VisitBritain™

BRITISH TOURIST AUTHORITY

TRADING AS

VISITBRITAIN & VISITENGLAND

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2010

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

Ordered by the House of Commons to be printed 15th July 2010

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London: The Stationery Office **£13.75**

ISBN: 9780102965964

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

ID 2366073 07/10

Printed on paper containing 75% recycled fibre content minimum.

Contents

1. INTRODUCTION

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 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.

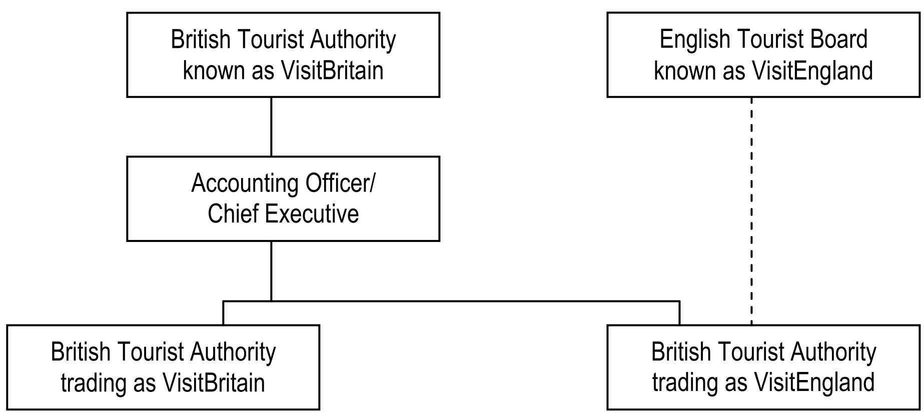
The English Tourist Board (ETB) has like functions and the same duty under the Act in relation to England but does not have power to encourage overseas visitors to come to England unless it is acting on behalf of BTA.

On 1st April 2003, ETB ceased to be funded and was re-classified as an unfunded advisory body and the British Tourist Authority assumed responsibility for the domestic marketing of England and commenced trading as VisitBritain. As an unfunded advisory body ETB was required, inter-alia, to advise VisitBritain on strategy for the domestic marketing of England.

Following the decision to cut VisitBritain's funding by over 20% in real terms for the years 2008/09 to 2010/11, the then Secretary of State for Culture, Media and Sport asked VisitBritain to carry out a wide-ranging review: The British Tourism Framework Review. It became clear that there was a demand for the promotion of tourism in England to be undertaken by a separate body.

To achieve this, to the extent possible within the existing statutory and funding framework, on 1st April 2009 VisitBritain ring-fenced a 'VisitEngland' team and a Chief Executive was recruited to report directly to the Chairman of the English Tourist Board, now also known as VisitEngland. In legal terms, the VisitEngland Executive remains a part of VisitBritain for funding and governance purposes and undertakes its role as British Tourist Authority trading as VisitEngland.

Accountability to the Board and Chief Executive/Accounting Officer of VisitBritain is exercised primarily through an internal Funding Agreement and a Memorandum of Understanding has been developed to record the detailed corporate governance arrangements.



2. 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. According to forecasts from a Deloitte report, spending by overseas visitors to Britain has the potential to increase from £16.5 billion today to £31 billion by 2020. This represents annual growth of 6.5%. In order to increase overseas visitor spend to all parts of Britain, and improve Britain's ranking on the destination wish-list for international travellers, VisitBritain has adopted a four point strategy:

1. Inspiring travellers from overseas to visit and explore Britain.

2. Delivering a global network to support tourism promotion in mature and developing markets.

3. Championing tourism and engaging industry and Government in support of its growth.

4. Maximising the tourism legacy benefits of the 2012 Olympic Games and Paralympic Games.

Where VisitBritain makes a difference

According to 'The contribution of VisitBritain' published by Deloitte in March 2010, VisitBritain makes a difference to the UK visitor economy in three key ways:

1. By injecting over £1.1 billion of revenue into the economy every year through the additional visitor spend directly and indirectly generated through international marketing and our commercial activities.

2. The export platforms and business services provided by VisitBritain achieve economies of scale for the sector of around £159 million, significantly reducing costs for many of our partners, public and private.

3. By helping to enhance Britain's overall image as a country in which to work, invest and do business, thus contributing to the wider economy.

This translates into supporting 28,000 jobs across Britain.

3. VISITENGLAND

In the past year VisitEngland has moved quickly to initiate a number of important projects to establish the remit for VisitEngland. Most important of these has been the development of a new Strategic Framework and associated Action Plan for English Tourism and defining the responsibilities of public agencies and private enterprise in their delivery.

Launched in March 2010 and championed by VisitEngland, working with stakeholders through Partners for England, the Framework's aim is to radically shift perceptions – and performance – of the English tourism sector in order to secure a year-on-year growth rate of 5% over a ten year period.

The Framework's vision is to maximise tourism's contribution to the economy, employment and quality of life in England. This is supported by four parallel but interdependent objectives, all of which impact on VisitEngland's own business priorities:

- Increase England's share of global visitor markets
- Offer visitors compelling destinations of distinction
- Champion a successful, thriving tourism industry
- Facilitate greater connectivity between the visitor and the experience

The approach of VisitEngland will be to inspire, engage and connect.

- ***inspire***, through marketing activities

- ***engage*** through strategic communications, policy and stakeholder engagement programmes

- ***connect*** through quality and business development activities

4. GOVERNMENT OBJECTIVES AND PRIORITIES

From April 2008, DCMS became responsible for a new Public Service Agreement target which is to:

- Deliver a successful Olympic Games and Paralympic Games with a sustainable legacy and get more children and young people taking part in high-quality physical education and sport.

In order to reflect the totality of the work carried out by the Department, a new set of four Departmental Strategic Objectives were created for the current Comprehensive Spending Review period, two of which relate specifically to VisitBritain. These are to:

- Realise the economic benefits of the Department's sectors;
- Deliver a successful and inspirational Olympic and Paralympic Games that provide for a sustainable legacy.

VisitBritain and VisitEngland have taken these strategic aims forward by further using digital technology, by building on their already strong position in e-marketing and by making best use of VisitBritain's network of overseas offices.
In addition, they have worked towards:

- Building the long-term brand positions of British and English tourism through inspirational marketing, PR and imaginative use of digital marketing and social networking;
- Improving the quality of the industry's product and providing attractive routes to market for our private sector stakeholders;
- Improving engagement with stakeholders in the private and public sectors, through the Partners for England initiative and other activities;
- Using available funding to help leverage the opportunity of the London 2012 Olympic Games and Paralympic Games to showcase Britain and to improve service standards and welcome.

To measure success against achieving these objectives and priorities, VisitBritain (BTA) and DCMS agreed Funding Agreement targets for VisitBritain and VisitEngland; results against these targets are outlined on page 20 & 21.

5. ACCOUNTS DIRECTIONS

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

6. ORGANISATIONAL STRUCTURE

Corporate Governance

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

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

Two sub-committees report to the Board, the Audit Committee, whose members are identified below, and the Remuneration Committee whose report is on pages 22 to 26.

The VisitEngland 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 meetings by invitation.

VisitBritain (British Tourist Authority) Board Members	Appointed	Appointment Expires
Christopher Rodrigues, CBE, Chairman ** [1]	1st January 2007	31st December 2010
Penelope, Viscountess Cobham, * **	1st April 2009	31st March 2013
Janis Kong, OBE	13th February 2006	12th February 2014
Peter Lederer, CBE **	2nd April 2001	31st March 2010
The Rt Hon Helen Liddell	15th March 2010	14th March 2014
John Lindquist	15th March 2010	14th March 2015
Sir Moir Lockhead, OBE	11th July 2005	10th July 2013
Kumar Muthalagappan, OBE *	1st March 2002	28th February 2010
Alan Parker, CBE **	1st April 2003	31st March 2010
Ieuan Evans, MBE	31st March 2007	15th May 2009
	and 14th July 2009	13th July 2012

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

VisitBritain (British Tourist Authority) Board Observers	Position, Organisation
Tamara Ingram	Chairman, Visit London, from 23rd July 2002
Clive Gordon	Board Member, Northern Ireland Tourist Board, from 20th March 2009
Juliet Williams, CBE	Chairman, South West Regional Development Agency, to 30th June 2009

VisitEngland (English Tourist Board) Board Members	Appointed	Appointment Expires
Penelope, Viscountess Cobham, (incoming Chairman) * **	1st April 2009	31st March 2013
Sir Brian Briscoe	23rd April 2007	22nd April 2011
Nick Cust, OBE	1st September 2002	31st August 2009
David Orr	14th September 2009	13th Sepember 2013
Rob Rees, MBE *	4th May 2007	3rd May 2011
Christopher Webster	4th May 2007	3rd May 2011
Nick Varney	22nd June 2009	21st June 2013
Denis Wormwell	22nd June 2009	21st June 2013
Suzanne Bond	1st May 2003	30th April 2009
John Govett*	1st May 2003	30th April 2009

VisitEngland (English Tourist Board) Board Observers	Position, Organisation
Suzanne Bond	Director, South West Regional Development Agency from 1st May 2009
Steve Brown	Chairman, Partners for England
Sally Chatterjee	Chief Executive, Visit London
Nick Cust OBE	Tourism Consultant
Sandie Dawe, MBE	Chief Executive, VisitBritain
Bob Cotton	Chief Executive, British Hospitality Association, to 31st May 2009
Ros Pritchard, OBE	Director General, British Holiday and Home Parks Association, to 31st May 2009
Sue Wilkinson	Director, National Trust, to 31st May 2009

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

The biographies of the members of both Boards are available on our corporate websites:

http://www.visitbritain.org/aboutus/ourboard/index.aspx
http://www.enjoyengland.com/corporate/corporate-information/VE-comms/visitengland-board-members.aspx

7. STAFF

Introduction

VisitEngland and VisitBritain staff are employed by VisitBritain 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 8 to the accounts.

Internal Communications

VisitBritain 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 pay, grading issues and organisational change. The PCS union represents staff in grievance and disciplinary cases.

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

Pay

VisitBritain operates a performance management system to align individual objectives to the Corporate Business Plan. Performance is assessed against targets and demonstration of competencies with payments made only where there are achievements in both areas. Approval for the annual pay remit was received from DCMS and performance pay increases and bonuses were implemented for all eligible staff.

Performance Assessment and Payment

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

These objectives are then monitored and measured (using SMART criteria) throughout the year with a half yearly and final review when a performance rating is agreed ranging from 1 – 3.

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

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

Service Contracts

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

Sickness Absence

The average sickness absence per full time employee in 2009/10 was 2.3 days compared to 2.3 days in 2008/09 and average public sector absence of 9 days.

Training and Development

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

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

An Executive Development Programme is in place to develop and enhance leadership skills to meet our future needs.

During the year VisitBritain competencies were reviewed and updated in the light of the organisation's strategy and a new framework with four core competencies is now in place. Performance of staff is recognised as a vital part of our future success and team development and training events continue to be undertaken to reinforce the desired culture.

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

Equal Opportunities and Disability

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

VisitBritain 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 at its recent re-assessment was pleased to be awarded Silver Status.

8. RESULTS FOR THE YEAR AND OTHER FINANCIAL INFORMATION

Financial Policy

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

In October 2007, DCMS announced the result of the Comprehensive Spending Review, which reduced VisitBritain's grant-in-aid (GIA) from £50.65m (2007/08) to £49.9m (2008/09), £47.2m (2009/10) and £40.9m (2010/11). At the same time the Secretary of State announced a review of British tourism. The results of the British Tourism Framework Review are reflected in VisitBritain and VisitEngland's priorities for 2009/10.

In December 2009, the lease of VisitBritain's head office in Hammersmith expired and the organisation moved in October 2009 to a Crown Property at 1 Palace Street, London, SW1 with the right to occupy the premises for nine years under a Memorandum of Terms of Occupation signed between DCMS and the Department for International Development.

Income

To assist with the costs of the move and continuing restructuring, DCMS provided VisitBritain with an additional £1.8m in funding. Grant-in-aid amounts are taken directly to reserves and do not appear in the income and expenditure account.

Group income from non-government funded activities marginally decreased in 2009/10 (see note 6 & 7) mainly due to decrease in partnership funding and other operating income. Some of the highlights are:-

- Income from commercial activities increased due to the continuing growth of the online retail activities worldwide.
- Other operating income reduced as VB overseas offices stopped providing agency model services to strategic partners.
- Income generated from Quality in Tourism from administering the Quality Assessment Schemes rose due to an increase in membership.
- Partnership / Marketing income decreased as major value campaigns in Spring 2009 achieved industry involvement through 'in kind' support. Reduction in GIA is also another factor for reduced partnership funding.

Expenditure

In 2009/10 VisitBritain incurred £1.197m costs for re-organisation, the majority of which is related to employee costs, which is shown separately as exceptional item in the income and expenditure statements (see note 11). The other main operating cost impacts were:-

- Weak sterling values resulted in both currency losses as well as increased overseas infrastructure costs. This is also one of the main reasons that staff costs in 2009/10 have not decreased proportionately with head count reduction.
- Move costs from Thames Tower to Palace Street
- Marketing expenditure decreased in the year as activity was planned to help manage exceptional costs in respect of reorganisation. VisitBritain launched major campaigns promoting Britain as a value destination at the start of 2009/10 financial year
- Publishing costs reduced following outsourcing of major activity
- Commercial and quality cost of sales increased respectively in line with income

Pension Schemes

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

Under IAS 19 the valuation of the main pension scheme, the British Tourist Boards Pension Scheme, VisitBritain's share of the deficit was £19.282m as at 31st March 2010 compared to £2.659m surplus last year. This scheme is a multi-employer pension scheme and in the previous years was not consolidated to the main financial statements, but as the actuary was able to split the share of each employer on consistent and reasonable basis, the current year deficit has been included to the financial statements. This deterioration in the scheme is due to significant changes in market conditions. In particular, the discount rate (based on AA bond yields) has come down from 6.7% to 5.5% leading to a significant increase in liabilities, with each 0.5% decrease adding nearly £11 million. At the same time the inflation assumption has increased from 2.65% to 3.4%, due to an increase in market expectations of future inflation. Again, each 0.5% increase in inflation adds nearly £11m to the liabilities. In overall terms these changes have added around £40m to the liabilities. This increase in liabilities has been partially offset by better than expected returns on the scheme assets, which lead to an increase in asset value of around £17m.

Following negotiations with the Trustees of the Scheme, the employers have agreed a deficit recovery plan. The plan requires VisitBritain to pay, in proportion to its share of the deficit, 6% of pensionable payroll, VisitBritain's estimated annual cost is £603k. The employer contribution in respect of future service will increase from the current 10% to 17.3% from 1 July 2010. VisitBritain also has an additional pension liability of £322k for pension payments to ex-chairmen which are unfunded and are included on the balance sheet.

The US pension scheme valuation reported an increase surplus of £571k (2008/09 £422k) which was capped to £486k, the maximum amount that can be recognised equivalent to the future service costs. The employers' contribution rate will continue to be nil in 2009/10 to utilise this surplus.

Fixed Assets

In accordance with Treasury guidelines, fixed assets have been revalued to their value to the business, using current replacement cost, by adjusting historic cost to current value using price indices. In 2009/10 the price indices were lower compared to the previous year which resulted in reduction in the revaluation. Therefore, a net adjustment of (£175k) 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 £304k to tangible fixed assets, of which £300k was funded from grant-in-aid specifically designated for capital expenditure by DCMS and the remaining amount funded by non-government funding. This figure was for additions to leasehold improvements of £304k, mainly for the refurbishment of the offices at Palace Street.

Working Capital

VisitBritain's strategy is to continue to operate within its grant-in-aid allocation whilst taking into account the increasing amount of non-government funding being generated. As outlined above under "Financial Policy", the result of the Comprehensive Spending Review was a reduction of the grant-in-aid for the years 2008/09 to 2010/11. Accordingly, VisitBritain's plans and operations have been drawn-up on the basis of the reduced grant-in-aid but also taking into account the outcome of the British Tourism Framework Review.

The stock value increase is mainly due to the increase in the commercial activities in relation to the opening of a number of additional online shops. The higher year end cash/bank balance is also due to increased foreign currency receipts from commercial activities, mainly the online shops (see note 19 & 21).

Treasury Management

In order to finance its overseas operations, VisitBritain has a requirement to purchase approximately £8m per annum of foreign currency; the biggest amounts being in US Dollars and Euros. The reduction in requirement from the previous year is due to reduced spend (following reorganisation of overseas networks in 2008/09) and the increase in retail revenue in foreign currency.

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

Treasury Management *(continued)*

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

The decrease in interest received (see note 14) is due to the global reduction in interest rates.

Creditor Payments Policy

VisitBritain 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 1st 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 2009/10 - 83% (2008/09 - 81%) of suppliers' invoices not in dispute were paid within 30 days of receipt.

9. PERSONAL DATA MANAGEMENT

In April 2008, the Cabinet Office issued guidance on the reporting of personal data related incidents in the Management Commentary to Departments' Resource Accounts for 2007/08. DCMS has indicated that it wishes such reporting to be included in the Annual Reports of its sponsored bodies and from 2008/09 onwards an explicit mention of the management of information risk will be made in the Statement of Internal Control.

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

The disclosure required is in three areas:

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

In 2009/10, VisitBritain has had no incidents covered by the first two paragraphs above and is not aware of any incidents in previous years which would result in security breaches. During the course of 2009/10 VisitBritain, in conjunction with its internal auditors, reviewed its existing Data Protection policies, procedures and recording to ensure they reflect the latest Cabinet Office guidance.

10. AUDITORS

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

The fees paid to the NAO and Deloitte for the audit services amount to £57.2k and £6k respectively. The NAO fee of £57.2k comprises £51k for the annual audit, £5k for International Financial Reporting Standards audit and £1.2k for the London Development Agency Grant audit work. There are no other services provided by the NAO or Deloitte.

As Accounting Officer I confirm that:

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

11. DEVELOPMENTS DURING THE YEAR

Strategic Development for Britain

DCMS's Public Service Agreement target and Departmental Strategic Objectives are the foundation of VisitBritain's annual Funding Agreement with the Department. In 2009/10, VisitBritain and DCMS agreed a set of Funding Agreement targets that recognised the reduced level of funding that would be available to VisitBritain over the current funding cycle.

VisitBritain

2009-10 was a year of major change for VisitBritain, with the many highlights including my appointment as Chief Executive, a new head office, new corporate strategy and three-year marketing strategy. The organisation also consolidated its position at the heart of the £115 billion British visitor economy and led the industry in a worldwide multi-million pound drive to promote the affordability of a visit to Britain and thus counter the effects of the global economic downturn.

A powerful economic driver

Inbound holiday visits to Britain in 2009 rose by 3%, bucking the global trend and partially offsetting the sharp drop in international business travel. Total visitor spend by international visitors to Britain rose by 1% to £16.5 billion, meaning that while overall visitor numbers were down, tourism to Britain performed considerably better than tourism to and within the rest of Europe.

VisitBritain was allocated grant-in-aid of £47.2m and drew down £45.8m during the year. A study carried out by Deloitte estimated that VisitBritain directly and indirectly contributed around £1.1billion to the visitor economy in Gross Value Added terms. This independent validation of VisitBritain's role was well received, especially as a separate study by Deloitte forecast that tourism has the potential to be one of the UK's best performing sectors over the coming decade. Tourism's Gross Value Added contribution is projected to grow at 3.5 per cent per annum, showing faster average annual growth than more recognised industries such as manufacturing, utilities, retailing and transport. The forecast is to increase spending by overseas visitors to Britain from £16.5 billion today to £31 billion by 2020. This represents annual growth of 6.5%.

Building the value of tourism to Britain is VisitBritain's mission. The organisation's four-point strategy aims to:

1. Inspire travellers from overseas to visit and explore Britain
2. Deliver a global network to support tourism promotion in mature and developing markets
3. Champion tourism and engage industry and Government in support of its growth
4. Maximise the tourism legacy benefits of the 2012 Olympic and Paralympic Games

Everything that VisitBritain did during 2009-10 was centred around these four key outcomes, thus maximising the impact of public investment in tourism.

Inspiring travellers from overseas to visit and explore Britain

The year began with the launch of multi-million pound campaigns throughout nearly all of VisitBritain's markets to encourage the world's travellers to take advantage of Britain's affordability as a destination. Under the banners of 'See Britain for Less' and 'Get more Britain for your buck' VisitBritain encouraged consumers to explore more of Britain, taking advantage of special offers from hoteliers and carriers and supporting the wealth of attractions, accommodation and destinations available in Britain.

The US campaign – run in partnership with Virgin Atlantic Airways – had over 80,000 visitors to the campaign microsite in its first month and generated thousands of transatlantic bookings as well as winning a UK Travel Marketing Award. The European value campaign attracted almost one million visitors over six months to its dedicated microsite, directly generating 95,000 actual visits and incremental spend worth almost £26.5 million. The Asia Pacific, Middle East & Africa (APMEA) campaign was developed in partnership with BA and was awarded a marketing gold award by the Pacific Asia Travel Association.

VisitBritain ran a worldwide PR drive to reinforce the value message. This included the first 'global media tour' for several years, which saw 70 journalists from 31 different countries meeting up in London either before or after the chance to directly experience affordable product in every nation and region of Britain. This resulted in numerous articles and features in international newspapers, magazines and websites, generating interest from potential travellers.

Inspiring travellers from overseas to visit and explore Britain *(continued)*

The value campaign was followed up by more tactical work. In Europe a British cities campaign was developed in partnership with BA and Easyjet and ran throughout 14 different markets. In recognition of the potential of Brazil and Mexico in Latin America VisitBritain ran its first ever pan-regional campaign, directly generating 5,000 travel bookings in the first few weeks alone. In Asia the value message underpinned another partnership with Virgin Atlantic and also formed the theme of a Welcome to Yorkshire campaign in India.

Other partnerships were formed closer to home. Celebrating the worldwide release of 'Sherlock Holmes' in December, VisitBritain joined forces with Warner Bros. Pictures and Radisson Edwardian Hotels to invite tourists to discover 'Sherlock Holmes Britain – Past and Present'. The campaign and online movie map coincided with the launch of VisitBritain's first-ever iPhone application which, with 40,000 downloads, was the most downloaded travel app in December and was featured in Apple's 'Top 10'.

A similar package was developed in readiness for the release of 'Robin Hood', which is expected to generate mass international interest in Nottingham and the surrounding region. VisitBritain also joined forces with the English Premier League, the organisers of the world's most popular football competition, to profile destinations with links to Barclays Premier League players and clubs.

New media and social networking was at the heart of VisitBritain's marketing activities, with record numbers of over 17 million people around the world visiting its core websites during the year. VisitBritain also signed a content distribution deal with Yahoo! providing them with an inspirational weekly Top 10 (that Yahoo! have stated as being their most popular travel feature) and extended its global audience by a further six million people. By the end of the year over 12,000 fans had registered on VisitBritain's 'Love UK' Facebook page which is rated 5 out 5 for Fan Engagement by Facebook's own metrics. VisitBritain's Twitter account has a following of over 8,000, an online reach of up to 3.2 million, and was awarded the accolade of best NTB Twitter account by the Times Online. VisitBritain.com has once again been voted the World's Leading Tourism Authority website at the annual World Travel Awards and the next generation of the website was designed and built ready for launch in June 2010.

In November the VisitBritain International PR Workshop was held at the Celtic Manor Resort, hosted by Visit Wales. 34 of our overseas press officers also took part in familiarisation trips across Wales. Workshop topics included digital PR, evaluation, London 2012, the Ryder Cup and the visiting journalist programme. Colleagues from VisitScotland, Visit Wales, VisitEngland, Visit London and the nine English regions joined the group for a product briefing morning and for our annual Industry PR events.

The Business Visits & Events team, which provides support so as to identify, win and market the maximum number of events for Britain, supported some 30 event bids during the year. The team also worked with key sports organisations and destinations in the UK to develop a new framework for measuring the impact of hosting major events, thus helping the industry to demonstrate its considerable worth and create a greater understanding of events as a driver of the visitor economy.

Meanwhile in January 2010 VisitBritain unveiled a new marketing strategy setting out a three-year plan to inspire travellers from overseas to visit and explore Britain. Marketing strategy is built around digital and social media and a brand essence that defines Britain as a tourist destination. The words **Timeless**, **Dynamic** and **Genuine** aptly describe the place, the culture and the people of Britain and, woven together, give a real sense of the experience that tourists can expect.

The brand values will be delivered worldwide through a series of large, consistent campaigns centred around just three core themes - Classic Britain, Dynamic Britain, and Luxury Britain. These provide clear direction for the overseas network and put VisitBritain in a strong position to cement long-term strategic alliances with partners in the run up to the 2012 Games and beyond.

Delivering a global network to support tourism promotion overseas

VisitBritain provides 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. Our platform supports the globalisation of Britain's tourism businesses and through our interventions directly helps increases British tourism export sales. VisitBritain delivers £250 million of revenue to the tourism industry through B2B activities.

Delivering a global network to support tourism promotion overseas *(continued)*

VisitBritain's network of 35 overseas offices and representatives was busy throughout the year with missions, sales programmes and educational work around the world, as well as gathering and sharing insights into each of its core markets.

In April 2009 VisitBritain organised a tour for Global Media to promote the Value Britain message. Hosted at Buckingham Palace by the Duke of Edinburgh the tour was attended by 70 overseas travel media and generated articles worth £1.3 million.

Destination Britain – our flagship annual trade event for Asia Pacific, Middle East & Africa, offered UK partners the opportunity to meet with up to 100 agents from 15 countries including China, India, Japan, Australasia, South Africa, Middle East & South East Asia. Originally destined for Mumbai, the event was moved to Hong Kong at the last minute due to terrorist activity in India, yet still generated record attendance and sponsorship.

In the autumn 58 British suppliers and 121 American and Canadian buyers took part in the annual Britain Marketplace – our flagship Business to Business (B2B) platform in North America. In India, 30 UK suppliers met with around 500 buyers in Mumbai, Bangalore and Delhi, while in Russia a joint mission with VisitScotland involved 250 buyers from Moscow and St Petersburg. Similar sales missions were also run in Brazil, Japan, the Czech Republic and Hungary - to name but a few - while the China Travel Trade mission, held in Sanya in January, was attended by over 100 people.

VisitBritain also organised its first ever travel trade workshop in Warsaw for UK suppliers and co-ordinated Britain stands at FITUR in Spain, TUR in Gothenburg, Meedex in Paris and ITB in Berlin – the latter with no less than 35 UK stand partners. The organisation also pioneered the use of webinars for agent training and piloted a new online BritAgent training scheme, due to be rolled out worldwide in local languages by the end of 2010.

Bespoke activity with partners included support for VisitScotland's 'Homecoming', a US campaign on behalf of South West England and VisitEngland and facilitation of numerous overseas visits, including a PR mission to Australasia for VisitScotland and a sales visit to Singapore by Visit London's Business Events Team and Radisson Edwardian Hotels. Industry networking events were also held in Kuala Lumpur, Bangkok and Manila and many UK partners took part in well attended press events in Belgium, Poland and throughout the US. VisitBritain's global network also provided extensive support to its Strategic Partners on major initiatives such as VisitScotland's 'Homecoming' and Wales' Ryder Cup, while its offices in the 'devolved markets' (i.e. well-established markets where marketing activity is primarily led by the nations and regions of Britain) provided partners with on the ground support wherever needed.

In the autumn a new two-day International Business Exchange event was held to connect UK suppliers with the international marketplace and a new guide to our services and opportunities was published; 'Working in Partnership with VisitBritain'. This was well received by the industry and the Business Exchange will be repeated in autumn 2010.

Work was also put into reinforcing tourism's importance in international diplomacy. VisitBritain worked closely with all its Public Diplomacy partners and in March signed a Memorandum of Understanding with the British Council, paving the way for even greater cooperation between the two organisations.

Championing tourism and engaging industry and government in support of its growth

VisitBritain worked with a number of partners during the year to move tourism up the political and economic agendas. Central to this work was a new study by Deloitte to establish the economic contribution of the visitor economy, commissioned by VisitBritain in consultation with the national boards. This showed that tourism is worth £115 billion keeping 2.6 million people in work, making it Britain's fifth largest employer. Over the next 10 years tourism is forecast to be Britain's fourth fastest growing sector, outstripping industries such as manufacturing, transport and communications.

The key messages that flowed from this work on tourism being a creator of jobs, a sector that can grow to lift Britain out of the recession and an industry in which Britain competes well globally – but against ever-fiercer competition - were worked on and shared with the industry to enable a simple tourism message to be articulated to politicians, opinion formers and the media. The corporate media team strengthened relationships with business commentators and editors to ensure that tourism was at the forefront of these writers' minds as a success story in the year and a beneficiary of the weak value of the pound.

Championing tourism and engaging industry and government in support of its growth *(continued)*

Following the British Tourism Framework Review (BTFR), VisitBritain re-established its policy competence, deciding to focus on a core group of non-devolved issues – visas, sustainable growth, the quality of welcome, taxation and transport. A position paper on visas drew together the experience of tourism businesses around the world to argue for a simpler process and the consideration of a Schengen–plus visa arrangement to enable Britain to be more affordably included in pan-Europe tours. Sustainability was addressed in a position paper sent to relevant Ministers in advance of the Copenhagen talks.

The Welcome to Britain project, which aims to improve the quality of Britain's visitor welcome, was reinvigorated and restructured. The over-arching steering group, chaired by Chairman Christopher Rodrigues CBE, now oversees three main work streams covering overseas, ports of entry, and in-country experience. The campaign brings together partners from industry, local and national government and tourism bodies across the UK. Key initiatives during the year included the development of audits for ports of entry skills, to award ratings as a quality experience and develop improvement plans.

Working across a number of private and public sector organisations, VisitBritain became heavily involved in work on the repeal of the furnished holiday lettings relief that would have a detrimental impact on the self-catering sector. Through direct meetings with government departments and a submission to a consultation, the tourism industry was successful in having this measure dropped from the final budget before the May 2010 election.

VisitBritain revised its industry engagement ensuring appropriate content and contact was available to the tourism industry. The launch to industry of the annual stakeholder report in September 2009 was attended by over 300 industry contacts and was one of many networking occasions during the year. More focused events included a series of 'Captains of Industry' breakfasts, designed to allow senior representatives from the private sector to discuss key issues, and a Communication Directors' forum to help align messaging across the industry. VisitBritain also revamped its fortnightly e-newsletter, and refreshed its corporate identity with a new easier to access B2B/corporate website featuring market intelligence and business opportunities. This website contains the output of the research department comprising original research, market intelligence and analysis to enable tourism businesses to make informed business decisions.

The team facilitated and ran the Tourism Industry Emergency Response group to handle communication and messaging around the swine flu outbreak, the flooding in Cumbria and the closure of UK airspace following the eruption of the Icelandic volcano.

Maximising the tourism legacy benefits of the London 2012 Olympic and Paralympic Games

The year began with a series of workshops for VisitBritain's overseas marketing teams to help them start planning their activities around the 2012 Games programmes. Early wins resulting from this activity included meetings with the President of the Mexican Olympic Committee and with the two rights-holding Mexican broadcasters (*Televisa* subsequently aired a promotional segment on Britain in July for the three year countdown). VisitBritain also met with the official tour operator for the National Olympic Committees across Latin America and the Caribbean. VisitBritain and Embratur – the Brazilian national tourism organisation - have signed an official partnership agreement to increase tourism between the two countries around the London 2012 and Rio 2016 Olympic and Paralympic Games.

In July, VisitBritain hosted a Torch Relay Tourism Forum, providing opportunity for London Organising Committee of the Olympic Games (LOCOG) to start discussing the complex issues of route planning with representatives from the national and English regional tourist boards. VisitBritain also hosted the first of a series of lunches for National Olympic and Paralympic Committees visiting Britain in the run up to the Games.

In October, VisitBritain marked the 1000 day countdown to the start of the Games with a '1000 Reasons to visit Britain' press release via the global network, and launched a countdown activity plan to teams in all offices. VisitBritain also worked with the British Council, Foreign & Commonwealth Office (FCO) and UK Trade & Investment (UKTI) on a 2012 Games themed event in Dubai to celebrate 1000 days to go, while staff in VisitBritain's offices around the world logged in to the live online launch of the FCO's 2012 Campaign 'See Britain through my Eyes' to start preparing challenge fund bids to support future marketing activities.

In January, in partnership with DCMS and Visit London, VisitBritain co-hosted a 2012 Games Tourism Seminar for over 200 key tourism industry contacts. The event also served as the platform to launch the organisation's Britain Marketing & 2012 Games Global Strategy 2010-2013.

Maximising the tourism legacy benefits of the London 2012 Olympic and Paralympic Games *(continued)*

A three-strong delegation attended the Vancouver Winter Games in February. The highlight was the VisitBritain-hosted media event, *Britain: the Countdown is On* – pegged as the tourism handover between Vancouver and London and sponsored by Visa Inc. The event introduced 300 of the world's top press and broadcast outlets, including NBC and *USA Today*, to the media support that VisitBritain and its partners can provide in the run up to the Games. The trip also provided the opportunity to meet with Canada's city, regional and national level tourism agencies, including attending their daily tactics meetings as well as meetings on ticketing and with the broadcast media.

The Tourism2012Games.org website was successfully launched on 18th March at the Best of Britain & Ireland show. This website, which VisitBritain developed in partnership with the London 2012 Nations & Regions Group, is positioned as the official source of information on the 2012 Games for the UK's tourism industry. It will be used to engage tourism providers with the many opportunities surrounding the Games as Britain progresses along its journey to July 2012.

Looking ahead, VisitBritain negotiated a licensing agreement with London 2012 for use the of a London 2012 'Host Country' logo. This formally aligns the organisation with the 2012 Games, and the logo can be used on a variety of corporate and consumer-facing activities. VisitBritain has also established a working group with UK Inbound, European Tour Operators Association (ETOA) and Visit London to address the potential adverse effects on business during the year 2012. Its first activity was to put together a briefing sheet for the overseas travel trade countering negative perceptions of Britain during 2012.

Maximising the impact of public investment in tourism

VisitBritain led a Digital Review, in partnership with its strategic partners, to determine the optimum technologies that will help to promote Britain and its constituent destinations to our visitors of the future. The comprehensive review included a partner audit of current and planned systems, combined with an analysis of future consumer digital expectations and technology developments. The review identified a number of immediate improvements to efficiency and effectiveness of data collection and technical platform which are now being implemented while options for a longer term digital solution are being prepared.

Our existing digital platform, The National Tourism Open Platform (NTOP), helped to promote Britain's tourism product to audiences worldwide through VisitBritain's own websites and through dozens of public and private sector channels. The platform delivered over 82,000 referrals to tourism businesses during the year, with a total potential booking value of over £17 million, and was identified as a prime example of public sector best practice in a review carried out by ATOS Consulting for DCMS. This review included NTOP among just four services as a priority for ongoing development and rollout across the DCMS family of departments, recognising the robustness of its technology and its ability to embrace different organisations and thereby to create significant cost savings.

VisitBritain's commercial operation, which allows UK operators to very cost-effectively sell products direct to overseas visitors, performed very well. Online sales were up by 50% on the previous year and an enhanced online shop platform was rolled out.

Offline, a trial with EasyJet on the onboard sale of Visitor Oyster Cards resulted in 13,000 cards sold, generating £286,000 gross turnover in just two months. Meanwhile the Britain & London Visitor Centre in central London - the only Tourist Information Centre (TIC) in the UK that promotes all of Britain from one location - received a total of 456,756 visitors during the 2009 calendar year. This was a 5% increase compared to 2008 and only a few thousand less than the centre's busiest ever year. Since November all visitors to the centre have been able to download VisitBritain's mobile phone travel planning application via Bluetooth.

Organisational changes

My appointment in May as Chief Executive was followed by a number of other key appointments including Laurence Bresh as Britain Marketing Director, Joss Croft as Regional Director for Europe, Vickie Birnage as Head of E-Commerce and Retail and Simon Mills as Head of Business Visits and Events and Partner Marketing.

In October VisitBritain and VisitEngland relocated from Hammersmith to 1 Palace Street, SW1, saving £0.8m a year in rent. Now co-located within the Department for International Development at 1 Palace Street, the smart new open-plan offices facilitate cross-organisational co-operation and have the added benefit of providing a bird's eye view of Buckingham Palace, thereby giving VisitBritain real-time insights into tourist numbers and activities!

The move involved many months of planning and took place over just one weekend, with all the key systems operational by Monday. Staff remained productive and highly motivated throughout and one of the many endorsements of VisitBritain's positive staff culture is that it successfully attained reaccreditation of the Investors In People (IIP) standard this time at the higher Silver level.

Awards and successes

As well as the IIP and the World Travel Award already mentioned, VisitBritain received numerous awards and accolades from independent bodies, including World Travel Awards 2010: Nomination for Europe's Leading Tourism Board and the Group Travel Award for Best Online Information.

VisitBritain's Twitter account, which has a following of over 8,000 and an online reach of up to 3.2 million, was awarded the accolade of best National Tourist Board (NTB) Twitter account by the Times Online. Meanwhile the 'Visit the other Britain' campaign - which aims to help VisitBritain 'get down' with the kids in south east Asia – received a Silver Best at the Chartered Institute of Marketing's annual Travel Marketing Awards. Less ground-breaking but equally robust was the 'See Britain in Style' partnership campaign with British Airways which received a Gold Award for the Best National Tourist Board Ad Campaign.

On the business visits and events side, Britain for Events Film received the ITB Berlin Film Award, Joss Croft was named Industry Personality of the Year at the Meetings and Incentive Travel Awards, and Britain received the best stand award at the TUR exhibition.

VisitEngland

As outlined in the report for 2008/09, a wide-ranging review of tourism in Great Britain, The British Tourism Framework Review (BTFR) - undertaken at the request of the then Secretary of State for Culture, Media and Sport - recommended that VisitEngland should be put in a position where it could operate independently from VisitBritain. VisitBritain therefore worked with VisitEngland to establish an 'arms-length' relationship to the extent possible within the existing statutory and funding framework.

From 1st April 2009, although the VisitEngland executive team remains a part of VisitBritain for funding and governance purposes, it now has its own Chief Executive who reports directly to the Chairman of the VisitEngland Board. Accountability to the Board and Chief Executive of VisitBritain is exercised primarily through a Funding Agreement put in place between VisitBritain and VisitEngland and a Memorandum of Understanding was developed to record the detailed corporate governance arrangements. In legal terms, this new organisation is styled the British Tourist Authority Trading as VisitEngland.

Strategic Development for England

Penelope, Viscountess Cobham was appointed Chairman of the VisitEngland Board from April 2009, succeeding Hugh Taylor OBE, who had led the England Marketing Advisory Board since 2003. This corresponded with the end of the terms of office of Board members John Govett, Nick Cust OBE, and Suzanne Bond and observers Ros Pritchard OBE, Bob Cotton OBE, and Sue Wilkinson whose valuable contributions are gratefully acknowledged. During the year in discussion the continuing board members were joined by Nick Varney, CEO Merlin Entertainments; David Orr, CEO and Founder of City Inns; Dennis Wormwell, CEO Shearings Holidays.

In addition to the creation of VisitEngland, a further recommendation of the BTFR was the development of a strategy to drive England's visitor economy. 2009 therefore became a year of transition for VisitEngland as it shaped its structure to better support this strategic role, a position strengthened in July when James Berresford took up the post of VisitEngland CEO, joining from the North West Regional Development Agency where he was Tourism Director.

Following extensive consultation with industry and through the Partners for England Forum, in March 2010 *England: A Strategic Framework for Tourism 2010-2020* and its accompanying *Action Plan* was launched at the Best of Britain and Ireland Show. The first national strategy of its kind, the framework lays out the action which must be taken if England is to grow its market share and ensure the English economy benefits fully from the opportunities tourism offers – namely economic prosperity, employment and social well-being.

The framework calls for a collaborative approach across the public and private sector, optimising spend and maximising efficiencies. It aims to achieve four interdependent objectives:

- To increase England's share of global visitor markets
- To offer visitors compelling destinations of distinction
- To champion a successful, thriving tourism industry
- To facilitate greater engagement between the visitor and the experience

thus delivering the overall objective of a year on year 5% growth in value to create £50bn of additional expenditure and some 225,000 jobs.

Industry leadership

VisitEngland's role is to provide leadership across the industry, built on sound insights and robust data. In addition to managing official national surveys on behalf of DCMS, the England Research & Insights team initiated a broad programme of activity in support of industry during 2009/10, from monitoring consumer attitudes to the economic downturn and its impact on their propensity to travel through to analysing the impact of user generated content on the role of official star ratings (for both consumers and operators). The breadth of activity is impressive and a priority for 2010/11 is to ensure the insights developed are more widely communicated, understood and acted on.

Marketing England

Summer 2009 may in future be seen as a pivotal year for domestic tourism. Coined the year of the "staycation" it saw a 18% rise in the number of leisure trips taken. VisitEngland's ground breaking Enjoy Every Minute; Enjoy England campaign responded to visitors' financial concerns by focusing on England's value offer and the range of experiences available. The award winning campaign creative moved away from traditional destination advertising and built on market insights which indicated a desire to explore England but a lack of knowledge regarding how to gain access to the breadth of its experiences and attractions. Campaign partner, The National Trust, reported a record response to the summer campaign which was scheduled to be reprised in spring 2010. The value campaign was repackaged for VisitEngland's international markets with an emphasis on the near European markets where England has recently been seen as an expensive destination.

Another campaign which translated well internationally was the Inn England campaign developed in conjunction with The Publican. The English Pub was awarded the VisitEngland Board's Award for Outstanding Contribution to Tourism at the annual VisitEngland's Enjoy England Awards for Excellence and the pub certainly proved a popular winner which enabled VisitEngland to support the industry's campaign to protect the pub's position at the heart of many communities.

With the devolution of lead responsibility in developed markets from VisitBritain to its strategic partners, VisitEngland's Marketing team adopted a new approach to working with VisitBritain colleagues internationally. This new relationship enabled VisitEngland to ensure that the priorities of England and its constituent regions and destinations were fully understood and acted on in overseas markets. This was particularly effective in Australia with a campaign around the opening of the film Alice in Wonderland and in the USA where the Inn England campaign was successfully launched with the support of VisitBritain's New York team.

The domestic media played a pivotal role in supporting England's tourism industry during this year of the "staycation" and VisitEngland's communications team worked closely with contacts from broadcast and print media to provide examples and ideas which helped to build the positive coverage our operators received.

VisitEngland's online platform is to be relaunched in 2011 to better reflect a new national marketing strategy. The new platform will be intrinsically consumer focused and the Marketing team worked with the Research & Insights team to put building blocks in place during 2009/10 for this new online approach.

Industry Services for England

The Enjoy England Awards for Excellence 2009 were held in York at the National Railway Museum. These awards provided an exceptional platform to build awareness of the quality offer in England and to challenge perceptions of holidaying at home. Providing compelling destinations - a key plank of the Strategic Framework - relies on improving the consistency of the quality of experience offered. During 2010 the recommendations of a review of the role of the national assessment scheme executed during 2009 (and which involved extensive consultation with industry partners) will be implemented. Industry continues to invest in the wide range of quality assurance schemes offered by VisitEngland (with well over 25,000 accommodation and attractions businesses assessed) and research amongst operators confirmed an appreciation of the continuing value of a national assessment scheme.

Sustainability, Social & Community Issues

VisitEngland has continued to work to develop the principle of "encouraging responsible visitors and promoting sustainable businesses" with specific focus on engaging industry on taking up the challenge of embedding sustainability principles into their business operation. Towards the end of the financial year and with the launch of the Strategic Framework for English Tourism work began to look at creating an action plan to achieve a successful and sustainable English Tourism industry.

Sustainability, Social & Community Issues *(continued)*

Work in this area has included:

Stakeholder engagement

- FIFA 2018 World Cup bid. Working with The Carbon Trust, Positive Impacts and Envirowise, VisitEngland put together a one-off educational workshop on achieving sustainability goals for the bidding cities. The aim was to ensure that cities came together with a common understanding of sustainable development principles and how to achieve success. VisitEngland was also a contributor to the environmental part of the bid book.
- ISO 2012:2. Certification and management systems to embed sustainability are important to a number of organisations in the tourism sector. British Standards launched the first sustainable management standard for the event industry in 2008 (BS8901) that has been fast tracked to become an international standard. VisitEngland are on the steering committee to help develop this into ISO 2012.2 that is to be launched in 2012.

Industry engagement activities

- Research into why businesses join certification programmes and the benefits gained resulted in a greater understanding of the role that certification plays but also identified where VisitEngland and its regional tourism partners could add additional value. A key output of the research included the development of a marketing and communications toolkit aiming to help businesses understand how to make the most of their sustainable credentials. This was commissioned as a joint project with the nine regional tourism delivery bodies in England.
- Further development of Green Start was made with a view to launch in early June 2010. The entry level awareness raising, entry level training, and business review tool is available to tourism businesses in England seeking to reduce their impacts on the environment or community in which they are located.
- VisitEngland co-ordinated a dedicated area on sustainable tourism at the Best of Britain and Ireland Show, on behalf of the other national tourist board in the British Isles. The aim of the area was to build on successes of the 2009 show and to increase further debate and action from industry. Visitor numbers and satisfaction levels of the sustainable tourism area were significantly higher.

Tourism for all

- VisitEngland assisted over 18,000 tourism businesses provide an Access Statement - a written description of their facilities and services to inform people with access needs. VisitEngland provides an online template tool, which is being fully updated and relaunched at the end of summer 2010.
- VisitEngland provides the National Accessible Scheme, the only national scheme that rates the accessibility of visitor accommodation; an approach that is popular with disabled people. NAS membership has grown 15% over the last 14 months.
- VisitEngland led a national accessibility data collection programme across England to increase the provision of key information on facilities and services by tourism businesses. In 2010, accessibility information was introduced to enjoyengland.com and the VisitBritain and VisitEngland suite of websites under a new Accessibility tab on product listings.

2010/11 Priorities

The following priorities have emerged from VisitBritain's 2010/11 business planning:

Strategic Priorities for VisitBritain 2010/11

VisitBritain starts the next year with a clear focused strategy to deliver on its mission of building the value of tourism to Britain.

The key planks of this are:

- Inspiring travellers from overseas to visit and explore Britain
- Delivering a global network to support tourism promotion overseas
- Championing tourism and engaging industry and government in support of its growth, and
- Maximising the tourism legacy benefits of the London 2012 Olympic and Paralympic Games.

VisitBritain will be working alongside DCMS and the new Secretary of State and Tourism Minister to deliver the key tourism priority of ensuring that hosting the 2012 Olympic and Paralympic Games leaves a lasting tourism legacy for London and the whole country and not just for London. Learning the lessons of other countries, the ambition is to produce the best tourism marketing plans that any Games host country has ever had, to deliver a sustained and sustainable uplift in tourism. This is to be accomplished by creating a new fund with the goal of generating £1 billion worth of PR and marketing activity in our 20 priority markets in the years around 2012.

2010/11 Priorities *(continued)*

VisitBritain is well placed to deliver on this having a clear strategy around 2012 that focuses on boosting the UK's image, maximising the economic benefits for tourism across the UK and raising the standards and perceptions of the British welcome.

With access to the international sponsors and media networks - we are in a good position to enable British tourism to maximise the business and marketing opportunities which the Games offer.

During the first half of the year VisitBritain will be working with the Minister and Secretary of State to develop and deliver industry partnerships to match fund the public sector investment so that detailed plans can be published in September.

Strategic Priorities for VisitEngland 2010/2011

In light of the dynamic environment in which tourism in England exists and in recognition of the need to adapt to the direction of the newly published national tourism framework VisitEngland will be driven by four Strategic Priorities in 2010/11

1. Supporting the delivery of England: A Strategic Framework for Tourism 2010-2020 with particular reference to VisitEngland led actions
2. Meeting targets set by DCMS in the final year of the current Comprehensive Spending Review (CSR) period
3. Providing structural solutions in the light of a new public sector funding environment
4. Re-define the organization in order to successfully achieve priorities 1 – 3 and prepare for the next CSR round post 2011.

In support of the above strategic priorities there are a range of key activities planned for 2010/2011 which will be delivered across the organisation:

1. In support of the delivery of the new English Strategic Framework VisitEngland will work with representative bodies across the public and private sector to carry out the following:

Work to grow England's share of the global tourism market

- Develop an English national marketing strategy
- Develop an English Business Tourism Action Plan
- Develop an Olympic Marketing Plan for England
- Develop a Major Events Plan for England
- Deliver robust insights to influence the development of the National Marketing Strategy

Offer visitors compelling destinations of distinction

- Establish Destination Management Best Practice principles
- Create an England Satisfaction Survey
- Implement the reviewed approach to quality assessment programmes in England

Champion a successful thriving industry

- Outsource the delivery of the accommodation scheme in England, in readiness for the end of QiT's contract in March 2012.
- Develop a National Research and Intelligence Programme to better understand the performance of the industry and the market conditions that affect it.
- Develop a Seaside Resort Action Plan to maximise the value of seaside resorts to the visitor economy.
- Develop a Rural Action Plan to ensure the importance of tourism to rural communities is better understood and optimised.
- Establish a Sustainable Tourism Action Plan to build on current best practice; engage the industry and future-proof tourism's development.
- Develop a communications and engagement plan to promote greater industry effectiveness.
- Assist People 1st in the implementation of the National Skills Strategy

Facilitate greater engagement between the visitor and the experience

- Produce a Transport and Tourism action plan
- Develop and implement a programme to modernise visitor information and e-tourism platforms.
- Implement the "Welcome To England" programme
- Develop and implement a programme to improve accessibility

2. To meet the targets set by DCMS in the final year of the current CSR period VisitEngland will:

- Execute a targeted consumer marketing programme within the UK and in key international markets
- Support a wide ranging destination PR programme within the UK and in key international markets
- Manage the VisitEngland Quality programme

2010/11 Priorities *(continued)*

3. In order to ensure new effective structural solutions are developed in the light of a new public sector funding environment VisitEngland will:

- Champion a strong England landscape for tourism development and marketing
- Re-appraise the role and function of Partners for England
- Re-appraise the Quadrant model for overseas marketing
- Deliver an effective communications plan which builds on VisitEngland's role as the lead body for tourism in England.

4. VisitEngland will re-define the organisation in order to ensure 'fitness for purpose'

- Prepare an outline 5 year strategy for Visit England
- Undertake an organisational review in the light of the emerging new landscape for Tourism England
- Implement a new staff appraisal system; new learning and development programme

12. OUTCOMES AGAINST DCMS FUNDING AGREEMENT TARGETS 2009/10

<table>
<tr><th>TARGETS: GROWING THE VISITOR ECONOMY</th><th>RESULTS</th></tr>
<tr><td>Incremental Spend and Return on Investment: Britain
International at least £995 m</td><td rowspan="3">Data for incremental spend and return on investment is not available when the Annual Report and Accounts is published. VisitBritain has agreed with DCMS that it can report these results separately in the autumn.

Advertising Press / PR activity results will also be reported in the autumn.</td></tr>
<tr><td>Incremental Spend and Return on Investment: England
International and Domestic £200m</td></tr>
<tr><td>Press and PR Activity

Generate advertising equivalent value of:

Britain £830m and
England £20m</td></tr>
<tr><td>Visits to VisitBritain’s family of websites

25m visits</td><td>VisitBritain received 26.7m visits to its family of websites</td></tr>
<tr><td>Increase the Number of Accommodation Providers in Quality assessment scheme
to 65% of qualifying businesses</td><td>62% of accommodation providers in England are members of accommodation quality assessment schemes.

▪ 79% of non-serviced accommodation (Self Catering and Parks)
▪ 47% of serviced accommodation (Hotels and Bed & Breakfasts)

VisitEngland is addressing several issues in order to meet its future targets to grow its quality assessment schemes including recognising local and company specific assessment schemes which meet minimum standards.</td></tr>
</table>

OUTCOMES AGAINST DCMS FUNDING AGREEMENT TARGETS 2008/09

TARGETS: GROWING THE VISITOR ECONOMY	RESULTS
Incremental Spend: Britain International at least £995 m	Incremental Spend: Britain £1,109m
Incremental Spend: England International and Domestic £200m	Incremental Spend: England £ 257m
Press and PR Activity Generate advertising equivalent value of: Britain £819m and England £20m	Advertising equivalent value achieved: Britain £5.1bn England £ 20m
Visits to VisitBritain's family of websites 19m visits	VisitBritain received 26.5m visits to its family of websites
Increase the Number of Accommodation Providers in Quality assessment scheme to 65% of qualifying businesses	54% of accommodation providers in England are members of accommodation quality assessment schemes. ▪ 62% of non-serviced accommodation (Self Catering and Parks) ▪ 50% of serviced accommodation (Hotels and Bed & Breakfasts) VisitEngland is addressing several issues in order to meet its future targets to grow its quality assessment schemes including recognising local and company specific assessment schemes which meet minimum standards.

Advertising equivalent value achieved of £5.1bn is significantly in excess of the £819m target because our traditional methodology is susceptible to changes in key drivers. The most significant of these is broadcast activity. Our methodology values broadcast at advertising equivalent rate for the whole broadcast with the result that lengthy or syndicated programming attracts a very high advertising equivalent value. The value is also susceptible to changes in advertising cost through the economic cycle. From 2009/10 we are adopting a new methodology which will adjust the value of broadcast based on audited rates and aligning more closely with maximum ad times. In addition we will also set targets relating to opportunities to see (audience reach) and relevance which are not affected by cost of advertising. Our targets for 2009/10 are 2bn & 4/5 respectively.

Sandie Dawe, MBE
Chief Executive
VisitBritain

7th July 2010

Remuneration Report

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

INTRODUCTION

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

The purpose of Remuneration Committee is to:

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

Membership

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

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

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

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

The members of the Remuneration Committee are:

Membership: Christopher Rodrigues, CBE (Chairman of VisitBritain and the Remuneration Committee)
Penelope, Viscountess Cobham
Peter Lederer, CBE to 31st March 2010
Alan Parker, CBE to 31st March 2010

Secretary: Ros Carey

Remuneration Policy for Executives

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

Performance Assessment and Payment

Performance objectives are mutually agreed at the beginning of the financial year. These consist of a mix of hard numerical / factual objectives, certain behavioral objectives (core competencies) and are similar to those for other staff. (See section 7 – Staff)

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

Remuneration Report *(continued)*

Remuneration of Boards and Senior Executives

During the year, the Chairmen and Board Members of VisitBritain and VisitEngland were eligible for an increase of 1.5% with effect from 1st April 2009. Mindful of the constraints on funding, the Chairmen and Members of both Boards were unanimous in their decision to waive their entitlement to this increase and their remuneration was held at the previous year's levels.

VisitBritain Board Members' remuneration:

	Remuneration 2009/10 £	Remuneration 2008/09 £
Christopher Rodrigues, CBE (Chairman)	49,090	49,090
Penelope, Viscountess Cobham*	Nil	22,560
Ieuan Evans, MBE	Nil	Nil
Janis Kong, OBE	9,435	9,435
Peter Lederer, CBE	Nil	Nil
The Rt Hon Helen Liddell (Appointed 15th March 2010)	444	Nil
John Lindquist (Appointed 15th March 2010)	444	Nil
Sir Moir Lockhead, OBE	9,435	9,435
Kumar Muthalagappan, OBE (Retired 28th February 2010)	8,649	9,435
Alan Parker, CBE	9,435	9,435
	86,932	109,390
Pensions to former Chairmen**	25,403	23,679
Total remuneration	112,335	133,069

* Penelope, Viscountess Cobham resigned as Deputy Chairman of the VisitBritain Board on 31st March 2009 in order to take up her appointment as Chairman of the VisitEngland Board on 1st April 2009, in which capacity she is an ex officio member of the VisitBritain Board.

**The Chairmen's pension benefits, which are unfunded, are provided through a modification of the British Tourist Boards' Pension Scheme and are paid directly from VisitBritain's own funds. This benefit to former Chairmen has now been withdrawn.

Remuneration Report *(continued)*

VisitEngland Board members' remuneration:

	Remuneration 2009/10 £	Remuneration 2008/09 £
Hugh Taylor, OBE (Chairman) (Retired 31st March 2009)	Nil	22,560
Viscountess Penny Cobham (Chairman from 1st April 2009)	33,840	Nil
Suzanne Bond	786	9,435
Sir Brian Briscoe	9,435	9,435
Nick Cust, OBE	3,931	9,435
John Govett	786	9,435
David Orr (Appointed 14th September 2009)	5,182	Nil
Rob Rees, MBE	9,435	9,435
Nick Varney (Appointed 22nd June 2009)	7,326	Nil
Christopher Webster	9,435	9,435
Denis Wormwell (Appointed 22nd June 2009)	7,326	Nil
Total remuneration	87,482	79,170

*Penelope, Viscountess Cobham is contracted for 1.5 days per week. The previous Chairman, Hugh Taylor OBE, was contracted for 1 day per week.

Executives' remuneration

The salary and pension entitlements of the Executives of the British Tourist Authority are set out in the tables on pages 25 to 26. "Salary" includes gross salary, performance pay and bonuses and any other allowances to the extent that these are subject to UK income tax. These senior members of VisitBritain do not receive overtime or reserved rights to London weighting.

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

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

Sandie Dawe, MBE
Chief Executive
VisitBritain

7th July 2010

2009-10

Name	Salary including performance pay	Employer pension contributions	Real increase in pension at 60 (£'000)	Total accrued pension at 60 as at 31.03.2010 (£'000)	Cash equivalent transfer value as at 31.03.2009 (£'000)	Cash equivalent transfer value as at 31.03.2010 (£'000) [8]	Real increase cash equivalent transfer value (£'000)
Sandie Dawe, MBE (appointed VisitBritain Deputy CEO 5th Jan 2009 and CEO 11th May 2009)	152,042 [1]	26,700 [2]	4.2	51.3	609	931	322
Christopher Rodrigues (Executive Chairman [3])	21,268	n/a	n/a	n/a	n/a	n/a	n/a
James Beresford (appointed 1st July 2009) (CEO VisitEngland)	101,250	16,414 [4]	n/a [5]	n/a [5]	0	0	0
Michael Bedingfield [6] (left 10th July 2009) (Director, Britain Marketing)	27,624	2,762	0	11.9	125	155	31
Keith Beecham (appointed 13th Jan 2009) (Director, Overseas Network)	88,722	8,320	11	41.3	457	753	296
Kenny Boyle (appointed 17th March 2003) (Director, Distribution Services)	106,342	9,973	1.9	12.4	90	156	66
Laurence Bresh (appointed 1st September 2009) (Britain Marketing Director)	83,293	7,281	n/a	n/a	129	221	92
David Parkhill (appointed 5th January 2009) (Director, Business Services)	110,756	10,500	1.9	2.2	3	30	27
Patricia Yates (appointed 3rd Nov 2008) (Director, Strategy and Insights)	86,160	7,854	2.3	6.9	59	126	67

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

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

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

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

[5] Director with effect from July 2009. Pension benefits as at 31.03.2010.

[6] Member left 10.07.09. Pension benefits quoted are to his date of leaving.

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

2008-09

Name	Salary including performance pay[1]	Employer pension contributions[2]	Real increase in pension at 60 (£'000)	Total accrued pension at 60 as at 31.03.2009 (£,000)
Tom Wright, CBE (left 31st Dec 2008) (Chief Executive)	165,307 [3]	25,287 [4]	1.9	12.9
Sandie Dawe, MBE[5] (appointed Deputy CEO 5th Jan 2009 and CEO 11th May 2009)	117,425	9,602	8.0	47.1
Julian Aviss (left on 3rd March 2009) (Director, People and Performance)	109,846	8,964	n/a	n/a
Michael Bedingfield (appointed 2nd June 2003) (Director, Britain Marketing)	104,690	9,590	4.0	12
Kenny Boyle (appointed 17th March 2003) (Director, Distribution Services)	105,161	9,589	2.0	10.5
Keith Beecham (appointed 13th Jan 2009) (Director, Overseas Network)	75,227	6,815	30.3	30.3
Patricia Yates (appointed 3rd Nov 2008) (Director, Strategy and Insights)	72,197	5,630	4.6	4.6
David Philip (resigned 31st Dec 2008) (Director, Corporate Services)	89,457	7,432	n/a	n/a
David Parkhill (appointed 5th January 2009) (Director, Business Services)	26,250	2,625	0.30	0.30

[1] Includes performance bonuses for all the Directors.

[2] Following the advice of the actuaries of the Pension Scheme, employer contributions were increased to 10% since 1st April 2007.

[3] Includes performance bonus of £33,578.

[4] Includes additional contribution of £16,467 to Self Invested Pension Plan (SIPP).

[5] Sandie Dawe was appointed as Interim Deputy Chief Executive and Accounting Officer on 5th January 2009. Her position of Chief Executive and Accounting Officer was confirmed on 11th May 2009.

STATEMENT OF VISITBRITAIN'S CHIEF EXECUTIVE'S RESPONSIBILITIES

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

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

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

The Accounting Officer of the Department for Culture, Media and Sport has designated VisitBritain's Chief Executive as Accounting Officer of VisitBritain. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding VisitBritain's assets, are set out in Chapter 3 of "Managing Public Money" issued by the Treasury in October 2007.

Sandie Dawe, MBE
Chief Executive
VisitBritain

7th July 2010

CORPORATE GOVERNANCE:

STATEMENT ON INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

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

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

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

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

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

The system of internal control has been in place in VisitBritain for the year ended 31st March 2010 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

3. CAPACITY TO HANDLE RISK

VisitBritain 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 our strategic goals and has delegated to the Audit Committee the responsibility for ensuring risk management is embedded throughout the organisation and appropriate training is given to support this.

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

The formal "Risk Management Policy and Guidelines" are available on our intranet to all staff and give detailed guidance on responsibilities and management of risk. The Risk Advisory Group champions risk management in VisitBritain and advises managers on best practice.

STATEMENT ON INTERNAL CONTROL *(continued)*

4. THE RISK AND CONTROL FRAMEWORK

Risk Strategy

VisitBritain'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 to exploit opportunities in a managed way. It should help in using resources more effectively and lead to better decision making and management of activity. At the heart of our risk management process are well documented procedures and an integrated system of planning, allocation of responsibilities and budgetary control.

VisitBritain 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 VisitBritain 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.

Risk Management Framework

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

- Strategic/Corporate
  This is the level at which we manage risks that threaten our ability to meet our strategic goals and targets, including Funding Agreement targets. It is the responsibility of the Board supported by the Executive, Audit Committee and the Risk Advisory Group to manage and control risk at this level.

- Directorate
  At this level we manage risks that threaten the ability of the Divisions to deliver their strategies and business plans and to meet their divisional targets.

- Support/Crosscutting risks
  At this level we manage the risks which are identified by one division but which are 'owned' by another.

- One-off projects and campaigns
  At this level we manage the risks that threaten our ability to deliver significant projects and campaigns which need to be dealt with in more detail than is possible at the strategic, departmental and support levels.

In addition, VisitBritain has continued to develop and test its business continuity planning for a range of crises. In 2009/10 following the move to new offices VisitBritain completed a revised business continuity plan. VisitBritain 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 ongoing process which needs to keep pace with staff changes, technology developments and external factors. VisitBritain uses a network of business continuity coordinators, representing each division, to keep the plan updated and staff throughout the organisation briefed. A template business continuity plan is now being used by all overseas offices.

STATEMENT ON INTERNAL CONTROL *(continued)*

Building the resilience of Britain's tourism industry to crises such as acts of terrorism or diseases such as foot and mouth and avian influenza is a key priority. VisitBritain 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 bombings on 7th July, 2005 and the disruption caused by volcanic ash in spring 2010.

Key Risks & Uncertainties

Steps have been taken to address the key operational risks facing VisitBritain and VisitEngland, including;

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

5. REVIEW OF EFFECTIVENESS

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

Process, Oversight and Monitoring

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

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

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

- Setting strategy and subsequently monitoring VisitBritain's performance against this, and the targets set out in the Business Plan and Funding Agreement;

- Ensuring that VisitBritain fulfils its role under the Development of Tourism Act, 1969 and meets the aims and objectives established by the Secretary of State for Culture, Media and Sport as set out in the 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 organisation, including for data security.

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

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

STATEMENT ON INTERNAL CONTROL *(continued)*

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

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

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

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

In 2009/10 this work covered:

- A follow-up review to provide assurance that appropriate procedures exist, and are in operation, to cover aspects of human resources;
- A review of head office controls being applied to overseas offices and the self assessment framework;
- A full review of the operations being applied within England Marketing;
- An audit of the preparations in place for the office move that took place in the year;
- An annual review of the core financial systems; and
- A contracts compliance audit was carried out in the area of commercial income;

At the Audit Committee in June 2010 I received the Annual Internal Audit Report for 2009/10. Without giving specific assurance on the effectiveness of the whole system of internal controls within VisitBritain it states that from their involvement as internal auditors the control environment appears to be well supported by various embedded mechanisms and working practices.

In their opinion and on the assumption that internal audit recommendations are implemented, VisitBritain has a sound framework of control in the areas reviewed which they are satisfied should provide assurance regarding the effective and efficient achievement of VisitBritain's objectives.

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

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

STATEMENT ON INTERNAL CONTROL *(continued)*

Future Developments

In the year 2010/11 VisitBritain will be strengthening its internal controls by the following work in addition to the annual review of core financial systems:

- review overseas offices centralised control processes to seek assurances as to the operation of controls;
- as in previous years BDO will carry out a review of our commercial income. This year BDO will look at webshops where new software is being introduced in the summer. In addition a follow-up review will be undertaken of the contracts compliance audit that was carried out in 2009/10;
- this year we will look at the IT environment that is in place at VisitBritain. This will include a high level review of protection of data, reviewing our IT strategy and a general review of our IT infrastructure;
- within the area of governance, we will consider how our risk management policies and procedures are being adopted by our Directorates;
- an annual review of core financial system; and
- additional time has been set aside to carry out further work in areas to be determined later in the year.

6. SIGNIFICANT INTERNAL CONTROL PROBLEMS

I am able to confirm that there have been no significant internal control problems in VisitBritain for the year ended 31st March 2010 and up to the date of this report.

Sandie Dawe MBE
Chief Executive
VisitBritain

7th July 2010

VisitBritain

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

I certify that I have audited the financial statements of VisitBritain for the year ended 31st March 2010 under the Development of Tourism Act 1969. These comprise the Group and VisitBritain Statement of Comprehensive Income and Expenditure, the Group and VisitBritain Statement of Financial Position, the Group and VisitBritain Statement of Cash Flows, the Group and VisitBritain Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive is 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 the financial statements in accordance with applicable law and 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 VisitBritain's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by VisitBritain; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of VisitBritain's and the Group's affairs as at 31st March 2010 and of VisitBritain's and the Group's deficit, changes in taxpayers' equity and cash flows for the year then ended; and

- the financial statements have been properly prepared in accordance with the Development of Tourism Act 1969 and the Secretary of State for Culture, Olympics, Media and Sport's direction issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions issued under the Development of Tourism Act 1969 by the Secretary of State for Culture, Olympics, Media and Sport; and
- the information given in the Organisational Structure, Staff, Results for the year and other financial information, Developments during the year, 2010-11 Priorities, and Outcomes against DCMS Funding Agreement Targets for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

8th July 2010

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

VisitBritain and VisitEngland

Statement of comprehensive income and expenditure for the year ended 31st March 2010

	Note	Group 2010 £'000	Group 2009 £'000	VisitBritain 2010 £'000	VisitBritain 2009 £'000
Revenue					
Income from activities	6	21,936	22,090	21,071	21,423
Other income	7	1,486	1,799	1,568	1,903
		23,422	23,889	22,639	23,326
Employee benefits costs	8	(15,784)	(16,106)	(15,784)	(16,106)
Depreciation	17	(710)	(849)	(710)	(849)
Other operating charges	9	(52,877)	(53,525)	(52,107)	(52,977)
Grants paid to Regional Tourist Boards	10	(166)	(146)	(166)	(146)
Re-organisation costs	11	(1,197)	(3,710)	(1,197)	(3,710)
		(70,734)	(74,336)	(69,964)	(73,788)
Operating deficit	12	(47,312)	(50,447)	(47,325)	(50,462)
Finance (cost) / income	14	(10)	367	(10)	367
Notional costs	15	(88)	(128)	(87)	(127)
Deficit after finance income and notional costs		(47,410)	(50,208)	(47,422)	(50,222)
Reversal of notional costs	15	88	128	87	127
Deficit for the year		(47,322)	(50,080)	(47,335)	(50,095)
Other comprehensive income and expenditure					
Decrease/(increase) in UK pension liability on unfunded schemes	28	(30)	10	(30)	10
Actuarial loss on UK & US pension schemes	28	(21,474)	(811)	(21,474)	(811)
Effect of paragraph 58(b) limit (including requirements for IFRIC 14) - US	28	(81)	654	(81)	654
Exchange rate (loss)/gain on US pension scheme	28	(22)	117	(22)	117
Revaluation gain/(loss) on leasehold improvements	24	(3)	135	(3)	135
Other comprehensive income and expenditurefor the year		(21,610)	105	(21,610)	105
Total comprehensive income and expenditure for the year		(68,932)	(49,975)	(68,945)	(49,990)

Sandie Dawe MBE
Chief Executive
VisitBritain

7th July 2010

The notes on pages 40 to 80 form part of these financial statements

VisitBritain and VisitEngland

Consolidated statement of financial position at 31st March 2010

	Note	2010	2009	2008
Assets		**£'000**	**£'000**	**£'000**
Non-current assets				
Property, plant and equipment	*17*	1,361	1,791	1,929
Retirement benefit assets	*28*	487	422	460
Total non-current assets		1,848	2,213	2,389
Current assets				
Inventories	*19*	2,056	1,921	1,501
Trade and other receivables	*20*	6,567	7,968	7,377
Derivative financial assets	*25*	222	37	-
Cash and cash equivalents	*21*	1,897	1,089	1,029
Total current assets		10,742	11,015	9,907
Total assets		12,590	13,228	12,296
Liabilities				
Current liabilities				
Trade and other payables	*22*	(8,599)	(8,388)	(8,457)
Derivative financial liabilities	*25*	-	(132)	-
Provisions	*23*	(1,602)	(1,155)	(201)
Total current liabilities		(10,201)	(9,675)	(8,658)
Non-current liabilities				
Retirement benefit liabilities	*28*	(19,604)	(292)	(302)
Total non-current liabilities		(19,604)	(292)	(302)
Total liabilities		(29,805)	(9,967)	(8,960)
Total Net Assets		(17,215)	3,261	3,336
Taxpayer's Equity				
Income and expenditure reserve	*24*	(17,687)	2,614	2,623
Revaluation reserve	*24*	472	647	713
Total reserves		(17,215)	3,261	3,336

Sandie Dawe MBE
Chief Executive
VisitBritain

7th July 2010

The notes on pages 40 to 80 form part of these financial statements

VisitBritain and VisitEngland

Statement of financial position at 31st March 2010

	Note	2010	2009	2008
Assets		**£'000**	£'000	£'000
Non-current assets				
Property, plant and equipment	*17*	1,361	1,791	1,929
Investment in subsidiary	*18*	8	8	8
Retirement benefit assets	*28*	487	422	460
Total non-current assets		1,856	2,221	2,397
Current assets				
Inventories	*19*	1,991	1,843	1,435
Trade and other receivables	*20*	6,650	8,103	7,424
Derivative financial assets	*25*	222	37	-
Cash and cash equivalents	*21*	1,751	934	963
Total current assets		10,614	10,917	9,822
Total assets		12,470	13,138	12,219
Liabilities				
Current liabilities				
Trade and other payables	*22*	(8,524)	(8,330)	(8,397)
Derivative financial liabilities	*25*	-	(132)	-
Provisions	*23*	(1,602)	(1,155)	(201)
Total current liabilities		(10,126)	(9,617)	(8,598)
Non-current liabilities				
Retirement benefit liabilities	*28*	(19,604)	(292)	(302)
Total non-current liabilities		(19,604)	(292)	(302)
Total liabilities		(29,730)	(9,909)	(8,900)
Total Net Assets/ (Liabilities)		(17,260)	3,229	3,319
Taxpayer's Equity				
Income and expenditure reserve	*24*	(17,732)	2,582	2,606
Revaluation reserve	*24*	472	647	713
Total reserves		(17,260)	3,229	3,319

Sandie Dawe MBE
Chief Executive
VisitBritain

7th July 2010

The notes on pages 40 to 80 form part of these financial statements

VisitBritain and VisitEngland

Statement of cash flows for the year ended 31st March 2010

	Note	Group		VisitBritain	
		2010	2009	**2010**	2009
		£'000	£'000	**£'000**	£'000
Cash flows from operating activities					
Net Deficit after cost of capital and interest		(47,410)	(50,208)	(47,422)	(50,222)
Adjustments for:					
Depreciation		710	849	710	849
(Profit) / loss on disposal of fixed assets		10	(9)	10	(9)
Notional cost of capital	*15*	88	128	87	127
Defined benefit pension cost	*28*	1,169	76	1,169	76
Finance costs/(income) – UK&US pension scheme		82	(78)	82	(78)
Defined benefit employer pension contribution	*28*	(952)	0	(952)	0
Fair value adjustment on financial assets	*25*	(185)	(37)	(185)	(37)
Fair value adjustment on financial liabilities	*25*	(132)	132	(132)	132
Cash flows from operating activities before changes in working capital and provisions		(46,620)	(49,147)	(46,633)	(49,162)
Decrease/(increase) in trade and other receivables		1,401	(591)	1,453	(679)
(Increase) in inventories		(135)	(420)	(148)	(408)
Increase/(decrease) in trade and other payables		210	(69)	193	(67)
Increase in provisions		446	954	446	954
Net cash flows from operating activities		(44,698)	(49,273)	(44,689)	(49,362)
Investing activities					
Purchases of property, plant and equipment		(304)	(576)	(304)	(576)
Sale of property, plant and equipment		10	9	10	9
Net cash (outflows) investing activities		(294)	(567)	(294)	(567)
Financing activities					
Grant-in-aid received from DCMS		45,800	49,900	45,800	49,900
Net cash flows financing activities		45,800	49,900	45,800	49,900
Net increase/(decrease) in cash and cash Equivalents		808	60	817	(29)
Cash and cash equivalents at beginning of year	*32*	1,089	1,029	934	963
Cash and cash equivalents at end of year	32	1,897	1,089	1,751	934

The notes on pages 40 to 80 form part of these financial statements

VisitBritain and VisitEngland

Statement of Changes in Taxpayers' Equity for the year ended 31st March 2010

	Group I&E £'000	Group Re-valuation £'000	Group Pension £'000	Group Total Reserves £'000	VisitBritain I&E £'000	VisitBritain Re-valuation £'000	VisitBritain Pension £'000	VisitBritain Total Reserves £'000
Balance at 31st March 2008	3,380	713	(471)	3,622	3,363	713	(471)	3,605
Change in accounting policy	(757)	0	471	(286)	(757)	0	471	(286)
Restated balance at 1st April 2008	2,623	713	0	3,336	2,606	713	0	3,319
Changes in reserves 2008-09								
Total comprehensive income and expenditure for the year	(49,975)			(49,975)	(49,990)			(49,990)
Release of reserves to the income and expenditure reserve	66	(66)		0	66	(66)		0
								0
Grant in Aid	49,900			49,900	49,900			49,900
Balance at 31st March 2009	2,614	647	0	3,261	2,582	647	0	3,229
Changes in reserves 2009-10								
Total comprehensive income and expenditure for the year	(68,932)	(3)		(68,935)	(68,945)	(3)		(68,948)
Defined benefit pension opening balance	2,659			2,659	2,659			2,659
Release of reserves to the income and expenditure reserve	172	(172)		0	172	(172)		0
Grant in Aid	45,800			45,800	45,800			45,800
Balance at 31st March 2010	(17,687)	472	0	(17,215)	(17,732)	472	0	(17,260)

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 consolidated income and expenditure statement.

The notes on pages 40 to 80 form part of these financial statements

1 Accounting policies

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. 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 VisitBritain, for the purpose of giving a true and fair view, has been selected. The particular accounting policies adopted by VisitBritain are described below. They have been applied consistently in dealing with items that are considered material to the accounts, unless otherwise stated.

This is the first time that the Entity has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Details of how the transition from UK GAAP to IFRS has affected the group's reported financial position are provided in note 33.

Basis of preparation and going concern

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

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Entity will continue in operational existence for the foreseeable future. At the year end 31st March 2010, the Group had a taxpayers' deficit of £17,214,000 (Entity: taxpayers' deficit of £17,259,000).

The Board has considered the position of the Group and of VisitBritain, 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 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 for the year in the amount of £21,474,000. Following negotiations with the Trustees of the scheme the employers' have agreed a deficit recovery plan (see further explanation in note 28).
- The group remains cash flow positive and based on current forecasts and budgets it will continue to do so for the foreseeable future.
- VisitBritain is a non-departmental public body funded by the Department for Culture, Media and Sport (DCMS) on a three year cycle through the comprehensive spending review process.

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

Basis of consolidation

These consolidated financial statements present the results of the parent and its subsidiary undertaking ("the Group") as if they formed a single entity.
The VisitBritain group financial statements for 2009/10 consolidate the financial statements of the parent (VisitBritain) and its wholly owned subsidiary undertaking, British Travel Centre AB (Sweden), its accounts being made up to 31st March. Intercompany transactions and balances between members of the Group are therefore eliminated in full.

Accounting policies *(Continued)*

Property, plant and equipment

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

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

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

Depreciation

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives or to their estimate 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

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 publications, maps/guides, transport tickets and attraction tickets. Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further expected costs to be incurred to completion and disposal. Costs incurred in producing publications and promotional items for which no revenue is obtained are charged to the comprehensive statement of income and expenditure in the year in which they are incurred.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Derivatives and financial instruments

The disclosure of financial instruments complies with IAS 39 – "Financial Instruments – Recognition and Measurement" in so far as it applies to VisitBritain.

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 comprehensive statement of expenditure in finance income. Other than derivative financial instruments which are not designated as a hedging instrument, VisitBritain 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.

Accounting policies *(Continued)*

Financial liabilities

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

Financial liabilities measured at f*air 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 comprehensive statement of income and 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 and where appropriate communication to those affected has been undertaken at the statement of financial position date.

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

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

Impairment charges are included in the administrative expenses line item in the comprehensive statement of income and expenditure, except to the extent they reverse gains previously recognised in other comprehensive income and expenditure.

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 comprehensive statement of income and 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 comprehensive statement of income and expenditure as they arise.

The comprehensive statement of income and expenditure of the overseas subsidiary undertaking are translated into pound sterling at average exchange rates and the year-end net asset is translated at year-end exchange rate.

Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated comprehensive statement of income and expenditure.

Government grants

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

Accounting policies *(Continued)*

The figure for core government grant-in-aid allocation of £47.2m less the £0.3m capital grant-in-aid (2009: £49,9m less capital £0.3m) and cash drawn in 2009/10 £45.8m is reconcilable to the expenditure on the Department for Culture, Media and Sport resource account RfR1.

Other grants received include £279k (2009: £298k) from The London Development Agency (LDA) who continued their work with our Britain and London Visitor Centre.

During 2009/10 VisitBritain also received £371k from the Regional Development Agency and £96k from the UK Trade & Industry for part funding partners attending trade shows overseas to promote UK tourism.

Capital charge

A charge, reflecting the cost of capital utilised by VisitBritain, is included in the comprehensive statement of income and expenditure. The charge is calculated at the real rate set by HM Treasury (2009/10-3.5%) of the average carrying amount of all assets less liabilities.

Value added tax (VAT)

UK VAT - VisitBritain 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 comprehensive statement of income and expenditure in the year to which it relates.

Overseas VAT - In countries where VisitBritain is not registered for VAT and does not recover VAT the costs of activities are charged gross, inclusive of VAT, to the comprehensive statement of income and expenditure. In countries where VisitBritain 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 comprehensive statement of income and 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 comprehensive statement of income and expenditure on a straight-line basis over the period of the lease. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

Revenue

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

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

Retirement benefits

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

Accounting policies *(Continued)*

Defined contribution scheme

A defined contribution plan is a pension plan under which VB 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 comprehensive statement of income and expenditure in the year to which they relate.

Defined benefits scheme

For defined benefit schemes the amounts charged to the operating surplus/deficit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the comprehensive statement of income and 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 comprehensive statement of income and expenditure.

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

Recognition of a surplus in the defined benefit schemes is limited based on the economic gain the company is expected to benefit from 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 comprehensive statement of income and expenditure in the year to which they relate. Overseas pension schemes are treated similarly.

Accounting policies *(Continued)*

Standards, amendments and interpretations to existing standards not yet effective

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

- IAS 39 (Amendment): Eligible Hedged Items;
- IFRIC 9 (Amendment): Reassessment of Embedded Derivatives;
- IFRS 3 (Revised): Business Combinations;
- IAS 27 (Amendment): Consolidated and Separate Financial Statements;
- IAS 39 (Amendment): Financial Instruments: Recognition and Measurement;
- IFRIC 17: Distributions of Non-cash Assets to Owners;
- IFRIC 18: Transfer of Assets from Customers;
- IFRS 2 (Amendment): Group Cash-settled Share-based Payment Transactions;
- IFRS 1 (Amendment): Additional Exemptions for First-time Adopters;
- Improvements to IFRS (2010);
- IAS 32 (Amendment): Classification of Rights Issues;
- IFRIC 19: Extinguishing Financial Liabilities with Equity instruments;
- IFRIC 14 (Amendment): Prepayments of a Minimum Funding Requirement; and
- IAS 24 (Amendment): Related Party Disclosures
- IFRS 9: Financial Instruments.

In addition the following chapters in the FReM have been amended, effective for the 2010-11 financial year:

- Chapter 6: Tangible non Current Assets
- Chapter 8: Impairments
- Chapter 11: Income and Expenditure
- Chapter 13: Accounting for consolidated fund revenue

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

Chapter 11 of the FReM: Income and Expenditure is effective from 1st April 2010. The alterations are expected to apply to the group's financial statements from that date. The main changes entail notional costs that are no longer recorded for cost of capital. It is anticipated that the impact of this amendment will be limited to presentation only.

2 Significant accounting estimates and judgements

(a) Property, plant and equipment

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

2 Significant accounting estimates and judgements *(continued)*

(c) Provisions

The group recognises provisions in accordance with its accounting policy described in Section 8 – 'Results for the year and other financial information'. In arriving at estimates for provisions, estimates and judgements are made, in particular with regard to timing and amount. Calculations are based on anticipated future cash flows relating to the relevant event, which are estimated by management and where appropriate supported by the use of external advisers.

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

3 Financial instruments and risk management

Principal Financial Instruments

The principal financial instruments are as follows:

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

The following tables show financial instruments by category:

	2010			2009			2008		
	Loans and Receivables	Financial assets at fair value through profit & loss	Total	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	£'000	£'000	£'000
Group									
Financial assets									
Trade and other receivables	5,056		5,056	5,380		5,380	5,528		5,528
Derivative financial assets		222	222		37	37			
Cash and cash equivalents	1,897		1,897	1,089		1,089	1,029		1,029
	6,953	222	7,175	6,469	37	6,506	6,557		6,557
VisitBritain									
Financial assets									
Trade and other receivables	5,139		5,139	5,515		5,515	5,575		5,575
Derivative financial assets		222	222		37	37			
Cash and cash equivalents	1,751		1,751	934		934	963		963
	6,890	222	7,112	6,449	37	6,486	6,538		6,538

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.

3 Financial instruments and risk management *(Continued)*

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

Credit risk

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

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

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

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. VisitBritain's main banking arrangements are with RBS Bank plc. Amounts held by overseas operations with banks are kept to a minimum.

VisitBritain does not enter into derivatives to manage credit risk.

Liquidity risk

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

Market Risk

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

Interest Rate Risk

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

3 Financial instruments and risk management *(Continued)*

Foreign currency risk

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

VisitBritain has a treasury policy in place, which has been agreed by the VisitBritain 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, that 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 31st March 2010 there were commitments to purchase foreign currency ratio forward contracts with a guarantee of currency to a total sterling value of £2.021m (2009 £8.415m). These contracts are based on forward option strike rates, if the strike rate is achieved 100% is paid, if the strike rate is not achieved a guaranteed 25% to 30% is paid. The £2.021m sterling value represents the guarantee of each contract. If all strike rates were achieved the value would equate to £7.221m. The guaranteed values are EUR 1.65m, USD 0.9m and JPY 11.25m with the full strike rate values set at EUR 6.0m, USD 3.0m and JPY 45.0m. Overall there was no material difference between the total value of these currency contracts at spot rates on the statement of financial position date, and at the contracted forward purchase rates. The reduction in the purchase value of forward contracts reflects the increase in cash receipts in foreign currency from the e-commerce activities worldwide.

4 Segment information

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

The main reportable segments are as follows:

<u>VisitBritain</u>

- *Britain Marketing*: This segment is all about international marketing activities with the core objective of 'inspiring travellers from overseas to visit and explore Britain';

- *Global Network & Retail* segment is all about 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;

- *Championing Tourism*: This is all about tourism and engaging industry and government in support of its growth. VisitBritain worked with a number of partners during the year to move tourism up the political and economic agendas. Central to this work was a new study by Deloitte to establish the economic contribution of the visitor economy, commissioned by VisitBritain in consultation with the national boards;

- *Shared Services*: This division involves the business and administration services of VisitBritain.

Segment information *(Continued)*

VisitEngland

- *England Marketing:* This segment is all about Marketing England both Domestic & International
- *Industry Services:* Manages accommodation and tourist attraction grading schemes and provides advice and business support with the overall aim to improve the quality of tourism provision in England.
- *Industry Leadership:* VisitEngland's role is to provide leadership across the sector and build on sound insights and robust data.
- *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 operating deficit 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.

4 Segment information *(continued)*

VisitBritain & VisitEngland Total

	VISITBRITAIN					VISITENGLAND					
	Britain Marketing	Global Network	Championing Tourism	Shared Services	VisitBritain Total	Marketing England	Industry Services	Industry Leadership	Shared Services	VisitEngland Total	VisitBritain & VisitEngland Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
2010											
Revenue	5,377	9,996	5	577	15,955	1,745	5,642	304	0	7,691	**23,646**
Inter-segmental revenue		(104)		(120)	(224)					0	**(224)**
Revenue from external customers	5,377	9,892	5	457	15,731	1,745	5,642	304	0	7,691	**23,422**
Segment deficit for the year before shared cost allocation	(11,184)	(10,647)	(1,708)	(13,843)	(37,382)	(5,961)	(1,020)	(1,638)	(384)	(9,003)	**(46,385)**
Net finance (costs)/ income											**(10)**
Depreciation											**(710)**
Defined benefit pension costs											**(1,169)**
Defined benefit employer pension contribution adjustment											**952**
Shared service costs				2,741	2,741				(2,741)	(2,741)	
Segment deficit for the year	(11,184)	(10,647)	(1,708)	(11,102)	(34,641)	(5,961)	(1,020)	(1,638)	(3,125)	(11,744)	**(47,322)**
2009											
Total revenue	8,650	7,072	46	627	16,395	1,992	5,467	395	0	7,854	**24,249**
Inter-segmental revenue		(235)		(125)	(360)						**(360)**
Revenue from external customers	8,650	6,837	46	502	16,035	1,992	5,467	395	0	7,854	**23,889**
Segment deficit for the year before shared cost allocation	(11,288)	(10,586)	(1,175)	(18,238)	(41,287)	(6,023)	(995)	(1,244)	(125)	(8,387)	**(49,674)**
Net finance income											**367**
Depreciation											**(849)**
Defined benefit pension costs											**76**
Shared service costs				3,831	3,831				(3,831)	(3,831)	**0**
Segment deficit for the year	(11,288)	(10,586)	(1,175)	(14,407)	(37,456)	(6,023)	(995)	(1,244)	(3,956)	(12,218)	**(50,080)**

4 Segment information *(continued)*

Geographical information:

	External revenue by location of sales offices 2010 £'000	2009 £'000
United Kingdom	13,846	12,498
Germany	1,940	2,411
United States of America	1,496	2,031
France	736	1,170
Australia	587	918
Holland	542	903
Hong Kong	533	258
Sweden	1,051	487
Spain	327	519
Italy	305	398
India	278	461
Canada	255	237
Japan	236	360
Other Countries	1,290	1,238
Total Revenue	23,422	23,889

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

5 Grants

The figure for core government grant-in-aid allocated to VisitBritain was £47.2m less the £0.3m capital grant-in-aid (2009: £49.9m less capital £0.3m) but the amount drawn down was £45.8m. £1.4m was carried forward to 2010/11; this figure is reconcilable to the expenditure on the Department for Culture, Media and Sport resource account RfR1.

Other grants received include £279k (2009: £298k) from The London Development Agency (LDA) who continued their work with our Britain and London Visitor Centre.

During 2009/10 VisitBritain also received £371k (2009: £257k) from the Regional Development Agency (RDA) and £77k (2009: £96k) from the UK Trade & Industry for part funding partners attending trade shows overseas to promote UK tourism.

6 Income from activities

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

	Group		**VisitBritain**	
	2010	**2009**	**2010**	**2009**
	£'000	**£'000**	**£'000**	**£'000**
Revenue arises from:				
Partnership marketing, media & publicity	4,210	6,326	4,210	6,326
Income from exhibitions, fairs & workshops	1,666	2,440	1,666	2,440
Income from commercial activities	10,492	7,703	9,627	7,036
Quality scheme income	5,493	5,348	5,493	5,348
Distribution income	75	273	75	273
Total revenue	21,936	22,090	21,071	21,423

7 Other income

	Group		**VisitBritain**	
	2010	**2009**	**2010**	**2009**
	£'000	**£'000**	**£'000**	**£'000**
Service income	77	503	197	607
Office rental income	606	616	606	616
Other grants	727	651	727	651
Other income	76	29	38	29
Total other operating income	1,486	1,799	1,568	1,903

Service income in 2009/10 includes £nil (2008/09 - £246k) of fees charged, in the agency model markets, for services provided to VisitScotland, Visit Wales and Visit London.

VisitBritain sub-lets properties in London and also received rental income from Visit London and Visit Wales in Canada and the USA. For the year ended 31st March 2010, the total rental income was £606k (2008/09 £616k).

8 Employee costs

	Group		VisitBritain	
	2010	**2009**	**2010**	**2009**
	£'000	**£'000**	**£'000**	**£'000**
Staff costs (including directors) comprise:				
Wages and salaries	11,893	12,436	11,893	12,436
Agency staff and students	435	659	435	659
Payment to contractors	827	463	827	463
Expatriate taxable benefits	319	269	319	269
Expatriate local taxes	(4)	(15)	(4)	(15)
Social security contributions and similar taxes	1,245	1,350	1,245	1,350
Pension costs – normal contributions*	95	803	95	803
Special pension costs	21	16	21	16
Defined benefit pension cost (see note 28)	1,169	76	1,169	76
Movement on accrued holiday pay	(216)	49	(216)	49
Total staff costs	15,784	16,106	15,784	16,106

*Employer contributions relating to the defined benefits scheme were previously included as part of the employee benefits costs when the scheme was treated as a multi employer scheme where assets and liabilities were not identified separately.
However, now the actuary can provide individual employer disclosures the employer pension contribution included in the accounts is credited to the employee benefits costs.

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

	Group		VisitBritain	
	2010	**2009**	**2010**	**2009**
	Number	**Number**	**Number**	**Number**
Marketing	257	313	257	313
Overseas support (marketing and administration)	20	19	20	19
Administration (CEO, People & Performance and Corporate Services)	42	43	42	43
Total staff costs	319	375	319	375

VisitBritain uses temporary agency and contractor staff to fill short-term posts to deliver its objectives.
The number of staff employed would be equivalent of 39 full time VisitBritain staff (2008/09 – 30).

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.

9 Other operating charges

	Group		VisitBritain	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Partnership marketing, media & publicity costs	23,077	25,487	23,077	25,487
Publishing	787	880	787	880
Commercial cost of sales and overhead cost*	10,682	8,007	9,912	7,459
Quality scheme costs	5,667	5,458	5,667	5,458
Distribution costs	569	1,146	569	1,146
Research and evaluation	2,175	1,802	2,175	1,802
Property and support costs – overseas	3,666	3,622	3,666	3,622
Property and support costs – UK**	4,725	3,847	4,725	3,847
(Surplus)/Loss on sale of fixed assets	10	(9)	10	(9)
VisitEngland Board secretariat operation costs	20	16	20	16
Irrecoverable VAT (UK and overseas)	1,935	1,559	1,935	1,559
Prior year creditors provision written off	(327)	(400)	(327)	(400)
Foreign exchange loss	113	891	113	891
Provision for relocation	0	964		964
Inventory write off	0	160		160
Fair value adjustment on financial (assets)	(222)	(37)	(222)	(37)
Fair value adjustment on financial liabilities	0	132		132
Total other operating charges	52,877	53,525	52,107	52,977

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

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

10 Grants paid to regional tourist boards

	Group		VisitBritain	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
General grants relating to Regional Tourism entities	103	56	103	56
East of England Tourist Board	7	10	7	10
Visit Heart of England	7	10	7	10
Visit London	7	10	7	10
Northumbria Tourist Board (One North East)	7	10	7	10
North West Tourist Board	7	10	7	10
Tourism South East	7	10	7	10
South West Tourism	7	10	7	10
East Midlands Development Agency	7	10	7	10
Yorkshire Tourist Board	7	10	7	10
Total grant expenditure to regional and other tourism bodies	166	146	166	146

11 Re-organisation costs

	Group		VisitBritain	
	2010	**2009**	**2010**	**2009**
	£'000	**£'000**	**£'000**	**£'000**
Staff redundancy costs	1,144	3,002	1,144	3,002
Staff pension enhancement costs*	-	394	-	394
Staff moving & recruitment costs	38	133	38	133
Office closure costs	-	29	-	29
Legal & professional fees	15	152	15	152
	1,197	3,710	1,197	3,710

*Actual pension enhancment costs incurred in 2009/10 was £331k, all relating to the British Tourist Boards pension scheme, which was adjusted (credited) per the IAS 19 accounting requirment implemented in the current financial year.

12 Operating deficit

	Group		VisitBritain	
	2010	**2009**	**2010**	**2009**
	£'000	**£'000**	**£'000**	**£'000**
Group operating (deficit) for the financial year	(47,312)	(50,447)	(47,325)	(50,462)

This has been arrived at after charging/ (crediting):

VisitBritain Board Members' remuneration	88	109	88	109
VisitEngland Board Members' remuneration	87	79	87	79
Auditors' remuneration (UK)	57	55	57	55
Auditors' remuneration (overseas)	7	6	1	-
Operating lease expense:				
- Land and buildings	3,129	2,831	3,129	2,831
- Vehicles and equipment	122	117	122	117
Travel, subsistence and hospitality:				
- Chairman and Board Members (VisitBritain)	36	17	36	17
- Chairman and Board Members (VisitEngland)	23	18	23	18
- Employees	1,566	1,703	1,566	1,703

13 Overseas and domestic activities

VisitBritain is required under the current Accounts Direction issued by DCMS to disclose separately expenditure on the promotion of Britain internationally and England domestically and to disclose the expenditure made on behalf of the VisitEngland Board.

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

2010

	Britain International	England Domestic	England International	Total
	£'000	£'000	£'000	£'000
Staff costs (see note 8)	13,712	1,928	144	15,784
Re-organisation staff costs (see note 11)	1,167	0	0	1,167
Re-organisation other costs (see note 11)	30	0	0	30
Programme costs	24,228	12,682	1,622	38,532
Operational costs	11,327	3,108	16	14,451
Gross expenditure per the statement of income and expenditure	50,464	17,718	1,782	69,964
Less:-				
Other grant income	277	450		727
Non Government Funding (NGF) (see note 6, 7 & 14)	14,596	6,461	845	21,902
Net expenditure per the statement of income and expenditure	35,591	10,807	937	47,335

2009

	Britain International	England Domestic	England International	Total
	£'000	£'000	£'000	£'000
Staff costs (see note 8)	14,400	1,607	99	16,106
Re-organisation staff costs (see note 11)	2,801	619	-	3,420
Re-organisation other costs (see note 11)	237	53	-	290
Programme costs	24,186	12,946	2,436	39,568
Operational costs	10,896	3,451	57	14,404
Gross expenditure per the statement of income and expenditure	52,520	18,676	2,592	73,788
Less:-				
Other grant income	96	555	-	651
Non Government Funding (NGF) (see note 6, 7 & 14)	14,547	7,400	1,095	23,042
Net expenditure per the statement of income and expenditure	37,877	10,721	1,497	50,095

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

1. Expenditure undertaken directly for international or domestic activity is allocated directly;
2. Expenditure that is a shared resource for economic or control reasons is allocated using various ratios that recognise the underlying impact. The criteria used for such allocation includes; time, space, or allocation recognising use of corporate resources;
3. It is not possible to split capital expenditure between domestic and international activity as the fixed assets are shared between all areas;
4. Expenditure relates to VisitBritain and VisitEngland and excludes subsidiaries' results;
5. The total expenditure of £69,964 (£73.788m – 2008/09) represents the following items in the comprehensive statement of income and expenditure.

13 Overseas and domestic activities *(Continued)*

	2010	2009
	£'000	£'000
Staff costs (see note 8)	15,784	16,106
Exceptional re-organisation staff costs (see note 11)	1,167	3,421
Exceptional re-organisation other costs (see note 11)	30	290
Other operating charges (see note 9)	52,107	52,976
Depreciation (see note 17)	710	849
Grant paid to Regional Tourist Boards (see note 10)	166	146
Group expenditure per Income and Expenditure Account	69,964	73,788

	2010	2009
	£	£
Board Members' remuneration	87,484	79,170
Employer's NI & other taxes	9,957	8,795
Travel & subsistence and secretariat	21,279	17,829
Total expenditure	118,720	105,794

14 Finance income

	Group		VisitBritain	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Finance Income:				
Interest received on bank deposits	72	289	72	289
Finance income/(costs) UK & US pension scheme (see note 28)	(82)	78	(82)	78
	(10)	367	(10)	367

15 Notional costs

	Group		VisitBritain	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Cost of capital	88	128	87	127

Notional cost is calculated at 3.5% of the average net assets in the year including pension assets and liabilities. This rate is set by HM Treasury and reviewed every three years at their spending review.

16 Tax expense

VisitBritain is assessed for Corporation Tax in the UK on its activities excluding those funded by grant in aid. Following a review of the taxable activities and our tax position with our advisors, unused taxable losses brought forward from 2009/10 amounts to £19.86m (2008/09: £11.67m).

VisitBritain is assessed for Corporation Tax in Germany, Sweden, Australia, Hong Kong and the Netherlands and in all of these countries there is no corporate tax paid due to loss relief claim.

17 Property, plant and equipment

Group and VisitBritain

	Leasehold improvements £'000	Motor vehicles £'000	IT equipment £'000	Fixtures fittings & equipments £'000	Total £'000
Cost or valuation					
Balance at 1st April 2008	5,433	41	435	265	6,174
Revaluation	457	-	-	-	457
Additions	139	-	431	6	576
Disposals	(92)	-	(21)	(22)	(135)
Balance at 31st March 2009	5,937	41	845	249	7,072
Revaluation	(14)	0	0	0	(14)
Additions	304	0	0	0	304
Disposals	(2,511)	(1)	(160)	(169)	(2,841)
Balance at 31st March 2010	3,716	40	685	80	4,521
Accumulated depreciation					
Balance at 1 April 2008	3,820	40	212	173	4,245
Revaluation	488	-	-	-	488
Charge for the year	359	-	282	41	682
Disposals	(92)	-	(21)	(21)	(134)
Balance at 31st March 2009	4,575	40	473	193	5,281
Revaluation	161	0	0	0	161
Charge for the year	298	0	228	12	538
Disposals	(2,511)	0	(160)	(149)	(2,820)
Balance at 31st March 2010	2,523	40	541	56	3,160
Net carrying value					
At 1st April 2008	1,613	1	223	92	1,929
At 31st March 2009	1,362	1	372	56	1,791
At 31st March 2010	1,193	0	144	24	1,361

17 Property, plant and equipment *(Continued)*

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

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

The revaluation includes £172k (2008/09 - £167k) of revaluation related additional depreciation which is charged to the comprehensive statement of income and 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 £710k (2008/09 - £894k).

18 Investment in subsidiary undertakings

	2010 £'000	2009 £'000	2008 £'000
Cost			
At the start and end of the year	8	8	8

The only subsidiary of VisitBritain, which has been included in these consolidated financial statements, is as follows:

Subsidiary undertaking	Country of Incorporation	Principal activity	Proportion of ownership interest at 31st March		
			2010	2009	2008
British Travel Centre AB	Sweden	Undertaking of trading activities of a commercial nature	100%	100%	100%

19 Inventories

	Group			VisitBritain		
	2010 £'000	2009 £'000	2008 £'000	2010 £'000	2009 £'000	2008 £'000
Finished goods and goods for resale	2,056	1,921	1,501	1,991	1,843	1,435
Total inventories	2,056	1,921	1,501	1,991	1,843	1,435

20 Trade and other receivables

	Group			VisitBritain		
	2010	**2009**	**2008**	**2010**	**2009**	**2008**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade receivables	2,742	3,085	3,715	2,747	3,222	3,765
Less: provision for impairment of trade receivables	(194)	(190)	(160)	(194)	(190)	(160)
Trade receivables – net	2,548	2,895	3,555	2,553	3,032	3,605
VAT receivables	1,549	1,923	1,426	1,549	1,923	1,426
Other receivables	950	553	537	1,028	551	534
Prepayments	1,391	2,428	1,493	1,391	2,428	1,493
Accrued income	121	160	356	121	160	356
HM Government – Section 4 grants recoverable	11	12	28	11	12	28
Less provisions for irrecoverable section 4 grants	(3)	(3)	(18)	(3)	(3)	(18)
Total trade and other receivables	6,567	7,968	7,377	6,650	8,103	7,424

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:

	2010	**2009**	**2008**
	£'000	**£'000**	**£'000**
At beginning of the year	190	160	190
Income and Expenditure statement charge	(13)	(31)	(7)
Provision written off/ (written back)	17	61	(23)
At 31st March	194	190	160

The creation and release of provision for impaired receivables has been included in the comprehensive statement of income and expenditure under other expenses.

20 Trade and other receivables *(Continued)*

The group does not hold any collateral as security.

As at 31st March 2010 trade receivables of £2.549m (2009 – £2.895m) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2010 £'000	2009 £'000	2008 £'000
Group			
Up to 30 days	2,293	2,645	707
30 to 60 days	129	23	762
60 to 90 days	28	12	95
Over 90 days	99	215	1,991
	2,549	2,895	3,555
VisitBritain			
Up to 30 days	2,298	2,782	757
30 to 60 days	129	23	762
60 to 90 days	28	12	95
Over 90 days	99	215	1,991
	2,554	3,032	3,605

20 Trade and other receivables *(Continued)*

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

	2010 £'000	2009 £'000	2008 £'000
Group			
Pound sterling	4,606	4,718	4,817
Euro	1,450	1,896	1,372
HK dollar	578	117	31
US dollar	422	373	355
Swedish Krona	221	290	176
Other	691	574	626
	7,968	7,968	7,377
VisitBritain			
Pound sterling	4,689	4,853	4,864
Euro	1,450	1,896	1,372
HK dollar	578	117	31
US dollar	422	373	355
Swedish Krona	221	290	176
Other	691	574	626
	8,051	8,103	7,424

21 Cash at bank and in hand

	Group			VisitBritain		
	2010 £'000	2009 £'000	2008 £'000	2010 £'000	2009 £'000	2008 £'000
Cash at bank and in hand	1,897	1,089	1,029	1,751	934	963
Total cash at bank and in hand	1,897	1,089	1,029	1,751	934	963

22 Trade and other payables

	Group			VisitBritain		
	2010 £'000	**2009 £'000**	**2008 £'000**	**2010 £'000**	**2009 £'000**	**2008 £'000**
Trade payables	3,037	4,003	2,740	2,970	3,948	2,684
Other taxes and social security taxes	92	121	71	92	121	71
Other payables	51	6	43	49	8	42
Deferred income	2,250	2,541	3,782	2,250	2,541	3,782
Accruals	3,161	1,708	1,810	3,155	1,703	1,807
HM Government – Section 4 grants payable	11	12	29	11	12	29
Less provisions for irrecoverable section 4 grants	(3)	(3)	(18)	(3)	(3)	(18)
Total trade and other payables	8,599	8,388	8,457	8,524	8,330	8,397

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

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

	2010 £'000	**2009 £'000**	**2008 £'000**
Group			
Up to 30 days	2,963	5,069	3,301
	0		
30 to 60 days	(18)	(193)	935
	0		
60 to 90 days	7	(10)	43
	0		
Over 90 days	3,298	851	314
	6,250	5,717	4,593

	2010 £'000	**2009 £'000**	**2008 £'000**
VisitBritain			
Up to 30 days	2,887	5,011	3,241
30 to 60 days	(18)	(193)	935
60 to 90 days	7	(10)	43
Over 90 days	3,298	851	314
	6,174	5,659	4,533

22 Trade and other payables *(Continued)*

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

	2010 £'000	2009 £'000	2008 £'000
Group			
Pound sterling	6,217	4,209	5,472
Euro	370	1,745	1,717
US dollar	353	632	475
Australian dollar	178	456	221
Other	1,481	1,346	572
	8,599	8,388	8,457
VisitBritain			
Pound sterling	6,142	4,209	5,472
Euro	370	1,745	1,717
US dollar	353	632	475
Australian dollar	178	456	221
Other	1,481	1,288	512
	8,524	8,330	8,397

23 Provisions

	VAT £'000	Mobile tax* £'000	Relocation £'000	Total £'000
At 1st April 2008	100	101	-	201
Net increase/(reduction) in provision	54	(64)	964	954
At 31st March 2009	154	37	964	1,155
Amount used during the year	(49)	(7)	(14)	(70)
Net increase/(reduction) in provision	522	(5)	-	517
At 31st March 2010	627	25	950	1,602

*VisitBritain has employees who operate overseas for specific contracted periods on expatriate terms. VisitBritain operates a tax equalisation scheme to ensure that their earnings are taxed in a similar way to UK employees. VisitBritain is then responsible for paying any local income tax raised on taxable earnings of that expatriate in the country in which they are operating. Since 2003/04 the liabilities are estimated and disclosed separately based on the previous year earnings and tax payments. An estimated provision of £25k (2008/09 - £37k) was included within creditors as mobile tax provision in the accounts.

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

	2010 £'000	2009 £'000	2008 £'000
Current	1,602	1,155	201
Non- current	-	-	-
	1,602	1,155	201

24 Reserve

Group	Income and expenditure 2010 £'000	Income and expenditure 2009 £'000	Revaluation Reserve 2010 £'000	Revaluation Reserve 2009 £'000
Opening reserve	2,614	2,623	647	713
Opening UK pension scheme asset*	2,659			
Total comprehensive income and expenditure for the year	(68,932)	(49,975)		
GIA received	45,800	49,900		
Revaluation (loss) / gain		(135)	(3)	135
MHCA depreciation charge - movement to reserve	172	167	(172)	(167)
Freehold property revaluation adj. - movement to reserve		34		(34)
Reserve at 31st March	(17,687)	2,614	472	647

VisitBritain	Income and expenditure 2010 £'000	Income and expenditure 2009 £'000	Revaluation Reserve 2010 £'000	Revaluation Reserve 2009 £'000
Opening reserve	2,582	2,606	647	713
Opening UK pension scheme asset*	2,659			
Total comprehensive income and expenditure for the year	(68,944)	(49,990)		
GIA received	45,800	49,900		
Revaluation (loss) / gain		(135)	(3)	135
MHCA depreciation charge - movement to reserve	172	167	(172)	(167)
Freehold property revaluation adj - movement reserve		34		(34)
Reserve at 31st March	(17,731)	2,582	472	647

*The UK pension scheme was recognised in the financial statements for the first time in the current year (see note 28 for detail).

25 Derivative financial instruments

	2010 £'000	2009 £'000	2008 £'000
Forward foreign exchange contracts - asset	222	37	-
Forward foreign exchange contracts - liability		(132)	
Total financial instruments classified as held for trading	222	(95)	0

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		
	2010	**2009**	**2008**	**2010**	**2009**	**2008**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balances with other central government bodies (including pension and other government funds)	535	1,230	1,897	17	52	27
Balances with local authorities	96	33	104	-	-	160

27 Leases

Operating leases

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

	Land & Buildings	**Other**	**Land & Buildings**	**Other**	**Land & Buildings**	**Other**
	2010	**2010**	**2009**	**2009**	**2008**	**2008**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Not later than one year	2,426	126	2,741	137	2,650	208
Later than one year and not later than five years	3,033	108	3,158	71	4,852	132
Later than five years	539	-	818	-	1,024	-
	5,998	234	6,717	208	8,526	340

Sub-lease income

	Land & Buildings	**Land & Buildings**	**Land & Buildings**
	2010	**2009**	**2008**
	£'000	**£'000**	**£'000**
Not later than one year	311	317	317
Later than one year and not later than five years	466	696	926
Later than five years	539	598	657
	1,316	1,611	1,900

28 Retirement benefits

VisitBritain 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 £1,081k (2008/09 - £1,289k), of which £617k (2008/09 - £775k) is normal contribution related to the group's main defined benefit pension scheme, the British Tourist Boards' Pension Scheme (BTBPS). A further special contribution of £331k (2008/09 - £394k) has been paid to the BTBPS as pension enhancement for staff who took early retirement as part of VisitBritain's restructuring programme.

Total amounts charged to the comprehensive statement of income and expenditure for contributions to pension schemes were as follows:

	2010 £'000	2009 £'000
Normal contribution*	95	879
Pension enhancement exceptional contributions**	-	394
Special contributions***	21	16
	116	1,289

*Actual normal contribution costs incurred in 2009/10 was £712k of which £617 related to the BTBPS, which was recognised as a contribution towards the plan assets in accordance with IAS 19 accounting requirements in respect of defined benefit plans.

**Actual pension enhancement costs incurred in 2009/10 was £331k, all relating to the BTBPS, which was recognised as a contribution towards the plan assets in accordance with the IAS 19 accounting requirements in respect of defined benefit plans

***The special pension contribution is a supplementary pension scheme for the CEO of both VB and VE that was made to a Self Investment Pension Plan (SIPP)

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

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

VisitBritain 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 the Mercer actuary respectively. The valuation, using IAS 19 assumptions and methodology, formed the basis of the 2009/10 disclosure.

UK BTBPS

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

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

28 Retirement benefits *(Continued)*

VisitBritain share of the deficit in the UK scheme at the measurement date under the proposed assumptions is £19.282m. This compares with a notional surplus of £2.659m at the previous year end – a deterioration of £21.941m. This deterioration is due to significant changes in market conditions. In particular, the discount rate (based on AA bond yields) has come down from 6.7% to 5.5% with each 0.5% decrease adding nearly £10m liabilities.
At the same time the inflation assumption has increased from 2.65% to 3.4%, due to an increase in market expectations of future inflation. Again, each 0.5% increase in inflation adds nearly £10m to the liabilities. In overall term these changes have added around £40m to the liabilities. This increase in liabilities has been partially offset by improved returns on the scheme assets of £17m.

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 £571k compared to £422k as at 31st March 2009. The recognised surplus as at 31st March 2010 is restricted to £486k as a surplus cap is now applicable in line with para. 58(b) (ii0 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". VB continued to benefit from this surplus by taking pension contribution holiday and the employer contribution is nil for the current year and will continue for the foreseeable future.

28 Retirement benefits *(Continued)*

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

		2010		2009	
	UK scheme	Overseas (US) scheme	Total	Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000
Reconcilation to consolidated statement of financial position					
Fair value of plan assets	104,646	2,281	**106,927**	1,862	**1,862**
Present value of funded obligations	(123,928)	(1,710)	**(125,638)**	(1,440)	**(1,440)**
Total	(19,282)	571	**(18,711)**	422	**422**
Present value of unfunded obligations	(322)		**(322)**		
Unrecognised past service cost					
Effect of paragraph 58(b) limit (including requirements for IFRIC 14)		(84)	**(84)**		
Net assets/ (liabilities)	(19,604)	487	**(19,117)**	422	**422**
Reconcilation to plan assets					
At the beginning of the year	85,514	1,862	**87,376**	2,153	**2,153**
Exchange gain/(loss)		(90)	**(90)**	517	**517**
Expected return	5,374	114	**5,488**	150	**150**
Contributions by participants	310		**310**		
Contributions by Group	952		**952**		
Benefits paid	(4,694)	(97)	**(4,791)**	(113)	**(113)**
Settlements	(13)	(7)	**(20)**	(5)	**(5)**
Actuarial gain/(loss)	17,204	498	**17,702**	(841)	**(841)**
At end of year	104,647	2,280	**106,927**	1,861	**1,861**
Composition of plan assets					
Equity	42,076	1,690	**43,766**	1,162	**1,162**
Bonds	38,843	522	**39,365**	674	**674**
Property	7,628		**7,628**		
Cash	4,303	68	**4,371**	26	**26**
Annuities	11,395		**11,395**		
Cash in bank	402		**402**		
	104,647	2,280	**106,927**	1,862	**1,862**

28 Retirement benefits *(Continued)*

	2010			2009	
	UK scheme £'000	Overseas (US) scheme £'000	Total £'000	Overseas (US) scheme £'000	Total £'000
Reconcilation to plan liability					
At the beginning of the year	82,855	1,440	**84,295**	1,039	**1,039**
Exchange gain/(loss)		(72)	**(72)**	400	**400**
Interest cost	5,472	98	**5,570**	72	**72**
Current service cost	748	89	**837**	76	**76**
Past service cost	332		**332**		
Contributions by plan participants	310		**310**		
Benefits paid	(4,694)	(97)	**(4,791)**	(113)	**(113)**
Settlements	(13)	(7)	**(20)**	(5)	**(5)**
Actuarial (gain)/loss	38,918	258	**39,176**	(30)	**(30)**
At end of year	123,928	1,709	125,637	1,439	1,439
Cumulative actuarial gains/(losses) recognised in other comprehensive income					
At the beginning of the year	16,218		**16,218**		
Recognised during the year	21,714	(240)	**21,474**	811	**811**
Effect of paragraph 58(b) limit (including requirements for IFRIC 14)		81	**81**	(654)	**(654)**
At end of year	37,932	(159)	37,773	157	157
Included in administrative expenses					
Current service cost	748	89	**837**	76	**76**
Past service cost	332		**332**		
Settlement loss					
Expected return on plan assets	(5,374)	(114)	**(5,488)**	(150)	**(150)**
Unwinding of discount on plan liabilities (interest cost)	5,472	98	**5,570**	72	**72**
	1,178	73	1,251	(2)	(2)
Statement of financial position reconciliation					
Net liability (asset)	(2,659)	(422)	**(3,081)**	(460)	**(460)**
Pension expense recognised in P&L in the financial year	1,178	73	**1,251**	(2)	**(2)**
Amounts recognised in OCI in the financial year	21,714	(159)	**21,555**	157	**157**
Employer contributions made in the financial year	(952)		**(952)**		
Plan participants' contributions					
Benefits paid directly by company in the financial year					
Exchange rate adjustment - (gain)/loss		22	**22**	(117)	**(117)**
	19,281	(486)	18,795	(422)	(422)

28 Retirement benefits *(Continued)*

	2009/10		2008/09	
	UK scheme	Overseas (US) scheme	UK scheme	Overseas (US) scheme
Principal actuarial assumptions				
Discount rate on plan liabilities	5.50%	5.90%	6.70%	7.30%
Expected rate of return on plan assets	5.50%	6.95%	6.70%	7.16%
Expected increase in pensionable salary	3.40%	3.00%	2.65%	3.50%
Expected increase in deferred pensions	3.40%	2.50%	2.65%	2.50%
Expected increase in pensions-in-payment	3.40%	2.50%	2.65%	2.50%
Inflation rate	3.40%	2.50%	2.65%	2.50%

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

The overall position of the UK scheme (VisitBritain share) as at 31st March 2009 which was not included within the primary financial statements were

	31st March 2009 (£'000)
Fair value of plan assets	85,514
Present value of funded obligations	(82,855)
Net assets/(liability)	2,659

Defined Contribution Schemes

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

29 Related party transactions

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

a) Intra-department transactions – VisitBritain is an Non-Departmental Public Body (NDPB) of the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. During the year, VisitBritain had no transaction with the DCMS other than the receipt of grant-in-aid. There were no material transactions to report with other entities for which the department is regarded as the parent department.

b) Details of transactions with government bodies and other companies where Board Members, directors and senior staff have an interest are as follows.

Members attending Board meetings as observers, by invitation, are not required to disclose such information.

Representatives	**Company name**	**Role**	**Nature of supply**	**Sales to**	**Debtor balance**	**Purchases from**	**Creditor balance**
				£'000	**£'000**	**£'000**	**£'000**
2009							
Ieuan Evans	Visit Wales	Chairman	Marketing promotions	378	65	-	-
Peter Lederer	VisitScotland	Chairman	Marketing promotions	300	57	54	-
Sandie Dawe	Visit London	Director	Marketing promotions	508	157	35	-
Bernard Donoghue	Marketing Manchester	Director	Marketing promotions	168	53	4	-
Jenny McGee	One North East Tourism Advisory	Observer	Marketing promotions	96	10	7	-

30 Contingent liabilities

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

VisitBritain files VAT and other tax returns in many jurisdictions throughout the world. Tax returns contain matters that could be subject to different interpretations of applicable tax laws and regulations. The resolution of tax positions through negotiations with relevant tax authorities, or through litigation, can take several years to complete. VisitBritain currently has an outstanding case with the French Tax Authorities (FTA), which carried out a VAT audit of VisitBritain's activities in France during 2007 and early 2008. As a result of this audit, the FTA issued an assessment for the repayment of VAT that had been previously claimed. While it is difficult to predict the ultimate outcome in this case, VisitBritain and their tax advisors consider that the assessment is both incorrect in terms of the interpretation of the facts and in law. The appeal process involves a number of stages and to date has resulted in the abandonment by the FTA of the penalties of 253k€.

A complaint against VisitBritain and a company called Mindmatics was filed in the Los Angeles federal court on 4 September 2009. It is a class action complaint for damages and injunctive relief. It alleges that in 2006 VB sent unsolicited text messages advertising Britain as a destination to consumers' cell phones in contravention of the US Telephone Consumer Protection Act. Under this Act it is unlawful to make any call to a person within the United States using any automatic telephone dialling system (ADT) without the prior express consent of the called party.

Statutory damages awardable under the Telephone Consumer Protection Act are $500 for each plaintiff class member.

31 Events after the statement of financial position date

Other than as disclosed in the Annual Report there were no reportable post balance sheet events between the balance sheet date and the date these accounts were signed. The financial statements do not reflect events after this date. The Annual Report & Accounts was authorised for issue by the Chief Executive on 8th July 2010.

32 Notes supporting the statement of cash flow

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

	Group		VisitBritain	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Cash available on demand	1,897	1,089	1,751	934
	1,897	1,089	1,751	934

33 First time adoption of International Financial Reporting Standards (IFRS)

Changes in accounting policies- first-time adoption

This section describes the most significant changes arising from transition to IFRS, with reference to the financial information in section 1.

(a) IAS 19 – Employee Benefits

Under UK GAAP, no provision is currently made for annual leave accrued. Under IAS 19, the expected cost of compensated short-term absences should be recognised at the time the related service is provided. As a result, on transition to IFRS an accrual of £286k has been recognised. A further accrual of £49k was recognised in 2009 resulting in a liability or £335k at 31st March 2009.

(b) IAS 37 – Provisions

Under UK GAAP, provisions were included within Creditors. Provisions are required to be classified as a separate liability on the statement of financial position. Provisions have been reclassified accordingly.

(c) IAS 39 – Forward Foreign Currency Contracts

The group makes use of foreign currency derivatives (forward currency contracts) to protect its position on the purchase of goods and services. Under UK GAAP, foreign currency derivatives were held off balance sheet. Under IAS 32 and IAS 39, derivative contracts are valued at the statement of financial position and any resulting gains or losses are taken to the comprehensive statement of income and expenditure. A financial asset of £37k and a liability of £132k has been recognised as a result in 2009 (2008 – nil).

(d) IAS 19 – Employee Benefits

Under IFRS, the movement on defined benefit plan valuations are required to be classified as part of the income and expenditure reserve. The reserve has been reclassified accordingly.

33 First time adoption of International Financial Reporting Standards (IFRS) *(Continued)*

Statement of comprehensive income and expenditure reconciliation for the year ended 31st March 2009

	Sub-note	UK GAAP £'000	Transition adjustment £'000	IFRS £'000
Revenue		23,889		23,889
Gross expenditure		(70,482)	(144)	(70,626)
Exceptional reorganisation costs		(3,710)		(3,710)
Operating deficit	a, c	(50,303)	(144)	(50,447)
Finance income		367		367
Deficit before taxation		(49,936)	(144)	(50,080)
Taxation expense				
Deficit for the year		(49,936)	(144)	(50,080)

VisitBritain statement of income and expenditure reconciliation for the year ended 31st March 2009

	Sub-note	UK GAAP £'000	Transition adjustment £'000	IFRS £'000
Revenue		23,326		23,326
Gross expenditure		(69,934)	(144)	(70,078)
Exceptional reorganisation costs		(3,710)		(3,710)
Loss from operations	a, c	(50,318)	(144)	(50,462)
Finance income		367		367
Finance expense				
Deficit before taxation		(49,951)	(144)	(50,095)
Taxation expense				
Deficit for the year		(49,951)	(144)	(50,095)

33 First time adoption of International Financial Reporting Standards (IFRS) *(Continued)*

Consolidated statement of financial position reconciliation at 1st April 2008

	Sub-note	UK GAAP	Transition adjustment	IFRS
Assets		**£'000**	**£'000**	**£'000**
Non-current assets				
Property, plant and equipment		1,929		1,929
Post employment benefit assets		460		460
Total non-current assets		2,389		2,389
Current assets				
Inventories		1,501		1,501
Trade and other receivables		7,377		7,377
Cash and cash equivalents		1,029		1,029
Total current assets		9,907		9,907
Total assets		12,296		12,296
Liabilities				
Non-current liabilities				
Retirement benefit liabilities		(302)		(302)
Total non-current liabilities		(302)		(302)
Current liabilities				
Trade and other payables	*a,b*	(8,372)	(85)	(8,457)
Other provisions	*b*		(201)	(201)
Total current liabilities		(8,372)	(286)	(8,658)
Total liabilities		(8,674)	(286)	(8,960)
Total Net Assets		3,622	(286)	3,336
Reserves				
Revaluation reserve		713		713
Pension deficit	*d*	(471)	471	
Income and expenditure reserve	*a,b*	3,380	(757)	2,623
Total reserves		3,622	(286)	3,336

33 First time adoption of International Financial Reporting Standards (IFRS) *(Continued)*

Consolidated statement of financial position reconciliation at 31st March 2009

	Sub-note	UK GAAP	Transition adjustment	IFRS
Assets		**£'000**	**£'000**	**£'000**
Non-current assets				
Property, plant and equipment		1,791		1,791
Retirement benefit assets		422		422
Total non-current assets		2,213		2,213
Current assets				
Inventories		1,921		1,921
Trade and other receivables		7,968		7,968
Cash and cash equivalents		1,089		1,089
Total current assets		10,978		10,978
Total assets		13,191		13,191
Liabilities				
Non-current liabilities				
Retirement benefit liabilities		(292)		(292)
Total non-current liabilities		(292)		(292)
Current liabilities				
Trade and other payables	*a, b*	(9,208)	820	(8,388)
Derivative financial liability	*c*		(95)	(95)
Provisions	*b*		(1,155)	(1,155)
Total current liabilities		(9,208)	(430)	(9,638)
Total liabilities		(9,500)	(430)	(9,930)
Total Net Assets		3,691	(430)	3,261
Reserves				
Income and Expenditure reserve	*a, b, c*	3,543	(929)	2,614
Pension deficit	*d*	(499)	499	
Revaluation reserve		647		647
Total reserves		3,691	(430)	3,261

33 First time adoption of International Financial Reporting Standards (IFRS) *(Continued)*

VisitBritain Statement of financial position reconciliation at 1st April 2008

	Sub-note	UK GAAP	Transition adjustment	IFRS
Assets		**£'000**	**£'000**	**£'000**
Non-current assets				
Property, plant and equipment		1,929		1,929
Investment in subsidiaries		8		8
Post employment benefit assets		460		460
Total non-current assets		2,397		2,397
Current assets				
Inventories		1,435		1,435
Trade and other receivables	*b*	7,424		7,424
Cash and cash equivalents		963		963
Total current assets		9,822		9,822
Total assets		12,219		12,219
Liabilities				
Non-current liabilities				
Retirement benefit liabilities		(302)		(302)
Total non-current liabilities		(302)		(302)
Current liabilities				
Trade and other payables	*a,b*	(8,312)	(85)	(8,397)
Other provisions	*a*		(201)	(201)
Total current liabilities		(8,312)	(286)	(8,598)
Total liabilities		(8,614)	(286)	(8,900)
Total Net Assets		3,605	(286)	3,319
Reserves				
Income and expenditure reserve	*a,b*	3,363	(757)	2,606
Pension deficit	*d*	(471)	471	
Revaluation reserve		713		713
Total reserves		3,605	(286)	3,319

33 First time adoption of International Financial Reporting Standards (IFRS) *(Continued)*

VisitBritain Statement of financial position reconciliation at 31st March 2009

	Sub-note	**UK GAAP**	**Transition adjustment**	**IFRS**
Assets		**£'000**	**£'000**	**£'000**
Non-current assets				
Property, plant and equipment		1,791		1,791
Investment in subsidiaries		8		8
Retirement benefit assets		422		422
Total non-current assets		2,221		2,221
Current assets				
Inventories		1,843		1,843
Trade and other receivables	*b*	8,103		8,103
Cash and cash equivalents		934		934
Total current assets		10,880		10,880
Total assets		13,101		13,101
Liabilities				
Non-current liabilities				
Retirement benefit liabilities		(292)		(292)
Total non-current liabilities		(292)		(292)
Current liabilities				
Trade and other payables	*b*	(9,150)	820	(8,330)
Derivative financial liability	*c*		(95)	(95)
Provisions	*a*		(1,155)	(1,155)
Total current liabilities		(9,150)	(430)	(9,580)
Total liabilities		(9,442)	(430)	(9,872)
Total Net Assets		**3,659**	**(430)**	**3,229**
Reserves				
Income and Expenditure reserve	*a,b*	3,511	(929)	2,582
Pension deficit	*d*	(499)	499	
Revaluation reserve		647		647
Total reserves		**3,659**	**(430)**	**3,229**

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ISBN 978-0-10-296596-4

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