment	(5)	(19)	(5)	(19)
Changes in provisions (note 23)	(119)	2,082	(119)	2,082

*The external audit fee of £46.5k does not include any fees for non-audit work. No such work was undertaken during 2011/12.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

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	Britain	England	England	Total
	International	Domestic	International	
	£'000	£'000	£'000	£'000
Staff costs (see note 9)	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
Gross expenditure per the Statement of Comprehensive net expenditure	51,502	19,126	231	70,859
Less:-				
Other grant income	103	133	-	236
Non-Government Funding (NGF) (see note 7, 8 & 15)	17,302	7,944	175	25,421
Net expenditure per the Statement of Comprehensive net expenditure	34,097	11,049	56	45,202
2011	Britain	England	England	Total
	International	Domestic	International	
	£'000	£'000	£'000	£'000
Staff costs (see note 9)	14,801	2,528	100	17,429
Re-organisation staff costs (see note 12)	2,580	392	-	2,972
Re-organisation other costs (see note 12)	248	-	-	248
Programme costs	20,713	10,843	456	32,012
Operational costs	9,619	2,537	44	12,200
Gross expenditure per the Statement of Comprehensive net expenditure	47,961	16,300	600	64,861
Less:-				
Other grant income	272	380	-	652
Non-Government Funding (NGF) (see note 7, 8 & 15)	15,082	6,020	252	21,354
Net expenditure per the Statement of Comprehensive net expenditure	32,607	9,900	348	42,855

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

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 £70,859k (2010/11 - £64,861k) represents the following items in the Statement of Comprehensive Net Expenditure:

	2012	2011
	£'000	£'000
Staff costs (see note 9)	12,819	17,429
Re-organisation staff costs (see note 12)	888	2,972
Re-organisation other costs (see note 12)	273	248
Other operating charges (see note 10)	55,877	43,483
Depreciation (see note 17)	970	597
Grant paid to Regional Tourist Boards (see note 11)	32	132
	<hr/>	<hr/>
BTA expenditure per Statement of Comprehensive Net Expenditure	70,859	64,861
	<hr/> <hr/>	<hr/> <hr/>

	2012	2011
	£	£
VisitEngland Board Members expenditures		
Board Members' remuneration	88,903	90,450
Employers NI & other taxes	5,688	10,812
Travel & subsistence and secretariat	10,821	11,913
	<hr/>	<hr/>
Total expenditure	105,412	113,175
	<hr/> <hr/>	<hr/> <hr/>

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 *(Continued)*

15 Finance income

	Group		BTA	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
<i>Finance Income:</i>				
Interest received on bank deposits	60	56	60	56
Finance income/(costs) UK & US pension scheme (see note 28)	287	(282)	287	(282)
	<u>347</u>	<u>(226)</u>	<u>347</u>	<u>(226)</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 2011/12 amount to £37.4m (2010/11 - £29.7m).

BTA is assessed for corporate tax in Germany, Sweden, India, New Zealand, Hong Kong and the Netherlands 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 2012 (Continued)

17 Property, plant and equipment

Group and BTA

	Leasehold improvements £'000	Motor vehicles £'000	IT equipment £'000	Fixtures fittings & equipment £'000	Total £'000
Cost or valuation					
Balance at 1 April 2010	3,716	40	685	80	4,521
Revaluation	138	0	0	0	138
Additions	84	0	46	0	130
Disposals	(55)	0	(254)	(13)	(322)
Balance at 31 March 2011	3,883	40	477	67	4,467
Revaluation	60	0	0	0	60
Additions	0	0	158	33	191
Disposals	0	0	(431)	(6)	(437)
Balance at 31 March 2012	3,943	40	204	94	4,281
Accumulated depreciation					
Balance at 1 April 2010	2,523	40	541	56	3,160
Revaluation	206	0	0	0	206
Charge for the year	313	0	159	11	483
Disposals	(55)	0	(254)	(13)	(322)
Balance at 31 March 2011	2,987	40	446	54	3,527
Revaluation	464				464
Charge for the year	464	0	68	21	553
Disposals	0	0	(431)	(6)	(437)
Balance at 31 March 2012	3,915	40	83	69	4,107
Net carrying value					
At 31 March 2011	896	0	31	13	940
At 31 March 2012	28	0	121	25	174

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

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 2011-12, 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 £417k (2010/11 - £113k) 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 £970k (2010/11 - £597k).

Capital Commitment

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

18 Investment in subsidiary undertakings

	2012 £'000	2011 £'000
Cost		
At the start and end of the year	8	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	
			2012	2011
British Travel Centre AB	Sweden	Undertaking of trading activities of a commercial nature	100%	100%

BTA's growing retail operation and its e-commerce platforms has decreased the scale of operations of its subsidiary to the point where its long term viability is no longer guaranteed. As a result the subsidiary ceased operations from April 2011. The discontinuation will not significantly affect the Group results. 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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Finished goods and goods for resale	4,362	2,771	4,362	2,771
Total inventories	4,362	2,771	4,362	2,771

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 *(Continued)*

20 Trade and other receivables

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade receivables	1,917	1,607	1,917	1,607
Less: provision for impairment of trade receivables	(145)	(310)	(145)	(310)
Trade receivables – net	1,772	1,297	1,772	1,297
VAT receivables	1,952	1,803	1,952	1,803
Other receivables	411	767	409	760
Prepayments	1,035	1,746	1,035	1,746
Accrued income	662	376	662	376
HM Government – Section 4 grants recoverable	6	7	6	7
Less provisions for irrecoverable section 4 grants	(1)	(1)	(1)	(1)
Total trade and other receivables	5,837	5,995	5,835	5,988

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:

	2012 £'000	2011 £'000
At 1 April beginning of the year	310	194
Income and Expenditure statement charge/(release)	(135)	122
Provision written back	(30)	(6)
At 31 March end of the year	145	310

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

The Group does not hold any collateral as security.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

20 Trade and other receivables (Continued)

As at 31 March 2012 trade receivables of £508k (2010/11 - £1.297m) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2012	2011
	£'000	£'000
Group		
Up to 30 days	501	1,133
30 to 60 days	3	107
60 to 90 days	-	-
Over 90 days	4	57
	<u>508</u>	<u>1,297</u>

BTA

Up to 30 days	501	1,133
30 to 60 days	3	107
60 to 90 days	-	-
Over 90 days	4	57
	<u>508</u>	<u>1,297</u>

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

	2012	2011
	£'000	£'000
Group		
Pound Sterling	4,356	3,735
Euro	731	1,056
HK Dollar	3	47
US Dollar	163	290
Swedish Krona	159	164
Other	425	703
	<u>5,837</u>	<u>5,995</u>

BTA

Pound Sterling	4,356	3,729
Euro	731	1,056
HK Dollar	3	47
US Dollar	163	290
Swedish Krona	157	163
Other	425	703
	<u>5,835</u>	<u>5,988</u>

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 *(Continued)*

21 Cash at bank and in hand

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash at bank and in hand	678	1,180	634	1,146
Total cash at bank and in hand	678	1,180	634	1,146

22 Trade and other payables

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade payables	3,911	1,643	3,911	1,658
Other taxes and social security taxes	548	55	548	55
Other payables	274	295	274	295
Deferred income	1,140	2,188	1,140	2,188
Accruals	3,076	3,374	3,076	3,372
HM Government – Section 4 grants payable	6	7	6	7
Less provisions for irrecoverable section 4 grants	(1)	(1)	(1)	(1)
Total trade and other payables	8,954	7,561	8,954	7,574

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

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

22 Trade and other payables (Continued)

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

	2012	2011
	£'000	£'000
Group		
Up to 30 days	3,701	1,618
30 to 60 days	54	22
60 to 90 days	22	4
Over 90 days	3,484	3,668
	<u>7,261</u>	<u>5,312</u>

	2012	2011
	£'000	£'000
BTA		
Up to 30 days	3,701	1,631
30 to 60 days	54	22
60 to 90 days	22	4
Over 90 days	3,484	3,668
	<u>7,261</u>	<u>5,325</u>

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

	2012	2011
	£'000	£'000
Group		
Pound sterling	7,830	6,036
Euro	561	269
US dollar	234	521
Aus dollar	14	126
Other	315	609
	<u>8,954</u>	<u>7,561</u>

BTA		
Pound sterling	7,830	6,049
Euro	561	269
US dollar	234	521
Aus dollar	14	126
Other	315	609
	<u>8,954</u>	<u>7,574</u>

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

23 Provisions

Group and BTA

	VAT £'000	Mobile tax £'000	Relocation £'000	Re- organisation £'000	Total £'000
At 1 April 2010	627	25	950	-	1602
Amount used during the year	-	-	(47)	-	(47)
Increase/(decrease) in provision	(627)	(25)	447	2,287	2,082
At 31 March 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

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:

	2012 £'000	2011 £'000
Current	8	3,637

24 Notes supporting the statement of cash flow

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

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash at bank and in hand	678	1,180	634	1,146
Total cash at bank and in hand	678	1,180	634	1,146

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 *(Continued)*

25 Derivative financial instruments

	Group		BTA	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Forward foreign exchange contracts - asset	61	117	61	117
Total financial instruments classified as held for trading	61	117	61	117

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

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

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

26 Disclosure on intra-government balances

	Trade and other receivables		Trade and other Payables	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Balances with other central government bodies (including pension and other government funds)	1,176	481	45	145
Balances with local authorities	(2)	3	1	0
Balances outside of government	4,663	5,511	8,908	7,416
Total	5,837	5,995	8,954	7,561

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

27 Leases & other commitments

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

	Land & Buildings 2012 £'000	Other 2012 £'000	Land & Buildings 2011 £'000 Restated	Other 2011 £'000
Not later than one year	1,327	51	2,360	128
Later than one year and not later than five years	703	8	2,677	83
Later than five years	1,248	-	1,903	-
	<u>3,278</u>	<u>59</u>	<u>6,940</u>	<u>211</u>

Sub-lease income

	Land & Buildings 2012 £'000	Land & Buildings 2011 £'000
Not later than one year	187	506
Later than one year and not later than five years	700	939
Later than five years	1,248	1,423
	<u>2,135</u>	<u>2,868</u>

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.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

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 £1,821k (2010/11 - £3,114k), of which £965k (2010/11 - £962k) is normal contribution related to the group's main defined benefit pension scheme, the British Tourist Boards' Pension Scheme. A further special contribution of £176k (2010/11 - £1,604k) 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 £618k (2010/11 - £452k) paid to reduce the pension deficit as agreed with the Trustees (see note 1).

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

	2012	2011
	£'000	£'000
Defined benefit contribution	965	962
Pension enhancement contributions	176	1,604
Pension deficit recovery contribution	618	452
Total pension contribution to the BTBP Scheme	1,759	3,018
Defined contribution	53	76
Special contributions - SIPP*	9	20
Total Pension contribution	1,821	3,114

*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).

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. The valuation, using IAS 19 assumptions and methodology, form the basis of the disclosure.

BTA also has additional pension liability of £293k (2011 - £300k) 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

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

The UK scheme is a multi-employer scheme including other Tourist Boards where the employers' contributions are affected by a surplus or deficit in the scheme but the contribution rate is set at a common level and does not reflect the liability of the individual participating employer. In accordance with IAS 19 BTA's share of the assets and liabilities have been identified and are reflected in the note.

BTA's share of the deficit in the UK scheme at the measurement date under the proposed assumptions is £18.544m (2010/11 - £14.472m). 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 loss of £4.301m (2010/11 – gain of £5.336m) being recognised in the year. Actual return on assets amounted to £5.844m (2010/11 -£7,626) compared to an expected return of £7.069m (2010/11 - £6.441m).

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 £183k (2011 - £584k). The recognised surplus as at 31 March 2011 was restricted to £359k, as a surplus cap is applicable in line with para. 58(b) (ii) of IAS 19, the maximum surplus that the company may recognise is limited to the amount which is defined as 'the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan'. BTA continued to benefit from this surplus by taking a pension contribution holiday, hence the employer contribution is nil for the current year and will continue to be so for the foreseeable future.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

28 Retirement benefits (Continued)

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

	UK scheme	2012 Overseas (US) scheme	Total	UK scheme	2011 Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Reconciliation to consolidated statement of financial position						
Fair value of plan assets	114,171	2,079	116,250	110,879	2,323	113,202
Present value of funded obligations	(132,715)	(1,896)	(134,611)	(125,351)	(1,739)	(127,090)
Total	(18,544)	183	(18,361)	(14,472)	584	(13,888)
Present value of unfunded obligations	(293)	-	(293)	(300)	-	(300)
Effect of paragraph 58(b) limit (including requirements for IFRIC 14)	-	-	-	-	(225)	(225)
Net assets/ (liabilities)	(18,837)	183	(18,654)	(14,772)	359	(14,413)
Reconciliation to plan assets						
At the beginning of the year	110,879	2,323	113,202	104,647	2,280	106,927
Exchange gain/(loss)	-	13	13	-	(134)	(134)
Expected return	7,069	160	7,229	6,441	161	6,602
Contributions by participants	278	-	278	311	-	311
Contributions by Group	1,759	-	1,759	3,018	-	3,018
Death in service premiums	(39)	-	(39)	-	-	0
Benefits paid	(4,550)	(232)	(4,782)	(4,699)	(110)	(4,809)
Settlements	-	(10)	(10)	(24)	(15)	(39)
Actuarial (loss)/gain	(1,225)	(175)	(1,400)	1,185	141	1,326
At end of year	114,171	2,079	116,250	110,879	2,323	113,202
Composition of plan assets						
Equity	64,379	1,842	66,221	64,283	1,865	66,148
Bonds	17,443	210	17,653	15,160	421	15,581
Gilts	10,886	-	10,886	9,563	-	9,563
Property	9,927	-	9,927	9,292	-	9,292
Cash	-	27	27	-	37	37
Annuities	10,421	-	10,421	10,569	-	10,569
Cash in bank	1,115	-	1,115	2,012	-	2,012
	114,171	2,079	116,250	110,879	2,323	113,202

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

28 Retirement benefits (Continued)

	2012			2011		
	UK scheme	Overseas (US) scheme	Total	UK scheme	Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Reconciliation to plan liability						
At the beginning of the year	(125,351)	(1,739)	(127,090)	(123,928)	(1,709)	(125,637)
Exchange gain/(loss)	-	(11)	(11)	-	100	100
Interest cost	(6,850)	(92)	(6,942)	(6,786)	(98)	(6,884)
Current service cost	(1,573)	(68)	(1,641)	(1,596)	(76)	(1,672)
Past service cost	(176)	-	(176)	(1,604)	-	(1,604)
Contributions by plan participants	(278)	-	(278)	(311)	-	(311)
Benefits paid by Group	4,550	232	4,782	4,699	110	4,809
Death in service premiums	39	-	39	-	-	-
Settlements	-	10	10	24	15	39
Actuarial gain/(loss)	(3,076)	(228)	(3,304)	4,151	(81)	4,070
At end of year	(132,715)	(1,896)	(134,611)	(125,351)	(1,739)	(127,090)
Cumulative actuarial gains/(losses) recognised in other comprehensive income						
At the beginning of the year	(32,596)	68	(32,528)	(37,932)	159	(37,773)
Recognised during the year	(4,301)	(403)	(4,704)	5,336	60	5,396
Effect of paragraph 58(b) limit (including requirements for IFRIC 14)	-	225	225	-	(151)	(151)
At end of year	(36,897)	(110)	(37,007)	(32,596)	68	(32,528)
Included in administrative expenses						
Current service cost	(1,573)	(68)	(1,641)	(1,596)	(76)	(1,672)
Past service cost	(176)	-	(176)	(1,604)	-	(1,604)
Expected return on plan assets	7,069	160	7,229	6,441	161	6,602
Unwinding of discount on plan liabilities (interest cost)	(6,850)	(92)	(6,942)	(6,786)	(98)	(6,884)
	(1,530)	-	(1,530)	(3,545)	(13)	(3,558)
Statement of financial position reconciliation						
Net (liability) / asset at the beginning of the year	(14,472)	359	(14,113)	(19,281)	487	(18,794)
Pension expense recognised in P&L in the financial year	(1,530)	-	(1,530)	(3,545)	(14)	(3,559)
Amounts recognised in OCI in the financial year	(4,301)	(178)	(4,479)	5,336	(91)	5,245
Employer contributions made in the financial year	1,759	-	1,759	3,018	-	3,018
Exchange rate adjustment - gain/(loss)	-	2	2	-	(23)	(23)
Net (liability) / asset at the end of the year	(18,544)	183	(18,361)	(14,472)	359	(14,113)

British Tourist Authority trading as VisitBritain and VisitEngland

Notes forming part of the financial statements for the year ended 31 March 2012 (Continued)

28 Retirement benefits (Continued)

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

	2011/12		2010/11	
	UK scheme	Overseas (US) scheme	UK scheme	Overseas (US) scheme
Principal actuarial assumptions				
Discount rate on plan liabilities	4.65%	4.40%	5.50%	5.50%
Expected rate of return on plan assets	4.96%	7.31%	6.51%	7.51%
Expected increase in pensionable salary	2.85%	3.00%	3.50%	3.00%
Expected increase in deferred pensions	2.35%	2.50%	3.00%	2.50%
Expected increase in pensions-in-payment*	2.35%	2.50%	3.00%	2.50%
Inflation rate	2.35%	2.50%	3.00%	2.50%

*from 2010/11, the statutory revaluation and pension increases are linked to the CPI rather than RPI.

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 2012 are in the Netherlands, Germany, Belgium, Denmark, Norway, 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 £53k (2011 - £76k) 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 2012 (Continued)

29 Related party transactions

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

- a) Intra-department transactions – 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
2012							
Visit Scotland	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	-	-
2011				£'000	£'000	£'000	£'000
Visit Wales	Ieuan Evans MBE	Chairman	Marketing promotions	619	98	4	-
Visit Scotland	Peter Lederer	Chairman	Marketing promotions	241	9	61	-
Visit London	Sandie Dawe MBE	Director	Marketing promotions	476	150	26	-
Marketing Manchester	Bernard Donaghue	Director	Marketing promotions	266	18	6	1
National trust	Christopher Rodrigues CBE, Penelope Viscountess Cobham	Member	Marketing promotions	245	1	101	-
Merlin Entertainment	Nicholas Varney	Board Member	Marketing promotions	350	1	365	10

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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