BRITISH TOURIST AUTHORITY

TRADING AS

VisitBritain®

VisitEngland™

VISITBRITAIN & VISITENGLAND

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2014

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

Ordered by the House of Commons to be printed 16 July 2014

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1. DIRECTORS' REPORT FOR THE YEAR 2013/14

1.1 INTRODUCTION

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

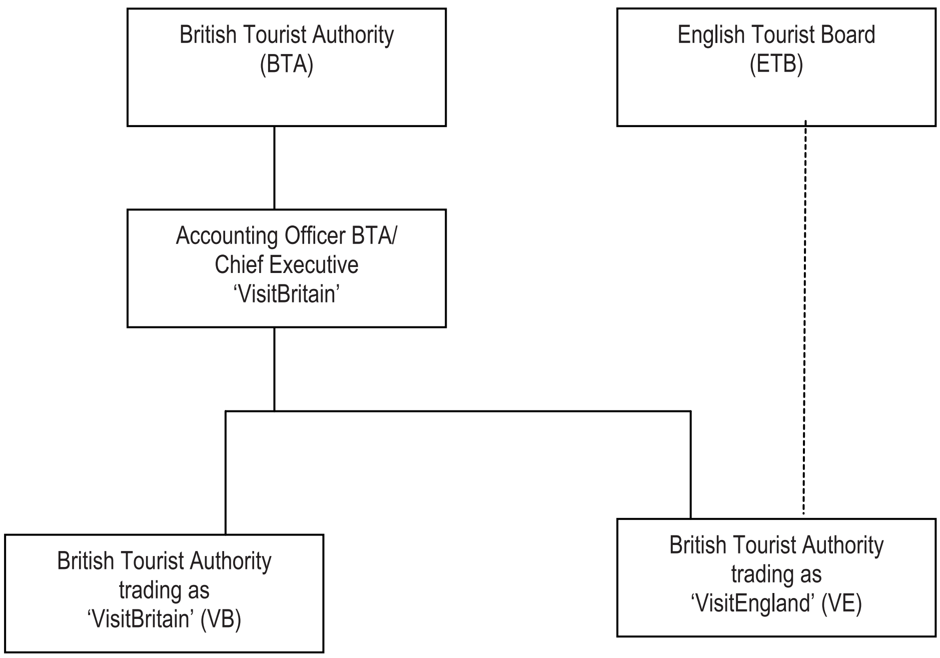
- Encouraging overseas visitors to come to Great Britain
- Encouraging people who live in Great Britain to take their holidays in Great Britain
- Promoting the provision and improvement of tourist amenities and facilities in Great Britain

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

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

On 1 April 2003, ETB ceased to be funded. It was re-classified as an unfunded advisory body. BTA assumed responsibility for the domestic marketing of England and commenced trading as VisitBritain. Following the British Tourism Framework Review in 2009, it became clear that there was a demand for a dedicated tourist board for England which would rank on an equal footing with similar bodies in Scotland and Wales. To achieve this within the existing statutory and funding framework, BTA established 'VisitEngland' with a Chief Executive reporting directly to the Chairman of the ETB. Legally, the VisitEngland Executive team remains a part of BTA for funding and governance purposes and undertakes its role as 'The British Tourist Authority trading as VisitEngland'.

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



ETB does not receive any income from the Exchequer or from any other source. All costs incurred by VisitEngland and all other expenses connected to ETB's work are met from within BTA's resources. The Secretary of State for Culture, Media and Sport has issued Accounts Directions to BTA which include the requirement for BTA to disclose all expenditure made on behalf of ETB. (See Note 14). A case for separation of VE from VB was put forward to DCMS Ministers. This will now be considered as part of DCMS' Triennial Review Programme.

1.2 ORGANISATION

The BTA Board comprises the Chairman, Christopher Rodrigues CBE, (who was first appointed in 2007 and then again in 2011), and six other members, five of whom are appointed by the Secretary of State for Culture, Media and Sport and one by the Welsh Assembly. The Chairmen of ETB and VisitScotland sit on the Board in an ex-officio capacity. In addition, during the year, Dame Judith Mayhew Jonas DBE and Clive Gordon attended Board meetings as observers by invitation until, respectively, stepping down as Chairman, London & Partners in July 2013 and a Member of the Northern Ireland Tourist Board on 31 December 2013: Ian McCaig also attended meetings as an observer between 1 September 2013 and 13 February 2014 when his official term of office commenced.

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

British Tourist Authority Board Members	Appointed	Appointment Expires
Christopher Rodrigues CBE, (Chairman)**	01 January 2007	31 December 2014
Sally Balcombe**	01 July 2013	30 June 2018
Dr Michael Cantlay	01 April 2010	31 March 2016
Penelope, Viscountess Cobham, CBE* **	01 April 2009	31 March 2017
Dan Clayton Jones OBE	01 October 2011	31 March 2017
Janis Kong OBE**	13 February 2006	12 February 2014
The Rt Hon Baroness Liddell of Coatdyke**	15 March 2010	14 March 2014
John Lindquist*	15 March 2010	14 March 2015
Ian McCaig	13 February 2014	12 February 2019
Sir Moir Lockhead OBE	11 July 2005	10 July 2013
Steve Ridgway***	11 July 2013	10 July 2018

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

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

English Tourist Board Members	Appointed	Appointment Expires
Penelope, Viscountess Cobham, CBE (Chairman)* **	01 April 2009	31 March 2017
Amanda Cottrell OBE	30 May 2011	29 May 2014
Sarah Dunning OBE	13 January 2014	12 January 2019
Nigel Halkes***	13 January 2014	12 January 2018
John Hoy	30 May 2011	29 May 2015
David Orr	14 September 2009	13 September 2013
Sarah Stewart*	30 May 2011	29 May 2016
Nick Varney	22 June 2009	21 June 2013
Denis Wormwell	22 June 2009	21 June 2017

English Tourist Board Observers	Position, Organisation
Suzanne Bond	Chief Executive, Cornwall Development Agency
Sandie Dawe MBE	BTA Accounting Officer/Chief Executive, VisitBritain

Organisation *(Continued)*

* Members of the British Tourist Authority's Audit Committee
** Members of the British Tourist Authority's Remuneration Committee
*** Nigel Halkes was appointed to the Audit Committee on 17 June 2014 and Steve Ridgway was appointed to the Remuneration Committee on the same date

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

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

http://www.visitbritain.org/aboutus/ourboard/index.aspx

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

VisitBritain Corporate Objectives

VisitBritain is the strategic body for inbound tourism.

VisitBritain's mission is to build the value of tourism to Britain, working in partnership with the industry, nations and regions. VisitBritain's four-point strategy to increase overseas visitor spend to all parts of Britain and improve Britain's ranking as a global destination is to:

1. Inspire travellers from overseas to visit and explore Britain;

2. Deliver a global network to support tourism promotion overseas;

3. Advise Government and the industry on tourism, particularly on issues that affect our global competitiveness;

4. Maximise public investment through partner engagement and commercial activity.

VisitEngland Corporate Objectives

VisitEngland is the National Tourist Board for England. It exists to ensure that tourism in England thrives. It does this by leading and driving forward the quality, competiveness and sustainable growth of England's visitor economy by providing intelligence, co-ordinated marketing and strategic direction for the visitor economy; working in partnership with others and actively encouraging greater collaboration between the different sectors involved in the visitor economy; and supporting partners at national and local level to achieve economic growth and increase investment and employment by encouraging the development of excellent visitor experiences and effective business practices.

VisitEngland's corporate objectives are to:

1. Drive forward the implementation of the Strategic Framework for Tourism in England to contribute to the annual 5% growth target and deliver the actions for which VisitEngland is responsible;

2. Develop and implement a national brand and marketing approach for England which leverages England's best assets and encourages a range of partners to benefit from collaborative activities to achieve a step change in domestic holiday taking and ensure England is visible in the international market place;

3. Establish VisitEngland as the primary source of expertise on English tourism and its visitor economy and make this expertise and intelligence widely accessible to our partners;

4. Develop a business model that provides England's tourism sector with a more robust and sustainable national tourism body for the longer term, which is effectively engaged with a wider range of partners at the national and local level, whilst reducing overheads in accordance with the Management Agreement with DCMS; and

5. Support Government to achieve its policy aspirations as appropriate and relevant to VisitEngland.

1.3 AUDITORS

The audit of the British Tourist Authority's financial statements by the National Audit Office (NAO) enables the Comptroller and Auditor General to fulfil his statutory duty under the Development of Tourism Act 1969, to lay before Parliament certified copies of the annual accounts and his report.

The fees paid to the NAO for audit services amount to £47,500 and there are no other services provided by the NAO.

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

1.4 PENSION LIABILITIES AND SICKNESS ABSENCE DATA

Pension obligations are accounted for in accordance with IAS 19 as disclosed in note 1 and 25 to the financial statements.

The average sickness absence per full time employee in 2013/14 was 3.1 days compared to 4.4 days in 2012/13.

Sandie Dawe MBE
Accounting Officer
BTA

23 June 2014

2. STRATEGIC REPORT FOR THE YEAR 2013/14

2.1 VISITBRITAIN REPORT FOR THE YEAR

British Tourism: Delivering the Olympic legacy

There is no doubt that Britain has been in the global spotlight over the last three years with landmark sporting events, cultural activities and British anniversaries. With this unprecedented amount of global coverage, people around the world have had the opportunity to view Britain's pageantry and outstanding countryside on television. Careful and focused management of this opportunity has had a measurable impact on Britain's image around the world.

As a result of VisitBritain's activity through partnerships with the tourism industry, commercial partners and Government and the continued roll-out of the GREAT marketing campaign, Britain is reaping the benefit of this image boost.

Following a strong performance in 2012 in terms of inbound visitor spend, tourism's gold-medal performance has continued post-Games, with a record-breaking year for both inbound visitor spend and numbers in 2013.

According to the latest report from Deloitte *Tourism: Jobs and Growth,* tourism is currently worth £127 billion a year to the UK economy, and is forecast to grow to £257 billion of Gross Value Added (GVA) annually by 2025. This is equivalent to 10% of total forecast UK GDP. Reinforcing tourism's central role in the British economy, the sector was responsible for a third of the UK's net new jobs between 2010 and 2012* and in 2013, tourism provided jobs for 3 million people (9.6% of UK employment) throughout the UK. Of this figure from Deloitte, inbound tourism is worth £24 billion GVA a year and is already one of Britain's top export industries. It will continue to be the fastest growing sector of the industry – with spend by international visitors forecast to grow by over 6% a year.

Britain is now the fifth most competitive visitor economy in the world, according to the World Economic Forum. The 2013 Anholt-GfK Nations Brand Index (NBI) also shows that people around the world have changed their perception of Britain for the better. Ranked third for overall nation brand and fourth for culture and tourism, they now also see Britain as more friendly and welcoming. Britain's ranking in the top 10 for its welcome and in the top 20 for beautiful countryside was also confirmed. This is due in part to VisitBritain's marketing, PR and digital work and the GREAT tourism campaign. During the first two years, (2011/12-2012/13), of its four year marketing programme, VisitBritain contributed approximately £1.1 billion to the British economy – an ROI of 20:1 – and the image campaign has more than doubled the intention to visit, generating a potential £200 million in additional visitor spend – an ROI of 8:1. Our efforts have been recognised by industry, with the organisation being awarded the accolade of best destination marketing organisation 2013 at the UKinbound awards.

2013: A record-breaking year in numbers**

- A record £21 billion in overseas visitor spend, 13% more than the previous record from 2012 (£18.64 billion).
- 32.9 million visits from overseas in 2013, 6% more than in 2012, exceeding the previous calendar year record set in 2007 (32.78 million).
- Record levels of holiday visits – 7% above 2012 and 6% above the previous record from 2011.
- Record visits for a calendar year from 'Rest of World' markets (outside Europe / North America); with 10% more visits from these typically high spending visitors than in 2012.
- The high volume EU15 markets saw an increase of 5% in visits in 2013 compared to 2012, making it the best calendar year since 2007, though not a record.
- A notable increase (+15%) in 2013 for visits from other EU markets compared to 2012.

Looking ahead, VisitBritain forecasts that the volume of inbound tourism will grow 1.8% in 2014 while spending (in nominal terms) is likely to increase by a further 4.2%.

** Deloitte 2013.*
*** ONS International Passenger Survey*

VisitBritain Report for the Year 2013/14 *(Continued)*

Capitalising on the 'GREAT' Olympic legacy

In the third year of the GREAT Britain campaign and with Britain's image riding high around the world after the Games, VisitBritain continued to play a lead role, working with Government agencies and commercial partners to position Britain as a great place to visit, study, invest in and do business with. It has mounted an inspirational campaign, using an additional £12 million committed by Government, matched with £3 million from the private sector, in a balanced portfolio of markets that deliver value now, as well as growth markets including China, Brazil, India, France, Germany, USA and the Gulf Co-operation Council states (GCC).

VisitBritain has also extended the GREAT brand through the third year of its four-year, £100 million match-funded tactical campaign, broadening the range of commercial partners. The marketing uses the key triggers for travel to Britain – culture, heritage, countryside – supported by shopping, food, sport, adventure, football and music.

It has also addressed the recommendations in *Delivering a Golden Legacy: a growth strategy for inbound tourism to Britain to 2020*, published by VisitBritain in April 2013 to showcase experiences across Britain to consumers, to ensure Britain is sold by the trade and to raise awareness of the ease of access to Britain as a whole.

The overall GREAT campaign will continue in 2014/15, with VisitBritain being allocated £17 million, matched with £4.25 million from the private sector. Plans include a large 'Countryside is GREAT' campaign to build on the enhanced perceptions of Britain's natural beauty as identified in the Anholt-GfK Nation Brand Index.

Highlights of the GREAT marketing year

VisitBritain has rolled out a raft of campaigns and promotions around the world to encourage additional visitor spend in Britain.

The 'Dunes to Dales' campaign capitalised on the growing interest in cycling in the UAE, Saudi Arabia, Kuwait and Qatar to reach 2 million online users and generated £0.5m PR coverage in terms of advertising equivalent value. VisitBritain also ran activity targeting the luxury market in the region with Ultra Travel Magazine, worked on 'Film is GREAT' with British-Emirati filmmaker and director Ali Mostafa at the Dubai International Film Festival, and worked with Arab Yahoo! portal Maktoob.

The 2013 Rock in Rio music festival featured VisitBritain's lounge as the iconic centre-piece – a replica of the last Beatles rooftop concert. This was preceded by the GREAT British invasion at Bloomingdales in New York – a first-of-its-kind partnership with Bloomingdales to showcase the best of England, Scotland and Wales. British displays featured in windows across their 35 stores with integrated travel packages for their 1.2 million Amex card holders.

In late 2013 VisitBritain partnered with Carnival Films and US broadcaster PBS, to run a major Heritage is GREAT promotion featuring Downton Abbey across the US and Canada. Capitalising on the popular TV period drama series to promote Britain's heritage, culture and countryside, it sponsored exclusive screening events in New York and Los Angeles, ran Downton Abbey themed events in key US cities, and ran Heritage is GREAT print ads in the New York Times and LA Times, with a competition to win a trip to Britain.

VisitBritain created a new brand film and digital experience, Sounds of GREAT Britain. The campaign ran in the US, Brazil, China, India, Gulf States, Germany and France and globally through VisitBritain's own channels. Users were also invited to create their own personalised Britain advert and itinerary to share through social media. It portrayed the rich diversity that Britain has to offer, against a soundtrack by award-winning UK band, Rudimental. Sounds of GREAT Britain featured a plethora of locations, landmarks, people and experiences, across England, Scotland and Wales – from a Dartmouth steam train in Devon to the sound of a Wimbledon tennis crowd in London – each accompanied by its own distinct sound.

In China VisitBritain has run several high-profile GREAT activities to raise the profile of Britain as a destination to visit, including two 80-page supplements published and distributed by National Geographic China and Harper's Bazaar – the latter featuring Chinese celebrity Han Geng – and also a GREAT-branded TV destination series screened on Beijing TV, reaching over 50 million viewers.

VisitBritain Report for the Year 2013/14 *(Continued)*

To promote new routes with airlines, VisitBritain ran a series of campaigns with operators in India, China, Middle East, Australia and the USA with Air India and Birmingham Airport; organised a panda flashmob in China with British Airways, and harnessed technology to invite visitors to experience British attractions virtually in shopping malls across Saudi Arabia with Qatar Airways.

Supporting the campaign with inspirational imagery, VisitBritain relaunched its photo library: VisitBritainimages.com. It achieved over 40,000 free downloads in its first year and just over £3.8 million of value to the UK tourism industry.

Successful partnerships

Partnerships continue to be integral to VisitBritain's work and the organisation now has an excellent relationship with strategic partners in GREAT – the FCO, UKTI, British Council, as well as DCMS and Cabinet Office. It forms an integral part of the wider GREAT partnerships team which opens up an ability to engage with non-tourism partners, such as Jaguar and Land Rover.

Most of VisitBritain's marketing is match-funded financially and/or through benefits in kind – partners include British Airways, easyJet, P&O and Emirates and non-tourism partners such as the Barclays Premier League. VisitBritain raises on average £13 million a year in this way.

VisitBritain has strengthened its relationship with British Airways, which remains a significant partner, as well as working with STA Travel and Expedia, and it has also signed up new partners such as Etihad and Qatar Airways. A new two year partnership with Emirates merging the GREAT Britain You're Invited and Hello Tomorrow brands aimed to drive leisure travel from Australia to the airline's regional gateways in Britain – Birmingham, Manchester and Glasgow.

In September 2013 VisitBritain launched a campaign "Flying in the face of ordinary to Britain" with London & Partners and Virgin Atlantic to entice more Australians to visit, with a special fare to London and a bonus trip to Manchester, Edinburgh or Aberdeen.

VisitBritain continued to build a strong presence in the US through Expedia with a TV and digital ad to encourage more American travellers to visit the UK. The ad was filmed on Westminster Bridge, in Loch Ness, Inverlochy Castle and on the Cynghordy viaduct train journey, focusing on the unique cultural, heritage and countryside offered in Britain. It was shown during the Oscars and other high profile shows in the US and across a range of news and lifestyle digital media.

Having extended its partnership with the Barclays Premier League for another three years through to 2016, in August 2013, VisitBritain launched a Football is GREAT campaign. Under the tag line 'Take Me There' the campaign included an inspirational season-long digital game offering football fans around the world the chance to win a trip to Britain, with complimentary match and attraction tickets and a behind-the scenes stadium tour. The campaign targeted football fans in China, UAE, Norway, Sweden and Hong Kong where interest in football and the Premier League is greatest and highlighted the tourism offer in key football regions, such as Wales, the North West, North East and London, through regular digital and social media activity throughout the season.

Other promotions in 2013/14 included:

- Digital campaigns offering special fares with carriers such as easyJet, P&O and Brittany Ferries in key European markets.
- A digital campaign and PR event with Hostelworld in Germany, building on last year's TV campaign.
- Digital, print, experiential and PR campaigns with STA Travel in Australia, NZ, US and Russia, targeting the young travellers.

VisitBritain ensured a strong GREAT Britain presence at the World Travel Market in partnership with UKinbound, and deepened its partnership with the trade association to stage a programme of Discovery workshops across Britain, market and thematic seminars, aimed at improving packaging and distribution of the UK overseas. It also supported workshops with the British Hospitality Association and VisitEngland.

Enhanced digital performance

VisitBritain's engagement via digital platforms and social media is a key part of its global marketing strategy to encourage additional visitor spend in Britain. The websites visitbritain.com, visitbritain.tv and visitbritainsuperblog.com have performed well, and VisitBritain has a strong presence on a wide range of digital platforms including Facebook, Pinterest, Twitter, Instagram, Weixin and Chinese microblogging site Weibo.

In 2013 VisitBritain agreed a strategic alliance with the wider GREAT campaign to create the world's leading social destination by merging their social media channels. VisitBritain's Facebook page Love Great Britain now has over two million followers. VisitBritain also continued its partnership with Yahoo! to ensure relevant and contextual content about Britain is accessible on one of the world's most visited web platforms.

VisitBritain Report for the Year 2013/14 *(Continued)*

VisitBritain's digital platform the 'Love Wall' went live in summer 2013 in ten languages with localised home pages. It features inspiring VisitBritain.tv videos and Flickr images which users can move into their 'suitcase' to build itineraries and maps of their journeys. These can then be shared across social media platforms.

The 'Summer of Music' campaign to build awareness of Britain through online engagement involved solely digital activity with a music documentary mini-series and a multimarket competition to "live like a rock star".

Digital performance in numbers

Through its strong digital presence, VisitBritain connects Britain with a global audience.

- 13 million visitbritain.com page views with an average of 2.11 pages viewed per visit.
- 687 million views of GREAT Britain content on Yahoo.com generating 1.5 million clicks to VisitBritain's digital channels.
- 2.3 million likes of the Love UK Facebook page.
- 194,087 @visitbritain followers.
- 5.4 million online views of videos.
- 504,172 views on VisitBritain's Superblog.
- 360,815 Weibo followers.

Overseas Network

VisitBritain has 24 overseas offices and works with partners in other locations to promote Britain around the world, focusing on markets offering immediate returns or long-term promise. To help compete for international visitors, as well as supporting the UK tourism industry to access export markets, VisitBritain has continued to build and maintain strong relationships with the travel trade and media overseas.

Travel trade

As part of our trade engagement programme, we have run and participated in roadshows and educational seminars. Highlights include providing destination training for staff across four travel operators in Brazil including Flytour Viagens, MK Travel, STB and Designer Tours, trade seminars in Tokyo, Osaka and Fukuoka and educational presentations on Britain and the visa application process for senior travel trade guests from tour operating companies in India and China.

A new travel trade website was launched in August 2013, with dedicated content to help the travel trade to sell Britain.

17 missions were run throughout the year, not only to enhance Britain's offering through the trade, but also to enable British tourism businesses and destinations to connect with top overseas operators and agents. VisitBritain's Destination Britain APMEA event celebrated its 10th anniversary when it took place in Bangkok, with 120 senior trade executives and travel media and around 75 UK tourism suppliers in attendance. Feedback shows very high level of participant satisfaction for the quality of business meetings and for the GREAT themed showcases including a special 'Food is GREAT' appearance by celebrity chef Gary Rhodes.

The sixth edition of Destination Britain North America, VisitBritain's leading B2B event in Las Vegas, welcomed 63 British suppliers and 79 US and Canadian buyers. Air Canada and Historic Royal Palaces sponsored the event. VisitBritain's seventh trade mission to Brazil took place in October, and nearly 30 UK suppliers were accompanied and met with 150 Brazilian tour operators and travel agents.

The flagship Hosted Buyers' Market Place brought over 200 buyers and media from 30 international markets to the UK to meet and do business with around 200 British tourism suppliers. They were also invited to experience Britain on familiarisation visits, with the aim of increasing Britain's exposure in tour operator programmes and introducing the international trade to new product.

A programme of dedicated familiarisation visits has been instrumental in helping build business for Britain through the trade. Luxury Brazilian travel agents from Teresa Perez, including Teresa Perez herself, the most influential luxury tourism professional in Brazil, visited Edinburgh, St. Andrews, Fort Williams and Inverness. Russian tour operators were able to build family-orientated tours following their educational trip to Britain: VisitBritain worked in partnership with VisitEngland and commercial partners Merlin Entertainments and EasyJet to create new itineraries that included Alton Towers, Stonehenge and Legoland. New off-season product for the senior market was introduced to top Japanese travel agents on a familiarisation trip to London, Manchester and Liverpool, supported by Virgin Atlantic and Turkish Airlines.

Working with tour operators in-market, VisitBritain mounted a number of joint campaigns - partners included the biggest travel agent consortium in North America, Travel Leaders Franchise Group in China, and a year-long marketing campaign with Mercury Travels, India's leading independent tour operator, to position Britain as a premium honeymoon and luxury destination.

VisitBritain Report for the Year 2013/14 *(Continued)*

As part of its heightened travel trade activity in China, VisitBritain signed strategic marketing partnerships with leading Chinese travel agencies in Beijing, Shanghai, Guangzhou and Chengdu, which helped to expand the range of Britain travel product being sold in China. VisitBritain also established a range of media partnership with top media in China such as Harper's Bazaar, World Traveller, and Beijing TV to present inspirational Britain editorial to millions of Chinese consumers.

Other highlights achieved by VisitBritain:

- Winner of UKinbound's Best Trade Initiative Award 2013.
- 17 global missions in 2012/13, reaching around 35,000 travel trade and business representatives.
- 20% increase in UK suppliers at our International Business Exchange in London.
- 50% increase in buyers at Destination Britain APMEA in Bangkok and a record level of UK suppliers at the fifth China sales mission.
- Enhanced sales tools included a new dedicated trade website and the BritAgent training programme with over 9,000 registered travel agents.
- More than 50,000 visits to the 'This is GREAT Britain' stand at Garuda Indonesia Travel Fair in September, one of the largest travel fairs in Southeast Asia.

Media relations

In 2013/14 VisitBritain exceeded its press and PR targets, generating an estimated Advertising Equivalent Value (AEV) of over £1bn. More than 250 story ideas and news releases went out from its media centre featuring a mixture of press releases, 'top 10s', features and also out from 'newsjacked' stories. Consequently, in the first half of the financial year alone VisitBritain generated 6763 articles, with an AEV of £447 million and reach to a potential global audience of 3.1 billion.

VisitBritain helped mark one year after the Olympic Games with a journalist group trip to Stratford, in conjunction with London & Partners; and one year to go to the Commonwealth Games, with another group trip, working with VisitScotland and Glasgow City Marketing. It also worked with London & Partners on a Menswear Fashion group trip, and with VisitEngland on a group trip to Buckingham Palace for the Coronation Festival, tied in with visits to Royal Warrant holders, followed by a trip to "royal" Norfolk.

A broadcasting highlight of the year included the £10,000 invested in two 45 minute programmes on Globo Reporter, presented by Brazilian celebrity Glory Maria. Globo TV is the biggest broadcast company in South America, 4th in the world, and VisitBritain's estimated AEV was nearly £8.5m, including repeats and teasers during Globo programming.

Delivering a Golden Legacy: A Growth Strategy for Inbound Tourism 2012-2020

VisitBritain published a long-term strategy to grow inbound tourism to Britain. It was launched in April 2013 by Maria Miller MP, the then Secretary of State for Culture, Media and Sport. The strategy sets a bold target to increase visitor numbers from 31 million to 40 million, spending over £31.3 billion, by 2020.

The strategy shows how aligning marketing and Government policy can deliver growth, building on the successful hosting of the London 2012 Olympic and Paralympic Games. Reaching our 2020 targets would secure £8.7 billion additional foreign exchange earnings annually, (at today's prices), and support more than 200,000 additional jobs. In the Strategy, VisitBritain reviewed its markets around the world and set out the potential from each, from China through to the USA.

Four areas that Britain needs to address to continue to build the value of tourism have been identified. These are:

- The image of Britain.
- Product and service.
- Distribution. Making sure that Britain is well packaged and effectively sold through the travel trade.
- Access, aviation and the visa regime.

Alongside the strategy VisitBritain published individual market strategies for Brazil, China, France, Germany, the Gulf Region (GCC), India and the USA setting out how we can transform our competitive performance in these markets by 2016. Meetings have also been held with UK industry on as number of markets including China, the USA, France and Germany, the Nordics, GCC and India, to agree strategy and tackle barriers to growth.

VisitBritain Report for the Year 2013/14 *(Continued)*

Advisor to Government and industry

VisitBritain's knowledge of global and UK tourism trends – and what drives them – continued to play an important role in informing those who have a stake in tourism. For example VisitBritain submitted a response to the Lords Select Committee's review of the Olympic legacy on the anniversary of the Olympic Games.

We hosted the fifth T20 Summit at the start of World Travel Market with the Minister for Sports, Tourism and Equalities, Helen Grant MP and UNWTO. There was record attendance and the twenty participating tourism ministers discussed tourism as a driver of economic growth and job creation.

In December 2013 Secretary of State for Culture, Media and Sport Maria Miller announced a commitment to make Britain the most welcoming destination in Europe for Chinese visitors. VisitBritain's GREAT China Welcome programme was launched to the UK industry in March 2014. It shows the world how Britain is committed to Chinese visitors by endorsing UK businesses that are already 'China-ready' and by sharing best practice to encourage companies to tailor an offering to the Chinese market. A broad range of companies have committed to the programme, including Harrods, the John Lewis Partnership, Blenheim Palace, The Roman Baths in Bath, Gretna Green and Wimbledon Lawn Tennis Museum.

VisitBritain's publications and briefings included monthly and quarterly digests of the latest visitor statistics, analytical reports focusing on major drivers of inbound tourism, and reports on each of the markets where VisitBritain is active.

VisitBritain also commissioned Deloitte to undertake an update of the report *Tourism: Jobs and Growth* (first published in 2010) on the value of tourism to the British economy. It highlighted tourism's central role in creating new jobs across Britain. The report was launched by the Minister for Sports, Tourism and Equalities, Helen Grant, in November 2013. Since 2010 tourism has been one of the fastest growing sectors in the UK in employment terms, responsible for one-third of the net increase in UK jobs between 2010 and 2012. Recent employment growth in the sector has been 'stellar' over this period says the report – more than four times the rate of manufacturing.

The report forecast that the tourism economy would be worth around £127 billion this year (2013), equivalent to 9% of the UK's GDP. It supports over 3 million jobs, which is 9.6% of all jobs and 173,000 more than in 2010. The sector is predicted to grow at an annual rate of 3.8% through to 2025 - significantly faster than the overall UK economy (with a predicted annual rate of 3% per annum) and much faster than sectors such as manufacturing, construction and retail.

In response to the flooding in various parts of England and Wales in 2014, the Tourism Industry Emergency Response (TIER) run by VisitBritain was convened to co-ordinate the response across the industry. Whilst the majority of tourism businesses were unaffected and the resounding message from industry has been 'business as usual', VisitBritain's overseas impact monitoring showed reported concerns from consumers and trip cancellations from some near European markets – particularly German-speaking markets. VisitBritain pushed positive messages and reinforced the 'business as usual' message through digital and social media channels and intensified PR and marketing activity from March 2014. It also ensured that businesses were aware of support packages available from Government through its industry communication channels.

Fortnightly newsletters have helped VisitBritain reach a direct audience of over 11,000 British tourism professionals, plus many more through daily tweets, the VisitBritain LinkedIn group, its corporate website visitbritain.org, industry events, regular presentations to a wide array of audiences and filmed updates.

Retail operations

VisitBritain runs an online shop selling tickets and tours to overseas customers in their own language and currency. The retail operation has been extremely successful, turning over £16.2m and securing £1.3m net profit in 2013/14.

- The Transport for London shop, run by VisitBritain sold £3.5m worth of products.
- The partnership with VFS through the UK Visa Application Centres in India, the Middle East and South Africa achieved product sales of £1.2m
- Key sales items include Visitor Oyster cards, Travel cards, BritRail passes, London Eye, Airport transfers, Tower of London, London Sightseeing Pass and National Trust Pass.

VisitBritain Report for the Year 2013/14 *(Continued)*

Strategic priorities for VisitBritain in 2014/15

VisitBritain's priorities for 2014/15 are:

Corporate priorities in 2014/15

- *Delivery*
  - Successful execution of the fourth year of the £100m marketing programme, and the continued delivery of the GREAT programme; contributing £700 million of incremental spend by visitors to the UK;
  - Work with partners to maximise the tourism benefits of major events (specifically the Ryder Cup, Glasgow Commonwealth Games, and the Grand Depart of the Tour de France) taking place in 14/15 to showcase Britain.

- *Business improvement*
  - Implement a new Britain marketing strategy;
  - Develop a new digital strategy and procure, design and implement new digital platforms;
  - Extend the range of Britain product promoted overseas, and its route to market;
  - Implement a new partnerships strategy, including partnerships with key regional gateways.

- *Policy*
  - Continue to raise the profile of tourism with opinion formers and decision makers within and beyond the tourism sector;
  - Collect and analyse market insights to support the industry, guide our activity, and allow us to advise our Ministers;
  - Highlight VisitBritain's contribution to the sector.
  - Tackle barriers to growth as identified in the Britain 2020 Strategy.

- *Organisational*
  - Maintain emphasis on the importance of evaluation processes and data-based decision making
  - Continue to develop our business acumen and grow commercial income from retail;
  - Ensure that VisitBritain continues to improve operational effectiveness and leadership, and develops as an organisation which recognises, rewards, and develops its staff.

Our strategy

In support of it's strategy, in 2014/15, VisitBritain will:

- Prioritise fewer, bigger activities which achieve higher returns on investment (ROI);
- Leverage GREAT funding, and look for opportunities to extend GREAT activity into non-GREAT markets;
- Design evaluation in at the outset of our activity planning, to focus spend on outcomes, rather than just outputs;
- Align marketing strategy with the competitive situation Britain faces in each of our source markets, through the use of insights provided through our overseas network, to ensure that we are delivering additional visits and spend, as well as tackling long term competitive issues.

VisitBritain Report for the Year 2013/14 *(Continued)*

Delivery targets

In 2014/15, VisitBritain plans to deliver:

- £700 million of additional visitor spending
  - Our tactical marketing campaign will generate £500 million of additional spend
  - GREAT campaign-funded activity will generate a further £200 million of spend
- 1.17 million additional visitors to Britain
- Advertising Equivalent Value worth more than £500 million in positive PR coverage for Britain

VisitBritain Report for the Year 2013/14 *(Continued)*

VisitBritain Key Performance Indicators

	Indicator Description	Definition	4 Year Target	Result for 2012/13	Result for 2013/14	Cumulative Result to 31st March 2014	Status
£100m Tactical Campaign	Additional Visitor Spend	The amount visitors spend in Britain that resulted from VisitBritain interventions	£2bn	£579m	Results not yet available (note 1)	Results not yet available (note 1)	On target
	Advertising Equivalent Value	The monetary value of press and PR coverage generated in overseas media based on what equivalent advertising space would have cost	£1bn	£3.2bn (note 2)	£1bn	£7.9bn (note 3)	Already exceed target
	Marketing & PR Spend	Grant in aid spent on Marketing and PR	£46.7m	£14.3m	£13.3m	£39.2m	On target
	Partner Contribution (Cash and In-kind Offers)	Cash and In-kind contributions from partners to VisitBritain activities	£53.3m	£14m	£14.5m	£43.1m	On target
Other DCMS Targets	Administration Spend Reduction	Cumulative progress on achieving 50% reduction in real terms in administration spend by 2014-15	50%	40%	47%	Not applicable	On target

	Indicator Description	Definition	Result for 2012/13	Target for 2013/14	Yearly Result to 31st March 2014	Status
GREAT Campaign	Additional Visitor Spend	The estimated visitor spend in Britain that resulted from VisitBritain interventions	£200m (Target £188m)	£188m	Results not yet available (note 1)	On target
	Partner Contribution Cash	Cash contributions from partners to VisitBritain activities	£2.7m (Target £2.5m)	£3m	£3m	On target

	Indicator Description	Definition	Result for 2012/13	Target for 2013/14	Yearly Result to 31st March 2014	Status
Other Indicators	Overseas Presence	Number of top and emerging markets VisitBritain operates in	21	not applicable	22	On target

Note 1: The results to March 2014 will be available by autumn 2014.
Note 2: The figure of £2.8bn reported in 2012/13 accounts was provisional. It has since been revised upwards to £3.2bn.
Note 3: This result is due to strong demand for and interest in the whole of Britain from media (broadcast in particular (that delivers high AEV)) resulting from delivery of media strategy implemented in the 12-18 months prior to the Games.

2.2 VISITENGLAND REPORT FOR THE YEAR 2013/14

Market Conditions

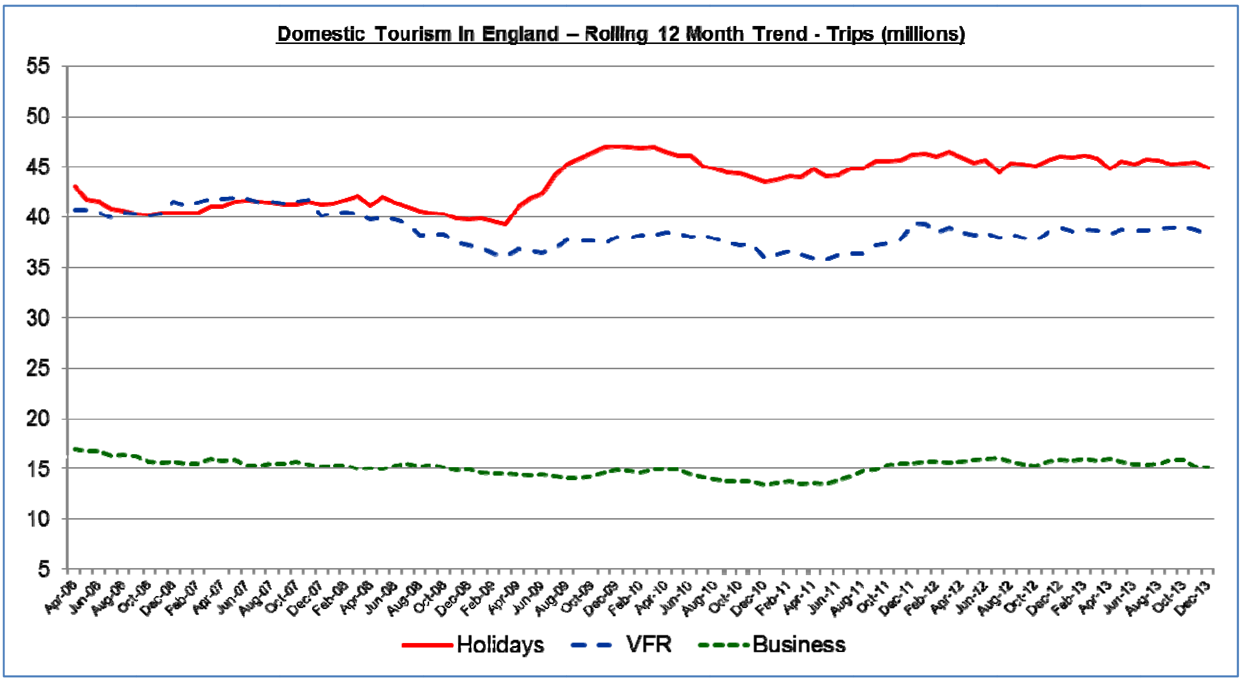
Domestic Trends

2012 was an extraordinary year, when the combined impacts of the Jubilee, the Olympics and one of the wettest summers on record all had an influence on consumer behaviour and attitudes. At the end of the year though, the headline picture for domestic overnight tourism was one of stability in overnight trip volumes, while spending grew by 9%, well ahead of the rate of inflation. The market for leisure day visits grew too, in spite of (or perhaps because of) the poor weather, with 12% more day trips taken than in 2011, and a corresponding 14% uplift in day trip expenditure.

For 2013, the question was whether the feel-good factor generated by 2012 events would support the trend of domestic trip-taking, particularly against the background of an improving economy.

The year got off to a challenging start, with bitterly cold weather in the first three months, which lasted into the earlier-than-usual Easter holidays, and by the end of April, overall trip volumes for the year to date were 7% below 2012 levels, with an 11% decline in the volume of holiday trips.

As the weather improved, so did business performance – July, for example, saw a 9% uplift in holiday trip volumes – but declines in the last two months of the year meant that 2013 finished with volumes down by 3%, and spending down by 4%. Despite this, 2013 brought a fifth successive year of the "staycation" trend, with the number of domestic holiday trips taken still 11% higher than in the pre-recession years 2006-8.



VisitEngland Report for the Year 2013/14 *(Continued)*

As in previous years, the headline figures mask a wide degree of variation in performance around the country. Trip volumes to London and the West Midlands increased, in part explaining a 1% uplift in the number of trips to city destinations, while the North and East of the country saw declines. Previously observed demographic trends also continued, with activity levels holding steady among older and more affluent individuals, but reduced levels of travel among younger and less well-off groups.

2013 brought a decline in tourism day trips, with 7% fewer trips taken than in 2012, and a 5% fall in value. However, trip volumes and values were higher than in 2011, by 5% and 8% respectively.

The survey measuring this part of the market has only been in place for three years, and without longer term trend information, it is difficult to know the extent to which 2012 results were an anomaly, affected by the year's events, with 2013 reverting to more normal performance trend. It is also encouraging that day visits to visitor attractions grew by 4% year on year, a positive performance for one of the core sectors of the visitor economy.

Looking Ahead

The signs are now that the economy has emerged from recession, with four successive quarters of growth through 2013, unemployment levels substantially below the 2011 peak and consumer confidence increasing.

This could present a threat to domestic tourism - there may be a spike in overseas trip taking as those who have been unable to afford to travel abroad for some years finally are able to do this, while others feel may that they can allow themselves to be more indulgent than in previous years.

It seems unlikely though that we will see as dramatic a shift as in 2009, when domestic holiday volumes increased by almost 20% in a year, and outbound travel fell by a similar extent. With real wages falling by 2.2% each year since 2010, over half the population still feeling "worried about making ends meet," and austerity measures predicted to remain in place until the end of the decade, a widespread sense of affluence and financial security may well be some years away – and any change in wider holiday spending habits correspondingly gradual.

There are clear areas of opportunity for domestic tourism. We have become a "play society" with leisure perhaps more important to us as a nation than ever before. In the recession, even as other items of household expenditure were reduced, spending on leisure and culture increased; something that is unlikely to reverse as finances become less stretched. Those who changed their behaviour to take more domestic breaks in the "staycation" are generally positive about the experiences they have had, and keen to continue to explore their own country even when hoping to afford to travel abroad for a main holiday.

This ties in to the trend of taking multiple shorter trips through the year, something which the domestic product is well placed to take advantage of, particularly as consumers are increasingly disenchanted with the hassle and additional costs of airline travel. Above all, it will be important to continue to communicate with consumers during this period of change – and to reach them through the channels (mobile internet /social media / comparison sites and so on) that they wish to use when seeking inspiration.

Inbound Trends

As in the domestic market, 2012 visitor figures stood at a similar level to those of 2011, though the impacts of Olympic displacement were evident in the monthly distribution of trips, with decreases in the summer months, but increases at the beginning and the end of the year.

The growth in inbound travel which started at the end of 2012 continued into 2013, with a 7% increase in the number of inbound visits to England, now at an all-time high. Spending too increased, with growth of 13% taking inbound receipts to record levels for the year.

Leisure travel to England has grown through the period of the economic downturn, and this was maintained in 2013, with 7% more holiday visits taken than in 2012. The improved economic climate was evident in the growth in business travel; with volumes also up by 9%, the strongest performance for this sector since 2007. While there has been growth to the UK from all regions of the world, the increase is particularly marked in trips from the "Rest of the World" (Asia Pacific, Middle East, Latin America and Africa), up by 10% and at a record high.

Volume growth in London outpaced the rest of England (increases of 9% and 6% respectively), and although spending growth in the English regions, at 15%, was ahead of that in London (12%), this has only marginally narrowed the gap which has opened up between London and the rest of the country since the onset of the recession.

In London, visitor volumes are now 14% higher than in 2008, a record high, whereas outside the capital, 4% fewer visits were recorded over the same period. In expenditure terms, this translates into a 39% increase since 2008 for London, compared to 16% in the English regions. If a significant part of this growth continues to come from newer, developed markets (whose first time visitors tend to be attracted to the capital) the challenge for the coming year will be to maximise benefits of the inbound market for the whole country.

VisitEngland Report for the Year 2013/14 (*Continued)*

The onset of the recession has delivered an uplift in domestic leisure activity to the whole of England which the VE marketing campaigns have assisted in stimulating. Even here there is still a gap albeit not as wide with growth in the value of domestic overnight trips to London of 25% since 2008 compared to 15% to the rest of England.

VisitEngland will continue to focus on addressing this in the coming year in its delivery activities and also exploring the issues behind this growing gap with the industry.

VisitEngland Delivery of Corporate Priorities in 2013/14

Corporate priority 1 - Drive forward the implementation of the Strategic Framework for Tourism in England to contribute to the annual 5% growth target and deliver the actions for which VisitEngland is responsible.

Strategic Framework

The Annual Review of the Strategic Framework for Tourism 2010 – 20, detailing progress from May 2012 – June 2013 was published in August 2013. The Strategic Framework annual review has shown good progress against its targets. 153,000 more people were employed in tourism industries in September 2013 than three years earlier. This represents 6% uplift since 2010 compared to 4% in other areas of the economy and represents a strong performance against the Framework's 225,000 jobs target. 60% of actions in the associated Action Plans are now complete, a positive performance given the funding challenges partners have faced in the past few years.

Planning has commenced for the mid-term review of the Strategic Framework and a timeline put in place to ensure this is completed in 2015.

Corporate Priority 2 - Develop and implement a national brand and marketing approach for England which leverages England's best assets and encourages a range of partners to benefit from collaborative activities to achieve a step change in domestic holiday taking and ensure England is visible in the international marketplace.

RGF Programme– Growing Tourism Locally

The £41m, 3 year RGF funded programme entered its second year of delivery. However, there was a delay in delivery due to discussion with BIS on the methodology used to calculate jobs. This meant that activity was not approved to proceed until Quarter 3, resulting in all activity and majority of expenditure taking place in the final quarter. Despite this the activity was delivered successfully.

The evaluation results for the first year (2012/13) of the programme were collated and independent audited by a firm of economic consultants. To date, the programme has generated cumulative incremental visitor expenditure of £230.8m translating into 4,316 indirect tourism jobs. This figure represents 47.2% progression towards the overall three-year funding agreement target of 9,139 jobs.

Cumulative indirect job progression of 4,316 FTEs against an overall jobs target for the three years of 9,136 FTEs.

Year 2 thematic activity started in February (Q4) and finished in March and worked with c60 destinations in partnership with the Telegraph, Timeout, Evening Standard/i/Independent, various IPC magazine titles, Express and the Metro. This campaign targeted the Easter and Summer booking period.

GREAT

GREAT 2 Launch (9 May) – The team worked closely with Aardman Animations to establish comprehensive communication plans to utilise Wallace & Gromit assets to maximum effect. The launch event provided a platform for VisitEngland to showcase its work and value to the Secretary of State, key industry figures and trade media. It achieved extensive coverage in travel trade publications, online and broadcast media including the front page of The Times Business Section. The campaigns delivered £78.9m incremental spend.

Great 3 launched in March 2014 running into April 2015. This was a re-run of the Wallace & Gromit campaign and worked with Travel Agents and Operators to increase domestic booking through this channel.

VisitEngland Report for the Year 2013/14 *(Continued)*

Partnership Campaigns

In July 2013, we worked with the Forestry Commission and their partners (Camping in the Forest, Go Ape Forest Adventure and Forest Holidays) on a £190k campaign to promote overnight stays in the woodlands and alleviate barriers that the countryside is hard to reach or bland.

The campaign targeted families with school aged children and ran from 22nd July until end of September. We worked with The Guardian on a partnership which included two supplements which promoted the range and depth of experiences and accommodation within the forests. All editorial pieces were also uploaded to the England tab on the Guardian website with all advertorial, competitions being displayed on a dedicate microsite. The campaign was extended using national press titles as well as tactical regional press to ensure that the reach of the campaign was translated into direct overnight stay bookings in the forest.

Media coverage

Coordination activity - The PR team hosted its annual PR Workshop and Meet the Media event attended by English 50 destinations and partners, over 80 journalists and guest speakers including Welcome2Yorkshire, Creative England, the Foreign Press Association, England Rugby 2015 and the Imperial War Museum.

Responding to the weather - The 'Good Weather story' in July and August required a significant amount of resource as the media interest was phenomenal. VE responded to hundreds of media requests. The coverage of the English tourism product was extensive in print / online / broadcast including BBC Breakfast Outside Broadcast in Cromer with 7m viewers and Sky News Sunrise programme in the studio. Conversely, in the Winter of 2014 extreme weather conditions caused flooding and storms, particularly affecting the South West and South East of the country. VisitEngland undertook PR and marketing activity to support businesses and local areas directly affected by the weather and those impacted by the negative media coverage. VisitEngland published advice and guidance to businesses 'Responding to extreme weather:

A Practical Guide for Tourism Businesses' on its website and communicated it to the industry using all available channels. A total of 23 interviews were set up for the Chief Executive, Chairman and Head of Corporate Communications including national broadcasters (ITV, BBC News 24), regional broadcasters (11 regional BBC stations), syndicated news channels (PA News and Sky News Radio) and national print (Financial Times). Additional media coverage was gained at the local level for the programme of business support workshops coordinated by VisitEngland to aid recovery and future resilience.

International press hosting - VE hosted international journalists from North America, Brazil and India. Running from 12th – 18th July, the trip included the Coronation Festival in Buckingham Palace Gardens. This multi-market press trip, held jointly with VisitBritain. Coverage appeared in 10 publications, including forbes.com, The Times of India and oglobo.com. Other press-hosting opportunities; international media on a Downton Abbey/Highclere Castle trip and US food journalists who were in England on a press trip jointly co-ordinated by VisitEngland and VisitBritain.

Maximising opportunities from Film - VisitEngland hosted national journalists to Norwich for the premiere of the film 'Alan Partridge The Movie' and a sneak preview of a new Partridge-related walking tour, securing coverage in The Daily Telegraph, Sunday Mirror, Metro and guardian.co.uk; BBC News, Sky News and Newsnight. VE assisted VisitCornwall to organise an exclusive press screening of Richard Curtis's new film, About Time, hosting travel writers from online, trade and consumer publications, including MSN, express.co.uk, The Sunday Mirror, Fabulous magazine and Travel Weekly. VE continues to work closely with Creative England to create a series of destination guides for film-makers and location scouts, as well as any PR-worthy stories.

Celebrating English Food - In September, VisitEngland organised a publicity event to celebrate British Food Fortnight and encourage people to travel to food festivals in the autumn. Food artists created a giant edible cake map that went on display at London St Pancras station and pinpointed the various food festival locations around the country. The image, alongside VisitEngland stats and a roundup of food festivals to visit, was distributed to news, travel, picture and food press, generating coverage (including a DPS in The Sun and features in the Huffington Post, Conde Nast Traveller and BBCnews.co.uk), worth a total of £300k. This figure equates to a cost per thousand of £0.07 (a good level of performance as this is well below the industry standard of £1) and an ROI of 69:1.

Travel Trade - A new travel trade approach as a result of the successful with operators on the GREAT 1 campaign was developed and commenced delivery. VisitEngland attended this year's ABTA Travel Convention the largest conference of its kind in the UK travel industry. The VisitEngland Media press breakfast gave an overview of Summer 2013, the success of the Wallace and Gromit campaign and an insight into future plans and product developments for the coming year. This was well received and generated good quality trade and national press coverage, reflecting the organisations strengthened relationship with the sector.

VisitEngland Report for the Year 2013/14 *(Continued)*

VisitEngland scooped the award for Best Tourist Board UK Office, in January 2014, at the prestigious Travel Weekly Globe Travel Awards; beating stiff competition from high profile, long established tourist boards including Barbados Tourism Authority, Dubai Tourism, Tourism Australia and Visit California.

International and Business Tourism - The Ministerial Bid Support Initiative came into force in July. The initiative, coordinated by VE, gives English destinations and venues the opportunity to request Ministerial support for their bids to host prestigious international association and corporate events. To date 16 bid support requests have been made to government Ministers and 2 of these bids subsequently were confirmed as successful with an estimated economic impact of £7.8m (Note: The Destinations have yet to confirm that 12 of the events are fully secured).

VisitEngland also provided international sales platforms for English business events suppliers at five leading international trade shows, eight trade missions, four England showcase events and two familiarisation visits. During these events and additional client meetings carried out by the seven overseas offices, the VisitEngland team carried out 330 separate individual buyer appointments generating in excess of 950 new leads. Confirmed business generated by for the year was £35.7m (from 44 enquiries confirmed between April 2013 and end March 2014).

VisitEngland increased its engagement with English regional airports to generate growth in areas of England outside London. The engagement resulted in a coordinated approach to attracting new routes into England at the World Route development forum and the creation of a £1m international campaign fund was created using £250k as a stimulus to achieve industry match. The campaigns were delivered between October 2013 and March 2014 and promoted regional routes into England and English destinations.

Corporate Priority 3 - Establish VisitEngland as the primary source of expertise on English tourism and its visitor economy and make this expertise and intelligence widely accessible to our partners.

Research and Insights

The Research and Insights team delivered the national research programme, measuring the volume and value of domestic overnight and day visit tourism in England, accommodation occupancy, visitor satisfaction levels and the impact of the economic environment on consumer attitudes and behaviour. All results have been made available on the VisitEngland website and disseminated through our communications channels and via industry facing conferences, seminars and events.

New projects in year have included a horizon scanning exercise to identify domestic tourism trends for the next decade and new work on booking patterns and behaviours, both pieces of work providing insights and guidance to industry and also guiding VisitEngland's own marketing and PR work.

New topic reports were published for urban, seaside and rural tourism. These reports analyse all of the datasets within VisitEngland and utilise in house expertise and insights to take a look at specific areas of tourism.

Extending reach and influence

Maximising the digital environment - VisitEngland has developed a good track record in the digital environment. Following a review in 2012/13 to assess the effectiveness, flexibility and responsiveness of the current platforms and tools, the organisation undertook a digital transformation project to ensure that the organisation makes the best use of new technology; improves communication and engagement with consumers and industry, enables our partners to access more of our knowledge and expertise digitally and also reduce the costs of the technology platform.

English Tourism Week (ETW) – The 2013 ETW saw increased activity and support by a wide range of stakeholders to increase awareness of tourism at the local level with local people and decision makers and showcase its importance for quality of life, employment and economic growth. The 2014 ETW commenced at the end of March and the range of events throughout the week, included the Tourism Alliance's Parliamentary Reception held in the House of Commons, attended by MPs from across England, many of whom arranged 'back to the floor' at local attractions, restaurants, hotels and Tourist Information Centres events in their constituencies, highlighting the value of the tourism industry to their local economy. The week goes from strength to strength gaining more national, regional and local media coverage and gaining more industry support every year. In order to maximise press coverage VisitEngland created a number of stories to run during English Tourism Week to further support key messages. A campaign called Tourism Superstar ran for the third year running aimed at rewarding those unsung heroes of the tourism industry who work hard to make visitors experiences extra special. The campaign partners with The Daily Mirror which covered the story 6 times during the campaign. Shortlisted candidates are filmed for a short video to go on the Mirror website which hosts the public vote. This year the campaign secured 15,000 votes from the general public and crowned a holiday resort entertainer Buzby Allen as Tourism Superstar 2014. The campaign generated 93 pieces of coverage with an advertising equivalent value of £95k and supported key messages about the quality of experiences on offer throughout England. VisitEngland also released new research to reveal that since the recession tourism has been a major driver of jobs in England. VisitEngland worked with Hilton Hotels Worldwide to create a photocall with a number of

VisitEngland Report for the Year 2013/14 *(Continued)*

apprentices and secured broadcast coverage on London Live which launched for the first time during English Tourism Week. English Tourism Week generated 667 pieces of coverage with an advertising equivalent value of close to £500k.

Visitor Economy Conference - VisitEngland held its third successful Annual Visitor Economy Conference on 5 December 2013. The agenda on growth priorities, innovation, and changing consumer trends attracted a record attendance of 175 delegates and a 93% satisfaction rate.

The findings of VisitEngland project looking at innovation within the visitor economy was published in early 2014. This report was the result of an extensive electronic and social media engagement process that captured views from experts and practitioners in and out of the sector. The report highlights barriers to innovation and identified way to stimulate further innovation in the sector and opportunities to innovation stimulate the sector to innovate further. VisitEngland boosted the profile of this conference this year with a dedicated social media strategy to further engage conference attendees, extend the reach of the conference and boost followers. Storify was used to provide non-attendees with an overview of the event combining presentations with Tweets and images.

Corporate Priority 4 - Develop a business model that provides England's tourism sector with a more robust and sustainable national tourism body for the longer term, which is effectively engaged with a wider range of partners at the national and local level, whilst reducing our overheads in accordance with our Funding Agreement with DCMS.

Supporting Local Growth

As the sub national delivery landscape for tourism has become increasingly fragmented VisitEngland has prioritised activities that provide support our key partners at the local level e.g. Local Enterprise Partnerships, Local Authorities and Destination/Tourism organisations. In 2013/14 the volume of this support has increased but remains focused on expert advice to enable them to grow their economies through tourism. The support has been provided through a mixture of one to one visits, briefings, scheduled communications, organised events and speaking engagements at local events and meetings, responding to local needs and requests.

Coordinating and aligning agencies to generate tourism growth.

The organisation has worked across Whitehall departments and its arm's length and executive agencies to ensure that the tourism sector benefits from government measures and continues to achieve its growth potential; working with Defra on existing and future RDPE programmes; BIS on local growth and Local Enterprise Partnerships.

The Chairman and CEO have maintained a programme of meetings with key individuals, which has directly supported the Business Plan and has enabled closer working relationships with national and local bodies, including the DCMS family of Non Departmental Public Bodies aligned to tourism, such as; Arts Council England, Heritage Lottery Fund and English Heritage.

VisitEngland signed a partnership agreement with Arts Council England (ACE) in February 2013. The first deliverable has been the £3m Cultural Destinations Programme, funded by ACE. The successful 10 projects were announced on 16 January through joint VisitEngland/ACE communications.

The English National Parks Partnership Statement was completed and launched by Richard Benyon former Defra Minister and Lady Cobham, CBE in Yorkshire Dales National Park on 2nd July 2013. Promotion was prioritised for year 1. Activity has included VisitEngland support for the Love Your National Parks Campaign and encouraging greater National Parks involvement in RGF campaigns.

Organisational Development

A Leadership Development Programme for Heads of Department was delivered in 2013/14 to further develop general management skills to add to the professional expertise and talent within the organisation.

A programme of financial awareness training was undertaken for all employees to further improve the effectiveness and efficiency of the organisations delivery and to ensure that the financial processes and procedures are understood and followed.

Refocussing support to industry

The Enterprise Team has focused on consolidating and improving current operational activity whilst strengthening its strategic outlook and positioning. The recommendations from last year's review of the Visitor Attraction Quality Scheme (VAQAS) have been implemented within the broader context of optimising VE's investment in the quality standards arena. The contractual relationship with the VAQAS assessors has been strengthened and the skills of the Accommodation Moderation Unit employed across the full range of visitor experience. New relationships

VisitEngland Report for the Year 2013/14 *(Continued)*

have been brokered with commercial operators e.g. boat operators with the creation of a new quality assurance standard and others are being revisited e.g. Premier Inn to ensure that the VE Franchise offer remains in line with the requirements of national brands.

A review of VE' Industry Engagement has been undertaken which aims to strengthen VE's relationship and improve VE's visibility with the commercial sector. Early results have included working with NatWest's National Leisure Team on the launch of its £300m Leisure Fund.

The VE Awards for Excellence 2013 Awards ceremony was held at the Point in Manchester with a record number of entrants and attendees.

Building on the Olympic and Paralympic legacy, VisitEngland launched a national marketing campaign on March 4th 2014 aimed at championing and improving accessible tourism in England, a sector worth over £2 billion a year to the domestic tourism industry, with strong growth potential. In October 2013 a bid was submitted to the EU (€125k). If successful this will build on work to date and further develop accessible tourism.

The team took advantage of the excellent opportunities offered during the autumn conference and awards season to engage with grass roots industry sitting on judging panels (for the South West Awards and for the British Horseracing Association's Showcase Awards) and presenting at conferences (Visitor Attractions Conference; Tourism Management Institute (TMI); World Travel Market (WTM); Heritage Railways Association; British & Irish Association of Zoos and Aquarium.

<u>Measuring the impact of activities</u>

As VisitEngland approaches its fifth year of existence and its portfolio of work has both deepened and broadened the organisation has strengthened the measurement of the impact and value of its activities; standardising the measurement of marketing in kind, strengthening the methodology for measuring the effects and impact of marketing activities and putting in place measures to assess performance in the digital environment.

Corporate Priority 5 - Support Government to achieve its policy aspirations as appropriate and relevant to VisitEngland.

Contact with our sponsor department DCMS has been intensive in 2013/14, supporting new Ministers and new members of staff with briefings, responses to consultations and general enquiries. The support has been two way as DCMS had facilitated relationships between VisitEngland and other government bodies and departments.

VisitEngland has worked with other government departments beyond DCMS and some of their functional bodies. This has included;

- Working with Defra on future priorities for rural tourism growth, including future EU investment funds and measuring the impact of Defra's rural economy growth review.
- Supporting BIS local teams work with LEPs to ensure a greater understanding regarding the economic growth opportunities in the visitor economy - this includes co-hosting a workshop for LEPs in June 2013 on the Visitor Economy and reviewing the visitor economy content of LEP's Strategic Economic Plans that will drive £2bn of Government investment.
- Working alongside colleagues in the Department for Transport and Highways Agency to progress the review of Tourism Brown Signs.
- Working with the Marine Management Organisation to ensure that the interests of the tourism sector are included in long-term maritime planning.
- Advising on tourism-related projects being considered by the Coastal Communities Fund.

VisitEngland Report for the Year 2013/14 (Continued)

Olympic legacy

Cutting across all of VisitEngland work in the year has been realising the legacy from the London 2012 Olympic and Paralympic Games. Highlights of this work are:

- Maintaining the interest of the media in England tourism products was led through the publication of the booklet, "101 things to do before you go abroad" with subsequent consumer PR activity including a campaign launched to harness the heightened sense of pride borne from 2012. The campaign was launched on St George's Day. Engagement rate peaked at 16.9% (compared to an industry average of 3-5%) and #StGeorgesDay and #englishandproud both started trending on Twitter.

- Maintaining the interest of the consumer in the English tourism products following on from the "20.12" campaign was driven by the delivery of the 2nd Domestic Holidays at Home are Great Campaign and the RGF delivery programme.

- VE has been working with Commonwealth England to shape the route of the English stage of the Queen's Baton Relay, using key learnings from the Olympic Torch Relay.

- VE has been working with England Rugby 2015 on a media hosting programme for the Rugby World Cup tournament, using key learnings from the Olympic Games. September 18, 2013 marked the two years to go milestone until the opening game of Rugby.

- World Cup 2015. To mark this, VE presented to around 100 international media at a Media Operations briefing at Twickenham. Activity to maximise the opportunity has stepped up in 2013/14.

- Capitalising on the interest in England as a result of 2012 has helped the business tourism team to work with destinations bidding for major international conventions and successful outcomes were achieved utilising a cross-Departmental approach so that letters of support can be submitted by relevant Secretaries of State.

- The launch of the campaign, 'Listen Up' and 'Speak Up!' (An online follow-up designed to support businesses wanting to market to the hard of hearing) enabled VisitEngland to maintain the momentum raised through hosting the Paralympic Games. Both promotions also widened the scope of our accessibility work providing support to help consumers and businesses.

- The partnership agreement with Arts Council England built on the relationships forged between culture and tourism locally (from the Torch Relay and the Cultural Olympiad) helping encourage greater collaboration to develop destination visitor experiences. This collaborative approach has followed through to other organisations supported by DCMS and subsequent agreements to work together.

Flood recovery

In response to the extreme weather experienced by England in the winter of 2014, in addition to the Guide to businesses referred to above, VisitEngland was awarded additional funding by DCMS to support the sector to recover from the impacts.

VisitEngland worked with local partner destination organisations to deliver business support resilience workshops and provide individual advice sessions to help tourism enterprises recover from and also be better prepared for future weather-related economic shocks. Whilst this opportunity was available to all destination organisations nationwide, the take-up was heavily concentrated in the worst affected counties of the South West. Some 755 tourism businesses, ranging from accommodation providers and visitor attractions and cafes and pubs and seaside retail shops, were supported by the programme. Topics covered included finance and insurance, marketing and social media, legal and consumer protection issues, land and premises.

VisitEngland also delivered a tactical marketing campaign called 'Spot On England' providing consumers with price-led offers to encourage visits to the regions of England outside London. The campaign launched in mid-March and ran up until Easter, involving partnership marketing activity with some 39 destination organisations nationwide, and was featured in national and regional titles including Birmingham Evening Mail, City AM, Daily Mail, Daily Telegraph, Guardian and London Evening Standard. There was also an international element to the campaign delivered in similar broadsheet and tabloid newspapers in Belgium, Germany and The Netherlands – markets where the England brand is well-known and research showed that the extreme weather and floods were deterring visits. The evaluation of the overall programme includes both business and consumer-facing surveys to measure the impact of both the business support and marketing advertising respectively. Results are expected in June 2015.

VisitEngland Report for the Year 2013/14 *(Continued)*

The delivery by VisitEngland in 2013/14 has contributed significantly to the organisations stated priorities and has effectively and efficiently discharged the duties stipulated by our sponsor department, DCMS. The organisation has delivered an exceptional programme of activity and can confidently look forward to the forthcoming year to maximise the opportunities for tourism and the economy of milestones such as, the celebration of Shakespeare's birth, the commemorative events marking 1914 and the visit of the Tour De France 2014.

Key Performance Indicators

VisitEngland Key Performance Indicators

	Indicator Description	Definition	4 Year Target to 2015	Cumulative Results 2012-14	Status
RGF *'Growing Tourism Locally'*	Indirect Job Creation	The number of indirect jobs created as a result of the programme activities.	9,139	4,316 (see Note 1)	On target
	Funding from BIS	Regional Growth Fund grant-in-aid received from BIS	£19.8m	£13m (see Note 2)	On target
	VisitEngland Match Funding	VisitEngland funding that is spent directly on and supporting programme activity.	£9.1m	£6.2m (see Note 2)	On target
	Other Eligible Match Funding	Value of additional contributory project funding, and the monetised value of in-kind contributions	£12.7m	£9m (see Note 2)	On target
Holidays at Home are GREAT	**Indicator Description**	**Definition**	**4 Year Target to 2015**	**Cumulative Results 2011-14**	**Status**
	Additional Visitor Expenditure	The amount visitors spend in England that would not have happened had there not been VisitEngland interventions, including GREAT and GIA funded activities.	£680m	£505.9m	On target
	Advertising Equivalent Value	The monetary value of all domestic press and PR coverage generated based on what equivalent advertising space would have cost.	£230m	£197.9m	On target
	Marketing and PR Expenditure	Grant-in-aid spent on marketing and PR activities, including the campaign 'Holidays at Home are GREAT'.	£34m	£27m	On target

Note 1: 4,316 is the number of indirect jobs created funded from RGF resources in Year 1 (2012/13). Results accrued from Year 2 (2013/14) will be available in October 2014.

Note 2: This figure relates to the amount of RGF grant-in-aid claimed in the financial years, 2012/13 and 2013/14.

	Indicator Description	Definition	4 Year Target to 2015	Results to March 2014	Status
Other Indicators	Administration Spend Reduction	Cumulative progress on achieving 50% reduction in real terms in administration spend by 2014-15	50%	55%	Exceeded Target

2.3 ORGANISATIONAL EFFICIENCY

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

During the year a number of significant initiatives were undertaken for both organisations. Shared Services led the project to move both organisations from their offices at 1 Palace Street to new premises at Sanctuary Buildings and in the process reduce its UK accommodation space by 30%. It commissioned a fully functioning disaster recovery facility allowing IT services to be maintained if the main server room at Sanctuary Buildings fails. In addition, a major upgrade of the CODA accounting software supporting the global automation of procurement was implemented.

VisitBritain continued to invest in the development of its staff, offering a wide range of competency-based, technical and IT training courses. Specifically in the year leadership training was undertaken for both VisitBritain and VisitEngland tailored to the needs of each organisation.

VisitBritain and VisitEngland have been set challenging targets for overhead reduction. During the four years of current Comprehensive Spending Review both organisations are required to reduce overhead costs both for shared services and overseas network operational costs by around 50% in real terms with reference to 31 March 2011. As at 31 March 2014, the end of year 3 of the four year period, VisitBritain has reduced overhead by 47% and VisitEngland by 55%.

2.4 RESULTS FOR THE YEAR 2013/14 AND OTHER FINANCIAL INFORMATION

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

1. Funding

Funding for the year amounted to a total of £46.8 million (2012/13 £48.7 million).

BTA Funding – 2013/14

	VisitBritain	VisitEngland	BTA (Total)
	£'000	£'000	£'000
GIA Original Management Agreement	23,100	7,730	30,830
Additional GIA - GREAT Campaign	12,000	2,000	14,000
Other	nil	2,000	2,000
Total GIA Allocation	**35,100**	**11,730**	**46,830**

2. Income

Following on a remarkable year of growth in Income from non-GIA funded activities in 2012/13, BTA accomplished a further 4% (2012/13: 32%) increase in income during 2013/14 (see Notes 6 & 7). The main drivers were:

- Income from commercial activities which increased £5 million (or 44%) as a result of the continuing growth of online retail activity worldwide;

Other factors which had a counter effect on the growth included:

- A decrease of £740k in the Regional Growth Funding (RGF) grant received from the Department of Business Innovation and Skills, (DBIS), down to £6.163 million for the delivery by VisitEngland of the "Growing tourism locally" programme. The project is a three year programme with £19.8m total funding from DBIS over the three year period. The final year allocation for 2014/15 is £6.7m and the project is expected to achieve its target;
- A reduction of £2.5 million in income received from commercial partners in relation to partnership marketing activities, following an extraordinary year in partnership marketing activities which saw income generated on the back of the "GREAT" image marketing campaign and the delivery of the RGF programme peak at £ 11.2 million in 2012/13;
- A non-recurring amount of £650k received in 2012/13 from the DFID as compensation to cover relocation costs for the early termination of their obligation under the Palace Street premises lease agreement.

3. Expenditure

The continuation of grants received for the "GREAT" image marketing campaign and Regional Growth Funding (RGF) from the Department of Business Innovation and Skills in 2013/14 allowed BTA to largely maintain its annual expenditure at a constant level.
The main changes in operating costs were:

- A 4% increase in staff costs primarily as a result of the increased headcount in 2013/14;
- A £6.1 million reduction in partnership marketing and publicity cost spend following the significant events of 2012/13 during which marketing activities peaked. The expense still remains significantly above 2011/12 levels.
- A £4.2 million increase in online retail cost of sales, a direct consequence of the equivalent revenue growth in retail activities.
- A £937k increase in UK property and support costs, mainly due to the cost of relocating the head office during the year. An increase of £1.4 million in foreign exchange and forward currency contract losses, both realised and unrealised.

During the year we properly applied our foreign exchange policy consistent with Treasury guidelines as set out in Managing Public Money, and hedged our foreign currency requirements. Over the course of 2013/14 sterling strengthened and as a consequence, we show a foreign exchange loss in note 9 to the accounts. Management took compensating actions to remain within our budgetary targets.

Results for the Year 2013/14 and Other Financial Information *(Continued)*

4. Pension Schemes

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

Based on the valuation of the main pension scheme, the British Tourist Boards Pension (BTBP) Scheme, BTA's share of the deficit is £19 million as at 31 March 2014 compared to £15.5 million deficit last year. This scheme is a multi-employer scheme including other Tourist Boards where the employers' contributions are affected by a surplus or deficit in the scheme but the contribution rate is set at a common level and does not reflect the liability of the individual participating employer. In accordance with IAS 19 BTA's share of the assets and liabilities have been identified and are reflected in the accounts. (See Note 25).

The increase in the deficit compared to last year is primarily due to changes in economic conditions over the year resulting in changes in the assumptions used to value the defined benefit plan obligation. This resulted in an actuarial loss of £2.753 million in 2013/14 (2012/13 – restated gain of £3.648 million) being recognised in the year.

Following the last full valuation of the scheme the employers agreed a deficit recovery plan with the trustees. The plan requires BTA to pay in proportion to its share of the deficit. BTA's cost for 2013/14 is £658k (2012/13 – 638k) and increases annually by inflation. The employer contribution in respect of future service is 17.3%. BTA also has an additional pension liability of £290k (2012/13 - £290k) for pension payments to former chairmen which are included in the Statement of Financial Position.

The US pension scheme valuation reported a surplus of £385k (2012/13 £186k).

5. Working Capital

Net working capital decreased by approximately 14%. The fluctuation is mainly as a result of the decrease in partnership marketing and related activities from 2012/13. The growing commercial activities partly negated the impact of the partnership marketing activities on working capital. The decrease in trade receivables is largely offset by a decrease in trade and other payables and the increase in inventories.

6. Creditor Payments Policy

BTA is a signatory to the Confederation of British Industry code of practice on supplier payment and is committed to the payment of its suppliers to agreed terms or within 30 days. From 1 November 1998 the organisation has incorporated into this policy the regulations contained in the Late Payment of Commercial Debts (Interest) Act 1998. There were no claims for interest payment under the terms of this Act in this financial year. Since January 2013, BTA has committed to the Government pledge to pay its suppliers, wherever possible, to agreed terms or within 10 days and is monitoring progress against this target. During 2013/14 52% (2012/13: 57%), of suppliers' invoices not in dispute were settled within these parameters.

2.5 STAFF

1. Introduction

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

2. Employment

Full details of the numbers of employees split between marketing, marketing support and administration are given in Note 8 to the Accounts.
The number of employees at 31 March 2014 classified by gender is as follows:

	Male	Female
Senior Executives	5	4
Total number of employees	82	173

3. Internal Communications

BTA recognises the Public and Commercial Services Union (PCS) as representing the interests of staff in official negotiations. During the year PCS was consulted on a range of issues, including contractual terms and conditions, pay and grading issues. The PCS union represents staff in grievance and disciplinary cases.

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

4. Pay

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

5. Pension

BTA is a member of the British Tourist Boards' Pension Scheme and offers a defined benefit (final salary) pension to all UK based staff. Employees contribute 5% of their gross salary to the pension scheme (see Note 25 to the accounts).

6. Contracts of Employment

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

7. Sickness Absence

The average sickness absence per full time employee in 2013/14 was 3.1 days compared to 4.4 days in 2012/13.

8. Training and Development

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

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

Staff *(Continued)*

9. Equal Opportunities and Disability

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

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

10. Investor in People

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

2.6 PRINCIPAL RISKS AND UNCERTAINTIES

BTA's attitude towards and strategies in relation to risk management is discussed in the statement of Corporate Governance. The principal risks considered to be facing BTA, include the following:

- The GREAT marketing campaign fails to meet the targets attached to Government funding.
- We suffer a major business interruption.
- An event occurs which causes us to suffer reputational damage and/or to lose credibility in the eyes of our stakeholders.
- Exposure to movements in foreign currencies.
- The Triennial Review will consider the form and function of the BTA.

2.7 BASIS OF PREPARATION AND GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that BTA will continue in operational existence for the foreseeable future. At the year-end 31 March 2014, BTA had a taxpayers' deficit of £ 16,156,000 (2012/13: £12,602,000)

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

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

- The taxpayers deficit is considered to be primarily caused by the retirement benefit obligation and related actuarial losses recognised in 2010 in the amount of £21,714,000. Following negotiations with the UK Trustees of the BTBP scheme the employers have agreed a deficit recovery plan (see further explanation in Note 25). The UK Pension obligation at year end amounts to £19,380,000 (2012/13: £15,797,000).
- BTA operating cash flows, including Grant in aid funding, remains positive and based on current forecasts and budgets it will continue to do so for the foreseeable future.
- BTA is a non-departmental public body funded by the Department for Culture, Media and Sport (DCMS) on a four year cycle through the Comprehensive Spending Review (CSR) process until March 2015.

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

Sandie Dawe MBE
Accounting Officer
BTA

23 June 2014

3 REMUNERATION REPORT

1. Remuneration Report Policy for Staff

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

During the year BTA implemented pay increases, in line with DCMS guidelines, limited to 1% of the annual consolidated salary bill and one-off non-consolidated annual performance bonus payments limited to the same percentage (2.66%) of the annual salary bill as for the previous three years. The payment of both consolidated pay (pensionable) and non-consolidated bonus payments (non-pensionable) is performance related and depends on the outcome of annual performance review of objectives and competencies and on staff being in post on 1 August 2014. The maximum consolidated payment made was 1.5% of basic pay and the maximum non-consolidated payments was 5%. Payments to Directors were made in line with these arrangements for all staff..

2. Remuneration of Boards

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

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

BTA Board members' remuneration:

	Remuneration 2013/14 £	Remuneration 2012/13 £
Christopher Rodrigues CBE, Chairman	49,090	49,090
Janis Kong OBE	8,649	9,435
Stephanie Griffiths*	-	9,435
The Rt Hon Helen Liddell	9,435	9,435
John Lindquist	9,435	9,435
Sir Moir Lockhead OBE	3,145	9,435
Sally Balcombe	7,076	-
Dr Michael Cantlay**	-	-
Dan Clayton Jones OBE**	-	-
Ian McCaig	5,504	-
Stephen Ridgway	7,076	-
	99,410	96,265
Pensions to former Chairmen	23,804	24,480
Total remuneration	123,214	120,745

* The appointment of Stephanie Griffiths expired March 2013
** M. Cantlay and D Clayton OBE are unpaid Board members

Remuneration Report *(Continued)*

VisitEngland Board members' remuneration:

	Remuneration 2013/14 £	Remuneration 2012/13 £
Penelope, Viscountess Cobham, CBE, VE Chairman	45,210	33,840
Amanda Cottrell	9,435	9,435
John Hoy	9,435	9,435
David Orr	4,718	9,435
Sarah Stewart	9,435	9,435
Nick Varney	2,117	9,435
Denis Wormwell	9,435	9,435
Nigel Halkes	2,359	-
Sarah Dunning	2,359	-
Total remuneration	94,503	90,450

3. Remuneration of CEO's and Directors

3.1 Remuneration of CEOs

The basis of the Chief Executives' remuneration packages is set out in their contracts of employment and stipulates that they are eligible to be considered for an annual performance bonus of up to 15% for VisitBritain's CEO and 10% for VisitEngland's CEO, subject to the approval of the Remuneration Committee. In each case, the Remuneration Committee approved the respective Chairmen's recommendation to award their Chief Executive the maximum bonus payable in recognition of their outstanding performances, and that of their organisations, during 2012/13; the performance year under review. In each case the bonus was non-consolidated and a consolidated increase of 1.5% was also awarded.

3.2 Remuneration of Directors

Each Director is set personal objectives linked to the Business Plan which are assessed at the end of the business year taking into account the results achieved. Assessments are used to determine increases to base pay and annual performance bonus payments. Bonus payments are based on performance levels attained and are made as part of the appraisal process. The maximum bonus payment for the Directors was 5% for the CEO of VisitBritain it was 15% and for the CEO of VisitEngland it was 10%. All payments are based entirely on performance, no discretion was exercised and payments were approved by the Remuneration Committee.

The bonuses reported in 2013/14 relate to performance in 2012/13 and the comparative bonuses reported for 2012/13 relate to performance in 2011/12.

Remuneration Report *(Continued)*

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

2013-14

Name	Salary (£'000)[1]	Bonus Payments (£'000)	Real increase cash equivalent transfer value less Director Contribution (£'000)[2]	Total Remuneration Figure (£'000)	Employer pension contributions (£'000)	Real Increase in pension at Retirement Age (£'000)	Total accrued pension at Retirement Age as at 31.03.2014 (£'000)	Cash equivalent transfer value as at 31.03.2013 (£'000)	Cash equivalent transfer value as at 31.03.2014 (£'000)
Sandie Dawe MBE (Accounting Officer BTA/CEO VB)[3]	150-155	20-25	95-100	270-275	20-25	0-2.5	65-70	1,512	1,656
James Berresford (CEO VE)[4]	135-140	10-15	35-40	190-195	20-25	0-2.5	10-15	147	195
David Parkhill (Director BTA, Business Services)[4]	105-110	0-5	15-20	120-125	15-20	0-2.5	5-10	144	170
Joss Croft (Director VB, Britain Marketing)	90-95	0-5	30-35	125-130	15-20	0-2.5	25-30	359	408
Keith Beecham (Director VB, Overseas Network)	100-105	0-5	85-90	185-190	20-25	0-2.5	50-55	1,218	1,334
Louise Stewart (Director VE, Strategy & Development)[4],	90-95	0-5	10-15	105-110	10-15	0-2.5	5-10	34	51
Patricia Yates (Director VB, Strategy and Communications)	85-90	0-5	35-40	125-130	15-20	0-2.5	10-15	271	320
Alex Mawer (Director VE, Marketing)	85-90	0-5	20-25	100-105	15-20	0-2.5	10-15	150	178
Jenny McGee (Director VE, Enterprise)	65-70	0-5	85-90	155-160	10-15	2.5-5	35-40	622	731

David Parkhill left BTA on 28th February 2014. Mr Mabe's services as an Interim Director of Business Services were procured by the BTA through Odgers Berndtson. For 2013/14, expenditure of £27.9k (2012/13:nil), plus VAT was incurred in respect of his services

1 No benefit in kind was paid in 2013/14

2 The real increase in cash equivalent takes into account inflation rate of 2.7%, in line with the Government's statutory revaluation order for 2013/14; in 2012/13 the inflation rate was 2.2%.

3 Sandie Dawe will step down as Chief Executive on 7 July 2014.

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

Remuneration Report *(Continued)*

2012/13

Name	Salary (£'000[3])	Bonus Payments (£'000)	Real increase cash equivalent transfer value less Director Contributions (£'000)[1]	Total Remuneration Figure (£'000)	Employer pension contributions (£'000)	Real Increase in pension at normal pension age (£'000)	Total accrued pension at normal pension age as at 31.03.2013 (£'000)	Cash equivalent transfer value as at 31.03.2012 (£'000)	Cash equivalent transfer value as at 31.03.2013 (£'000)
Sandie Dawe MBE (Accounting Officer BTA/CEO VB)	145-150	20-25	240-245	415-420	25-30 [2]	2.5-5	60-65	1,233	1,512
James Berresford (CEO VE)[4]	135-140	10-15	45-50	195-200	20-25	2.5-5	5-10	90	147
David Parkhill (Director BTA, Business Services)[4]	110-115	0-5	30-35	145-150	15-20	0-2.5	5-10	102	144
Laurence Bresh (Director VB, Britain Marketing)[6]	65-70	0-5	35-40	110-115	5-10	(2.5)-0	25-30	395	448
Joss Croft (Director VB, Britain Marketing)[6]	85-90	0-5	110-115	205-210	10-15	2.5-5	20-25	234	359
Keith Beecham (Director VB, Overseas Network)[5]	100-105	0-5	225-230	330-345	15-20	2.5-5	50-55	964	1,218
Louise Stewart (Director VE, Partnership & Performance)[4]	80-85	0-5	10-15	95-100	10-15	0-2.5	0-5	17	34
Patricia Yates (Director VB, Strategy and Insights)	80-85	0-5	45-50	130-135	10-15	0-2.5	10-15	215	271
Alex Mawer (Director VE, England Marketing)[5]	75-80	0-5	25-30	105-110	10-15	0-2.5	10-15	114	150
Jeremy Brinkworth (Director VE, Business Development)	65-70	0-5	(9.0)-(8.5)	55-60	10-15	(5)-(2.5)	35-40	736	747
Jenny McGee (Director VE, Insights & Communications)	60-65	0-5	55-60	120-125	10-15	(2.5)-0	30-35	549	622

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

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

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

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

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

6 L Bresh left VisitBritain on 19/10/2012 and replaced by J Croft who was Head of Marketing. J Croft was acting Director until 20/11/2012 and was appointed as Marketing Director on 21/11/2012. The above table shows the actual salary paid to L. Bresh in the year and the annualised salary for J. Croft.

Remuneration Report *(Continued)*

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

Reporting bodies are required to disclose the relationship between the remuneration, (Note 1), of the highest-paid director in their organisation and the median remuneration of the organisation's workforce from 2011/12. The banded remuneration of the highest-paid Director in BTA in the financial year 2013/14 was £170k -£175k (2012/13 - £170k -£175k). This was 4.9 times (2012/13: 4.8) the median remuneration, (Note 2), of the workforce, which was £35,918 (2012/13: £35,892). The ratio remained relatively constant from 2013 to 2014, reflecting stability in the remuneration packages and compilation of the workforce.

No employees were paid more than the highest paid director.

Sandie Dawe MBE
Accounting Officer
BTA

23 June 2014

Note 1:
Remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Note 2:
The median remuneration of BTA's staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid Director.

4 STATEMENT OF SUSTAINABILITY

Introduction

During the year we undertook a number of initiatives to improve energy efficiency and our overall impact on the environment. Around the world we have adopted a policy of co-locating with our public diplomacy partners wherever possible. By the end of the year 22 out of 24 offices in 21 countries were within FCO or British Council offices. We also moved the location of our London head office, on instruction from DCMS, and by doing so reduced our occupied floor space by 31%. However, the new office has more facilities that use higher volumes of electricity, gas and water. CO2 Emissions have increased due to greater air miles travelled this year than last year. This is mostly due to increased trips to China, Dubai and India.

Summary of Performance

BTA's key sustainability performance indicators are summarised below:

Sustainability area	Units	Performance	
		2013/14	2012/13
Non-financial indicators			
Total CO2 emissions	Tonnes	850	690
Energy consumption	KWh	833,581	783,929
Total waste	Tonnes	46.72	48.72
Water consumption	Meter ³	2,613	1,890
Financial indicators			
Energy consumption costs	£'000	£83.8	£82.4
Official business travel costs	£'000	£552.7	£349.8
Waste disposal costs	£'000	£5.04	£5.15
Water supply costs	£'000	£3.39	£2.6

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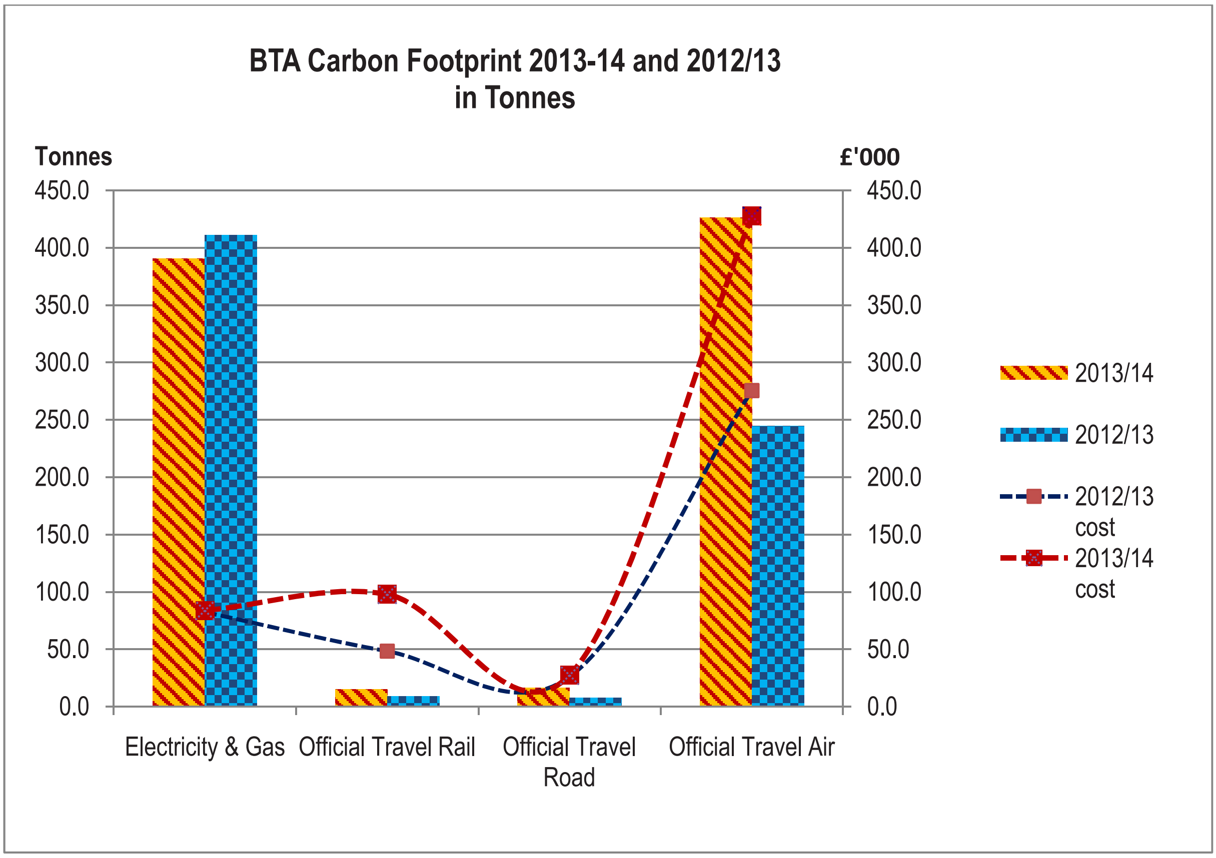
Notes:

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

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

Statement of Sustainability *(Continued)*



BTA Carbon Footprint

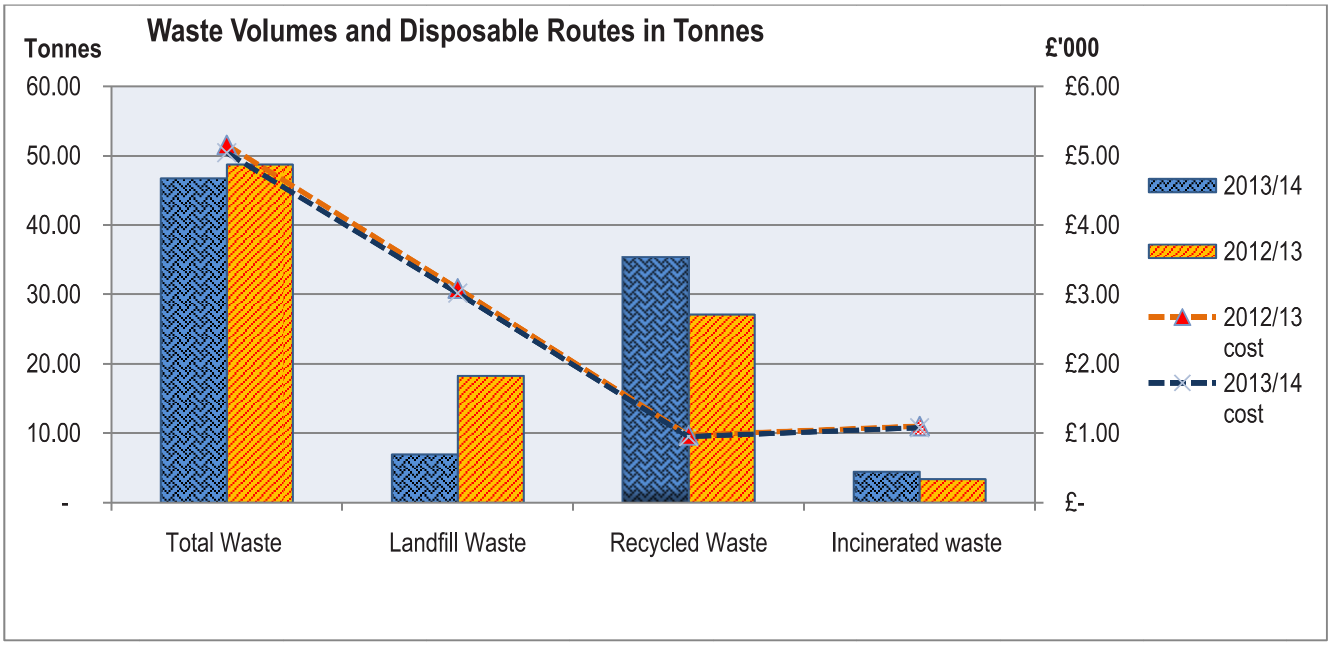
We are an international organisation which needs to maintain good communications with staff around the world and to communicate our work to our stakeholders. By using information technology such as video conferences and webinars to hold meetings and conferences we have continued to minimise the need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

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

Statement of Sustainability *(Continued)*

Waste

			2013/14	2012/13
Non- Financial Indicators (tonnes)	Total Waste		46.72	48.72
	Hazardous waste	Total	-	0
		Landfill	6.94	18.28
		Reused/Recycled	35.34	27.10
		Incinerated/energy from waste	4.44	3.35
Financial Indicators £'000	Total disposal cost		5.04	5.15
	Hazardous waste - Total Disposal cost			0
	Non-hazardous waste - Total disposal cost	Landfill	3.02	3.09
		Reused/Recycled	0.95	0.97
		Incinerated/energy from waste	1.08	1.10



Currently 75%, against 61% last financial year, of waste at the London office is recycled. Removing individual waste bins and implementing separate bins for recyclable and non-recyclable waste, has made a significant contribution.

Statement of Sustainability *(Continued)*

Sustainable Procurement

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

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

5 STATEMENT OF CORPORATE GOVERNANCE BY THE ACCOUNTING OFFICER

Scope of Responsibility

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

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

The Governance Framework

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

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

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

- Establishing the overall strategic direction of VisitBritain and VisitEngland and subsequently monitoring performance against the targets set out in the Business Plans and Management Agreement.
- Ensuring that it fulfils its role under the Development of Tourism Act, 1969 and meets the aims and objectives established by the Secretary of State for Culture, Media and Sport as set out in the Management Agreement.
- Ensuring it takes account of any guidance received from DCMS in reaching its decisions; and complies with statutory and administrative requirements for the use of public funds.
- Ensuring that high standards of corporate governance are observed at all times.

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

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

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

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

I will step down as Chief Executive on 7^{th} July 2014. Keith Beecham, Director, Overseas Network, has been appointed as interim Chief Executive and Accounting Officer until a permanent appointment is made.

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

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

BTA complies with HM Treasury and Cabinet Office's Code of Good Practice 2011 in relation to Corporate Governance to the extent that it is relevant and appropriate to BTA. However, as BTA is a mature organisation, with a mature control environment and governance and risk management arrangements in place, in the absence of any significant issues arising or instances of fraud, PwC, the internal auditors, have not been invited to attend any Board meetings during the year. They do, however, attend all Audit Committee meetings, as I do.

The Effectiveness of the Governance Framework

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

BTA has well embedded governance policies and procedures in place. However, we continually review and update our systems of internal control which are designed to meet the needs of our business and the risks to which the organisation is exposed. An example of this is the continuing work during the year, overseen by our Scrutiny Committee (which includes external, independent, members) and the Audit Committee, to ensure that our systems for recording and valuing offers of marketing-in-kind from our partners in VisitBritain's GREAT campaign, and VisitEngland's domestic GREAT and RGF project , are transparent and robust.

Work has also continued, overseen by the Audit Committee and the ETB Board, to ensure that the accounting procedures and governance processes surrounding the RGF project, Growing Tourism Locally, remain robust and fit for purpose for a project of its size and that everything possible was done to manage and mitigate the risks which arose when the Department for Business, Innovation and Skills requested additional research into the jobs created by the project and withheld grant payments pending its receipt.

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

During 2012/13, at my instigation, PwC, our internal auditors, undertook a piece of work to map BTA's governance assurance framework. This work identified no significant gaps in our arrangements and resulted in only two recommendations, both assessed as low risk, which were implemented. During 2013/14, an internal audit of our Key Financial Controls conducted by PwC, our internal auditors, resulted in a clean bill of health.

Board Governance

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

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

Appointments or re-appointments are normally for periods ranging from a minimum of 3 years to a maximum of 5. The maximum term any Board member can serve continuously is 10 years. During the year, 3 new Board Members were recruited to fill vacancies on the Board.

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

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

The Board normally meets six times during each calendar year but, owing to the dates on which meetings fell, it only met five times during the 2013/14 financial year. Board Members receive timely, regular and appropriate management and other information to enable them to fulfil their duties. They also have direct access to the advice and services of the Secretary to the Board and have regular informal contact between meetings with the Chairman, Chief Executive, and Senior Management Team as appropriate; particularly in relation to any discrete areas of activity which individual Members sponsor. This helps to foster an open relationship and regular exchange of knowledge and experience between the Management Team and Board Members.

The attendance by individual Board Members, Observers and Committee Members at meetings during 2013/14 was as follows:

	Board Member/ Observer/ Independent Secondee	**Board Meetings Attended**	**Audit Committee Meetings Attended**	**Remuneration Committee Meetings Attended**
Christopher Rodrigues CBE	Chairman of the Board and Remuneration Committee	5 (5)		4 (4)
Sally Balcombe	Board Member and member of the Remuneration Committee	3 (3)		1 (1)
Dr Michael Cantlay	Board Member	5 (5)		
Penelope, Viscountess Cobham, CBE	Board Member and member of the Audit and Remuneration Committees	4 (5)	5 (5)	4 (4)
Dan Clayton Jones OBE	Board Member	5 (5)		
Janis Kong OBE	Board Member and member of the Remuneration Committee	5 (5)		3 (3)
The Rt Hon Baroness Liddell of Coatdyke	Board Member	4 (5)		4 (4)
John Lindquist	Board Member and Chairman of the Audit Committee	5 (5)	5 (5)	
Sir Moir Lockhead OBE	Board Member	2 (2)		
Steve Ridgway		3 (3)		
Ian McCaig		3 (3)		
Dame Judith Mayhew Jonas DBE	Observer	2 (2)		
Clive Gordon	Observer	4 (4)		
Sarah Stewart	Member of Audit Committee (ETB Board Member)		4 (5)	
Hugh Green	Independent Member Audit Committee		5 (5)	

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

The register of Board Members' interests is available on request to the Secretary to the Board. (Employees are also asked to declare potential conflicts of interest and a separate register is maintained to record these). In addition, at all Board and Committee meetings Members are required to declare an interest if they or their close family have an interest, financial or otherwise, in any matter being considered at the meeting. The Board or Committee will then decide whether or not it is appropriate for the Member to participate in the discussion on the item in question. In 2013/14 there were no withdrawals from Board or Committee discussions. The Board or Committee will then decide whether or not it is appropriate for the Member to participate in the discussion on the item in question. In 2013/14 there were no withdrawals from Board or Committee discussions.

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

Performance of the Board

In February 2014, under the leadership and guidance of the Chairman, the Board undertook an evaluation process to consider its effectiveness and that of the Audit and Remuneration Committees alongside a formal self-assessment exercise to evaluate the performance of individual members. The evaluation exercise also considered the mix of skills available to the Board and its Committees.

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

The Work of the Board in 2013/14

During the year, the Board continued to oversee VisitBritain's strategy, activity and performance in relation to the GREAT campaign. Meeting the targets we have been given for raising match-funding and marketing-in-kind from partners is crucial and, following an external study, the Board reviewed our partners' experience of working with VisitBritain and future strategy for improving our processes and arrangements for partnership working in view of their comments.

The Board also monitored progress in implementing VisitBritain's contribution to Delivering a Golden Legacy: a growth strategy for inbound tourism to Britain 2012 – 2020 which was published in April 2013. As part of the latter work, the Board approved a proposal to develop a Nurture Markets Strategy to take advantage of opportunities to 'piggyback' on activity being undertaken by private and public sector partners to encourage inbound tourism from markets where VisitBritain has no physical presence but which are forecast to provide 9 million of the forty million inbound visitors we are targeting by 2020.

Over the years, the Board has supported and nurtured our retail operation and seen it grow to the operation which it is today delivering a net profit of over £1 million in 2013/14. With the trend towards declining grant-in-aid, this area of activity is of increasing importance and as well as receiving detailed financial reports on a quarterly basis, the Board also reviewed options for maximising future growth.

Continuing the theme of looking ahead, a strategy workshop was held in November 2013 during which the Board started to consider future strategy for 2015/16 and beyond following the completion, in 2014/15, of our four year, £100 million marketing campaign.

Mindful of our target to continue to drive down back-office costs, the Board has received regular reports on the progress of a fundamental review of the delivery of our business services which I commissioned jointly with James Berresford, the Chief Executive of VisitEngland and our respective Chairmen.

A case for separation of VE from VB was put forward to DCMS Ministers. This will now be considered as part of DCMS' Triennial Review Programme.

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

The Quality of Data used by the Board

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

- Industry performance is assessed using data from independent third party sources such as the ONS International Passenger Survey and insights and market intelligence gathered on territory by our mangers. Relevant data is presented to the Board at each meeting.

- Financial Data is provided by our Financial Information System from which monthly management accounts and comparisons to budget are produced. These, together with a commentary, are provided to the Audit Committee and Board on a quarterly basis. The performance for the financial year is also re-forecast quarterly and reported to the Board.

- Non-Financial performance reports, including separate reports on our retail activity, presented on a quarterly basis, enable the Board to monitor progress against corporate and business plan targets and are provided on a quarterly basis. These include measures of campaign performance and PR reach and effectiveness. Evaluation is based on tourism industry standards for campaign performance, compiled by internal experts, and industry standard Advertising.

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

- Progress reports on major areas of programme activity and reviews of the competitive landscape and the issues which impact on Britain's performance as a global destination in each of the territories in which VisitBritain operates are presented to the Board on a regular basis.

- Reports on VisitEngland financial and non-financial performance are presented quarterly to allow the Board to track progress on business plan objectives and budgetary compliance.

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

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

BTA Board Committees

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

The Remuneration Committee

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

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

The Audit Committee

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

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

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

As referred to earlier in this Statement, the Audit Committee has continued to scrutinise the processes, procedures and risk management surrounding the VisitBritain's GREAT campaign and VisitEngland's RGF project. The latter has been a standing item on the Committee's agenda, not least because of the temporary suspension of grant payments by DBIS during the year, and a full risk review was carried out during the year. The Committee also commissioned an internal audit review of the key controls relating to the management of the RGF contract and a further review of VisitEngland's procedures surrounding marketing-in-kind which encompassed valuing offers and recording of offers: these reviews each resulted in one low risk recommendation.

During the year, the Committee received regular reports on progress on the tri-ennial valuation of the British Tourist Boards Staff Pension Fund, of which BTA is the principal employer, and scrutinised the deficit funding schedule which the Executive had negotiated with the Trustees prior to recommending it to the Board for approval.

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

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

Overall Control Environment

The Audit Committee reviews all Internal Audit reports and management responses and monitors progress on the implementation of any agreed recommendations. During 2013/14 the internal audit reviews carried out in accordance with the annual work programme did not identify any critical or high risk issues. Some medium risks were identified and in these cases remedial action has been agreed and substantially implemented.

In addition, the Committee follows an annual work programme to ensure that it also reviews the corporate risk registers to satisfy itself that risks are being well managed and that all new emerging risks have been identified.

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

During 2013/14 the Committee continued its internal audit programme of BTA offices in overseas countries which are perceived to have a higher risk of corruption with an audit of the China office. The audit raised no issues.

BTA has suffered no protected personal data incidents during 2013/14 and has therefore made no report to the Information Commissioners office.

We have not received any Ministerial Directions during the year.

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

Key Governance Issues

Tax policy for off-payroll appointees

The Government's review of the tax arrangements of public sector appointees highlighted the possibility of artificial arrangements to enable tax avoidance, such as by the use of personal service companies. The results and recommendations of the review were published on 23 May 2012, including measures for organisations to implement from 2013/14.

All new VisitBritain and VisitEngland contracts and contract renewals have been amended to include a clause which allows us to obtain assurance that individuals are paying the correct amount of tax and national insurance contributions.

No risk based assessments as to whether assurance should be sought were undertaken during the 2013/14 financial year. The assessments will be made, and assurance sought as necessary, by August 2014.

The tables below show the numbers of off-payroll engagements. Note: table 3 shows the number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", between 1 April 2013 and 31 March 2014. This is a wider definition than is used for determining which individuals should be included within the remuneration report.

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

Table 1: For all off-payroll engagements as of 31 March 2014, for more than £220 per day and lasting longer than six months.

No. of existing engagements as of 31 March 2014	**6**
Of which...	
No. that have existed for less than one year at time of reporting.	**4**
No. that have existed for between one and two years at time of reporting.	**2**
No. that have existed for between two and three years at time of reporting.	**0**
No. that have existed for between three and four years at time of reporting.	**0**
No. that have existed for four or more years at time of reporting.	**0**
Confirmation that all existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.	**In Progress**

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014, for more than £220 per day and that last for longer than six months.

No. of new engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014	**11**
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	**11**
No. for whom assurance has been requested	**0**
Of which...	
No. for whom assurance has been received	**0**
No. for whom assurance has not been received	**11**
No. that have been terminated as a result of assurance not being received.	**0**
In any cases where, exceptionally, the department has engaged without including contractual clauses allowing the department to seek assurance as to their tax obligations – or where assurance has been requested and not received, without a contract termination – the department should set out the reasons for this.	

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

Table 3: For any off-payroll engagements of board members and/or, senior officials with significant financial responsibility, between 1 April 2013 and 31 March 2014

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
No. of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements.	29

An interim Director of Business Services was appointed for a period of under 6 months following the resignation of David Parkhill.

Risk Management

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

We aim to manage risk at a reasonable level to achieve and add value to our policies, aims and objectives. We do not aim to eliminate all risk but we do aim to eliminate surprises and to reduce risk to such a level as is reasonably practicable. The risk management policy encourages the taking of controlled risk designed to maximise new opportunities and to promote the use of innovative approaches to further the interests of BTA and to achieve its objectives, provided the resultant exposures are within our risk appetite.

For VisitBritain, one of the highest risks which we face continues to be that we fail to reach our match funding targets for the £100m campaign; a risk shared by VisitEngland in relation to its RGF project campaigns.

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

In the case of RGF where projects are delivered locally our risk management strategy includes putting robust partnership agreements and monitoring arrangements in place which will provide us with an 'early warning system' for potential performance issues allowing to take early corrective action. Under the terms of our contract with DBIS, we provided an independent accountants' audit report with our first grant claim and must provide further reports on an annual basis.

As noted above, these, and other risks, are kept under review by the Boards and Audit Committee and enjoy a high level of scrutiny within our internal audit work programme.

Sandie Dawe MBE
Accounting Officer
BTA

23 June 2014

6 STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES

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

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

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

The Accounting Officer of the Department for Culture, Media and Sport has appointed me as the Accounting Officer of the British Tourist Authority. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the BTA's assets, are set out in Managing Public Money published by the HM Treasury.

Sandie Dawe MBE
Accounting Officer
BTA

23 June 2014

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

I certify that I have audited the financial statements of British Tourist Authority for the year ended 31 March 2014 under the Development of Tourism Act 1969. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows and Changes in Taxpayers' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As explained more fully in the Statement of Accounting Officer Responsibilities, the British Tourist Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Development of Tourism Act 1969. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the British Tourist Authority's affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Development of Tourism Act 1969 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Development of Tourism Act 1969; and
- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

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

11 July 2014

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2014

	Note	2014 £'000	2013 £'000 Restated
Revenue			
Income from activities	6	27,822	24,918
Other income	7	6,804	8,403
		34,626	33,321
Employee benefits costs	8	(14,327)	(14,048)
Depreciation	17	(119)	(192)
Other operating charges	9	(67,359)	(67,374)
Grants paid	11	(157)	(11)
Re-organisation costs	12	(9)	(109)
		(81,971)	(81,734)
Net Expenditure before finance income	13	(47,345)	(48,413)
Finance income	15	77	149
Finance expense	15	(671)	(195)
Net Expenditure for the year		(47,939)	(48,459)
Other Comprehensive Income / (Expenditure)			
Items that will not be reclassified to net expenditure			
Decrease/(increase) in UK pension liability on unfunded schemes	25	-	3
Remeasurements of defined benefit pension obligations	25	(2,445)	3,722
		(2,445)	3,725
Items that may subsequently be reclassified to net expenditure			
Revaluation gain on leasehold improvements		-	2
		-	2
Other Comprehensive Income / (Expenditure)		(2,445)	3,727
Total Comprehensive Net Expenditure for the year		(50,384)	(44,732)

The Notes on pages 52 to 90 form part of these financial statements

Statement of Financial Position as at 31 March 2014

	Note	2014 £'000	2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	*17*	54	173
Intangible Assets	*18*	357	-
Investment in subsidiary	*19*	1	1
Retirement benefit assets	*25*	385	186
Total non-current assets		797	360
Current assets			
Inventories	*20*	4,055	3,394
Trade and other receivables	*21*	8,575	9,603
Derivative financial assets	*24*	-	161
Cash and cash equivalents	*22*	1,032	1,095
Total current assets		13,662	14,253
Total assets		14,459	14,613
Liabilities			
Current liabilities			
Trade and other payables	*23*	(10,875)	(11,418)
Derivative financial liabilities	*24*	(360)	-
Total current liabilities		(11,235)	(11,418)
Non-current liabilities			
Retirement benefit liabilities	*25*	(19,380)	(15,797)
Total non-current liabilities		(19,380)	(15,797)
Total liabilities		(30,615)	(27,215)
Total Net Liabilities		(16,156)	(12,602)
Taxpayers' Deficit			
Income and expenditure reserve		(16,156)	(12,602)
		(16,156)	(12,602)

The financial statements were approved by the Board on 23rd June 2014 and were signed on its behalf by:

Sandie Dawe MBE
Accounting Officer
BTA

The Notes on pages 52 to 90 form part of these financial statements.

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Cash Flows for the Year Ended 31 March 2014

	Note	2014 £'000	2013 £'000 Restated
Cash flows from operating activities			
Net expenditure for the year		(47,939)	(48,459)
Adjustments for:			
Depreciation		119	192
Profit on disposal of fixed assets		-	(4)
Gain on disposal of subsidiary		-	(41)
Defined benefit pension cost	*25*	1,960	2,183
Finance costs/(income) – UK&US pension scheme	*25*	671	195
Unrealised foreign exchange difference on US pensions scheme	*25*	29	(9)
Defined benefit employer pension contribution	*25*	(1,721)	(1,687)
Fair value adjustment on financial assets	*24*	521	(100)
Cash flows from operating activities before changes in working capital and provisions		(46,360)	(47,730)
Decrease/(increase) in trade and other receivables		1,028	(3,768)
Decrease/(increase) in inventories		(661)	968
Increase/(decrease) in trade and other payables		(543)	2,464
Increase/(decrease) in provisions		-	(8)
Net cash flows from operating activities		(46,536)	(48,074)
Investing activities			
Purchases of property, plant and equipment		-	(189)
Purchases of Intangible Assets		(357)	-
Proceeds on disposal of subsidiary		-	48
Proceeds on sale of property, plant and equipment		-	4
Net cash (outflows) from investing activities		(357)	(137)
Financing activities			
Grant-in-aid received from the DCMS		46,830	48,672
Net cash flows from financing activities		46,830	48,672
Net increase/(decrease) in cash and cash equivalents		(63)	461
Cash and cash equivalents at beginning of the year	*26*	1,095	634
	26		
Cash and cash equivalents at end of the year	26	1,032	1,095

The Notes on pages 52 to 90 form part of these financial statements.

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2014

	Income and Expenditure £'000	Revaluation £'000	Total Reserves £'000
Balance as at 1 April 2012	(16,542)	-	(16,542)
Changes in reserves 2012/13			
Total comprehensive income and expenditure for the year	(44,734)	2	(44,732)
Release of reserves to the income and expenditure reserve	2	(2)	-
Grant in Aid	48,672	-	48,672
Balance as at 31 March 2013	(12,602)	-	(12,602)
Changes in reserves 2013/14			
Total comprehensive income and expenditure for the year	(50,384)		(50,384)
Release of reserves to the income and expenditure reserve	-		
Grant in Aid	46,830	-	46,830
Balance as at 31 March 2014	(16,156)	-	(16,156)

Reserve	**Description and purpose**
Revaluation	Gains/losses arising on the revaluation of BTA's property, plant and equipment and intangible assets.
Income and expenditure	Cumulative net gains and losses recognised in the Statement of Comprehensive Net Expenditure.

The Notes on pages 52 to 90 form part of these financial statements.

1 Accounting Policies

These financial statements have been prepared in accordance with the 2013/14 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Accounts Direction issued by the Secretary of State under the Development of Tourism Act 1969. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of BTA, for the purpose of giving a true and fair view, has been selected. The particular accounting policies adopted by BTA are described below. They have been applied consistently in dealing with items that are considered material to the accounts, unless otherwise stated.

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

Change in accounting standard

The amended IAS 19R "Employee benefits" standard requires all actuarial gains and losses to be recognised in other comprehensive income/(expenditure) as they occur and all current and past service cost to be recognised immediately in the statement of comprehensive net expenditure. Interest cost and expected return on plan assets is replaced with a net amount that is calculated applying the same discount rate as when calculating the net defined liability and reported on a net basis.

The changes in the accounting standard had no effect on BTA's statement of financial position. The statement of comprehensive net expenditure was impacted as follows; pension related costs amounting to £432k that in prior periods were included in other comprehensive income/(expenditure), are reported in the statement of net expenditure. This resulted in an increase in 2012/13 finance costs of £57k, an increase in employee benefit costs of £384k and a decrease in other operating charges of £9k, with the corresponding adjustment of £432k to other comprehensive income/ (expenditure). The comparative notes were restated accordingly.

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 BTA will continue in operational existence for the foreseeable future. At the year-end 31 March 2014, BTA had a taxpayers' deficit of £ 16,156,000 (2012/13: £12,602,000)

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

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

- The taxpayers deficit is considered to be primarily caused by the retirement benefit obligation and related actuarial losses recognised in 2010 in the amount of £21,714,000. Following negotiations with the UK Trustees of the BTBP scheme the employers have agreed a deficit recovery plan (see further explanation in Note 25). The UK Pension obligation at year end amounts to £19,380,000 (2012/13: £15,797,000).
- BTA operating cash flows, including Grant in aid funding, remains positive and based on current forecasts and budgets it will continue to do so for the foreseeable future.
- BTA is a non-departmental public body funded by the Department for Culture, Media and Sport (DCMS) on a four year cycle through the Comprehensive Spending Review (CSR) process until March 2015.

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

Government Grants

Grant-in-aid received for revenue purposes from the sponsoring body is treated as financing by crediting it to the income and expenditure reserve per FReM 11.2.19. Grant-in-aid received for the purchase of fixed assets in general is credited to the income and expenditure reserve.

Property, Plant and Equipment

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

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

BTA has a policy of capitalisation of all property, plant and equipment over £5,000.

Accounting Policies *(Continued)*

Depreciation

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

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

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

Intangible assets

Acquired intangible assets are initially recognised at cost. Costs are capitalised on the basis of the costs incurred to acquire and bring into use the specific software.

Intangible assets are subsequently carried at fair value. Where no active market exists of the intangible assets, fair value is determined with reference to the lower of depreciated replacement cost and value in use (if the asset is income generating). 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 intangible assets are expensed through the Statement of Comprehensive Net Expenditure (e.g. through amortisation, impairment or sale).

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by BTA are recognised as intangible assets if the following can be demonstrated:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the BTA is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years. The amortisation expense is included in the statement of the Statement of Comprehensive Net Expenditure.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the Statement of Comprehensive Net Expenditure as incurred.

Inventories

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

Derivatives and Financial Instruments

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

Accounting Policies *(Continued)*

Financial Assets

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

BTA accounting policy for each category is as follows:

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

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

Financial Liabilities

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

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

Provisions for Liabilities and Charges

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

Impairment of Non-financial Assets (excluding Inventories, Investment Properties and Deferred Tax Assets)

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

Impairment charges are included in the other operating charges line item in the Statement of Comprehensive Net Expenditure, except to the extent they reverse gains previously recognised, in which case they are debited to the revaluation reserve.

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

Accounting Policies *(Continued)*

Translation of Foreign Currencies

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

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

Government Grants

Grant-in-aid received for revenue purposes from the sponsoring body is treated as financing by crediting it to the income and expenditure reserve per FReM 11.2.19. Grant-in-aid received for the purchase of fixed assets in general is credited to the income and expenditure reserve.

Value Added Tax (VAT)

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

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

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

Leased Assets - Operating Leases

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

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

Revenue

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

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

Accounting Policies *(Continued)*

Retirement Benefits

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

Defined Contribution Plan

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

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

Defined Benefits Scheme

A defined benefit plan is a plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation/asset are recognised directly within equity through other comprehensive income/(expenditure) in the period in which they arise. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

Service costs are recognised in the Statement of Comprehensive Net Expenditure, and include current and past service costs as well as gains and losses on curtailments. They are included as part of staff costs.

Net interest expense (income) is recognised in the Statement of Comprehensive Net Expenditure, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period. They assets are shown within finance costs or finance income as appropriate.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in the Statement of Comprehensive Net Expenditure.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

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

Contributions are made to the British Tourist Boards' Staff Pensions and Life Assurance Scheme (see Note 25) in accordance with the advice of independent actuaries and are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate. Overseas pension schemes are treated similarly.

Accounting Policies *(Continued)*

Standards, Amendments and Interpretations to Existing Standards not yet Effective

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

- IFRS 7 (Amendment) : Financial Instruments: Disclosures
- IFRS 9: Financial Instruments (to be confirmed)
- IFRS 10: Consolidated Financial Statements *
- IFRS 11: Joint Arrangements *
- IFRS 12: Disclosure of Interests in Other Entities *
- IFRS 13: Fair Value Measurement (from 1 January 2013)
- IFRS 14: Regulatory Deferral Accounts (from 1 January 2016)
- IAS 27: Separate Financial Statements *
- IAS 28: Investments in Associations and Joint Ventures *
- IAS 19 (Amendment): Employee Benefits (from 1 July 2014)
- IAS 36 (Amendment): Impairment of assets (from 1 January 2014)
- IAS 39 (Amendment): Financial instruments Recognition and Measurement (from 1 January 2014)
- IFRIC 21: Levies (from 1 January 2014)
- Annual improvements to IFRS (from 1 July 2014)

*IFRS 10, IFRS 11, IFRS 12, the amended IAS 27 and IAS 28, and the consequential amendments, has to be applied at the latest, from financial years starting on or after 1 January 2014.

IFRS 9: Financial Instruments (effective date to be confirmed). It is envisaged that this standard will replace IAS 39: Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 (2010) deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: at amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. IFRS 9 has not yet been adopted by the European Union.

IFRS 13: Fair value measurement (effective for accounting periods beginning on or after 1 January 2013). This standard sets the framework for measuring fair values under IFRS.

BTA 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 additional disclosure requirements.

2 Significant Accounting Estimates and Judgements

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

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

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

(c) Defined Benefit Assumptions
The costs, assets and liabilities of the defined benefit schemes operated by BTA are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in Note 25. BTA takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the Statement of Comprehensive Net Expenditure and the Statement of Financial Position.

3 Financial Instruments and Risk Management

The principal financial instruments are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Forward exchange contracts

The following tables show financial instruments by category:

	2014			2013		
	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
Financial assets						
Trade and other receivables	5,173	-	5,173	6,761	-	6,761
Derivative financial assets	-	-	-	-	161	161
Cash and cash equivalents	1,032	-	1,032	1,095	-	1,095
	6,205	-	6,205	7,856	161	8,017

	2014			2013		
	Financial liabilities held at amortised cost	Financial liabilities at fair value through profit and loss	Total	Financial liabilities held at amortised cost	Financial liabilities at fair value through profit and loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities						
Trade and other payables	9,990	-	9,990	9,287	-	9,287
Derivative financial liabilities	-	360	360	-	-	-
	9,990	360	10,350	9,287	-	9,287

3 Financial Instruments and Risk Management *(Continued)*

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Quoted prices in active markets for identical assets or liabilities (Level 1);

Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement of BTA. BTA considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

	Financial instruments at fair value		
	Level 1	**Level 2**	**Level 3**
2013/14			
Financial liabilities at fair value through profit & loss			
Derivative financial instruments	-	(360)	-
2012/13			
Financial assets at fair value through profit & loss			
Derivative financial instruments	-	161	-

There were no transfers between levels during the year (2012/13: Nil).

3 Financial Instruments and Risk Management *(Continued)*

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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.

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

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

- Credit risk
- Liquidity risk
- Market risk

In common with all other organisations, BTA is exposed to risks that arise from its use of financial instruments. This Note describes BTA'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 BTA's exposure to financial instrument risks and consequently the objectives, policies and processes are unchanged from the previous period.

The Board of BTA has overall responsibility for the determination of the 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 BTA's competitiveness and effectiveness. Further details of these policies are set out below:

Credit Risk

BTA is primarily exposed to credit risk of £5 million (2012/13: £6.5 million) of trade receivables which are spread over a range of customers and countries. BTA has recovered more than 99% of trade receivables over the last 2 years and write offs in the year 2013/14 amounted to £23k (£108k in 2012/13).

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

Quantitative disclosure of the credit risk exposure in relation to trade and other receivables are given in Note 21.

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

BTA does not enter into derivatives to manage credit risk.

Liquidity Risk

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

3 Financial Instruments and Risk Management *(Continued)*

Market Risk

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

Interest Rate Risk

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

Foreign Currency Risk

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

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

During the year we properly applied our foreign exchange policy consistent with Treasury guidelines as set out in Managing Public Money, and hedged our foreign currency requirements. Over the course of 2013/14 sterling strengthened and as a consequence, we show a foreign exchange loss in note 9 to the accounts. Management took compensating actions to remain within our budgetary targets.

At 31 March 2014 there were commitments to purchase foreign currency exchange forward contracts with a total sterling value of £8.8 million (2012/13 - £6.0 million). The contracted value of these forward contracts in the principal currencies hedged at year end amounted to USD 8.7 million, JPY 90 million and AED 3.8 million (2012/13: EUR 1.4 million, USD 4.8 million and JPY64.5 million) respectively, representing £6.6 million of total sterling value of open contracts at year end. Other currencies represented a sterling value of £ 2.2 million (2012/13: £ 1.2 million). All contracts mature within twelve months of the reporting date.

4 Segment Information

BTA overall has determined nine reportable segments, (five for VisitBritain and four for VisitEngland), that are largely organised and managed separately according to a combination of the nature of services provided and operational spend, and geographical location based on the management information.

The main reportable segments are as follows:

<u>VisitBritain</u>

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

<u>VisitEngland</u>

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

Measurement of operating segment income and expenditure, assets and liabilities

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

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

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

4 Segment Information *(Continued)*

VisitBritain & VisitEnglad Total

	VISITBRITAIN						VISITENGLAND					BTA Total
	Britain Marketing	Global Network	Retail	Championing Tourism	Shared Services & CEO Board	VisitBritain Total	England Marketing	Enterprise	Strategy & Development	Shared Services & CEO Board	VisitEngland Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2013/14												
Income	8,903	119	16,275	12	204	25,513	8,201	836	76	-	9,113	**34,626**
Inter-segmental revenue											-	**-**
Revenue from external customers	8,903	119	16,275	12	204	25,513	8,201	836	76	-	9,113	**34,626**
Segment deficit for the year before shared service cost allocation	(22,670)	(5,589)	1,283	(1,531)	(8,466)	(36,973)	(5,778)	(522)	(2,072)	(1,613)	(9,985)	**(46,958)**
Net finance (costs)/income												**(594)**
Depreciation												**(119)**
Defined benefit pension costs												**(1,960)**
Defined benefit employer pension contribution adjustment												**1,692**
Shared services costs					1,127	1,127				(1,127)	(1,127)	**-**
Segment net expenditure for the year	(22,670)	(5,589)	1,283	(1,531)	(7,339)	(35,846)	(5,778)	(522)	(2,072)	(2,740)	(11,112)	**(47,939)**
2012/13 - Restated												
Income	9,596	97	11,304	-	868	21,865	10,509	789	143	15	11,456	**33,321**
Inter-segmental revenue						-					-	**-**
Revenue from external customers	9,596	97	11,304	-	868	21,865	10,509	789	143	15	11,456	**33,321**
Segment deficit for the year before shared service cost allocation	(24,136)	(5,606)	561	(1,585)	(7,241)	(38,007)	(6,290)	(602)	(1,570)	(1,266)	(9,728)	**(47,735)**
Finance income												**(46)**
Depreciation												**(192)**
Defined behefit pension costs												**(2,183)**
Defined benefit employer pension contribution adjustment												**1,697**
Shared services costs					1,180	1,180				(1,180)	(1,180)	**-**
Segment net expenditure for the year	(24,136)	(5,606)	561	(1,585)	(6,061)	(36,827)	(6,290)	(602)	(1,570)	(2,446)	(10,908)	**(48,459)**

4 Segment Information *(Continued)*

Geographical information:

Income (excluding GIA) by country:

	2014 £'000	**2013 £'000**
UK	21,602	25,091
Germany	2,749	1,482
United States Of America	1,718	1,169
France	1,552	1,053
Australia	478	324
Holland	1,309	879
Sweden	614	392
Spain	253	148
Italy	641	406
India	575	280
Canada	229	246
Japan	467	326
Other Countries	2,439	1,525
	34,626	**33,321**

*The 2013/14 result includes £6.163m (2012/13: £6.9m) grant received from Department of Business Innovation and Skills for the RGF marketing project.

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

5 Grants

Core government grant-in-aid allocation from the Department for Culture, Media and Sport amounts to £46.83 million including £380k capital (2012/13: £48.672 million including £192k capital grant-in-aid), of which cash drawn were £46.83 million (2012 - £48.672 million).

Other grants received include £6.163 million (2012/13: £6.9 million) from the Department of Business Innovation and Skills for the RGF Project, and £161k (2012/13 - £12k) from the UK Trade & Industry for part funding partners attending trade shows overseas to promote UK tourism. 2012/13 includes £183k from the Regional Development Agencies.

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.

	2014 £'000	2013 £'000
Revenue arises from:		
Partnership marketing, media & publicity income	8,735	11,232
Income from exhibitions, fairs & workshops	1,989	1,629
Income from Commercial activities	16,260	11,266
Quality scheme income	818	779
Distribution income	20	12
Total revenue	27,822	24,918

7 Other Income

	2014 £'000	2013 £'000
Service income	95	33
Office rental income	220	251
Other grants*	6,324	7,095
Other income	165	1,024
Total other operating income	6,804	8,403

*The 2013/14 result includes £6.163m (2012/13: £6.9m) grant received from Department of Business Innovation and Skills for the RGF marketing project.

BTA sub-lets properties in London and also received rental income from London & Partners and Visit Wales in the USA. For the year ended 31 March 2014, the total rental income from the sub-let of properties was £220k, in the year ended 31 March 2013, it was £251k.

8 Employee Benefits Costs

	2014 £'000	2013 £'000 Restated
Staff costs (including directors) comprise:		
Wages and salaries	9,958	9,591
Agency staff and students	371	284
Payment to contractors	846	776
Other Staff Benefits in Kind	-	15
Social security contributions and similar taxes	1,098	1,056
Pension costs – defined contributions	70	63
Special pension costs	-	5
Movement on accrued holiday pay	24	75
	12,367	11,865
Defined benefit pension cost (see note 25)	1,960	2,183
Total staff costs	14,327	14,048

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

	2014 Number	2013 Number
Marketing	191	181
Overseas support (marketing and administration)	12	10
Administration (CEO and shared services)	48	44
Total staff numbers	251	235

BTA uses temporary agency and contractor staff to fill short-term posts to deliver its objectives. The number of staff employed would be equivalent to 30 full time BTA staff (2012/13 – 24).

Key Management Personnel Remuneration

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

9 Other Operating Charges

	2014 £'000	2013 £'000 Restated
Partnership marketing, media & publicity costs	41,270	47,430
Publishing	843	525
Commercial cost of sales and overhead cost	13,932	9,910
Quality scheme costs	354	523
Distribution costs	122	76
Research and evaluation	2,237	2,069
Property and support costs – overseas	2,170	2,072
Property and support costs – UK	3,129	2,192
Surplus on sale of fixed assets	-	(4)
VisitEngland Board secretariat operation costs	15	8
Irrecoverable VAT (UK and overseas)	2,109	2,620
Prior year creditors provision written off	(290)	(65)
Foreign exchange loss*	947	118
Fair value adjustment on financial (asset)/liability*	521	(100)
Total other operating charges	67,359	67,374

* During the year we properly applied our foreign exchange policy consistent with Treasury guidelines as set out in Managing Public Money, and hedged our foreign currency requirements. Over the course of 2013/14 sterling strengthened and as a consequence, we show a foreign exchange loss. Management took compensating actions to remain within our budgetary targets.

10 Analysis of Expenditure by Programme and Administration Budget

	BTA Administration 2014 £'000	BTA Programme 2014 £'000	Total 2014 £'000	BTA Administration 2013 £'000 Restated	BTA Programme 2013 £'000 Restated	Total 2013 £'000 Restated
Partnership marketing, media & publicity costs	18,619	22,651	41,270	24,200	23,230	47,430
Publishing	563	280	843	428	97	525
Commercial cost of sales and overhead cost	13,930	2	13,932	9,906	4	9,910
Quality scheme costs	354	-	354	523	-	523
Distribution costs	107	15	122	71	5	76
Research and evaluation	1,911	326	2,237	1,889	180	2,069
Property and support costs – overseas	1,581	589	2,170	2,055	17	2,072
Property and support costs – UK	3,129	-	3,129	2,192	-	2,192
(Surplus)/Loss on sale of fixed assets	-	-	-	(4)	-	(4)
VisitEngland Board secretariat operation costs	15	-	15	8	-	8
Irrecoverable VAT (UK and overseas)	890	1,219	2,109	1,866	754	2,620
Prior year creditors provision written off	(290)	-	(290)	(65)	-	(65)
Foreign exchange loss	780	167	947	118	-	118
Fair value adjustment on financial asset	521	-	521	(100)	-	(100)
Employee Benefits Costs	13,423	904	14,327	13,552	496	14,048
Depreciation	119	-	119	192	-	192
Grants paid	148	9	157	11	-	11
Re-organisation costs	9	-	9	109	-	109
Total other operating charges	55,809	26,162	81,971	56,951	24,783	81,734

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

11 Grants Paid

	2014 £'000	2013 £'000
General grants paid to private	157	11
Total grant expenditure to private sector	157	11

12 Re-organisation Costs

	2014 £'000	2013 £'000
Staff redundancy costs	9	141
Staff moving & recruitment costs	-	16
Office closure costs	-	2
	9	159
Pension enhancement costs	-	(50)
	9	109

Reporting of Civil Service and other Compensation Schemes - Exit Packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2013/14	(2012/13)	2013/14	(2012/13)	2013/14	(2012/13)
<£10,000	1	1	-	-	1	1
£10,000 - £25,000	-	3	-	-	-	3
£25,000 - £50,000	-	1	-	-	-	1
Total number of exit packages by type (total cost)	1	5	-	-	1	5
Total resource cost	£8,982	£134,389	-	-	£8,982	£134,389

Redundancy and other departure costs have been paid in accordance with the provisions of BTA's Premature Retirement and Redundancy policy. Exit costs are accounted for in full in the year of departure. Where BTA has agreed early retirements, the additional costs are met by BTA and not the BTBP Scheme. Included above is an amount of £9k (2012/13: £50k) relating to an employee who was included in the 2010/11 restructuring.

13 Net Expenditure before Finance Income

	2014 £'000	2013 £'000 Restated
Net expenditure for before finance cost	(47,345)	(48,413)
This has been arrived at after charging/ (crediting):		
VisitBritain Board Members' remuneration	99	96
VisitEngland Board Members' remuneration	95	90
Auditors' remuneration (UK)*	61	49
Auditors' remuneration (overseas)	2	3
Operating lease expense:		
- Land and buildings	2,210	1,715
- Vehicles and equipment	18	37
Travel, subsistence and hospitality:		
- Chairman and Board Members (VisitBritain)	39	22
- Chairman and Board Members (VisitEngland)	15	8
- Employees	1,345	1,123
Depreciation (note 17)	119	192
Profit on disposal of property plant and equipment	-	(4)

*The external audit fee includes £47.5k (2012/13: £46.5k) in respect of external audit services performed by the National Audit Office, and £13k (2012/13: £2k) in respect of Regional Growth Fund audit performed by other auditors. The fee does not include any fees for non-audit work as no such work was undertaken during 2013/14.

14 Overseas and Domestic Activities

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

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

2013/14	**Britain International £'000**	**England Domestic £'000**	**England International £'000**	**Total £'000**
Staff costs (see note 8)	9,764	4,055	508	14,327
Re-organisation staff costs (see note 12)	9	-	-	9
Project costs	42,984	12,248	659	55,891
Operational costs	8,919	2,576	249	11,744
Gross expenditure per the Statement of Comprehensive Net Expenditure	61,676	18,879	1,416	81,971
Less:-				
Other grant income	151	6,174	-	6,324
Non-Government Funding (NGF) (see note 7, 8 & 15)	24,768	2,563	376	27,708
Net expenditure per the Statement of Comprehensive Net Expenditure	36,757	10,142	1,040	47,939

2012/13	**Britain International £'000 Restated**	**England Domestic £'000 Restated**	**England International £'000 Restated**	**Total £'000 Restated**
Staff costs (see note 8)	9,909	3,834	305	14,048
Re-organisation staff costs (see note 12)	91	-	-	91
Re-organisation other costs (see note 12)	18	-	-	18
Project costs	41,818	15,269	358	57,445
Operational costs	7,486	2,476	170	10,132
Gross expenditure per the Statement of Comprehensive Net expenditure	59,322	21,579	833	81,734
Less:-				
Other grant income	110	6,985	-	7,095
Non Government Funding (NGF) (see note 7, 8 & 15)	21,709	4,380	91	26,180
Net expenditure per the Statement of Comprehensive Net expenditure	37,503	10,214	742	48,459

14 Overseas and Domestic Activities *(Continued)*

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

1. Expenditure undertaken directly for international or domestic activity is allocated directly;
2. Expenditure that is a shared resource for economic or control reasons is allocated using various ratios that recognise the underlying impact. The criteria used for such allocation includes; time, space, or allocation recognising use of corporate resources;
3. It is not possible to split capital expenditure between domestic and international activity as the fixed assets are shared between all areas;
4. Expenditure relates to BTA and excludes subsidiaries' results;
5. The BTA's total expenditure of £81,971k (2012/13 - £81,734k restated) represents the following items in the Statement of Comprehensive Net Expenditure:

	2014 £'000	2013 £'000 Restated
Staff costs (see note 8)	14,327	14,048
Exceptional re-organisation staff costs (see note 12)	9	91
Exceptional re-organisation other costs (see note 12)	-	18
Other operating charges (see note 9)	67,359	67,374
Depreciation (see note 17)	119	192
Grant paid to Regional Tourist Boards (see note 11)	157	11
BTA expenditure per Statement of Comprehensive Income	81,971	81,734

VisitEngland Board Members' expenditure	**2014 £**	**2013 £**
Board Members' remuneration	94,503	90,450
Employers NI & other taxes	8,820	7,510
Travel & subsistence and secretariat	14,577	8,245
Total expenditure	117,900	106,205

15 Finance Income

	2014 £'000	2013 £'000 Restated
Finance Income:		
Interest received on bank deposits	77	57
Interest received on VAT refund	-	92
	77	149
Finance expense:		
Net interest cost on UK & US pension scheme (see note 25)	(671)	(195)
Net finance expense	(594)	(46)

16 Tax Expense

BTA is assessed for Corporation Tax in the UK on its activities, excluding those funded by grant-in-aid. Unused taxable losses carried forward to 2013/14 amount to £54.1 million (2012/13 - £46.3 million) and the estimated taxable losses for 2013/14 is approximately £8m.

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

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17 Property, Plant and Equipment

	Leasehold improvements £'000	Motor vehicles £'000	IT equipment £'000	Fixtures fittings & equipment £'000	Total £'000
Cost or valuation					
Balance at 1 April 2012	3,943	40	204	94	4,281
Revaluation	4	-	-	-	4
Additions	27	-	162	-	189
Disposals	(1,416)	(15)	-	(39)	(1,470)
Balance at 31 March 2013	2,558	25	366	55	3,004
Disposals	(2,558)	-	(46)	(16)	(2,620)
Balance at 31 March 2014	-	25	320	39	384
	-	-	-	-	-
Accumulated depreciation					
Balance at 1 April 2012	3,915	40	83	69	4,107
Revaluation	4	-	-	-	4
Charge for the year	55	-	122	13	190
Disposals	(1,416)	(15)	-	(39)	(1,470)
Balance at 31 March 2013	2,558	25	205	43	2,831
Charge for the year	-	-	107	12	119
Disposals	(2,558)	-	(46)	(16)	(2,620)
Balance at 31 March 2014	-	25	266	39	330
Net carrying value					
At 31 March 2013	-	-	161	12	173
At 31 March 2014	-	-	54	-	54

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

These classes of assets are carried at fair value and are subject to revaluation under Modified Historic Cost Accounting (MHCA). In 2013/14, appropriate indices were used and indexation was considered to be insignificant, accordingly no adjustment has been recognised in this regard.

The revaluation includes no amount (2012/13 - £2k) of revaluation related additional depreciation which is charged to the Statement of Comprehensive Net Expenditure and as part of the current year depreciation and then credited to the income and expenditure reserve by transferring from the revaluation reserve. Therefore the total depreciation charge for the year was £119k (2012/13 - £192k).

Capital Commitment

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

18 Intangible assets

	Computer software under development £'000
Cost or valuation	
Balance at 31 March 2013	-
Additions	357
Balance at 31 March 2014	- 357

The computer software is still under development at year end. It is considered that the cost at completion will approximate the fair value of the asset, accordingly during the development phase no fair value adjustments are made. Amortisation of the asset will commence once the development work has completed and the asset is ready for use.

19 Investment in Subsidiary Undertakings

	2014 £'000	2013 £'000
Cost		
At beginning of the year	1	8
Disposal of subsidiary	-	(7)
At end of the year	1	1

Subsidiary undertaking	Country of Incorporation	Proportion of ownership interest at 31 March	
		2014	2013
VBSILP	India	100%	100%

The results of the VBSILP has been excluded from consolidation on the basis that its inclusion is not material for the purposes of giving a true and fair view.

20 Inventories

	2014 £'000	2013 £'000
Goods for resale	4,055	3,394
Total inventories	4,055	3,394

21 Trade and Other Receivables

	2014 £'000	2013 £'000
Trade receivables	4,975	6,535
Less: provision for impairment of trade receivables	(13)	(32)
Trade receivables – net	4,962	6,503
VAT receivables	1,455	1,229
Other receivables	211	258
Prepayments	1,884	1,466
Accrued income	58	142
HM Government – Section 4 grants recoverable	6	6
Less provisions for irrecoverable section 4 grants	(1)	(1)
Total trade and other receivables	8,575	9,603

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 BTA's trade receivables as BTA has a large number of customers. The majority of customers are based in the United Kingdom.

The provision for impairment is analysed as follows:

	2014 £'000	2013 £'000
At 1 April beginning of the year	32	145
Income and Expenditure statement charge / (release)	4	(5)
Provision utilised	(23)	(108)
At 31 March end of the year	13	32

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

BTA does not hold any collateral as security.

21 Trade and Other Receivables *(Continued)*

As at 31 March 2014 trade receivables of £507k (2012/13 - £1,090k) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2014 £'000	2013 £'000
Up to 30 days	445	892
30 to 90 days	62	170
Over 90 days	-	28
	507	1,090

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

	2014 £'000	2013 £'000
Pound sterling	5,386	8,251
US dollar	1,897	363
Euro	461	342
Other	831	647
	8,575	9,603

22 Cash and cash equivalents

	2014 £'000	2013 £'000
Cash at bank and in hand	1,032	1,095
Total cash and cash equivalents	1,032	1,095

23 Trade and Other Payables

	2014 £'000	2013 £'000
Trade payables	6,322	4,327
Other taxes and social security taxes	258	1,458
Other payables	3	12
Deferred income	622	668
Accruals	3,665	4,948
HM Government – Section 4 grants payable	6	6
Less provisions for irrecoverable section 4 grants	(1)	(1)
Total trade and other payables	10,875	11,418

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:

	2014 £'000	2013 £'000
Up to 30 days	5,781	4,332
30 to 90 days	1,002	17
Over 90 days	3,207	4,938
	9,990	9,287

23 Trade and Other Payables *(Continued)*

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

	2014 £'000	2013 £'000
Pound sterling	8,418	10,266
Euro	541	433
US dollar	605	249
Indian Rupee	342	217
Other	969	253
	10,875	11,418

24 Derivative Financial Instruments

	2014 £'000	2013 £'000
Forward foreign exchange contracts	(360)	161
Total financial instruments classified as held for trading	(360)	161

All contracts mature in less than 12 months; therefore the instruments are classified as current.

The fair value of BTA's foreign exchange derivatives is based on bank valuations.

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

25 Retirement Benefits

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

The total pension contributions cost of BTA was £1.791 million (2012/13 - £1.756 million), of which £1.063 million (2012/13 - £1 million) is normal contribution related to BTA's main defined benefit pension scheme, the British Tourist Boards' Pension Scheme. There was also £658k (2012/13 - £637k) paid to reduce the pension deficit as agreed with the Trustees (see Note 1). During 2012/13 a special contribution of £50k was paid to the BTBP Scheme as pension enhancement for staff who took early retirement as part of BTA's restructuring programme.

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

	2014 £'000	2013 £'000
Normal contribution	1,063	1,000
Pension enhancement exceptional contributions	-	50
Pension deficit recovery contribution	658	637
Total pension contribution to the BTBPS	1,721	1,687
Normal contribution - Overseas pension schemes	70	63
Special contributions - SIPP*	-	5
Total Pension contribution	1,791	1,756

*The special pension contribution is a supplementary pension scheme for the CEOs of both VisitBritain and VisitEngland (ETB) that was made to a Self-Investment Pension Plan (SIPP). In 2012/13 the special pension contribution was only paid on behalf of the CEO of VisitBritain.

Contributions for 2014/15 are expected to be in line with that of the year under review, adjusted for inflationary increases.

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

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

A full actuarial valuation was carried out for both the UK and the US schemes by Xafinity Consulting and Mercer Limited respectively as at 31 March 2014. The valuation, using IAS 19 assumptions and methodology, form the basis of this disclosure.

BTA also has additional pension liability of £290k (2012/13 - £290k) for pension payments to ex-chairmen which are unfunded and are included within the retirement benefit liabilities in the Statement of Financial Position.

25 Retirement Benefits *(Continued)*

UK BTBP Scheme

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

BTA (along with the other participant employers) sponsors the British Tourist Boards' Staff pension and Life Assurance Scheme, a funded defined benefit pension scheme in the UK. The scheme provides pensions and lump sums to members on retirement and to their dependants on death. The scheme is set up as a separate trust independent of the employers and is administered by independent trustees. The trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that scheme assets are appropriately invested.

Responsibility for making good its share of the deficit within the scheme lies with the BTA and this introduces a number of risks for the BTA. The major risks are:

- Investment risk – this is the risk exposure to a movement in the discount rate used (high quality corporate bonds) against the actual return of plan assets.
- Interest rate risk – decreases/increases in the discount rate used (high quality corporate bonds) will expose BTA to an increase/decrease in the defined benefit obligation.
- Longevity rates – changes in the estimation of the mortality rates of current and former employees similarly expose BTA's defined benefit obligation measurement.
- Salary risk – this is the risk exposure to changes in future salaries.

BTA and the trustees are aware of these risks and manage them through appropriate investment and funding strategies. The trustees manage governance and operational risks though a number of internal controls policies, including a risk register.

The trustees ensure that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long term investments that are in line with the obligations under the pension schemes. The objective is to match assets to the pension obligations by investing in a diversified portfolio of investments with maturities that match the benefit payments as they fall due. These investments include a mix of equities, bonds, gilts, annuities and property as disclosed below. The portfolio of investments is considered to offer the best return over the long term with an acceptable level of risk. The strategy is regularly reviewed and updated as considered appropriate by the trustees.

Following the valuation of the scheme in 2009 the employers have agreed a deficit recovery plan with the trustees. The plan requires BTA to pay in proportion to its share of the deficit. Based on the funding shortfall and agreed contribution levels it is expected that the shortfall will be eliminated by 2033. Funding levels are set in accordance with the scheme's statement of funding principles as agreed with the employers. Current employer contributions in respect of future service are 24.4% for members with a retirement age of 60, and 13.1% for members with a retirement age of 65. The trustees and employers have also agreed that, if cumulative annual increases in pensionable salaries exceed the equivalent increase in the consumer price index, additional contributions will become payable by the employers to fund the unfunded increase in the scheme liabilities.

The scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is due to be carried out with an effective date of 31 March 2015. The latest actuarial valuation was carried out with an effective date of 31 March 2012 and has been updated for this accounting disclosure as at 31 March 2014 by a qualified independent actuary.

BTA's share of the deficit in the UK scheme at the measurement date under the assumptions used is £19.09 million (2012/13 -£15.507 million). The increase in the defined benefit obligation is primarily due to changes in economic conditions over the year resulting in changes in the assumptions used to value the scheme assets and liabilities. This resulted in an actuarial remeasurement loss of £2.753 million (2012/13 – restated gain of £3.648 million) being recognised in the year. Actual return on assets amounted to £5.513 million (2012/13 - £13.577 million restated) compared to an expected return of £5.433 million (2012/13 - £5.898 million).

25 Retirement Benefits *(Continued)*

US Pension Scheme

Similar to the UK scheme, the US pension scheme is administered by a separate fund. The board of trustees of the fund is made up of representatives of BTA and employees (present and former). Plan assets held in trust are governed by local regulation, as is the relationship between BTA and the trustees and their composition. The board also has responsibility for the plan, including setting investment, contribution and other relevant policies.

The scheme is a final salary pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. BTA is responsible for all contributions to the scheme. The level of benefit provided depends on a number of factors including age, years of service, and retirement date compensation. Pensions in payment are generally updated for inflationary increases in line with the retail price index. In addition to the inflationary risk the scheme is exposed to a number of other risks, including:

- Investment risk – this is the risk exposure to a movement in the discount rate used (high quality corporate bonds) against the actual return of plan assets.
- Interest rate risk – decreases/increases in the discount rate used (high quality corporate bonds) will expose BTA to an increase/decrease in the defined benefit obligation.
- Longevity rates – changes in the estimation of the mortality rates of current and former employees similarly expose BTA's defined benefit obligation measurement.
- Salary risk – this is the risk exposure due to changes in future salaries.

The overall position of the US pension scheme is continuing to show surplus. The current year result shows a net asset of £385k (2012/13 - £186k). BTA continued to benefit from this surplus by taking a pension contribution holiday, hence the employer contribution is nil for the current year and will continue to be so for the foreseeable future.

25 Retirement Benefits *(Continued)*

Details of BTA's defined benefit schemes are as follows:

	2014 UK scheme	2014 Overseas (US) scheme	2014 Total	2013 UK scheme	2013 Overseas (US) scheme	2013 Total
	£'000	£'000	£'000	£'000 Restated	£'000 Restated	£'000 Restated
Reconciliation to statement of financial position						
Fair value of plan assets	127,302	2,492	**129,794**	124,818	2,385	**127,203**
Present value of funded obligations	(146,392)	(2,107)	**(148,499)**	(140,325)	(2,199)	**(142,524)**
Total of funded schemes	(19,090)	385	**(18,705)**	(15,507)	186	**(15,321)**
Present value of unfunded obligations	(290)	-	**(290)**	(290)	-	**(290)**
Net assets/ (liabilities)	(19,380)	385	**(18,995)**	(15,797)	186	**(15,611)**

Reconciliation of movement in fair value of plan assets

The movement in the fair value of plan assets over the year is reconciled as follows:

	2014 UK scheme	2014 Overseas (US) scheme	2014 Total	2013 UK scheme	2013 Overseas (US) scheme	2013 Total
	£'000	£'000	£'000	£'000 Restated	£'000 Restated	£'000 Restated
At the beginning of the year	124,818	2,385	**127,203**	114,171	2,079	**116,250**
Interest income	5,433	89	**5,522**	5,898	89	**5,987**
Administrative expenses paid	(357)	(23)	**(380)**	(366)	(27)	**(393)**
Remeasurements:						
Return on plan assets (excluding interest)	80	339	**419**	7,679	179	**7,858**
Exchange gain/(loss)	-	(232)	**(232)**	-	118	**118**
Contributions by participants	303	-	**303**	289	-	**289**
Contributions by BTA	1,721	-	**1,721**	1,687	-	**1,687**
Benefits paid	(4,696)	(66)	**(4,762)**	(4,540)	(53)	**(4,593)**
At end of year	127,302	2,492	**129,794**	124,818	2,385	**127,203**
Composition of plan assets						
Equity	72,020	2,422	**74,442**	69,966	2,214	**72,180**
Bonds	17,396	28	**17,424**	18,573	143	**18,716**
Gilts	12,708	-	**12,708**	11,587	-	**11,587**
Property	10,840	-	**10,840**	9,758	-	**9,758**
Annuities	14,101	-	**14,101**	15,015	-	**15,015**
Cash in bank	237	42	**279**	(81)	28	**(53)**
	127,302	2,492	**129,794**	124,818	2,385	**127,203**

25 Retirement Benefits *(Continued)*

Reconciliation of movement in present value of defined benefit obligation

The movement in the present value of the defined benefit obligation over the year is reconciled as follows:

	2014			**2013**		
	UK scheme	**Overseas (US) scheme**	**Total**	**UK scheme**	**Overseas (US) scheme**	**Total**
	£'000	**£'000**	**£'000**	**£'000 Restated**	**£'000 Restated**	**£'000 Restated**
At the beginning of the year	(140,325)	(2,199)	**(142,524)**	(132,715)	(1,896)	**(134,611)**
Interest cost	(6,111)	(82)	**(6,193)**	(6,100)	(82)	**(6,182)**
Current service cost	(1,516)	(64)	**(1,580)**	(1,680)	(60)	**(1,740)**
Past service cost	-	-	**-**	(50)	-	**(50)**
Remeasurements						**-**
Actuarial (loss)/gain from changes in demographic assumptions	-	(20)	**(20)**	-	-	**-**
Actuarial (loss)/gain from changes in financial assumptions	(2,993)	45	**(2,948)**	(11,600)	(102)	**(11,702)**
Actuarial (loss)/gain from experience adjustments	160	(56)	**104**	7,569	(3)	**7,566**
Exchange gain/(loss)	-	203	**203**	-	(109)	**(109)**
Contributions by plan participants	(303)	-	**(303)**	(289)	-	**(289)**
Benefits paid	4,696	66	**4,762**	4,540	53	**4,593**
At end of year	(146,392)	(2,107)	**(148,499)**	(140,325)	(2,199)	**(142,524)**

25 Retirement Benefits *(Continued)*

The weighted average duration of the UK and US schemes are 18.5 years and 11.96 years respectively.

The significant actuarial assumptions were as follows:

	2013/14		2012/13	
Principal actuarial assumptions	**UK Scheme**	**Overseas (US) scheme**	**UK Scheme**	**Overseas (US) scheme**
Discount rate on defined benefit obligation	4.45%	4.20%	4.40%	4.00%
Salary growth rate	3.35%	3.00%	3.25%	3.00%
Pension growth rate	2.85%-3.35%	2.50%	2.75% - 3.25%	2.50%
Inflation rate	2.85%	2.50%	2.50%	2.50%
Life expectancy on UK scheme mortality assumptions:				
Retiring at the end of the reporting period:				
- Male	23.1		23.0	
- Female	24.7		24.7	
Retiring 20 years after the reporting period:				
- Male	25.6		25.5	
- Female	26.1		26.1	

The sensitivity of the defined benefit obligation to changes in the principal assumptions is presented in the table below:

		Impact on defined benefit obligation	
Actuarial assumption	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
UK Scheme			
Discount rate	0.50%	£12.1 million decrease	£13.9 million increase
RPI Inflation rate	0.50%	£14.8 million increase	£13.3 million decrease
Mortality rate	1 Year	£4.1 million increase	£3.8 million decrease

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

Defined Contribution Schemes

Other schemes in place during the year to 31 March 2014 are in Germany, Belgium, Spain, Denmark, Norway, Netherlands, Poland, Brazil, Sweden, Australia and Canada. All of these are defined contribution schemes with the employer's basic rate of contribution varying between 3% and 8% of pensionable salaries. The total charges for contributions to these schemes in the year were £70k (2012/13 - £63k) and are included within the total pension cost for the year.

26 Notes Supporting the Statement of Cash Flow

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

	2014 £'000	2013 £'000
Cash available on demand	1,032	1,095
	1,032	1,095

27 Leases & other Commitments

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

	Land & Buildings 2014 £'000	Other 2014 £'000	Land & Buildings 2013 £'000	Other 2013 £'000
Not later than one year	1,709	5	775	20
Later than one year and not later than five years	701	-	701	1
Later than five years	898	-	1,073	-
	3,308	5	2,549	21

Sub-lease income

	Land & Buildings 2014 £'000	Land & Buildings 2013 £'000
Not later than one year	175	175
Later than one year and not later than five years	700	700
Later than five years	898	1,073
	1,773	1,948

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

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

28 Disclosure on Intra-government Balances

	Trade and other receivables		Trade and other Payables	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Balances with other central government bodies (including pension and other government funds)	1,241	1,750	28	28
Balances with local authorities	148	102	53	17
Balances outside of government	7,186	7,751	10,794	11,373
Total	8,575	9,603	10,875	11,418

29 Related Party Transactions

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

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

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

Company name	Representatives	Role	Nature of supply	Sales to	Debtor balance	Purchases from	Creditor balance
2013/14							
Visit Scotland	Michael Cantlay	Chairman	Marketing promotions	204	3	28	-
Merlin Entertainment	Nicholas Varney	Board Member	Marketing promotions	161	3	1,166	1
UKInbound	Keith Beecham	Director	Marketing promotions	300	-	381	-
National Trust	Christopher Rodrigues	Council member / Trustee	Marketing promotions	-	-	155	-
London & Partners	Dame Judith Mayhew Jones	Chairman	Marketing promotions	506	125	21	1
VisitWales	Dan Clayton Jones	Chairman, Tourism Panel for Visit Wales	Marketing promotions	362	106	2	-
Newcastle Gateshead Initiative	Sarah Stewart	Chief Executive	Marketing promotions	189	-	-	-

29 Related Party Transactions *(Continued)*

2012/13				**£'000**	**£'000**	**£'000**	**£'000**
Visit Scotland	Michael Cantlay	Chairman	Marketing promotions	453	55	36	2
Merlin Entertainment	Nicholas Varney	Board Member	Marketing promotions	317	3	755	23
London & Partners	Dame Judith Mayhew Jones	Chairman	Marketing promotions	417	149	20	-
VisitWales	Dan Clayton Jones	Chairman, Tourism Panel for Visit Wales	Marketing promotions	224	83	13	1
Newcastle Gateshead Initiative	Sarah Stewart	Chief Executive	Marketing promotions	127	5	1	-

30 Events after the Statement of Financial Position date

The Annual Report and Accounts were authorised for issue by the Accounting Officer on the date of the audit certificate.

The BTA has been advised that it will be the subject of a Triennial Review in the second half of 2014.

There are no other events after the Statements of Financial Position date.

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