

# **BRITISH TOURIST AUTHORITY**

TRADING AS



## **VISITBRITAIN & VISITENGLAND**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**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 2015**

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## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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<b>Contents</b>	<b>Page</b>
Directors' Report	1 - 4
Strategic Report	5 – 28
Remuneration Report	29 - 33
Statement of Sustainability	34 - 37
Statement of Corporate Governance	38 - 45
Statement of Accounting Officer's Responsibilities	46
Audit Opinion and Report	47 – 48
Statement of Comprehensive Net Expenditure	49
Statement of Financial Position	50
Statement of Cash Flows	51
Statement of Changes in Taxpayers' Equity	52
Notes to the Accounts	53 - 86

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

---

#### 1. DIRECTORS' REPORT FOR THE YEAR 2014/15

##### 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:

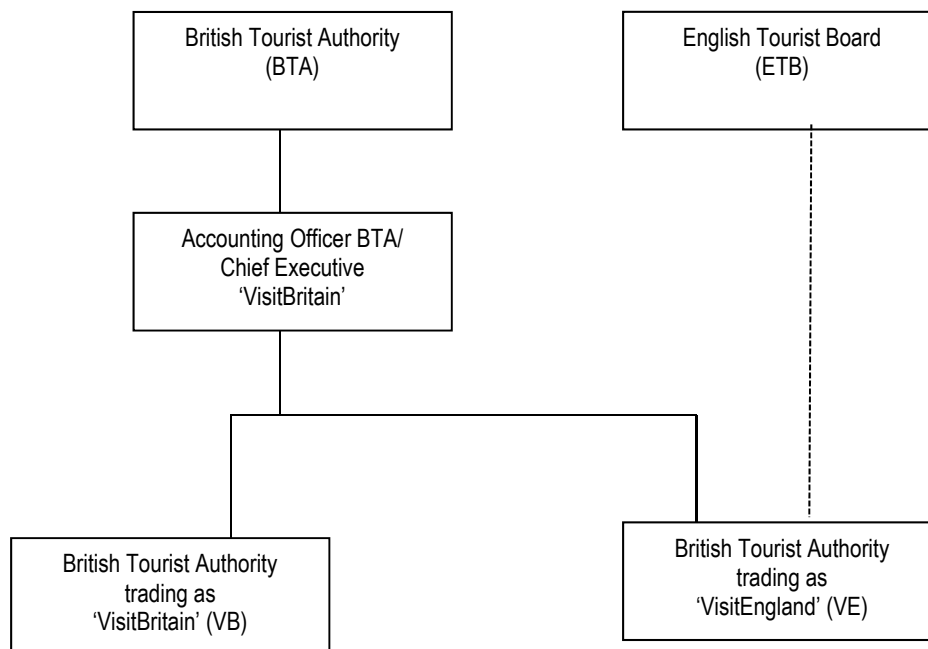
- Encouraging overseas visitors to come to Great Britain
- Encouraging people who live in Great Britain to take their holidays in Great Britain
- Promoting the provision and improvement of tourist amenities and facilities in Great Britain

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 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).

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### Directors' Report for the Year 2014/15 – (Continued)

#### 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, Katy Best and Kevin Murphy started to attend Board meetings by invitation as observers in their capacity as members of the boards of the Northern Ireland Tourist Board and London & Partners. Sandra Rogers, a Director of UK Trade and Investment also attended briefly.

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

<b>British Tourist Authority Board Members</b>	<b>Appointed</b>	<b>Appointment Expires</b>
Christopher Rodrigues CBE, (Chairman)**	01 January 2007	31 December 2016
Sally Balcombe**	01 July 2013	22 September 2014
Dr Michael Cantlay, OBE	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 2016
John Lindquist*	15 March 2010	14 September 2015
Ian McCaig**	13 February 2014	12 February 2019
Steve Ridgway, CBE**	11 July 2013	10 July 2018

<b>British Tourist Authority Board Observers</b>	<b>Position, Organisation</b>
Katy Best	Board Member, Northern Ireland Tourist Board
Kevin Murphy	Board Member, London & Partners
Sandra Rogers	Director, UK Trade and Investment

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

<b>English Tourist Board Members</b>	<b>Appointed</b>	<b>Appointment Expires</b>
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	20 March 2015
Nigel Halkes*	13 January 2014	12 January 2018
John Hoy	30 May 2011	29 May 2019
Sarah Stewart	30 May 2011	29 May 2016
Denis Wormwell **	22 June 2009	21 June 2017

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

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

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

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

---

#### Directors' Report for the Year 2014/15 – (Continued)

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

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

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

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

#### VisitBritain Corporate Objectives

VisitBritain 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, competitiveness 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.

BTA's principal risks and uncertainties are discussed in section 2.7 of the Strategic report. Further information in relation to BTA's financial risk management policies and objectives, and its exposure and response to financial risks are discussed in note 3 of the notes to the annual financial statements.



### **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 (2013-14: £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**

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

The average sickness absence per full time employee in 2014/15 was 2.8 days compared to 3.1 days in 2013/14.

### **1.5 PERSONAL DATA INCIDENTS**

There were no reportable personal data incidents during the year under review.

Sally Balcombe  
Accounting Officer  
BTA

23 June 2015

## **STRATEGIC REPORT FOR THE YEAR 2014/15**

### **2.1 VISITBRITAIN REPORT FOR THE YEAR**

Inbound tourism is one of Britain's most successful export industries, generating jobs and growth across Britain. It had a record year in 2014, with both inbound visits and overseas visitor spending higher than ever.

But competition in today's global tourism market is fierce and Britain needs to be front-of-mind for international travellers if inbound tourism is to continue to contribute to the nation's economic growth.

As Britain's strategic body for inbound tourism, VisitBritain has played its part in contributing to this growth by delivering impactful marketing campaigns in collaboration with the National Boards, working in partnership with the private sector to multiply the Government's investment and galvanising the travel trade to ensure that Britain is sold to international customers. It is a key partner in the GREAT campaign – continuing to raise Britain's profile and the aspiration to visit and converting that into trips with bookable offers.

VisitBritain is a highly effective body – it costs VisitBritain £25 to attract an additional visitor, who spends on average £640 while here, a 25 times multiplier impact, and contributes £216 in revenue to the Exchequer.<sup>1</sup>

#### **British Tourism: Reaching New Heights**

The latest International Passenger Survey figures show that overseas visitors spent £21.8 billion in Britain last year, a 3% increase on 2013 and a new record in both nominal and real terms. The number of visits increased by 5% on 2013<sup>2</sup>, reaching a record 34.4 million, up by nearly 2 million.

Moreover, the 2014 Anholt Nations Brand Index survey ranked Britain as the 5th most aspirational destination to visit, if money was no object – up one place from 2013.

#### **Why they visited and where they went**

In 2014, visitors came to Britain for a host of reasons. Business visits continued to recover from the global financial crisis and have now had five straight years of growth. At just less than ten million, visits to see friends and relatives were back on a par with 2008, but it was holiday visits that once again broke records with a 7.2% jump to 13.6 million. Britain welcomed 3 million more holiday visits in 2014 than in 2009<sup>3</sup>.

During 2014, visits increased by 3.5%, but visits to other areas grew at a swifter pace, with Scotland welcoming 11.5% more visits, Wales 7.2% more and parts of England outside London 5.0% more.

#### **Growing numbers, emerging markets**

Links to international markets from across the country are seeing improved access, with new air routes linking New York and Delhi to Birmingham and Edinburgh, Newark to Newcastle, Abu Dhabi to Edinburgh and Beijing and Hong Kong to Manchester. Improvements in Britain's visa regime and the upcoming abolition of Air Passenger Duty for under-12s will further enhance Britain's competitiveness for attracting international visitors.

Growth in spending came from a range of markets in 2014 including increases from Germany (+9%), Ireland (+8%), USA (+16%) and Australia (+3%).

China, now the world's most valuable outbound market has grown strongly over the past few years, though with a pause in 2014, total spending standing at £497 million in Britain in 2014. Alongside this, there has been strong growth in spending from Kuwait, Qatar and Saudi Arabia.

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<sup>1</sup> Deloitte 2013 and VisitBritain

<sup>2</sup> International Passenger Survey 2014

<sup>3</sup> International Passenger Survey 2014

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### VisitBritain Report for the Year (Continued)

However this should be put in the competitive context. Although encouraging, growth from the US (up 7%) still has some way to go before Britain returns to its record of 4.1 million American visits in 2000, while arrivals from China are still only 185,000<sup>4</sup> have also grown more slowly to the UK than to the USA, Canada, Australia and New Zealand<sup>5</sup>.

#### 2014 inbound tourism in numbers

- A record £21.8 billion in overseas visitor spend, representing 3% growth in nominal terms and 1.3% in real terms on the previous year. This is equivalent to a spend of £700 per second.
- 34.4 million visits from overseas, up 5.2% on 2013, an increase of 2 million.
- The real-terms increase in spending is sufficient to support an additional 7,700 jobs and all UK nations look set to be on course for increased visitor spend.

Looking to 2015, VisitBritain forecasts visits will increase by 2.5% with visitor spend predicted to grow by 4.5%. However, there are a number of risks, including the strength of sterling against the euro, making us more expensive for European visitors and less competitive than Europe for long haul markets such as China. Sterling has weakened against the dollar making Britain more affordable for visitors from the USA.

#### Marketing and Partnerships

Raising the profile of Britain and ensuring inbound tourism continues to grow depends on smart, successful marketing. A trusted partner in the GREAT campaign, VisitBritain delivered this in 2014/15, with strong indications that it is on track to surpass its four year targets for the £100 million match-funded marketing programme.<sup>6</sup>

In the first three years, VisitBritain activity has generated at least £1.8 billion in additional spend, and in the past four years secured more than £53 million in cash and in kind from the private sector. As a founder partner of the GREAT campaign, the VisitBritain team in London and in global markets work closely with government agencies including the FCO, UKTI, UKVI, and the British Council.

Meanwhile, the GREAT image campaign has increased the intention to travel to Britain from international markets, potentially delivering an additional £305 million in visitor spending according to evaluation undertaken in 2012/2013 and 2013/2014. Fieldwork occurred to coincide with activity in 2014/2015 to identify its impact in that financial year, and results will be available in summer 2015. The target for 2014/2015 financial year was a potential £265 million in additional spending by international visitors and 420,000 additional visitors.

#### Content is king

In response to consumer demand, 2014/15 saw VisitBritain shape its campaigns around emotionally engaging content. With 92% of consumers trusting peer recommendation more than advertisements<sup>7</sup>, VisitBritain focused its efforts on building authenticity into its campaigns, featuring real people and trusted celebrities, using credible voices to cement Britain as a must-visit tourist destination.

Data gathered from responses to the campaigns show they successfully changed perceptions of Britain as a food and drink destination and promoted the natural beauty of the countryside. What's more, people who recalled seeing GREAT advertising were more likely to travel to the UK as those who didn't.

#### GREAT highlights

The first year of a three-year "Countryside is GREAT" campaign launched in New York in January 2015, reaching consumers across the UK and Germany through both print and digital advertising.

Developed in collaboration with partners including the National Parks, the Forestry Commission, The Canal and River Trust and Hertz, as well as DCMS and DEFRA, the fully integrated campaign promotes Britain's total tourism offer overseas, with the aim of making it easier for tourists to connect with the natural beauty of our nations.

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<sup>4</sup> International Passenger Survey 2014

<sup>5</sup> International Passenger Surveys 2000-2014

<sup>6</sup> Final figures will be available in late 2015.

<sup>7</sup> Destination Marketing Assoc. Int'l Report July 2014

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### VisitBritain Report for the Year (Continued)

Campaign activity included US bloggers talking about what they enjoy most about Britain, as well as a German campaign in which RHS Wisley's German head gardener shared his love of British gardens. The campaign had a £3 million investment (including partners' contribution) in 2014/15 and aims to deliver additional visitor spend of £70 million in three years.

The "GREAT Names for GREAT Britain" campaign, launched in December 2014, invited Chinese people to give Chinese character names to 101 British landmarks, including The Shard, Hadrian's Wall and Chatsworth House. The campaign site received 1.3 million visits in the period to February 2015, with 27 million views of the launch video and 300 million reached through VisitBritain's Chinese social media channels. Press interest from the campaign generated an equivalent advertising value (EAV) of approximately £2.5 million and over 300 million opportunities to view.

VisitBritain was the tourism partner for the GREAT Festival of Creativity in Shanghai, a UK-inspired cultural business exchange. The event was attended by HRH the Duke of Cambridge as well as the Secretary of State for Culture, Media and Sport, Sajid Javid. A royal garden party theme and digitally interactive stand, in partnership with British Airways, attracted strong interest from the Chinese audience attending. VisitBritain's CEO, Sally Balcombe and BA's Garry Copeland also led a seminar with British celebrities on "Creativity & Culture in Modern Britain" with a view to boosting tourism to Britain from the Chinese market.

Building on the success of the first phase of the "Sounds of GREAT Britain" campaign, consisting of a brand film and digital experience – which totalled over 750 million impressions on VisitBritain's LoveWall website, saw over 35 million video views from potential visitors around the world and generated £286,000 in added value – phase two of the campaign launched in December 2014.

Running in the US, France, Germany, UAE, China and India, this phase of the campaign aimed to move potential visitors closer to booking their holiday by helping them visualise themselves in Britain. Following feedback from the first phase, the Sounds of GREAT Britain films were edited to show only the parts customers in each market found the most engaging. Nine further films were crowdsourced, all featuring real people talking about Britain. Content featured a range of landmarks, people, locations and experiences to challenge viewers' perceptions of Britain. Digital advertising linking to LoveWall showed further content to enhance user engagement.

#### **Television and film**

With *Downton Abbey* still one of the UK's television industry's major hits; VisitBritain extended its partnership with the series, running a sweepstake competition that received 150,000 entries, marking a 49% increase on last year, with 31,000 entrants requesting further information from VisitBritain.

VisitBritain's long-standing relationship with StudioCanal provided the perfect opportunity for GREAT-branded marketing to reach international audiences in 2014/15, with the release of the blockbuster film *Paddington*. The highest grossing non-Hollywood family film ever, passing more than \$200 million at the box office worldwide, this included scenes featuring GREAT advertising at a tube station and on a Routemaster bus. This is the first time a national tourist board has placed advertising within a film and it was done at no extra cost. VisitBritain also ran its first social-only campaign; a Paddington competition targeting families with young children in the USA, France and Germany.

The "Paddington is GREAT" campaign, which ran from November 2014 to January 2015, included promoted spend on Facebook and Yahoo in US, France and Germany to encourage click-throughs to a Paddington campaign hub on LoveWall for the chance to win a family trip to Britain. The campaign was VisitBritain's highest performing film tourism campaign for achieving data capture, prompting almost 220,000 entries to the digital competition, and over 11 million impressions on combined social media.

#### **Working with the private and public sector**

VisitBritain successfully raises private sector funding. In 2014/15, VisitBritain came to the end of its four-year match-funded partner marketing campaign, which saw £9.5 million raised from private companies (in cash and in kind) to match-fund international tourism marketing.

Highlights from 2014/15 included a campaign with British Airways that took British icons and translated them into emotionally engaging tourism experiences and a print and digital campaign with Expedia France and Germany, challenging visitors to 'travel yourself interesting' and take a fresh look at regional Britain. Alongside this a digital campaign with STA Travel gave Australian and US audiences a preview of lesser-known travel spots through the eyes of Australian reality TV star Tully Smyth and US rapper Astronautilus.

In 2014, VisitBritain renewed its effective FA Premier League partnership, creating two videos featuring Premiership footballers Ryan Giggs and Yun Suk-Young sharing what they love about Britain. Alongside this, a Football is GREAT online game was produced, which garnered almost 30,000 views and over 1,000 players. The partnership enabled VisitBritain to introduce Football is GREAT to new markets, including Malaysia, South Africa and Singapore, where there is widespread interest in both Britain and the Premier League.

VisitBritain's campaign in partnership with Heathrow Airport used 326 digital screens across the airport's five terminals to expose key messaging to the 13 million passengers using Heathrow as their gateway to Britain's regions every year. The partnership was extended from its initial phase, which focused on the South West, following the widespread flooding in early 2014. Phase two showcased Yorkshire during the Le

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### VisitBritain Report for the Year (Continued)

Grand Depart of the Tour de France in July 2014 and the third phase used a social media competition to invite people to vote for the part of Northern England they wanted to be featured in VisitBritain's advertisements. In the final phase, VisitBritain worked with VisitScotland to integrate VisitScotland and GREAT messaging on a campaign that tied in with VisitScotland's Meet the Scots campaign, featuring real Scottish people and their local travel tips.

In partnership with the tourist boards for England, Scotland, Wales and London and destination management organisations, VisitBritain has continued to promote all areas of Britain, and provide comprehensive content to inspire potential visitors. Highlights included working with Visit Wales to integrate messages from both organisations around the NATO summit held in South Wales in September 2014, and working with London & Partners on its 'Guest of Honour' competition, which saw thousands of people worldwide apply for the once-in-a-lifetime opportunity to experience London like never before – as the city's Guest of Honour.

Alongside this, VisitBritain's work with regional gateways has encouraged visitors to explore Britain. Together with Birmingham Airport, Marketing Birmingham and Air India, they pushed the new route from Delhi to Birmingham, showcasing Birmingham as an attractive shopping location, as well as partnered with Birmingham Airport on a successful bid for a Beijing to Birmingham flight, drawing on their relationships with key partners in China, such as Caissa. The joint campaign with Marketing Manchester and Visit Wales focused on the American Airline route to Manchester from New York and promoted short tours and country breaks.

#### **Supporting small and medium sized businesses**

As well as working with global agencies and big name brands to deliver results, VisitBritain has continued to support small and medium-sized businesses throughout the sector in 2014/15, helping them to attract more inbound visitors.

Its dedicated industry website, newsletter and tailored services provided businesses with access to market intelligence, business advice and trend analysis, while free programmes like China Welcome helped businesses build knowledge of how to market their products internationally.

Through VisitBritain's global media network, businesses had the opportunity to connect with journalists worldwide, while its trade events in the UK and overseas enabled businesses to meet, pitch and sell to international trade in key markets.

Throughout the year, VisitBritain has worked with a broad range of private and public sector partners, from strategic trade partnerships with the leading travel trade across China, including the East China Strategic Trade Partnership (SCITS), the GZL Trade Partnership and the West China Trade Partnership, to key travel companies including Virgin Atlantic, Expedia, British Airways, Air India, TUI and more.

#### **Digital Performance**

In today's increasingly digital world, online platforms are a vital way of connecting with potential visitors and engaging with industry. With this in mind, VisitBritain concentrated on the development of a new digital strategy, while improving the value and functionality of its platforms in 2014/15, to maintain its position as one of the leading tourist boards in the digital sphere.

A major focus for this year has been preparatory work to migrate all VisitBritain's digital platforms to one URL – VisitBritain.com – with the aim of ultimately creating a unified website serving consumers, trade, media and industry audiences.

In addition to this, a new customer relationship management system is in the process of being introduced, with the B2B system launched in March 2015. The consumer aspect of this is still in development and will enable VisitBritain to see which pages customers engage with most, using this to inform future marketing and personalise content to customers.

#### **Expanding Love Wall**

LoveWall remains VisitBritain's primary campaign site and received 6.3 million total visits this year. The success of the site can be attributed to campaign-specific pages such as "Paddington is GREAT" and "Countryside is GREAT" gaining reader traction, alongside a major redevelopment that enabled visitors greater engagement with the site – including the ability to pinpoint places to visit and discover nearby attractions.

The addition of Arabic and Korean brought the number of supported languages on LoveWall to 12. The introduction of Arabic is particularly significant, helping Britain to capitalise on the GCC countries, which have young, digital-savvy populations who engage actively on social media.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

---

#### VisitBritain Report for the Year (Continued)

##### **Staying social**

VisitBritain has a strong profile on social media, with over 3 million Facebook fans, around 510,000 Weibo followers and over 285,000 Twitter followers. After launching our Instagram channel last year, the Love Great Britain account now has over 80,000 followers. Visit Britain also won a SMITTY (Social Media in Travel and Tourism) Award for Pinterest Activity in the US. In September 2014 VisitBritain was also awarded Travel Weekly's Gold Travel Magellan Award for Best Social Media Campaign for a destination.

##### **Reaching trade online**

Launched in October 2014, VisitBritain's award-winning new trade website has attracted 47,000 visits from 143 countries. The site supports 12 languages making it easier for UK trade to reach international travel trade buyers. Over 700 registered UK suppliers have uploaded attractions, tours, products and services, which international travel agents can download to build interesting consumer experiences. The site also provided new itineraries based upon campaigns including "Countryside is GREAT", ensuring VisitBritain's marketing activity reached both trade and consumers.

The trade site won the UK Inbound Best Trade Initiative 2014, Best in Class 2014 (B2B Category) in the IMA Award, and the W3 Silver Award 2014 (Tourism Category). In the Lovie Awards 2014 it won Bronze (Government & Civic category) and was Runner Up in the People's Award.

Following the success of its trade site, VisitBritain launched its new and improved training tool for international travel agents – BritAgent. The scheme now has over 25,000 registered users.

##### **The digital year in numbers**

12.4 million visitbritain.com page views  
6.4 million total visits to LoveWall  
727,000 impressions of Tumblr content  
3 million fans of the Love Great Britain Facebook page  
285,000 Twitter @visitbritain followers  
1.8 million video views on our YouTube channel  
163,000 views on VisitBritain's blog (which launched in December 2014)  
510,000 Weibo followers

##### **B2B**

Cost-effective access to new markets for the UK tourism trade is fundamental to the growth of Britain's inbound tourism industry. VisitBritain connected the UK travel trade with international buyers through global events that feature workshops, seminars and networking.

Highlights included the GREAT-branded stand at the World Travel Market in London in November 2014, run in partnership with UK Inbound. VisitBritain also worked with UK Inbound and the Colombian airline, Avianca, to highlight the new London-Colombia route by taking a small delegation to Bogota to introduce them to the Colombian travel trade.

VisitBritain organised eight tourism events around the world, including in the US, Asia and Scandinavia. In the region of 600 UK delegates attended these events and met with more than 800 fully qualified buyers from over 40 markets. VisitBritain also attended three international exhibitions, taking along 49 UK delegates.

70 UK tourism suppliers and 96 North American buyers attended the Destination Britain North America event in Las Vegas, with 7,885 appointments scheduled. The Destination Britain APMEA event in Kuala Lumpur, attended by Minister for Sport and Tourism, Helen Grant, saw 65 UK suppliers meeting 110 international buyers and journalists from across the region with 9,000 appointments scheduled.

VisitBritain launched its flagship tourism trade event, Explore GB, in February 2015. The largest event VisitBritain has ever run, it carefully matched UK travel trade and buyers, and included seminars aimed at helping buyers better understand Britain.

VisitBritain's 2014/15 familiarisation visit programme centred around ExploreGB, focusing on increasing international trade buyers' understanding of all that Britain has to offer. Through the year, VisitBritain took more than 220 international buyers from over 30 countries on 13 unique, tailored tours of the UK, from Loch Lomond and Stirling Castle in Scotland, to a Welsh walking tour. Sixteen overseas journalists took part, together with 16 MPs, including Anne McGuire (Stirling, Labour), James Gray (North Wiltshire, Conservative) and Hywel Williams (Arfon, Plaid Cymru), all meeting buyers to learn how they can support Britain's tourism industry.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

---

#### VisitBritain Report for the Year (Continued)

Results from this activity will be available later in 2015 and are expected to build on 2013/14, when VisitBritain's non-paid for activities (advice and support) with the overseas travel trade led to an additional £510m of incremental visitor spend, and its paid-for events brought an additional £85m, with 63% of overseas trade stating that they had introduced or sold new tourism products to Britain as a result of VisitBritain's in-market activity.

#### Nurturing growing markets

Around 75% of Britain's inbound tourism comes from the 21 markets where VisitBritain has a physical presence, spanning Europe, America, Asia Pacific and the Middle East. VisitBritain activity reaches a global audience to ensure that it captures the growth from some of the buoyant secondary markets, such as Singapore, Malaysia, South Korea and New Zealand. 2014/15 saw VisitBritain implement a "nurture" strategy, developed with the UK travel industry, airlines and UK embassies.

The initiative aims to work closely with UKTI and FCO to grow our understanding of tourism to the UK and its potential and the levers for growth.

An example of this activity included work to increase visitor footfall from South Korea. Four of the country's major travel companies were invited to Britain and taken on a tour of Scotland, where they were shown the array of experiences visitors could discover. This was followed by VisitBritain's attendance and participation in a travel show in Seoul, to showcase Britain to South Korea's travel trade.

#### Retail

Easy access to travel tickets, tours, excursions and attractions increases the positive experience and potential spend of overseas travellers, which in turn adds value for British tourism.

Designed to deliver this easy access, VisitBritain's new retail platform – launched in January 2015 – took a tailored approach, offering customers an improved shopping experience where products are matched to their interests and needs. The platform sells over 200 products, available in 12 countries and 7 languages, delivering a turnover of £18.6 million and net contribution of £1.545 million.

The retail platform receives no government funding. It is an effective route to market for VisitBritain's affiliate partners, allowing them to reach customers before they travel, selling tickets and services to overseas customers in their own language and currency.

The operation exceeded its 2014/15 target in both revenue & net profit, generating revenue of £18.6 million and net contribution of £1.545m; this represents an increase of 19.1% in the net contribution and the fourth consecutive year of double-digit growth.

Looking to 2015/16, VisitBritain aims to grow sales further and reach a wider market by offering discounted rates to international trade partners.

#### Delivering an Overseas Network

The core strength of VisitBritain is its understanding of international markets and customers and its ability to match this demand with the supply side.

VisitBritain runs an effective operation of 23 offices around the world. It employs local, expert staff to offer face-to-face connections between Britain and international trade, provide local travel insights and knowledge of local media platforms, as well as championing Britain as a destination and working closely with the FCO and other GREAT partners.

In line with its drive to provide good value, VisitBritain continued its programme of co-location with the FCO which has cut administrative costs.

#### PR and Media Relations

In the past four years VisitBritain has generated £8.9 billion of positive coverage in international media against an original target of £1 billion – helping to put Britain on the international travellers' wish list.

Underlying VisitBritain's PR and media relations activity in 2014/15 was an ambition to increase regional exploration and tourism value right across Britain.

Working closely with VisitScotland and the Glasgow City Marketing Bureau, and in conjunction with Homecoming Scotland, VisitBritain supported the delivery of broad coverage of Britain around the Commonwealth Games, setting up two media centres for the Games, which offered tourism stories and ideas to visiting journalists.

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

### **Annual Report and Financial Statements for the Year Ended 31 March 2015**

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#### **VisitBritain Report for the Year (Continued)**

Away from the Games, VisitBritain's new online media centre made it easier for journalists to access high quality imagery and information to accompany press stories across the regions. VisitBritain also tapped into the power of blogging for the first time, by bringing a group of US bloggers to the country who then became Britain's 'country curators' in the US.

This all contributed to VisitBritain exceeding its press and PR targets, generating an estimated AEV of £980 million, reaching 14.9 billion people with 11,034 articles.

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

With inbound tourism contributing significantly to the British economic recovery, Britain's international competitiveness has never been more important.

Alongside its work with partners and the travel trade, VisitBritain continues to be an essential advisor to industry and government on matters affecting Britain's standing as a leading tourism market.

In 2014/15, VisitBritain worked with UKVI and across Government Departments and Committees to provide analysis and briefings on visas and how these affect Britain's competitive position. It also worked with UKVI on activity to address some of the misperceptions that both trade and consumers have in some key markets and to ensure that the British visa system is seen as fair and accessible. VisitBritain has given evidence on international tourism, both written and in person to three Government committees – the National Assembly for Wales Business and Enterprise Committee Enquiry into Tourism, the Culture Media and Sport Select Committee into Tourism and the Welsh Affairs Committee into International Representation and Promotion of Wales by UK Bodies.

It has worked with the All Party Parliamentary Groups (APPG) for Arts and Heritage and China and provided briefings to MPs, Lords and Ministers for Parliamentary debates and overseas speeches.

#### **The transport debate**

The UK's airport capacity has been a prime topic of debate over the last year, as has the state of the retail rail market. Called upon to provide expert insight from an inbound tourism perspective on both issues, VisitBritain responded to public consultations launched by the Airports Commission and the Office for Rail Regulation respectively, supporting the need for more airport capacity.

#### **Supporting the nations and regions**

Aligning with its overarching objective to improve the value of tourism in the nations and regions, VisitBritain also advised industry on a national and local level in 2014/15, from attending the Tourism Management Institute (TMI) Annual Convention to working with UK Inbound on their Discovery workshops across England, Scotland and Wales.

These workshops drew on insights from people around the world to show local tourism providers the types of experiences visitors enjoy most and how to include them in their products and services.

VisitBritain also worked with the Association of Leading Visitor Attractions (ALVA) on workshops to share the findings from VisitBritain's culture and heritage research with attractions.

In February 2015, a hugely successful trade fair at Bovey Castle aimed to help local trade continue to build international tourism to the South West of England and to facilitate further business deals to bring international visitors to destinations across the region. VisitBritain connected eight of the most influential buyers from across Germany, Netherlands, the Nordics, Spain and the US with over 100 South West tourism suppliers, including attractions, transport operators, accommodation providers and retailers. The fully booked event included a media stunt at Plymouth's Royal William Yard as well as educational seminars and networking opportunities.

Just a few days later, a trade fair in Yorkshire saw similar success. Attended by around 80 local tourism businesses, the event was launched with a seminar at York Racecourse, which gave local suppliers insights into how to target their business to specific international markets. It was followed by a networking evening at Castle Howard, where suppliers met, connected and did business with over 50 international buyers from China, Denmark, Poland, France and Belgium.

#### **Keeping industry informed**

Reaching out to British tourism professionals across the country, VisitBritain's fortnightly newsletters helped keep the industry informed with the latest market intelligence and insights as well as industry news, reaching around 11,000 organisations each issue. Alongside this VisitBritain's industry-focused social media platforms are specifically aimed at engaging and updating national and international businesses, with over 9,500 Twitter followers, 4,000 LinkedIn group members and 8,300 LinkedIn company page followers.



## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### VisitBritain Report for the Year (Continued)

#### Sharing Insights on Inbound Tourism

Assessing and researching the impact of marketing and B2B work underpins all VisitBritain activity, informing campaigns and ensuring every programme is both effective and rigorously monitored.

VisitBritain has continued to provide analysis on the latest inbound visitor trends and perceptions of Britain, alongside in-depth insights into Britain's key inbound visitor markets. Bespoke research projects have also been commissioned to support trade and industry, from which more impactful campaigns can be shaped. Reports commissioned this year have ranged from looking at the barriers international visitors face when exploring beyond London, to the role of culture and heritage when choosing a holiday abroad.

#### Strategic priorities for VisitBritain in 2015/16

In 2015/16, the strategic priorities for VisitBritain are:

##### Corporate priorities in 2015/16

###### *Delivery*

- Drive the tourism promotion of Britain, its nations and regions overseas
- Continue to deliver the GREAT tourism programme, including the cities and regions fund
- Deliver on regional dispersal and other targets as set by DCMS
- Undertake international business events promotion at a Britain level, working alongside UKTI and other GREAT partners and for England, when funded
- Work with partners to maximise the tourism benefits of the Rugby World Cup through international PR, digital and social media promotion in core and nurture markets
- Support the development and delivery of funded projects including Tourism in the North, Loch Ness, Yorkshire, South West and Chinese Visa projects

###### *Business improvement*

- Develop our partnership strategy with a view to growing overall amount of funding
- Continue to deliver the digital transformation programme across VisitBritain's platforms

###### *Policy*

- Collect and analyse market insights to support industry, guide our activity and advise Ministers on tourism
- Develop and implement our strategy in response to the comprehensive spending review post-election

###### *Organisational*

- Work through the recommendations of the triennial review and deliver an agreed implementation plan
- Deliver a minimum of £441,000 of efficiency savings in shared services by the end of 2015/16
- Perform a review of Business Services, set priorities for implementation and reach a swift efficient conclusion before end of 2015/16
- Maintain emphasis on the importance of evaluation processes and data based decision-making
- Continue to grow commercial income from retail

The focus of VisitBritain's activity will be:

- The continued delivery of the GREAT campaign working in partnership with the National Boards
- Tactical international marketing campaigns working in partnership with the National Boards. VisitBritain will use its customer insights to determine whether its targets will be best met by Britain level, national or sub-national promotional activity.
- Consumer insight, analysis and wider market intelligence
- Route development support
- Commercial partnerships development
- Retail
- B2B
- International business events promotion for England, and at Britain level alongside other GREAT partners and, where appropriate, the national tourist boards. Events like IMEX Frankfurt, IMEX Las Vegas and IBTM Barcelona.
- Supporting VisitEngland's challenge fund, providing international customer insights, sitting on the expert panel and being accountable for international delivery with the associated agreed KPIs and budgets.

British Tourist Authority trading as VisitBritain and VisitEngland

Annual Report and Financial Statements for the Year Ended 31 March 2015

VisitBritain Report for the Year (Continued)

VisitBritain Key Performance Indicators							
	Indicator Description	Definition	4 Year Target	Result for 2013/14	Cumulative Results to 2014	Result for 2014/15	Status
<b>£100m Tactical Campaign</b>	Additional Visitor Spend	The amount visitors spend in Britain that resulted from VisitBritain interventions	£2bn	£696m	£1,778m	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	£1bn	£7.9bn (note 2)	£980m	Target exceeded
	Marketing & PR Spend	Grant in aid spent on Marketing and PR	£46.7m	£13.3m	£39.2m	£10.9m	On target
	Partner Contribution (Cash and In-kind Offers)	Cash and In-kind contributions from partners to VisitBritain activities	£53.3m	£14.5m	£43.1m	£9.5m	On target
<b>Other DCMS Targets</b>	Administration Spend Reduction	Cumulative progress on achieving 50% reduction in real terms in administration spend by 2014-15	50%	47%	Not applicable	53%	Target exceeded

	Indicator Description	Definition	Result for 2013/14	Target for 2014/15	Yearly Results to 2015	Status
<b>GREAT Campaign</b>	Additional Visitor Spend	The estimated visitor spend in Britain that resulted from VisitBritain interventions	£163.6m (Target £188m)	£200m	Not yet available (note 3)	Expected to exceed Target
	Partner Contribution Cash	Cash contributions from partners to VisitBritain activities	£3m (Target £3m)	£4.3m	£4.8m	Target exceeded

	Indicator Description	Definition	Result for 2013/14 (Restated)	Target for 2014/15	Result for 2014/15	Status
<b>Other Indicators</b>	Overseas Presence	Number of top and emerging markets VisitBritain operates in	21	n/a	21	n/a

Note 1: Results not available until autumn of 2015

Note 2: 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 for the Olympic Games.

Note 3: Potential result is £305m, but actual result is only available at the end of July 2015

## **2.2 VISITENGLAND REPORT FOR THE YEAR**

### **Market Conditions**

#### **Domestic Trends**

The onset of the recession in 2009 led to growth for domestic tourism, which was maintained for a period of five years, through to the end of 2013, and at the same time, overseas trip-taking fell back. However, in 2014, a number of factors emerged which had the potential to impact this trend – continued economic growth and increased consumer confidence, a strengthening pound, and at the start of the year, extremely wet weather and flooding, which particularly affected South-West England.

The effect of these changes for domestic tourism has been a reversal of some of the volume gains of the “staycation” years. By the end of September, the number of holidays taken in England by domestic residents was 7% lower than in the same period in 2013, though spending declined by a lesser extent, by 2%. Business travel also declined, as did trips to visit friends and relatives (VFR), though there was growth within leisure VFR, with the fall in trip volumes driven by the “duty” component of VFR travel. Conversely, there was an increase in overseas trip taking, with UK residents taking 4% more overseas trips in 2014 than the previous year. Nonetheless, overseas travel volumes remain substantially below pre-recession levels, with 5.5 million fewer foreign holidays taken last year than in 2008.

One of the other characteristics of the year – and indeed previous years – is the diversity of performance behind the headline figures, driven both by wider trends in leisure behaviour, specific events and differing experiences of the economic recovery. This is reflected in different regional trends (East of England and Yorkshire outperforming other areas) and differing trends by destination type (seaside destinations outperforming other types of destinations). The year has also seen differing behaviour by level of affluence, with trip-taking holding up best among the most affluent AB social grade and declining most steeply among the least affluent DE social grade, a continuation of patterns seen in recent years.

Both the volume and value of tourism day trips declined by 2% in 2014, though the number of overall leisure trips was flat, suggesting a slight shift towards routine activities closer to home. In this sector too there were regional differences, with increased volumes in London and the South East, but declines in the Midlands and the North East. There were also differences by trip type, with more general days out and higher participation in outdoor leisure, but fewer reported trips for meals and nights out.

#### **Looking Ahead**

Looking into 2015, there remains a great deal of uncertainty for the domestic market. Increased consumer confidence and economic growth may enable some of those who have had to reduce domestic trip taking in recent years to re-enter the market. At the same time though, this increased confidence, when coupled with falling oil prices and potentially cheaper flights, and the pound at its highest level against the Euro for several years, is also likely to be a trigger for increased levels of overseas trip taking.

It is important to bear in mind that the financial environment has been only one of the factors affecting market performance in recent years. As well as the “staycation” effect, recent years have seen increased levels of short-break taking, more trips taken by over 55’s, reflecting an ageing society, and greater variety in destination types for leisure trips - in particular, city breaks have been a driver of growth. All of these present clear areas of opportunity for the domestic market in the longer term, despite the potential for more variability of performance in the shorter term, resulting from differing levels of financial security and degrees of optimism among different consumer segments.

#### **Inbound Trends**

In 2013, the number of overseas visitors to the UK grew to match the pre-recession peak volume recorded in 2007, and in 2014 the upward trend continued, with a record volume of 34.8 million visits, a 6% year on year increase. The amount spent also grew by 3% to a record high in nominal terms.

There was growth across all trip purposes, with both holidays and visits to friends and relatives at record levels, and while business travel has yet to match pre-recession performance, the volume of inbound business trips was at its highest level since 2007. There was growth across all regions of the world, with record visitor numbers from Europe and the “Rest of the World”, while volumes from North America were at their highest since 2008.

Across the first three quarters of 2014, volume growth, at 6%, was matched evenly across London and the rest of England. For this nine month period, London volumes were 16% above their pre-recession peak, while the number of visits to the rest of England was still marginally below the all-time high for the region recorded in 2008. In spending terms, London has continued to outstrip the rest of the country, with growth of 7% between January and September, compared to a flat performance elsewhere. As a result, inbound spending in London in the first three quarters of the year is 39% higher than in 2008 (in nominal terms) whereas growth over the same period for other regions stands at 16%.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### VisitEngland Report for the Year (Continued)

For 2015, VisitBritain predicts growth of 2.5% in tourism volumes for 2015, with an expected uplift of 4.5% in spending, taking numbers of foreign visitors to record highs. This has the potential to bring economic benefits to the whole of England, with the challenge continuing to be ensuring that overseas visitors are aware of why, and how, they should access the product offering outside the capital.

#### VisitEngland Delivery of Corporate Priorities in 2014/15

**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 July 2013 to June 2014, was published in August 2014 showing good progress against targets. It demonstrates an annual growth rate of just over 5% in the value of tourism and an increase of 7% (178,000 jobs) in the number of people employed in tourism since December 2010. This puts the industry on course to achieving the 225,000 jobs target. Almost 70% of the activities in the 13 industry action plans have been delivered during their three-year duration which is positive when taking into account the challenges partners have faced due to constrained resources.

The mid-term review of the Strategic Framework is underway and a timeline put in place to ensure this is completed in 2015. Internal workshops on future growth priorities, meetings of the Strategic Industry Advisory Group and one-to-one meetings with core partners have all taken place to help develop the headline objectives and actions for the refreshed strategy. A consultation launch event was held on 16 March 2015 attended by 60 stakeholders. The strategy headlines are open for consultation until 15 May and the feedback will shape the future development of the strategy 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.**

##### **Regional Growth Fund: 'Growing Tourism Locally' Programme 2012-15**

The three-year RGF 'Growing Tourism Locally' Programme entered its third and final year of delivery. Campaign activities successfully proceeded to schedule throughout the year across both strands of the programme, Primary Destinations and National Thematic Marketing Activity.

The Marketing Team managed the delivery of the RGF-funded activity plans of the 14 primary destinations and also assisted with additional elements of media-buying to augment the size and scale of campaigns.

The delivery of six national themed campaigns relating to England's city, coastal and countryside product offer took place on a staged basis throughout the course of the year. The first campaign, *Hair-Raising Histories* was launched in April 2014, with a supplement in the *London Evening Standard*, *Independent* and *i* newspapers, promoting the history available in England's varied experience relevant to families with children of school age. The final three campaigns went live in the final quarter, January to March including *Heritage in Spring*, *Rugby* and *Family Summer Holiday* bringing together under a single umbrella proposition the product in some 47 destinations, some of whom participated in more than one campaign.

The evaluation results for the second year (2013/14) of the programme were collated and independently audited. To date, the programme has generated cumulative incremental visitor expenditure of £659.58 million translating into 12,256 indirect tourism jobs. This figure represents 134.1% attainment of the overall three-year funding agreement target of 9,139 jobs with the Department for Business, Innovation and Skills (BIS).

##### **Holidays at Home are GREAT**

The third 'Holidays at Home are GREAT' campaign was delivered in 2014, working in partnership once again with Aardman Productions to repeat the existing *Wallace & Gromit* advertisement targeting both consumers and the travel to increase the value of domestic bookings through this channel. For the period from 1 January to 30 September 2014, evaluation results show that the 'Holidays at Home are GREAT' campaign generated £148.5 million in incremental visitor expenditure.

### **VisitEngland Report for the Year (Continued)**

Additional funding was secured in 2014/15 to fund the new production of a GREAT-branded *Shaun The Sheep* campaign coinciding with the global release of the animated comedy film by Aardman Productions in February 2015. This GREAT Britain campaign funded activity involves a television advertisement, posters and artwork, merchandise, a consumer website and travel trade activity. Contact was made with the three worldwide GREAT Delivery Partners – British Council, UK Trade & Investment and VisitBritain – to ensure that as many of the creative assets are used as widely as possible. In addition, some 15 domestic tour operators and retail partners have been recruited, including new joiners such as Great Railway Journeys and Global Travel Group, to be part of the travel trade component of the fourth *'Holidays at Home are GREAT'* campaign.

### **Other Campaigns**

Cycling was a key focus of the year with *Le Grand Départ of the 2014 Tour de France* starting off in Yorkshire with the first three days of the competition being held in England. VisitEngland sought to raise awareness of the wide choice of accessible and safe places for families to get on their bikes and experience cycling building upon the strong interest in the *Tour de France*. In conjunction with *The Guardian*, a 100-page guide was produced referencing key cycling events taking place around England with the editorial content replicated on its website.

After the end of the summer school holidays, VisitEngland launched two campaigns, *'Food and Drink'* and *'Romance'* focussing on the pre-family audience who have a greater propensity to take short breaks in the shoulder months. The campaigns ran in September and October 2014 exclusively on digital channels using high engagement formats designed to encourage consumers to interact and then click on individual destinations to go to either the destination website or the VisitEngland website. Destinations reported a high level of traffic to their websites via these formats, as there was on the VisitEngland consumer website.

Over 20 destinations participated in the *'Historic Spots'* campaign which sponsored *The Afternoon Show* on Classic FM in March 2015. It also ran on a number of digital channels with high engagement formats, designed to encourage consumers to interact with various experiences and then click on either the VisitEngland and/or individual destinations' websites for holidays ideas and information. National commercial partners, including Association of Train Operating Companies, Classic British Hotels and Holiday Forest Holidays, were recruited to extend this campaign through further channels.

### **Tourist Information**

Following an extensive engagement programme with tourist information centres nationwide, over 110 destination partners in England were recruited to be part of a new initiative working closely with Twitter. In January 2015, VisitEngland launched the new Twitter hub website featuring destinations where specific real-time visitor information is provided to the consumer.

### **Travel Trade**

*England Expert*, VisitEngland's online training programme for travel agents, continues to grow with an additional 250 individual travel agents trained in 2014/15 bringing the total number who had gone through the programme to 880. A further 120 travel agents also received face-to-face training through a series of roadshow events organised by *Travel Weekly*.

The new guidance document for destinations entitled *'Welcoming Coaches and Groups'* was launched in October 2014 in collaboration with the Coach Tourism Council. This new resource is designed to assist destination managers and provide guidance on how to best work with and support coach operators in order to achieve the mutual goals of better visitor experiences, increased visitor expenditure and improved profitability for the tourism enterprises involved.

VisitEngland organised the annual *Big English Breakfast* at the ABTA Convention 2014 in association with Bourne Leisure, Hoseason's, Shearings Holidays and Superbreak. This was attended by 18 media contacts from key national and travel trade titles, including *ABTA Magazine*, *Daily Mirror*, *Daily Telegraph / Sunday Telegraph*, *Travel Weekly* and *The Sun*. A panel discussion was also organised covering key topics from the impact of the weather, to investment in product and marketing and also the impact of major events.

Organised by VisitEngland in partnership with UK Inbound and the English Heritage Cities Group, a trade workshop was held in January 2015 at the Old Royal Naval College in Greenwich. The event involved over 750 business-to-business meetings connecting over 45 regional delegates with 40 key inbound tour operators representing some 11 regions.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### VisitEngland Report for the Year (Continued)

##### Consumer PR

The year commenced with the creation of England's Hall of Fame to celebrate St George's Day. The aim was to emphasise that the country has a wealth of tourist experiences and is indeed a fascinating place to visit. A panel of experts awarded a bronze, silver and gold across six categories to celebrate the best of what England has contributed to the world. The public was also given a vote – *The People's Choice* – with William Shakespeare topping the list. A one-off exhibition displaying the winners was held on London Southbank from 23–30 April. The campaign saw a growth of 16% on Twitter and a 10% growth on Facebook, while the overall return on investment was 13:1.

VisitEngland helped to organise the visit made by HRH The Prince of Wales to Somerset on 8 July. The purpose of the trip was to champion the West Country's tourism sector and recognise the fortitude of the local communities which suffered during the height of the winter floods in early 2014. A reception was organised for The Prince with some 30 industry leaders so that he could hear about their experiences and steps underway to rebuild businesses and livelihoods.

To mark the centenary of the start of the First World War, VisitEngland partnered with the Imperial War Museum (IWM) and the First World War Centenary Partnership to showcase a cultural programme that included more than 500 new exhibitions and 1,500 events. In July 2014, VisitEngland hosted a First World War Centenary global group press trip with 25 journalists from Australia, Belgium, India, Ireland, North America and The Netherlands. The itinerary commenced in London with dinner on HMS Belfast and a special preview of IWM's new First World War Galleries and then each international group was sent to an English destination which had a special relevance to their market. High calibre media was secured across the markets with publications including *The Times of India*, *Le Soir* (Belgium), *The Boston Globe*, *The Lexington Herald* (US), Fodors.com (US) *The Toronto Star* and *The Irish Mail on Sunday*. The trip generated over 150 pieces of media coverage around the world.

Ahead of the August Bank Holiday weekend, VisitEngland collaborated with Disney to create a Winnie-the-Pooh 'Simple Pleasures' campaign. The aim was to inspire families with all the simple things that they could enjoy and see in England. A list of 25 Simple Pleasures in England was created and the top three experiences were 'Enjoying a Fish and Chip Supper on Blackpool Pier', 'Indulging in Afternoon Tea in Devon' and 'Picnicking on the shores of Windermere'. The leading 10 experiences were 'storyfied' in the style of the original Winnie-the-Pooh books with exclusive illustrations by Classic Pooh illustrator, Mark Burgess. James Berresford, Chief Executive of VisitEngland, gave a number of radio interviews about the campaign to regional stations. The campaign generated wide-spread coverage across broadsheets, regional, broadcast and online titles achieving £510,686 (advertising equivalent value).

In December 2014, VisitEngland organised an Anglo-American press trip to commemorate the 800th anniversary of the sealing of Magna Carta. The aim of the trip was to showcase England's rich history and heritage by visiting destinations with strong ties to the Great Charter. On this occasion, the itinerary included London (with dinner at Inner Temple, an exclusive preview of the British Library Magna Carta exhibition), Lincoln and Salisbury (to see one of the original 1215 Magna Carta's). The trip was attended by broadsheet titles and top-tier glossy publications including: *The Financial Times*, *The Times*, *The Independent*, *Philadelphia Inquirer*, *Global Traveler*, *The Resident*, *Calgary Herald* and *Red Deer Advocate*. The trip generated strong media coverage in all the national broadsheets including full-page articles in both *The Financial Times* and *The Independent on Sunday*.

To commemorate the 50th death anniversary of Sir Winston Churchill, VisitEngland organised an event in partnership with the Churchill Committee 2015 and the Stafford Hotel on 20 January. The evening was attended by a selection of excellent media including: *The Sunday Telegraph*, *The Sun*, *Porter Magazine*, *Chartwell Journal*, *Departures Magazine* and *Country Life*. On the evening itself, a live news feed was had with BBC News London and coverage secured in a range of titles, including *The Sunday Telegraph*, *The Times*, *The Independent on Sunday*, *The Guardian Unlimited* and CNN Online. Subsequently, in late March, a press trip was also organised in conjunction with the Foreign Press Association for some 12 international journalists to the Churchill War Rooms and Chartwell House. This secured international media coverage on *Deutsche Welle*, *Phoenix TV* and *TF1*.

In the course of the year, VisitEngland hosted two key media events. The first was a summer media event which coincided with the *Tour de France* passing through London. The event was attended by 50 key journalists from print, broadcast and online media, including *The Daily Telegraph*, *The Sunday Times*, *The Sun*, *The Daily Mail*, *Conde Nast Traveller*, *Bloomberg* and BBC Radio 4. The second was the annual PR Workshop and Meet the Media event for destination management organisations (DMOs) which was themed after the 'Mad Hatter's Tea Party' as a nod to the 150<sup>th</sup> anniversary of *Alice in Wonderland*.

##### Business Tourism

The Ministerial Bid Support Initiative was introduced in May 2013. Co-ordinated by VisitEngland, the initiative gives English destinations and venues the opportunity to request Ministerial support for their bids to host prestigious international association and corporate events. Since 2014, 12 support requests have been made to Ministers with 2 of these bids subsequently confirmed as successful with an estimated economic impact of £6.7 million. At the time of writing, 8 out of these 12 bids are still outstanding with decisions expected from event organisers during 2015.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### VisitEngland Report for the Year (Continued)

VisitEngland also provided international sales platforms for English business events suppliers at 5 leading tradeshow, 9 trade missions, 6 England showcase events and 8 familiarisation trips. From the trade shows alone, VisitEngland carried out over 250 separate individual buyer appointments generating over 900 new leads. Confirmed business generated for the year was £8.9 million (from 31 enquiries confirmed between April 2014 and end of Feb 2015).

VisitEngland also supports destinations and partners to showcase their product on an international platform through their attendance at international tradeshow. In 2014/15, VisitEngland supported 9 destinations to attend such international tradeshow, including Experience Nottinghamshire, Conference Cambridge, NewcastleGateshead Initiative and Visit Manchester, along with over 20 partners, including Blenheim Palace, imago@Loughborough University, National Exhibition Centre and Queen Elizabeth II Conference Centre.

VisitEngland has developed an economic impact model to estimate the impact of both national tourist boards' influence on business tourism events in a comparable statistical manner. Independently-audited results were received showing that the international business tourism and events activities, delivered between May 2012 and March 2014, generated £11.2 million in incremental expenditure translating into 210 tourism jobs.

#### International

VisitEngland continued its engagement with England's regional airports through the English Regional Airports Taskforce, aimed at encouraging more routes into airports of entry outside of London. This involved writing letters in support of regional airports bidding for new routes to airlines and providing marketing support for the routes, including PR and travel trade activities as well as marketing campaigns. In 2014/15, a number of international marketing campaigns were delivered in partnership with carriers, both airlines and ferry companies, including as Aer Lingus Regional, DFDS Seaways, Germanwings, Jet2 and Monarch Airlines.

VisitEngland attended *World Routes 2014*, the global route development forum for airlines and airports, which provided a platform for a number of regional airports, including Bristol, Cambridge, Leeds Bradford, Liverpool and Newcastle, to facilitate meetings with key airlines and promote the inbound tourism product offer in their destinations to these key decision makers. The engagement resulted in a coordinated approach to attracting new airlines routes to England.

**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

VisitEngland 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. This work area now includes evaluation and digital analytics capabilities, and has supported VisitEngland with insights into digital, social media and wider communications performance.

VisitEngland has also played a leading role in the development of a new GB-wide brand, communications and satisfaction survey, commissioned jointly with VisitScotland and Visit Wales. This new survey, launching in April 2015, replaces the three separate surveys run by the national tourist boards, and as well as cost savings will offer comparability of analysis across this key area of consumer understanding. Other areas of research progressed in 2014-15 include an investigation of the role of deals and discounts, the development of an approach to measure the impact of activities on overnight and day trip tourism, and a review of the market for short breaks.

All results have been made available on the VisitEngland website and disseminated through our communications channels and via industry facing conferences, seminars and events. This included the first Intelligence Forum, an event intended to both share findings and agree priorities for destination and national research and intelligence in the future.

#### Extending reach and influence

##### Maximising the digital environment

Work on digital transformation took place throughout the year to enable the organisation to make the best use of new technology; improve communication and engagement with consumers and industry, and enable our partners to access more of our knowledge and expertise digitally, while reducing the costs of the technology platform. The transformation included moving all of our three websites – business visits and events, consumer and corporate - onto one new open source platform and hosting environment. Key milestones were reached, culminating with the launch of the entire digital platform at the end of March 2015.

**VisitEngland Report for the Year (Continued)**

International Festival of Business 2014

The International Festival for Business (IFB) 2014 was the largest global concentration of business events in 2014. VisitEngland's keynote event took place on 10 June at the Museum of Liverpool. Entitled '*Mind the Gap – Addressing the Tourism Divide*', the event featured headline speakers from central government, the tourism and transport industries and the private sector who engaged in a half-day of panel discussions and presentations designed to explore the opportunities and challenges facing the regional growth of tourism around England. Speakers included: Helen Grant MP, Minister for Sport and Tourism Minister; Lord Shipley, Deputy Chair, Regional Growth Fund Independent Advisory Panel; Rita Beckwith, Chairman City Cruises as well as a video broadcast interview with BBC Presenter, Evan Davis. National broadcast coverage was achieved via a live interview with *BBC Radio 5 Live* and also one had by Lord Shipley with *The Liverpool Echo*. The conference event was also referenced in an article in *The Financial Times*.

English Tourism Week 2015

English Tourism Week 2015 took place from 14-22 March and saw increased corporate communications activity and support by a wide range of stakeholders to increase awareness of tourism at the local and national levels with local people and decision makers, along with showcasing its important contribution to the quality of life, employment and economic growth. The range of events undertaken during the week included the launch of VisitEngland's consultation on the refreshed 'Growth Strategy for English Tourism' attended by key industry stakeholders; 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 hotels, local attractions, tourist information centres and restaurants in their parliamentary constituencies. VisitEngland also held a conference in Blackpool entitled '*Unlocking the Purple Pound*', to help owners and managers of tourism businesses improve their facilities and services for disabled people and others with accessibility needs.

A campaign called '*Tourism Superstar*' ran for the fourth year running in partnership with *The Daily Mirror*, aimed at rewarding those unsung heroes of the tourism industry who work hard to make visitors experiences extra special. Ten nominees were shortlisted from across the country and featured in a video on *The Daily Mirror's* website for a public vote, generating a total of over 21,000 public votes – far exceeding last year's vote count. The winner was revealed in *The Daily Mirror* at the start of English Tourism Week on 14 March 2015 to highlight the opportunities that come with a career in tourism. Media evaluation for English Tourism Week coverage is currently underway.

**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. (See table on page 22 for efficiency targets and results)**

Supporting Local Growth

As the sub-national delivery landscape for tourism has become increasingly fragmented, VisitEngland has prioritised activities that provide support to our key partners at the local level including Local Enterprise Partnerships (LEPs), Local Authorities and Destination/Tourism organisations. Support to local level organisations 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. In 2014/15, the volume of this support has increased but remains focused on expert advice to enable them to grow their economies through tourism e.g. VisitEngland has played a key role in advising on the visitor economy content of LEP Strategic Economic Plans through engagement with HM Government and LEPs directly. A Destination Management Forum was held in March 2015 to help shape future growth priorities for the tourism industry and explore opportunities and challenges for local delivery.

Coordinating and aligning agencies to generate tourism growth

The organisation has worked across central government departments, arm's length bodies 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 Chief Executive 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 arm's length bodies aligned to tourism, such as Arts Council England, English Heritage and Heritage Lottery Fund.



## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### VisitEngland Report for the Year (Continued)

VisitEngland signed partnership agreements with English Heritage (in October 2014) and Creative England (in January 2015). First outputs included encouraging stronger relationships between heritage and tourism organisations at the local level through a heritage focused Destination Management Forum and research on the potential value of screen tourism from inbound markets. The ten projects funded through the £3m Cultural Destinations Programme by Arts Council England as part of the strategic partnership, have moved into delivery. A series of sessions to share learning have taken place (in Liverpool & Bristol) and a programme evaluation has been scoped and commissioned.

Promotion was prioritised for the first year of the National Parks England partnership. Activity has included VisitEngland support for the 'Love Your National Parks' Campaign and encouraging greater National Parks involvement in RGF campaigns, increasing profile on the VisitEngland consumer website and developing an itinerary for the travel trade.

#### Organisational Development

Against the backdrop of the Triennial Review (see p23) which took place during the financial year and reported back in March 2015, organisational activities have continued unhindered as far as possible. Given the proposed changes to VisitEngland's role and remit contained in the report, which are subject to the outcome of the Comprehensive Spending Review 2015, the financial year ahead will be a period of transition for the organisation. Consequently, work on the production of the new Corporate Strategy 2015-18 was deferred to the new financial year 2015/16.

#### Supporting a thriving industry

The Enterprise Team delivers and oversees the outsourced provision of a range of services aimed at encouraging the success and sustainability of tourism businesses. The Team's business plan includes parallel work streams which engage individual businesses in a one to one advisory capacity through the National Quality Assurance Schemes, and all operators through its business support website and linked e-communication channels. The latter was redeveloped and launched in March 2015 as a result of an in-depth analysis of businesses' needs and an evaluation of existing online support. The content of VE's online business hub is both specific to those needs and acts as a signpost to alternative sources e.g. the Team works with representatives from the Department for Business, Innovation and Skills to highlight and signpost the Department's services and funding support opportunities as featured on [www.greatbusiness.gov.uk](http://www.greatbusiness.gov.uk). A partnership has also been formed with HM Revenue & Customs to promote their business support tools to tourism operators with links on the VE site to webinars, e-learning modules and YouTube videos. The VE team have focussed on filling knowledge and resource gaps. An Online Marketing Toolkit was designed to help small and medium-sized tourism businesses make the most of the opportunities offered through digital marketing. Completed in early summer, it is part of a suite of online tools and case studies available on the new VE website. As part of the site upgrade a review of all VE's existing offline materials was undergone and all relevant case studies and articles from past publications were uploaded into the online environment. In the autumn the 2014 edition of VE's highly popular *Pink Book: Legislation for Tourist Accommodation* was printed and available free of charge in an online format for the first time.

VisitEngland is the custodian of the national quality assessment schemes and responsible for the standards and their implementation. Perhaps in response to the proliferation of user generated content, this year the VE team has seen increasing interest from online travel agents in working with VE to integrate official star ratings into their offer. In August, a new partnership with TripAdvisor was announced whereby NQAS participants' VE star-ratings are shown on TripAdvisor's consumer facing site. VE is now negotiating a similar arrangement with Home Away on behalf of the self-catering scheme participants. Delivery of the Assessment Service was outsourced under Licence to Quality in Tourism Assessment Services (QiT), a sub-brand of G4S, in 2012 on a three year contract. On the advice of DCMS a year's extension was agreed with QiT until the Triennial Review was published and the future role of VE in this area known. In the meantime, the Strategy Directors for VisitEngland, VisitScotland and Visit Wales have taken account of the changed operating environment for both businesses and consumers and agreed that it was time to review the joint "Common Standards" currently operated across the UK and the purpose of the national accommodation assessment schemes. Together with Common Standards partner, the AA, and Tourism Northern Ireland they have commissioned tourism consultants Blue Sail to establish the role for the schemes as a facilitator of business growth. The first stage of this review is due to be completed by mid-May 2015.

VisitEngland executed a review of its Visitor Attraction Quality Assessment Scheme in 2012 to better understand industry's perceptions of the scheme and where its future potential lay. The review concluded that amongst participants the scheme was valued as a credible business support tool with those surveyed citing a range of valuable benefits from improvements in staff motivation through to winning funding bids based on the advice they had received. A set of recommendations designed to grow the scheme's influence and effectiveness were put in place during 2014 and participant numbers are growing slowly but steadily. New opportunities to influence the visitor experience and support business productivity continue to arise from our work and in addition to the Attractions Scheme the team deliver a Quality Assured Racecourse Scheme; a Quality Assured Motorway Service Area Scheme; a Boats scheme in association with the British Marine Federation and are developing a Quality Pubs scheme in association with the British Beer & Pub Association.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### VisitEngland Report for the Year (Continued)

In July, confirmation was received from the European Commission that our application for a grant of up to €125,000 to deliver the new *Access for All* project had been successful. It will run over an 18-month period from October 2014 to March 2016 and involves working with 7 destinations, including Brighton, Lincoln and Northumberland, on both product development and consumer marketing activities. The project was launched alongside a new *'Purple Pound'* infographic factsheet highlighting the value and volume of the accessible tourism market.

The 25<sup>th</sup> Annual VisitEngland Awards for Excellence ceremony was held in Cheltenham celebrating the best of England's tourism products. A total of 368 applications were received, a 15% increase on the previous year, all vying for awards in 15 categories. The destination management organisation, NewcastleGateshead Initiative and Sage Gateshead have bid successfully to host the 2015 Awards.

#### Measuring the impact of activities

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 HM Government to achieve its policy aspirations as appropriate and relevant to VisitEngland.**

We continued to work with our sponsors, Department for Culture, Media and Sport (DCMS) through 2014/15, supporting Ministers and officers with briefings, advice on Ministerial visits, responses to consultations and also general enquiries.

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

- Working with Defra on future EU investment funds, dealing with the outcomes of new EU Bathing Water Directive and ongoing work regarding rural broadband.
- Working alongside colleagues in the Department for Transport and Highways Agency to complete the review of Tourism Brown Signs.
- Working with the Marine Management Organisation to take forward the next phase of Marine Plans (South Coast) and ensuring destination organisations are engaged at local level.
- Advising the Big Lottery Fund on Round 3 tourism-related projects being considered by the Coastal Communities Fund.
- Working on the OFGEM/National Grid Visual Impact Provision (VIP) Stakeholder Advisory Group to advise on the undergrounding of pylons and landscape improvements around power lines in National Parks and AONBs.
- Contributing to and advising the Natural England Landscape Advisory Group.

#### **Rugby World Cup 2015**

During 2014/15, VisitEngland has continued to raise awareness of the tourism opportunities associated with the Rugby World Cup 2015 working closely with the tournament organisers, England Rugby 2015. This has involved creating and sharing media content such as video, still imagery and editorial guides featuring the 11 host cities, making it available to overseas travel agents, British posts overseas and media alike.

VisitEngland also developed good relationships with some of the tournaments' worldwide partners, including Land Rover and Emirates, with a view to running partnership campaigns and promotions in 2015/16.

In January, VisitEngland launched a domestic television advertisement, with support from the Rugby Football Union, featuring England rugby coach, Stuart Lancaster inviting people to *"Discover Your England"* in this Rugby World Cup year. The video of the advertisement, hosted on VisitEngland's You Tube channel, became our most popular ever with over 220,000 views.

Finally, VisitEngland assisted Ernst & Young (EY) with information and statistics ahead of the publication of an economic benefit study whose principal findings pointed to 466,000 international visitors to the tournament and an estimated added value to the UK economy of £1.9 billion.

British Tourist Authority trading as VisitBritain and VisitEngland

Annual Report and Financial Statements for the Year Ended 31 March 2015

VisitEngland Report for the Year (Continued)

Key Performance Indicators

VisitEngland Key Performance Indicators						
	Indicator Description	Definition	3 Year Target to 2015	Cumulative Results to 31 March 2014	Annual Results for 2014/15	Status
<b>RGF 'Growing Tourism Locally' Programme</b>	Indirect Job Creation	The number of indirect jobs created as a result of the programme activities.	9,139	4,316	7,940	Exceeded target
	Funding from BIS	Regional Growth Fund grant-in-aid (GIA) received from BIS	£19.8m	£13.1m	£6.7m	On target
	VisitEngland Match Funding	VisitEngland funding that is spent supporting programme activity.	£9.1m	£6.1m	£3.0m	On target
	Other Eligible Match Funding	Value of additional contributory project funding and the monetised value of in-kind contributions	£12.7m	£9.1m	£5m	Target exceeded
	Indicator Description	Definition	4 Year Target to 2015	Cumulative Results to 2014	Results for 2014/15	Status
<b>Holidays at Home are GREAT</b>	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	£148.5m	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	£33.7m	On target
	Marketing and PR Expenditure	Grant-in-aid spent on marketing and PR activities, including the campaign 'Holidays at Home are GREAT'.	£34m	£25.2m	£8.8m	On target

	Indicator Description	Definition	4 Year Target to 2015	Yearly Result to 31 March 2015	Status
<b>Other Indicators</b>	Administration Spend Reduction	Cumulative progress on achieving 50% reduction in real terms in administration spend by 2014-15	50%	53%	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 to ensure exposure to risk is minimised.

Shared Services made good progress in identifying and implementing a number of efficiency and cost reduction initiatives in 2014/15. We brought to an end a number of IT support contracts - the work being taken on by our in-house team; strengthened the management of software licences and rolled out more cost effective web video-conferencing solutions. All told these initiatives will deliver around £300k in savings per annum. Our People and Performance team have started work aimed at getting the full benefits out of our HR systems and in particular an increased use of self-service and workflow for processes such as recruitment. The Finance team were able to absorb the increased work resulting from a 30% growth in retail sales without additional staff resources and will continue to assess the potential for savings through process improvement.

BTA recognises the part that best procurement practice can play in delivering improved value for money. BTA is working with Government to overhaul the procurement structures to ensure transparency and best practice. We make extensive use of Government Framework agreements for major categories of services, particularly marketing and media buying, and to build on this, we are strengthening our procurement expertise by creating a small professionally led team in Business Services. In 2014/15 the growth in our retail operations has enabled us to negotiate a 15% reduction in shipping and warehousing costs of the London transport products. This reduction is passed on to customers in the form of lower delivery charges to further stimulate conversion rates and growth of future business.

### **2.4 TRIENNIAL REVIEW**

As part of the requirement for Government departments to review their agencies and non-departmental public bodies regularly, VisitBritain and VisitEngland recently underwent a Triennial Review.

Recognising the importance of inbound tourism as Britain's third biggest service export, and acknowledging the need for "the full backing of Government including joined up policy making," the review found that while VisitBritain continues to deliver strong outcomes, international tourism is fiercely competitive and the UK is losing market share.

The review concluded there is a clear need for the core functions of both VisitBritain and VisitEngland – to promote Britain and England as tourist destinations in overseas and domestic markets and to promote the development of experiences and products to attract tourists.

However, it also sought to clarify the respective roles and responsibilities of VisitBritain and VisitEngland, as well as their relationships with each other and with their partners and stakeholders.

As a result, VisitBritain and VisitEngland will formally separate, with a clear and focused remit on the specific areas that each organisation is uniquely well placed to deliver.

VisitBritain has been confirmed as the body responsible for the international tourism promotion of Britain and its nations and regions. VisitEngland will be the body responsible for developing standout tourism products and domestic marketing. VisitEngland will cease all international marketing.

VisitBritain will use its international marketing budget to grow inbound tourism across Britain's nations and regions. It welcomes the Government's desire to spread the economic growth from inbound tourism across the nations and regions of Britain and look forward to working even more collaboratively with its strategic partners, the National Boards, to continue to deliver this.

No date has yet been set for the separation of the organisations but the current assumption is that this will take place on 1 April 2016.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

#### 2.5 RESULTS FOR THE YEAR 2014/15 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 BIS. 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 £45.9 million (2013/14 £46.8 million).

##### BTA Funding – 2014/15

	VisitBritain	VisitEngland	BTA (Total)
	£'000	£'000	£'000
GIA Original Management Agreement	19,691	7,001	26,692
GIA movement between VB & VE	(150)	150	-
GIA Movement – Transfer to Capital	(127)		(127)
Capital GIA	319	-	319
Additional GIA - GREAT Campaign	17,000	2,000	19,000
Other	500	200	700
GIA Reduction due to underspend in 2013/14	-	(637)	(637)
<b>Total GIA Allocation</b>	<b>37,233</b>	<b>8,714</b>	<b>45,947</b>

##### 2. Income

Income from non-GIA funded activities increased 9.1% (2013/14: 4%) during 2014/15 (see Notes 6 & 7). The main drivers were:

- Income from commercial activities which increased £3.2 million (or 20%) as a result of the continuing growth of online retail activity worldwide
- The Regional Growth Funding (RGF) grant received from the Department for Business Innovation and Skills, (BIS) for the delivery by VisitEngland of the “Growing tourism locally” programme, totalling £6.7 million in 2014/15, an increase of £0.5 million from 2013/14
- Income from exhibitions, workshops and fairs which decreased by £0.9 million, reflecting the reduced activity in this area during the year under review.

##### 3. Expenditure

The continuation of grants received for the “GREAT” image marketing campaign and Regional Growth Funding (RGF) from the Department for Business Innovation and Skills in 2014/15 allowed BTA to maintain its annual expenditure at a constant level, with only a marginal increase of 1.5% on 2013/14.

The main changes in operating costs were:

- A 5% increase in staff costs primarily as a result of an increase in temporary contractors engaged in 2014/15
- A £3.2 million increase in commercial cost of sales, a consequence of the equivalent revenue growth in retail activities
- A reduction of £1.4 million in foreign exchange and forward currency hedging costs compared to 2013/14
- An increase in re-organisation costs to £480,000 in 2014/15, up from £9,000 in 2013/14, reflecting the discontinuation of VisitEngland’s international marketing function;

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### Results for the Year 2014/15 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 £26.2 million as at 31 March 2015 compared to £19.1 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, in particular the discount rate and inflation rate assumptions. This resulted in an actuarial re-measurement loss of £7.135 million (2013/14: loss of £2.753 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 a proportion to its share of the deficit. BTA's contribution for 2014/15 was £1,344,000 (2013/14: £658,000). The £1,344,000 consists of £360,000 in respect of the required deficit recovery contribution, £180,000 in respect of administration costs, and an additional voluntary contribution towards the deficit of £804,000 (2013/14: Nil). 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. Prior to September 2013 the employer contribution was 17.3%. BTA also has an additional unfunded pension liability of £294,000 (2013/14: £290,000) for pension payments to former chairmen which is included in the Statement of Financial Position.

The US pension scheme valuation reported a surplus of £76,000 (2013/14: £385,000).

#### 5. Working Capital

Net working capital decreased by approximately 16% or £0.4 million. The main contributor to this reduction was a non-recurring pension contribution prepayment in 2013/14 in the amount of £0.5 million. The overall reduction in working capital component balances also reflect a transition from traditional marketing initiatives to online retail based activities, resulting in a marginally reduced working capital requirement. The decrease in trade receivables and inventories is largely offset by a decrease in trade and other payables.

#### 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 2014/15 58% (2013/14: 52%), of suppliers' invoices not in dispute were settled within these parameters. The results for paying invoices within 30 days are as follows:- 90.25% in 2014/15 and 87% in 2013/14.

#### 2.6 STAFF

##### 1. Introduction

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

##### 2. Employment

Full details of the numbers of employees split between marketing, marketing support and administration are given in Note 8 to the Accounts. The number of employees at 31 March 2015 classified by gender is as follows:

	Male	Female
Senior Executives	4	5
Total number of employees	72	170

**Staff** *(Continued)*

**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, organisational changes and 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 Board's 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). All new staff are auto-enrolled into the scheme.

**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). Fixed-term contracts are used to employ staff for short project based assignments as appropriate.

**7. Sickness Absence**

The average sickness absence per full time employee in 2014/15 was 2.8 days compared to 3.1 days in 2013/14

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

**9. Equal Opportunities and Disability**

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

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

**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. A re-assessment of BTA's iIP status is due in September 2015. BTA is recognised as an ACCA approved employer.

## **2.7 PRINCIPAL RISKS AND UNCERTAINTIES**

BTA's attitude towards and strategies in relation to risk management is discussed in the statement of Corporate Governance.

A major uncertainty for VisitBritain and VisitEngland during the financial year was whether or not the Triennial Review would result in continued support for the Government's intervention in tourism and the activities which we undertake. We were delighted when the Review concluded that our core functions were still required.

A constant risk for both organisations is that we will fail to meet the targets attached to our funding as a result of external events over which we have no control. Our targets are primarily related to increasing visitor numbers and spend: in VisitBritain's case, its ability to deliver can be affected by changing economic factors such as strengthening of sterling and, depressions in market economies; a decrease in air capacity on a route or world events such as terrorist attacks and pandemics. Any of these factors can lead to a potential visitor deciding not to come to Britain and to go elsewhere. We therefore need to retain the flexibility to rapidly switch our activity between markets to mitigate any detrimental effect and, depending on the circumstances, provide up-to-date and accurate information to travellers so that they can make informed decisions.

Risks of this nature also threaten VisitEngland's ability to meet its targets: for instance a strengthening pound or dreadful weather can lead to UK residents substituting a domestic holiday with an overseas one. However, they can also present opportunities as we saw when the 'staycation' effect was at its height during the recent UK recession.

As an international organisation, we trade in several currencies around the world and are therefore exposed to movements in currency markets. BTA believes that forward purchase of currency provides a measure of budgetary stability for overseas operations and represents the most effective approach to mitigating foreign currency risk. A Foreign Currency Policy is in place which complies with the guidance in Managing Public Money. In 2013/14, notwithstanding the fact that we had hedged our foreign exchange requirements, we showed a foreign exchange loss as a result of sterling having strengthened during the year. Prospects for future years will continue to be influenced by the strength of sterling relative to other foreign currencies, particularly the Euro and the US Dollar.

BTA's share of assets and liabilities in the British Tourist Board pension scheme were subject to an independent actuarial valuation at 31 March 2015. As a result of this revaluation BTA's net liabilities were increased from £19.4m to £26.5m. Notwithstanding the impact of this revaluation, a number of other changes to the scheme will result from the formal separation of VisitEngland and VisitBritain with the former being established as a new Employer on the BTB Scheme with its own share of assets and liabilities. Over the course of the year, BTA will work closely with the Trustees for the Fund to agree proposals for new deficit recovery plans that reflect the share that each should pay in the light of the last revaluation. These will be informed by parallel discussions with DCMS aimed at agreeing new covenants for both organisations.

BTA have agreed with HMRC a longstanding scheme for recovery of VAT Input Tax to reflect a mix of statutory and business activities. During the course of the year HMRC advised us that they wished to formally review the scheme and bring it more into line with recovery schemes put in place for other tourist bodies. Discussions are ongoing with HMRC to agree the new VAT recovery method which will be effective from 1<sup>st</sup> April 2015. At this stage BTA recognises that changes could impact on its funding and hence its targets for delivery.



## **2.8 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 2015, BTA had a taxpayers' deficit of £ 23,772,000 (2013/14: £16,156,000).

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 have considered in reaching this conclusion are summarised as follows:

- BTA is a non-departmental public body that is funded until March 2016 by the Department for Culture, Media and Sport (DCMS) through the Comprehensive Spending Review (CSR) process.
- BTA operating cash flows, taking into consideration Grant in aid funding, remains positive and based on current forecasts and budgets it will continue to do so for the foreseeable future;
- Robust plans and funding are in place to secure the orderly separation of VisitEngland from BTA including arrangements for the transfer of assets and liabilities to the new organisation at 31 March 2016;
- The arrangements for the funding VisitBritain and VisitEngland beyond 2015/16 will be addressed through the next Comprehensive Spending Review (CSR);
- 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 and which were valued at a net defined benefit obligation of £26,166,000 following the recent three yearly valuation. Negotiations with the UK Trustees of the fund aimed at rescheduling a planned programme of repayments to clear the deficit, underpinned by a covenant from DCMS will be agreed as part of the transition to the organisational changes recommended in the Triennial Review. These in turn will be reflected in the funding settlements agreed as part of the forthcoming Comprehensive Spending Review.

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

Sally Balcombe  
Accounting Officer  
BTA

23 June 2015

### 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 the 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 2014/15 £	Remuneration 2013/14 £
Christopher Rodrigues CBE, Chairman	49,090	49,090
Sally Balcombe*	4,718	7,076
Dr. Michael Cantlay, OBE**	-	-
Penelope, Viscountess Cobham, CBE **	-	-
Dan Clayton Jones OBE**	-	-
Janis Kong OBE	-	8,649
The Rt Hon Helen Liddell	-	9,435
John Lindquist	9,435	9,435
Sir Moir Lockhead OBE	-	3,145
Ian McCaig	9,435	5,504
Stephen Ridgway	9,435	7,076
	<hr/>	<hr/>
	82,113	99,410
Pensions to former Chairmen	23,804	23,804
	<hr/>	<hr/>
Total remuneration	105,917	123,214

##### Observers during the Year

Katy Best\*\*\*  
Kevin Murphy\*\*\*  
Sandra Rogers\*\*\*

Board Members' remuneration is £9,435 per annum / 12 month period. Where a Member's term of office commences or expires during the year they receive a pro-rata payment

\* Sally Balcombe (FY equivalent pay and resigned from the Board on 22 September 2014 prior to taking up her position as Chief Executive of VisitBritain on 24 September 2014).

\*\* Dr Cantlay and Penelope, Viscountess Cobham sit on the Board in an ex-officio capacity in their roles as Chairmen of VisitScotland and VisitEngland respectively and do not receive any remuneration from VisitBritain. D Clayton Jones OBE is appointed by the Welsh Assembly and also receives no remuneration from VisitBritain.

\*\*\* Observers receive no remuneration

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### Remuneration Report (Continued)

##### VisitEngland Board members' remuneration:

	Remuneration 2014/15 £	Remuneration 2013/14 £
Penelope, Viscountess Cobham, CBE, VE Chairman	45,210	45,210
Amanda Cottrell	1,573	9,435
John Hoy	9,435	9,435
David Orr	-	4,718
Sarah Stewart	9,435	9,435
Nick Varney	-	2,117
Denis Wormwell	9,435	9,435
Nigel Halkes	9,435	2,359
Sarah Dunning	9,435	2,359
Total remuneration	93,958	94,503

##### Observers during the year

Suzanne Bond\*

Sandie Dawe CBE / Sally Balcombe\*

Board Members' remuneration is £9,435 per annum / 12 month period. Where a Member's term of office commences or expires during the year they receive a pro-rata payment

\*Observers receive no remuneration but Sandie Dawe and Sally Balcombe were remunerated by VisitBritain during their respective terms of Office as Chief Executive of VisitBritain

### 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 12.3% for the current VisitBritain's CEO (the previous CEO was eligible to be considered for annual performance bonus of 15%) 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 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%, 15% for the CEO of VisitBritain (now reduced to 12.3%) and 10% for the CEO of VisitEngland. All payments are based entirely on performance, no discretion was exercised and payments were approved by the Remuneration Committee.

The bonuses reported in 2014/15 relate to performance in 2013/14 and the comparative bonuses reported for 2013/14 relate to performance in 2012/13.

**British Tourist Authority trading as VisitBritain and VisitEngland**  
**Annual Report and Financial Statements for the Year Ended 31 March 2015**

**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

**2014-15**

Name	Salary (£'000) <sup>1</sup>	Bonus Payments (£'000)	Total Remuneration Figure (£'000)	Employer pension contributions (£'000)	Real Increase in pension at Retirement Age (£'000)	Total accrued pension at Retirement Age as at 31.03.2015 (£'000)	Cash equivalent transfer value as at 31.03.2014 (£'000)	Real increase cash equivalent transfer value less Director Contribution (£'000) <sup>3</sup>	Cash equivalent transfer value as at 31.03.2015 (£'000)
Sally Balcombe (Accounting Officer BTA/CEO VB) <sup>2</sup> 4	75-80	0	75-80	5-10	0-2.5	0-5	0	22	26
Sandie Dawe MBE (Accounting Officer BTA/CEO VB) <sup>2</sup>	45-50	15-20	65-70	5-10	(2.5)-0	65-70	1,656	316	1,995
James Berresford (CEO VE) <sup>4</sup>	140-145	10-15	150-155	25-30	0-2.5	10-15	195	86	291
Hazel Cunningham (Director BTA, Business Services) <sup>4</sup> 5	5-10	0	5-10	0-5	0	0	0	0	0
Philip Mabe (Director BTA, Business Services) <sup>5</sup>	45-50	0	45-50	5-10	0-2.5	0-5	0	14	16
Joss Croft (Director VB, Britain Marketing) <sup>4</sup>	90-95	0-5	95-100	20-25	0-2.5	25-30	408	177	594
Keith Beecham (Director VB, Overseas Network) <sup>2</sup> 6	105-110	5-10	115-120	25-30	5-7.5	60-65	1,334	450	1,806
Louise Stewart (Director VE, Strategy & Development) <sup>4</sup>	90-95	0-5	95-100	10-15	0-2.5	5-10	51	46	102
Patricia Yates (Director VB, Strategy and Communications) <sup>4</sup>	85-90	0-5	85-90	20-25	0-2.5	10-15	320	103	431
Alex Mawer (Director VE, Marketing) <sup>5</sup>	40-45	0	40-45	10-15	0-2.5	10-15	178	81	263
Tim Holt (Director VE, Marketing) <sup>4</sup> 5	60-65	0-5	60-65	15-20	0-2.5	10-15	124	74	203
Jenny McGee (Director VE, Enterprise) <sup>4</sup>	65-70	0-5	65-70	15-20	0-2.5	35-40	731	222	965

<sup>1</sup>No benefit in kind was paid in 2014/15

<sup>2</sup>Sandie Dawe left the organisation on 7th July 2014 her full year salary was £151,96k. Sally Balcombe joined on 24th September 2014 her full year salary was £142,25k. Keith Beecham was appointed as acting CEO during the interim period.

<sup>3</sup>The real increase in cash equivalent takes into account inflation rate of 1.2%, in line with the Government's statutory revaluation order for 2014/15; in 2013/14 the inflation rate was 2.7%.

<sup>4</sup>All directors have a normal retirement age of 60, except James Berresford and Louise Stewart, who have a normal retirement age of 65.

<sup>5</sup>Philip Mabe's services as an Interim Director of Business Services were procured by the BTA through Odgers Berndtson. The service started in Feb 2014 and ended in August 2014 when he officially joined BTA on a Fixed term contract. For 2014/15, expenditure of £74.3k (2013/14: £27.9k), plus VAT was incurred in respect of his services. In addition, Ian Grattidge also covered an interim period until the appointment of Hazel Cunningham as a permanent Director of Business Services on 16/03/2015. Ian Grattidge was paid £44.1k through Odgers Berndtson. Both Hazel Cunningham and Philip Mabe had full year salaries of £110k.

<sup>6</sup>Keith Beecham left VB on 5th April 2015. Alex Mawer left VE on the 19th September 2014 on a salary of £85.5k and replaced was by Tim Holt on a full year salary of £60k.

**British Tourist Authority trading as VisitBritain and VisitEngland**  
**Annual Report and Financial Statements for the Year Ended 31 March 2015**

**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) <sup>1</sup>	Bonus Payments (£'000)	Real increase cash equivalent transfer value less Director Contribution (£'000) <sup>2</sup>	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) <sup>3</sup>	150-155	20-25	95-100	270-275	20-25	0-2.5	65-70	1,512	1,656
James Berresford (CEO VE) <sup>4</sup>	135-140	10-15	35-40	190-195	20-25	0-2.5	10-15	147	195
David Parkhill (Director BTA, Business Services) <sup>4</sup>	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) <sup>4</sup> ,	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 stepped 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.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### 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 25 to the accounts).

The following information is provided in relation to off payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year:

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	2
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.	32

The Director of Business Services resigned in February 2014, which position was filled by interim appointments until the permanent appointment of Ms Cunningham on 16 March 2015. In Feb 2014 Mr Philip Mabe was appointed as Interim Director of Business Services. His services were procured by the BTA through Odgers Berndtson and ended in August when he officially joined BTA on a fixed term contract until February 2015. Mr Mabe was replaced by Mr Ian Grattidge who covered the period until the appointment of Ms Cunningham as a permanent Director of Business Services.

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. The banded remuneration of the highest-paid Director in BTA in the financial year 2014/15 was £170,000-£175,000 (2013/14 - £170,000 -£175,000). This was 4.9 times (2013/14: 4.9) the median remuneration, (Note 2), of the workforce, which was £35,000 (2013/14: £35,918). The median remuneration is based on all UK and overseas staff only; it excludes agency workers and contractors. The ratio remained relatively constant from 2014 to 2015, reflecting stability in the remuneration packages and compilation of the workforce.

No employees were paid more than the highest paid director. Remuneration ranged from £4,000 to £155,000 (2013/14: £6,000 - £175,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions."

Sally Balcombe  
Accounting Officer  
BTA

23 June 2015

#### 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 values.

#### 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. Out of 24 offices in 21 countries, 22 offices are within FCO or British Council offices. Our London head office is also based within another government department premises and with increased occupancy in the building this year, the proportion of our energy usage and waste disposal has decreased. This, along with less staff travel undertaken, has helped us significantly reduce our carbon footprint.

**Summary of Performance**

BTA's key sustainability performance indicators are summarised below:

Sustainability area	Units	Performance	
		2014/15	2013/14
<b>Non-financial indicators</b>			
Total CO <sub>2</sub> emissions	Tonnes	776	850
Energy consumption	KWh	795,637	833,581
Total waste	Tonnes	44.21	46.72
Water consumption	Meter <sup>3</sup>	2,812	2,613
<b>Financial indicators</b>			
Energy consumption costs	£'000	£82.4	£83.8
Official business travel costs	£'000	£474.7	£552.7
Waste disposal costs	£'000	£4.77	£5.04
Water supply costs	£'000	£2.75	£3.39

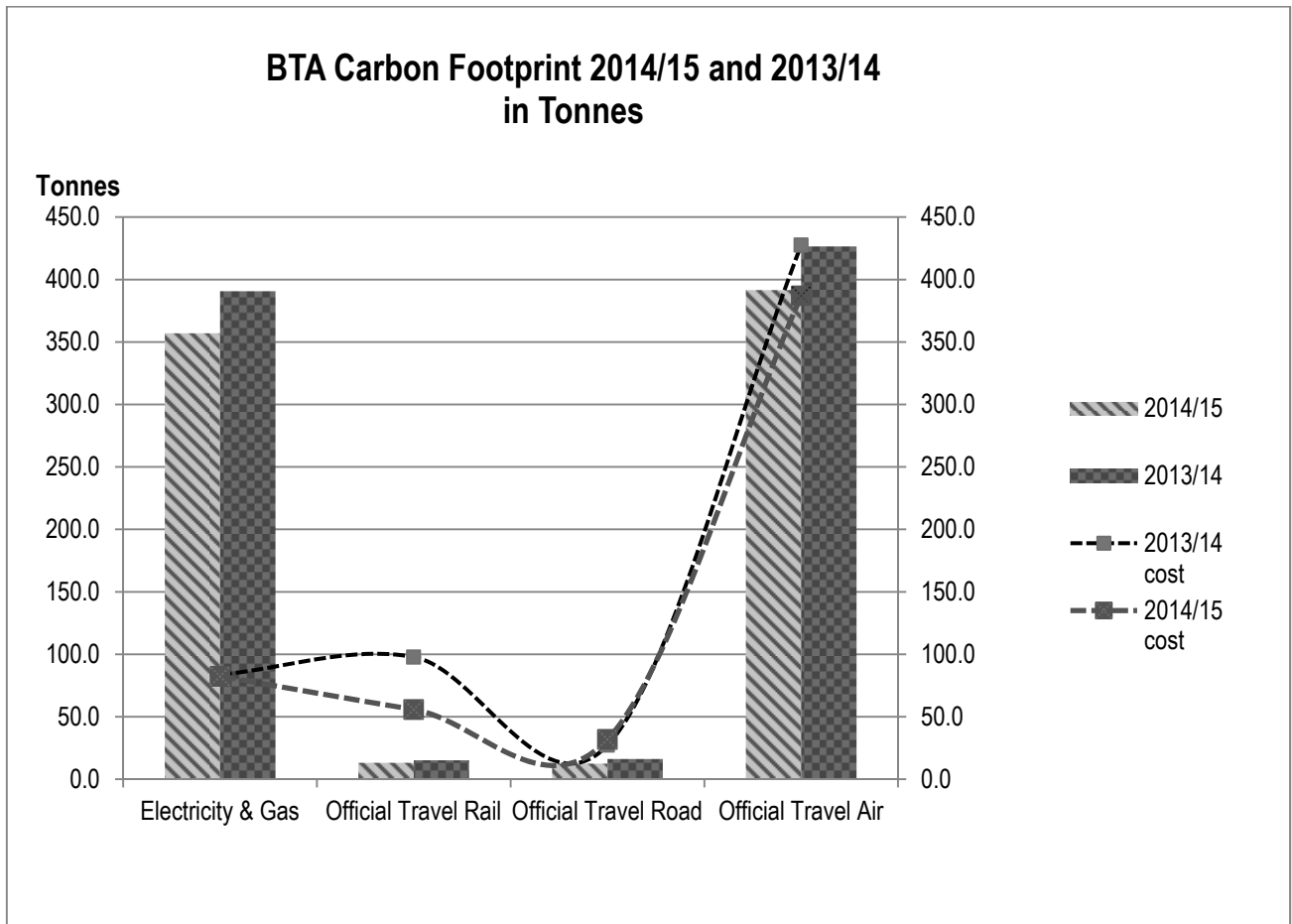
**Notes:**

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



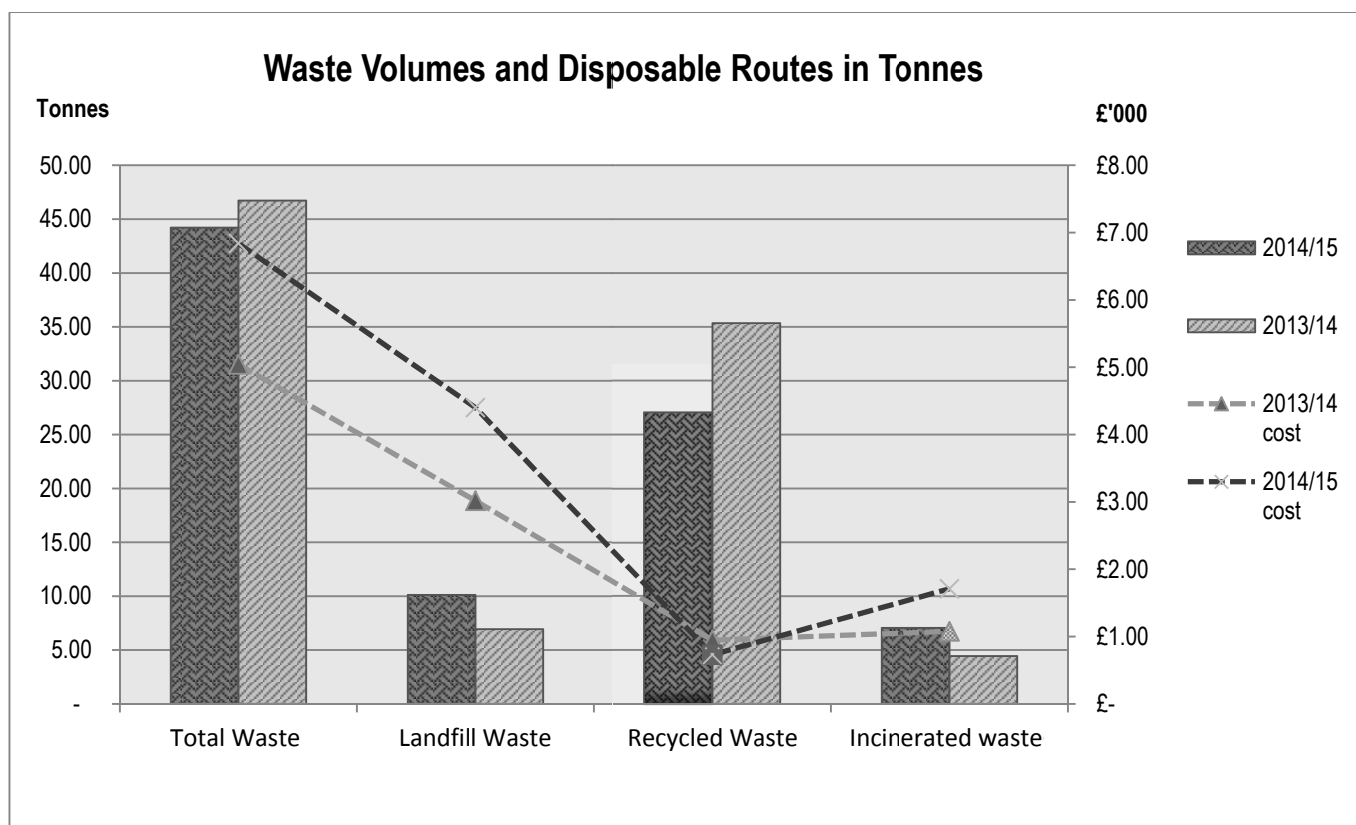
We are an international organisation that needs to maintain good communication with staff around the world and to communicate our work to our stakeholders. Air travel for our overseas network increased during the year with the global GREAT campaign generating more activity in long haul markets, particularly in China, Dubai, Brazil and India, with the consequent need to engage directly with partners and industry. There was, however, a decrease in travel for London-based staff. By using information technology, such as video conferencing and webinars to hold meetings and conferences, we have continued to minimise the need for travel.

We operate a Cycle Loan scheme offering staff an interest-free loan to purchase bicycles and we are also a member of the Evan's Cycles Ride2Work scheme. This scheme takes advantage of the Government's Green Transport Plan by allowing BTA employees to lease a new bike and receive tax savings while doing so.



Statement of Sustainability (Continued)

Waste			2014/15	2013/14
<b>Non-financial Indicators (tonnes)</b>	Total waste		44.21	46.72
	Hazardous waste	Total	-	-
	Non-hazardous waste	Landfill	10.11	6.94
		Reused/Recycled	27.05	35.34
		Incinerated/energy from waste	7.05	4.44
<b>Financial Indicators (£'000)</b>	Total disposal cost		6.84	5.04
	Hazardous waste	Total	-	-
	Non-hazardous waste	Landfill	4.40	3.02
		Reused/Recycled	0.73	0.95
		Incinerated/energy from waste	1.71	1.08



Total waste volumes for BTA have reduced since 2013/14, although the proportion of recycled waste has decreased. Higher occupancy levels within the shared Sanctuary Buildings in London have reduced the share of waste volume attributed to BTA, but the process of relocation and renovation has raised the volume of non-recyclable waste produced within the building as a whole. The removal of individual waste bins and provision of communal separate bins for recyclable and non-recyclable waste has promoted more sustainable waste disposal practices.

**Statement of Sustainability** *(Continued)*

**Sustainable Procurement**

We employ Government Buying Standards when procuring affected goods and services. Additionally, where sustainability issues are critical to the performance of a product or service, we will ensure that they are included in our selection process. Such information may include 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 avoid using materials and print finishes that are non-recyclable and regularly review print volumes and stock levels to minimise wastage.

## **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, Management Agreement or which are attached to any other sources of Government funding.
- 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 the Audit and Remuneration Committees which is discussed below.

Due to our governance arrangements, I meet regularly with the 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. In relation to VisitEngland, I have delegated this responsibility to its Chief Executive albeit I retain overall accountability. We are each supported by our teams of operational Executive Directors and by the Director of Business Services, who has responsibility for finance and the 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.

### **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 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, and I have met with them separately to discuss procurement issues: see Key Governance Issues overleaf.

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

**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 which are subject to regular testing and review. 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.

We also introduce new systems of internal control as necessary to meet the changing needs of our business and the risks to which the organisation is exposed. An example of this is the governance framework which VisitBritain put in place during the year to oversee its three-year Digital Transformation Programme. In view of the importance of the project to the successful delivery of our activities and the level of budget involved, dedicated project governance arrangements were put in place and the 'kick-off' phase of the project was overseen by a sub group of the Board, involving the Chairman, myself (before I was appointed Chief Executive), Ian McCaig, Sandie Dawe (my predecessor), and appropriate Directors. An experienced Programme Director was also recruited during this phase. The project is now overseen by a Digital Programme Board which I chair and the Board is kept closely informed of progress.

Work 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, remained robust and fit for purpose for a project of its size. As 2014/15 was the third and final year of this project, the emphasis in the latter part of the year was on developing a programme closure plan which was the subject of an internal audit by PwC: no major concerns were uncovered and measures were put in place to address PwC's findings.

Management accounts are produced monthly for both VisitBritain and VisitEngland and I hold monthly meetings with the Executive Directors to monitor the budget, as does the CEO of VisitEngland with his Team, and to satisfy ourselves that spend and performance results are on target against planned results. Both Boards review the latest Management Accounts at each of their meetings, as does the Audit Committee.

An internal audit of our Key Financial Controls, conducted by PwC in April 2015 identified no risks; for the second year in a row, we have been given a clean bill of health as no testing exceptions were found.

**Board Governance**

The composition and membership of the Board is reported in Section 2. I attend every meeting as does the Director of 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, two vacancies arose following the retirement of The Rt. Hon Baroness Liddell of Coatdyke in March 2014 and my own resignation from the Board following my appointment as Chief Executive. These vacancies were subject to a recruitment freeze pending the outcome of the Triennial Review but recruitment is now underway.

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.

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

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

**Annual Report and Financial Statements for the Year Ended 31 March 2015**

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

The attendance by individual Board Members, Observers and Committee Members at meetings during 2014/15 was as follows:

	<b>Board Member/ Observer/ Independent Seconded</b>	<b>Board Meetings Attended</b>	<b>Audit Committee Meetings Attended</b>	<b>Remuneration Committee Meetings Attended</b>
Christopher Rodrigues CBE	Chairman of the Board and Remuneration Committee	6 (6)		3 (3)
Sally Balcombe*	Board Member and member of the Remuneration Committee	3 (3)		1 (1)
Dr Michael Cantlay OBE	Board Member	4 (6)		
Penelope, Viscountess Cobham, CBE	Board Member and member of the Audit and Remuneration Committees	6 (6)	3 (4)	3 (3)
Dan Clayton Jones OBE	Board Member	6 (6)		
John Lindquist	Board Member and Chairman of the Audit Committee	5 (6)	4 (4)	
Ian McCaig	Board Member	4 (6)		0 (1)
Steve Ridgway	Board Member	5 (6)		2 (3)
Katy Best	Observer	2 (3)		
Kevin Murphy	Observer	1 (2)		
Sandra Rogers	Observer	1 (1)		
Nigel Halkes	Member of the Audit Committee (ETB Board Member)		4 (4)	
Hugh Green	Independent Member of the Audit Committee		4 (4)	
Denis Wormell	Member of Remuneration Committee (ETB Board Member)			1 (2)

\* Sally Balcombe was not a Member of the Remuneration Committee in her capacity as a Board Member. Since resigning as Board member on 22 September 2014 and assuming her new role as Chief Executive on 24 September 2014 Mrs Balcombe has attended every Audit Committee meeting.

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 from 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 2014/15 there were no withdrawals from Board or Committee discussions.

**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 Committees were operating effectively with an appropriate mix of skills.

As this exercise was undertaken so close to the year-end, and in view of the fact that two vacancies subsequently arose on the Board, the Chairman decided to defer further evaluation of the Board's performance until such time as the vacancies have been filled.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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

##### The Work of the Board in 2014/15

Towards the end of 2013, bearing in mind that 2014/15 would see the culmination of four year, £100 million marketing campaign, the Board had started to consider future strategy for 2015/16 and beyond. This work continued into the beginning of the new financial year but was interrupted by the announcement of the Triennial Review and placed on hold. With the Review nearing its conclusion, the Board resumed work on future strategy at an extended planning session in February 2015.

During the year, the Board also reviewed progress against a number of sub-strategies including those which frame our work with the travel trade and in Nurture Markets. The Nurture Markets Strategy was developed by the Board in April 2013 and is designed to deliver strategic but low cost interventions in partnership with both public and private sector partners to nurture inbound tourism from markets in which VisitBritain does not have a physical presence.

The Board has been very closely involved in VisitBritain's Digital Transformation Programme and, as mentioned above, a sub-group of the Board was formed to oversee the initial phase of the project. Launched in September 2014, the aim of the Programme, which will be delivered in two phases, is to replace all of our existing customer facing web sites with single strategic platform, underpinned by a new customer relationship management system, to deliver a significantly enhanced experience for our customers. The overall programme budget is £1.6 million over 3 years and will deliver savings of £0.5 million per annum.

The Board also continued to monitor progress in the delivery of the £100 million and GREAT campaigns and to support and nurture our retail operation which has grown to the point where it delivered a net profit of £1.545 million in 2014/15. With the trend towards declining grant-in-aid, this area of activity is of increasing importance and the Board receives detailed financial reports at each meeting.

All of this work is discussed in greater detail in Section 2.

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

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

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

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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

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 five members: the Chairmen of BTA and ETB and three other members of the Boards of BTA and ETB. 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 the Remuneration report. However, the Committee reviews the pay remit prior to its submission to DCMS and, subsequently, reviews the final 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 the good practice principles for Audit and Risk Assurance Committees in central government as set out in HM Treasury's Audit and Risk Assurance Committee Handbook (April 2013).

The Committee consists of four members: three are drawn from the Boards of BTA and ETB and the fourth is an external 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. The Committee reviews this programme during the year to re-allocate resources to areas of risk which come to its attention during the year. An example of this was the procurement review which is discussed below in 'Key Governance Issues'.

During the year, the Audit Committee has continued to scrutinise the processes, procedures and risk management surrounding the VisitBritain's GREAT campaign and VisitEngland's RGF project.

In 2013/14, notwithstanding the fact that we had a policy in place consistent with HM Treasury guidelines as set out in 'Managing Public Money' and had hedged our foreign exchange requirements, we showed a foreign exchange loss as a result of sterling having strengthened during the year. Again, the Audit Committee invited PwC to conduct a review of the processes and controls in place to identify and manage potential and actual foreign exchange losses. The Committee subsequently oversaw the implementation of the Report's recommendations including the adoption of a revised Foreign Currency Management Policy.

The Committee has also been closely involved in negotiations with HMRC which found, in a recent, routine VAT audit, that the current VAT recovery method which had been negotiated in 1982 was no longer fair and reasonable. As a result BTA was invited to propose a new recovery method to be effective from 1 April 2015. We are awaiting a decision from HMRC. However, the new method will have no effect on 2014/15 results as the expected effective date is 1 April 2015.

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.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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#### 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. Some high and medium risks were identified, primarily relating to procurement, 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.

BTA has suffered no protected personal data incidents during 2014/15 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 the use of personal service companies. The results and recommendations of this 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.

The tables below show the number 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 2014 and 31 March 2015. This is a wider definition than is used for determining which individuals should be included in the remuneration report.

Table 1: For all off-payroll engagements as of 31 March 2015, for more than £220 per day and lasting longer than six months.

No. of existing engagements as of 31 March 2015	5
Of which...	
No. that have existed for less than one year at time of reporting.	1
No. that have existed for between one and two years at time of reporting.	3
No. that have existed for between two and three years at time of reporting.	1
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.	<b>Confirmed</b>



## British Tourist Authority trading as VisitBritain and VisitEngland

### Annual Report and Financial Statements for the Year Ended 31 March 2015

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

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months.

<b>No. of new engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015</b>	<b>6</b>
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	<b>6</b>
No. for whom assurance has been requested	<b>6</b>
Of which...	
No. for whom assurance has been received	<b>6</b>
No. for whom assurance has not been received	<b>0</b>
No. that have been terminated as a result of assurance not being received.	<b>0</b>
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.	<b>N/A</b>

Table 3: For any off-payroll engagements of board members and/or, senior officials with significant financial responsibility, between 1 April 2014 and 31 March 2015

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	<b>2</b>
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.	<b>29</b>

#### Procurement Process

At its meeting in June 2014, the Audit Committee asked to be briefed on public procurement rules and procedures and, although non-tendered contracts are reported to each meeting of the Committee, it was agreed that it would be good practice to conduct an overall review of recent contracts which had been let without going to tender. This was subsequently widened to cover procurement arrangements more widely and was the subject of reviews by both the NAO and our internal auditors, PwC.

The NAO Audit report, first presented to the Audit Committee in January 2015, identified several findings and recommendations. The principal one concerned the use, in some cases, of our marketing partners’ own media buying agencies since this appeared to be at odds with the terms of our Marketing Exemption from the Cabinet Office’s Efficiency and Reform Group (ERG). The exemption for the ERG specifies that all of our purchasing should be placed through the Government’s Framework Contracts. In light of NAO’s findings, BTA has sought / secured retrospective approval from the ERG / DCMS for the award of the contracts identified by NAO on the grounds that they were nevertheless demonstrably informed by considerations of best value for money.

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

The PwC Internal Audit report, which reviewed key controls and procedures around procurement, specifically the use of non-tendered contracts 2014/2015 was finalised in March 2015. PwC's findings mirrored those of NAO and they also made several recommendations relating to tightening our own internal procurement procedures such as reviewing our Procurement Manual, amalgamating the Tender and Contracts Registers, so that all related material is retained in one place, and refreshing training for staff on procurement processes.

We have made our procurement regime a priority to ensure policies and procedures reflect good practice and the appropriate application of public sector regulations and controls. In particular, work is continuing to identify a future strategy which enables us to work with partners whilst complying fully with procurement regulation and Government Spending Controls. The need to identify a solution whilst ensuring we obtain best value for money is important because some of our potential partners are contractually tied to their own agencies and failure to identify a strategy could lead to failure to meet our match-funding targets and utilise budget to good effect. A wider procurement change programme, covering revised guidance, process improvement and updated staff training is being implemented and is expected to finish by the end of September 2015.

Given the far-reaching nature of the recommendations in both reports, I have been personally overseeing the work to improve our practices and procedures in this area and we have also strengthened our Procurement Team.

I am grateful to the Audit Committee and DCMS for their support.

**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.

Our corporate risk register is kept under review by the Executive, Boards and Audit Committee and the principal risks and uncertainties, which are discussed in section 2.7, enjoy a high level of scrutiny within our internal audit work programme.

Sally Balcombe  
Accounting Officer  
BTA

23 June 2015

**7. 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 taxpayers' 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.

Sally Balcombe  
Accounting Officer  
BTA

23 June 2015

**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 2015 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 2015 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

30 June 2015

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2015

	<i>Note</i>	<b>2015</b> £'000	<b>2014</b> £'000
<b>Revenue</b>			
Income from activities	6	30,094	27,822
Other income	7	7,690	6,804
		<u>37,784</u>	<u>34,626</u>
<b>Expenditure</b>			
Employee benefits costs	8	(15,065)	(14,327)
Depreciation	17	(104)	(119)
Other operating charges	9	(67,393)	(67,359)
Grants paid	11	(196)	(157)
Re-organisation costs	12	(480)	(9)
		<u>(83,238)</u>	<u>(81,971)</u>
<b>Net Expenditure before finance income</b>	<b>13</b>	<b>(45,454)</b>	<b>(47,345)</b>
Finance income	15	71	77
Finance expense	15	(767)	(671)
<b>Net Expenditure for the year</b>		<u><b>(46,150)</b></u>	<u><b>(47,939)</b></u>
<b>Other Comprehensive Income / (Expenditure)</b>			
<i>Items that will not be reclassified to net expenditure</i>			
Increase in UK pension liability on unfunded schemes	25	(4)	-
Re-measurements of defined benefit pension obligations	25	(7,409)	(2,445)
<b>Other Comprehensive Income / (Expenditure)</b>		<u><b>(7,413)</b></u>	<u><b>(2,445)</b></u>
<b>Total Comprehensive Net Expenditure for the year</b>		<u><b>(53,563)</b></u>	<u><b>(50,384)</b></u>

The Notes on pages 53 to 86 form part of these financial statements

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Financial Position as at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	98	54
Intangible assets	18	534	357
Investment in subsidiary	19	1	1
Retirement benefit assets	25	76	385
<b>Total non-current assets</b>		709	797
<b>Current assets</b>			
Inventories	20	3,260	4,055
Trade and other receivables	21	7,377	8,575
Cash and cash equivalents	22	1,010	1,032
<b>Total current assets</b>		11,647	13,662
<b>Total assets</b>		12,356	14,459
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	(9,668)	(10,875)
Derivative financial liabilities	24	-	(360)
<b>Total current liabilities</b>		(9,668)	(11,235)
<b>Non-current liabilities</b>			
Retirement benefit liabilities	25	(26,460)	(19,380)
<b>Total non-current liabilities</b>		(26,460)	(19,380)
<b>Total liabilities</b>		(36,128)	(30,615)
<b>Total Net Liabilities</b>		(23,772)	(16,156)
<b>Taxpayers' Deficit</b>			
Income and expenditure reserve		(23,772)	(16,156)
		(23,772)	(16,156)

The financial statements were approved by the Board on 16 June 2015 and were signed on its behalf by:

Sally Balcombe  
Accounting Officer  
BTA

The Notes on pages 53 to 86 form part of these financial statements.

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Cash Flows for the Year Ended 31 March 2015

	<i>Note</i>	<b>2015</b> £'000	<b>2014</b> £'000
<b>Cash flows from operating activities</b>			
Net expenditure for the year		(46,150)	(47,939)
Adjustments for:			
Depreciation		104	119
Defined benefit pension cost	25	1,978	1,960
Finance costs/( income) – UK&US pension scheme	25	767	671
Unrealised foreign exchange difference on US pensions scheme	25	(19)	29
Defined benefit employer pension contribution	25	(2,750)	(1,721)
Fair value adjustment on financial assets	24	(360)	521
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<u>(46,430)</u>	<u>(46,360)</u>
Decrease/(increase) in trade and other receivables		1,198	1,028
Decrease/(Increase) in inventories		795	(661)
Increase/(decrease) in trade and other payables		(1,207)	(543)
<b>Net cash flows from operating activities</b>		<u>(45,644)</u>	<u>(46,536)</u>
<b>Investing activities</b>			
Purchases of property, plant and equipment	17	(148)	-
Purchases of intangible assets	18	(177)	(357)
<b>Net cash (outflows) from investing activities</b>		<u>(325)</u>	<u>(357)</u>
<b>Financing activities</b>			
Grant-in-aid received from the DCMS		45,947	46,830
<b>Net cash flows from financing activities</b>		<u>45,947</u>	<u>46,830</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(22)	(63)
<b>Cash and cash equivalents at beginning of the year</b>	26	<u>1,032</u>	<u>1,095</u>
<b>Cash and cash equivalents at end of the year</b>	26	<u>1,010</u>	<u>1,032</u>

The Notes on pages 53 to 86 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 2015

	<i>Note</i>	Income and Expenditure £'000	Total Taxpayer's deficit £'000
<b>Balance as at 1 April 2013</b>		(12,602)	(12,602)
<b>Changes in reserves 2013/14</b>			
Total comprehensive income and expenditure for the year		(50,384)	(50,384)
Grant in Aid – Resource	5	46,450	46,450
Grant in Aid – Capital	5	380	380
<b>Balance as at 31 March 2014</b>		(16,156)	(16,156)
<b>Changes in reserves 2014/15</b>			
Total comprehensive income and expenditure for the year		(53,563)	(53,563)
Grant in Aid – Resource	5	45,628	45,628
Grant in Aid – Capital	5	319	319
<b>Balance as at 31 March 2015</b>		(23,772)	(23,772)

**Reserve**

Income and expenditure

**Description and purpose**

Cumulative net gains and losses recognised in the Statement of Comprehensive Net Expenditure.

The Notes on pages 53 to 86 form part of these financial statements.

## 1 Accounting Policies

These financial statements have been prepared in accordance with the 2014/15 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 principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all of the years presented unless otherwise stated.

### *Basis of Preparation and Going Concern*

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

The financial statements have been prepared on a going concern basis, which assumes that BTA will continue in operational existence for the foreseeable future. At the year-end 31 March 2015, BTA had a taxpayers' deficit of £23,772,000 (2013/14: £16,156,000)

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:

- BTA is a non-departmental public body that is funded until March 2016 by the Department for Culture, Media and Sport (DCMS) through the Comprehensive Spending Review (CSR) process;
- BTA operating cash flows, taking into consideration Grant in aid funding, remains positive and based on current forecasts and budgets it will continue to do so for the foreseeable future;
- As a result of a triennial review by DCMS, VisitBritain and VisitEngland will formally separate, with clear and focused remits for each organisation. No date has been set for the separation of the organisations, but the current assumption is that this will take place on 1 April 2016;
- 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 and which were valued at a net defined benefit obligation of £26,166,000 following the recent three yearly valuation. Negotiations with the UK Trustees of the fund aimed at rescheduling a planned programme of repayments to clear the deficit, underpinned by a covenant from DCMS will be agreed as part of the transition to the organisational changes recommended in the Triennial Review. These in turn will be reflected in the funding settlements agreed as part of the forthcoming Comprehensive Spending Review.

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 8.1.14. 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. Indexation is considered to be insignificant and therefore no MHCA adjustment has been recognised. 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. Depreciation is applied using the straight line method 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 for 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 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.

*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:

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

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#### Accounting Policies (Continued)

*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.

#### *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.

#### *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.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

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#### Accounting Policies (Continued)

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.

#### 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.

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

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

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

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#### Accounting Policies (Continued)

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. The 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.

#### 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 may 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 9: Financial Instruments (from 1 January 2018)
- IFRS 13: Fair Value Measurement
- IFRS 14: Regulatory Deferral Accounts (from 1 January 2016)
- IFRS 15: Revenue from Contracts with Customers (from 1 January 2017)
- Annual improvements to IFRS (from 1 July 2014)
- Amendments to IAS 1: Presentation of financial statements (from 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (from 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (from 1 January 2016)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016)

IFRS 9: Financial Instruments (effective from 1 January 2018). 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) will only be adopted in the FReM for periods beginning after 1 April 2015. This standard sets the framework for measuring fair values under IFRS.

IFRS 15: Revenue from Contracts with Customers (for accounting periods beginning on or after 1 January 2017) establishes a single comprehensive model to use in the accounting of revenue arising from customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity is entitled in exchange for those goods or services.

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.

### (d) Marketing in kind

In the course of business BTA receives certain marketing related services in kind. Management have considered the accounting treatment of such services and have assessed that the revenue recognition criteria of IAS 18 Revenue are not met because BTA does not receive the economic benefits of the services. Accordingly, BTA does not recognise marketing in kind revenue.

### 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 (classified as derivative financial assets/liabilities)

The following tables show financial instruments by category:

	2015			2014		
	Loans and Receivables	Financial assets at fair value through profit & loss	Total	Loans and Receivables	Financial assets at fair value through profit & loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Financial assets</u>						
Trade and other receivables	4,925	-	4,925	5,173	-	5,173
Cash and cash equivalents	1,010	-	1,010	1,032	-	1,032
	<u>5,935</u>	<u>-</u>	<u>5,935</u>	<u>6,205</u>	<u>-</u>	<u>6,205</u>

	2015			2014		
	Financial liabilities held at amortised cost	Financial liabilities at fair value through profit and loss	Total	Financial liabilities held at amortised cost	Financial liabilities at fair value through profit and loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Financial liabilities</u>						
Trade and other payables	8,577	-	8,577	9,990	-	9,990
Derivative financial liabilities	-	-	-	-	360	360
	<u>8,577</u>	<u>-</u>	<u>8,577</u>	<u>9,990</u>	<u>360</u>	<u>10,350</u>

Financial instruments recognised at fair value are 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.



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

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.

There were no transfers between levels during the year (2013/14: Nil).

No instruments were carried at fair value at 31 March 2015. The derivative financial instruments recognised as financial liabilities at fair value through profit and loss in 2013/14 were classified as level 2 instruments.

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

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 £4.0 million (2013/14: £5.0 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 2014/15 amounted to £30,000 (£23,000 in 2013/14).

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 is 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.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

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#### 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. BTA's policy is, where possible, to settle liabilities denominated in their functional currency with the cash generated from their commercial operations in that currency. Where considered appropriate, foreign currency exchange forward contracts are used to control the risk of foreign currency fluctuations. At 31 March 2015, BTA had no open foreign currency exchange forward contract commitments (2013/14: £9 million).

#### 4 Segment Information

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

The main reportable segments are as follows:

##### VisitBritain

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

##### VisitEngland

- *England Marketing*: This segment concerns marketing England both domestically 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.

**4 Segment Information** *(Continued)*

*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.

**British Tourist Authority trading as VisitBritain and VisitEngland**  
**Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015**

**4 Segment Information (Continued)**

	VISITBRITAIN					VISITENGLAND					BTA Total	
	Britain Marketing	Global Network	Retail	Championing Tourism	Shared Services & CEO Board	VisitBritain Total	VE Marketing	VE Enterprise	VE Strategy & Development	Shared Services & CEO Board		VisitEngland Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>2014/15</b>												
Income	8,317	259	19,454	-	216	28,246	8,756	744	38	-	9,538	37,784
Revenue from external customers	8,317	259	19,454	-	216	28,246	8,756	744	38	-	9,538	37,784
Segment deficit for the year before shared service cost allocation	(24,635)	(5,794)	1,546	(1,912)	(7,470)	(38,265)	(3,029)	(506)	(2,473)	(1,868)	(7,876)	(46,141)
Net finance (costs)/income												(696)
Depreciation												(104)
Defined benefit pension costs												(1,978)
Defined benefit employer pension contribution adjustment												2,769
Shared services costs					1,244	1,244				(1,244)		-
<b>Segment net expenditure for the year</b>	<b>(24,635)</b>	<b>(5,794)</b>	<b>1,546</b>	<b>(1,912)</b>	<b>(6,226)</b>	<b>(37,021)</b>	<b>(3,029)</b>	<b>(506)</b>	<b>(2,473)</b>	<b>(3,112)</b>	<b>(9,120)</b>	<b>(46,150)</b>
<b>2013/14</b>												
Income	8,903	119	16,275	12	204	25,513	8,201	836	76	-	9,113	34,626
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)	(6,466)	(36,973)	(5,778)	(522)	(2,072)	(1,613)	(9,985)	(46,958)
Finance income												(594)
Depreciation												(119)
Defined benefit pension costs												(1,960)
Defined benefit employer pension contribution adjustment												1,632
Shared services costs					1,127	1,127				(1,127)		-
<b>Segment net expenditure for the year</b>	<b>(22,670)</b>	<b>(5,589)</b>	<b>1,283</b>	<b>(1,531)</b>	<b>(7,339)</b>	<b>(35,846)</b>	<b>(5,778)</b>	<b>(522)</b>	<b>(2,072)</b>	<b>(2,740)</b>	<b>(11,112)</b>	<b>(47,939)</b>

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

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#### 4 Segment Information (Continued)

Geographical information:

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

	2015 £'000	2014 £'000
UK*	24,970	21,602
Germany	3,244	2,749
United States Of America	1,317	1,718
France	1,761	1,552
Australia	435	478
Holland	1,443	1,309
Sweden	445	614
Spain	385	253
Italy	759	641
India	455	575
Canada	281	229
Japan	468	467
Other Countries	1,821	2,439
	<u>37,784</u>	<u>34,626</u>

\*The 2014/15 result includes £6.712m (2013/14: £6.163m) grant income received from Department for 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 £45.947 million including £319,000 capital (2013/14: £46.83 million including £380,000 capital grant-in-aid), of which cash drawn was £45.947 million (2013/14: £46.83 million).

Other grants received (see Note 7) include £6.712 million (2013/14: £6.163 million) from the Department for Business, Innovation and Skills for the RGF Project and £201,000 (2013/14: £161,000) from the UK Trade & Investment for part funding partners attending trade shows overseas to promote UK tourism.

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

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#### 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.

	2015 £'000	2014 £'000
Revenue arises from:		
Partnership marketing, media & publicity income	8,822	8,755
Income from exhibition, fairs & workshops	1,095	1,989
Income from Commercial activities	19,441	16,260
Quality scheme income	736	818
Total revenue	30,094	27,822

#### 7 Other Income

	2015 £'000	2014 £'000
Other grants*	6,913	6,324
Office rental income	217	220
Other income	560	260
Total other operating income	7,690	6,804

\*The 2014/15 result includes £6.712m (2013/14: £6.163m) grant received from Department for Business, Innovation and Skills for the RGF marketing project, and £201,000 (2013/14 - £161,000) from the UK Trade & Investment for part funding partners attending trade shows overseas to promote UK tourism.

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 2015, the total rental income from the sub-let of properties was £217,000 (2013/14: £220,000).

## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

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#### 8 Employee Benefits Costs

	2015 £'000	2014 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	10,293	9,958
Agency staff and students	482	371
Payment to contractors	1,302	846
Social security contributions and similar taxes	1,129	1,098
Normal contribution – overseas defined contribution scheme (see note 25)	77	70
Movement on accrued holiday pay	44	24
	<hr/> 13,327	<hr/> 12,367
Defined benefit pension cost (see note 25 & 12)*	1,738	1,960
Total staff costs	<hr/> <hr/> 15,065	<hr/> <hr/> 14,327

\* This figure comprises £328k (see note 25) Pension Admin costs, £1,650k Current Service Costs (see note 25) less £240k pension enhancement due to redundancies (see note 12).

The average full time equivalent of UK and Overseas staff on-payroll is made up as follows:

	2015 Number	2014 Number
Marketing	196	187
Overseas support (marketing and administration)	8	9
Administration (CEO and shared services)	41	44
Total staff numbers	<hr/> 245	<hr/> 240

BTA uses temporary agency and contractor staff to fill short-term posts to deliver its objectives. The estimated number of staff employed would be equivalent to 43 full time BTA staff (2013/14: 30).

#### 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.

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

**Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015**

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**9 Other Operating Charges**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Partnership marketing, media & publicity costs	40,760	41,270
Publishing	555	843
Commercial cost of sales and overhead costs	17,088	13,932
Quality scheme costs	36	354
Distribution costs	89	122
Research and evaluation	2,316	2,237
Property and support costs – Overseas	1,896	2,170
Property and support costs – UK	2,838	3,129
VisitEngland Board secretariat operation costs	12	15
Irrecoverable VAT (UK and overseas)	1,822	2,109
Prior year creditors provision written off	(69)	(290)
Foreign exchange loss	98	947
Fair value adjustments on financial asset	(48)	521
Total other operating charges	<u>67,393</u>	<u>67,359</u>



British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

10 Analysis of Expenditure by Programme and Administration Budget

	BTA Administration 2015 £'000	BTA Programme 2015 £'000	Total 2015 £'000	BTA Administration 2014 £'000	BTA Programme 2014 £'000	Total 2014 £'000
Partnership marketing, media & publicity	11,634	29,126	40,760	18,619	22,651	41,270
Publishing	427	128	555	563	280	843
Commercial cost of sales and overhead costs	17,088	-	17,088	13,930	2	13,932
Quality scheme costs	36	-	36	354	-	354
Distribution costs	66	23	89	107	15	122
Research and evaluation	1,831	485	2,316	1,911	326	2,237
Property and support costs – Overseas	867	1,029	1,896	1,581	589	2,170
Property and support costs – UK	2,838	-	2,838	3,129	-	3,129
(Surplus)/Loss on sale of fixed assets	-	-	-	-	-	-
VisitEngland Board secretariat operation costs	12	-	12	15	-	15
Irrecoverable VAT (UK and overseas)	868	954	1,822	890	1,219	2,109
Prior year creditors provision written off	(69)	-	(69)	(290)	-	(290)
Foreign exchange loss	98	-	98	780	167	947
Fair value adjustment on financial asset	(48)	-	(48)	521	-	521
Employee Benefits Costs	13,934	1,131	15,065	13,423	904	14,327
Depreciation	104	-	104	119	-	119
Grants paid to Regional Tourist Boards	176	20	196	148	9	157
Re-organisation costs	480	-	480	9	-	9
<b>Total other operating charges</b>	<b>50,342</b>	<b>32,896</b>	<b>83,238</b>	<b>55,809</b>	<b>26,162</b>	<b>81,971</b>

Programme expenditure relates to the “GREAT” image (VB), and “Holidays at Home are GREAT” (VE) campaigns as well as RGF funding.

11 Grants Paid

	2015 £'000	2014 £'000
General grants relating to Regional Tourism entities	196	157
<b>Total grant expenditure to regional and other tourism bodies</b>	<b>196</b>	<b>157</b>

## 12 Re-organisation Costs

	2015 £'000	2014 £'000
Staff redundancy costs**	234	9
Office closure costs	6	-
Pension enhancement exceptional contribution* (see note 25)	240	-
	480	9

\*Actual pension enhancement costs (included under staff redundancy costs) incurred in 2014/15 were £240k, all relating to the BTBP scheme, which was adjusted (credited) per the IAS 19 accounting requirement.

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

## 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	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
<£10,000	1	1	-	-	1	1
£10,000 - £25,000	4	-	-	-	4	-
£25,000 - £50,000	1	-	-	-	1	-
£50,000 - £100,000	1	-	-	-	1	-
£100,000- £150,000	-	-	-	-	-	-
£150,000- £200,000	-	-	-	-	-	-
>£200,000	1	-	-	-	1	-
<b>Total number of exit packages by type (total cost)</b>	8	1	-	-	8	1
<b>Total resource cost</b>	£473,687	£8,982	-	-	£473,687	£8,982

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 in 2013/14 above is an amount of £9,000 relating to an employee who was included in the 2010/11 restructuring.

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

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13 Net Expenditure before Finance income/(expense)

	2015 £'000	2014 £'000
Net expenditure before finance income/(expense)	(45,454)	(47,345)
This has been arrived at after charging/ (crediting):		
VisitBritain Board Members' remuneration	82	99
VisitEngland Board Members' remuneration	94	95
Auditors' remuneration (UK)*	54	61
Auditors' remuneration (Overseas)	2	2
Operating lease expense:		
- Land and buildings	2,085	2,210
- Vehicles and equipment	36	18
Travel, subsistence and hospitality:		
- Chairman and Board Members (VisitBritain)	24	39
- Chairman and Board Members (VisitEngland)	8	15
- Employees	1,341	1,345
Depreciation (note 17)	104	119

\*The external audit fee includes £47,500 (2013/14: £47,500) in respect of external audit services performed by the National Audit Office, and £7,000 (2013/14: £13,000) 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 the year.

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:

2014/15	Britain International £'000	England Domestic £'000	England International £'000	Total £'000
Employee benefit costs (see note 8)	10,210	4,257	598	15,065
Re-organisation staff costs (see note 12)	37	437	-	474
Re-organisation other costs (see note 12)	-	6	-	6
Project costs*	47,378	9,919	726	58,023
Operational costs**	7,183	2,270	217	9,670
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>64,808</b>	<b>16,889</b>	<b>1,541</b>	<b>83,238</b>
Less:-				
Other grant income	176	6,737	-	6,913
Non-Government Funding (NGF) (see note 6, 7 & 15)	27,600	2,217	358	30,175
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>37,032</b>	<b>7,935</b>	<b>1,183</b>	<b>46,150</b>

\* Project costs include marketing, commercial cost of sales and research (see notes 9 & 11).

\*\*Operational costs relates to overhead costs and depreciation (see notes 9 & 17).

2013/14	Britain International £'000	England Domestic £'000	England International £'000	Total £'000
Employee benefit 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
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>61,676</b>	<b>18,879</b>	<b>1,416</b>	<b>81,971</b>
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
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>36,757</b>	<b>10,142</b>	<b>1,040</b>	<b>47,939</b>

**14 Overseas and Domestic Activities** *(Continued)*

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

1. Expenditure undertaken directly for international or domestic activity is allocated directly;
2. Expenditure that is a shared resource for economic or control reasons is allocated using various ratios that recognise the underlying impact. The criteria used for such allocation includes; time, space or allocation recognising use of corporate resources;
3. It is not possible to split capital expenditure between domestic and international activity as the fixed assets are shared between all areas.

<b>VisitEngland Board Member's expenditures</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Board Members' remuneration	93,958	94,503
Employers NI & other taxes	6,196	8,820
Travel & subsistence and secretariat	8,073	14,577
Total expenditure	108,227	117,900

**15 Finance Income**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Finance Income:</i>		
Interest received on bank deposits	51	77
Interest received on VAT refund	20	-
	71	77
<i>Finance expense:</i>		
Net interest cost on UK & US pension scheme (see note 25)	(767)	(671)
Net finance expense	(696)	(594)

**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 2014/15 amount to £62.8 million (2013/14: £54.1 million) and the estimated taxable loss for 2014/15 is approximately £9 million.

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

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

17 Property, Plant and Equipment

	Leasehold improvements £'000	Motor vehicles £'000	IT equipment £'000	Fixtures fittings & equipment £'000	Total £'000
<b>Cost or valuation</b>					
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
Additions	-	-	148	-	148
Disposals	-	-	(157)	(39)	(196)
Balance at 31 March 2015	-	25	311	-	336
<b>Accumulated depreciation</b>					
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
Charge for the year	-	-	104	-	104
Disposals	-	-	(157)	(39)	(196)
Balance at 31 March 2015	-	25	213	-	238
<b>Net carrying value</b>					
At 31 March 2014	-	-	54	-	54
At 31 March 2015	-	-	98	-	98

**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). As in 2013/14, appropriate indices were used and indexation was considered to be insignificant, accordingly no adjustment has been recognised in this regard.

**Capital Commitment**

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

## 18 Intangible assets

	Computer software under development
<b>Cost or valuation</b>	
Balance at 31 March 2013	-
Additions	357
Balance at 31 March 2014	357
Additions	177
Balance at 31 March 2015	534
<b>Net carrying value</b>	
At 31 March 2014	357
At 31 March 2015	534

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 and 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

	2015 £'000	2014 £'000
<b>Cost</b>		
At beginning and end of the year	1	1

Subsidiary undertaking	Country of Incorporation	Proportion of ownership interest at 31 March	
		2015	2014
VBSILP	India	100%	100%

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

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

20 Inventories

	2015 £'000	2014 £'000
Finished goods and goods for resale	3,260	4,055
Total inventories	<u>3,260</u>	<u>4,055</u>

21 Trade and Other Receivables

	2015 £'000	2014 £'000
Trade receivables	4,000	4,975
Less: provision for impairment of trade receivables	<u>(13)</u>	<u>(13)</u>
Trade receivables – net	3,987	4,962
VAT receivables	1,326	1,455
Other receivables	938	211
Prepayments	1,087	1,884
Accrued income	34	58
HM Government – Section 4 grants recoverable	6	6
Less provisions for irrecoverable section 4 grants	<u>(1)</u>	<u>(1)</u>
Total trade and other receivables	<u>7,377</u>	<u>8,575</u>

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:

	2015 £'000	2014 £'000
At 1 April, beginning of the year	13	32
Charged to Net Expenditure statement	30	4
Provision utilised	<u>(30)</u>	<u>(23)</u>
At 31 March, end of the year	<u>13</u>	<u>13</u>

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

BTA does not hold any collateral as security.



## British Tourist Authority trading as VisitBritain and VisitEngland

### Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

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#### 21 Trade and Other Receivables *(Continued)*

As at 31 March 2015 trade receivables of £707,000 (2013/14: £507,000) were past due but not impaired. The ageing analysis of these receivables is as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Up to 90 days	695	507
Over 90 days	12	-
	<u>707</u>	<u>507</u>

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

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Pound sterling	5,909	5,386
US dollar	357	1,897
Euro	850	461
Other	261	831
	<u>7,377</u>	<u>8,575</u>

#### 22 Cash and cash equivalents

All cash balances are held at commercial bank accounts:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Opening Cash at bank and in hand	1,032	1,095
Movement	(22)	(63)
Closing Cash at bank and in hand	<u>1,010</u>	<u>1,032</u>

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

23 Trade and Other Payables

	2015 £'000	2014 £'000
Trade payables	5,230	6,322
Other taxes and social security taxes	210	258
Other payables	46	3
Deferred income	876	622
Accruals	3,301	3,665
HM Government – Section 4 grants payable	6	6
Less provisions for irrecoverable section 4 grants	(1)	(1)
	<hr/>	<hr/>
Total trade and other payables	9,668	10,875
	<hr/>	<hr/>

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:

	2015 £'000	2014 £'000
	-	-
Up to 30 days	1,370	5,781
30 to 90 days	3,858	1,002
Over 90 days	3,349	3,207
	<hr/>	<hr/>
	8,577	9,990
	<hr/>	<hr/>

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

	2015 £'000	2014 £'000
Pound sterling	8,432	8,418
Euro	259	541
US dollar	94	605
Other	883	1,311
	<hr/>	<hr/>
	9,668	10,875
	<hr/>	<hr/>

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

**Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015**

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**24 Derivative Financial Instruments**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Forward foreign exchange contracts	-	(360)
Total financial instruments classified as held for trading	-	(360)

BTA had no open foreign exchange contracts at 31 March 2015. All contracts at 31 March 2014 matured in less than 12 months; therefore the instruments were classified as current.

The fair value of BTA's foreign exchange derivatives was 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 £2.827 million (2013/14 - £1.791 million), of which £1.166 million (2013/14 - £1.063 million) is normal contribution related to BTA's main defined benefit pension scheme, the British Tourist Boards' Pension Scheme. There was also £1,344,000 (2013/14 - £658,000) paid to reduce the pension deficit as agreed with the Trustees (see Note 1). During the year a special contribution of £240,000 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:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Normal contribution	1,166	1,063
Pension enhancement exceptional contribution (see note 12)	240	-
Pension deficit recovery contribution*	1,344	658
Total pension contribution to the BTBPS	<u>2,750</u>	<u>1,721</u>
Normal contribution - Overseas defined contribution scheme (see note 8)	77	70
Total Pension contribution	<u><u>2,827</u></u>	<u><u>1,791</u></u>

\*2014/15 contribution figure includes £804k of additional voluntary contribution (2013/14 - nil)

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.

An actuarial valuation was carried out for both the UK and the US schemes by Xafinity Consulting and Mercer Limited respectively as at 31 March 2015. This information will form the basis of the 2015/16 recognition and disclosure requirements. The last full valuation conducted as at 31 March 2012 updated as at 31 March 2015 using IAS 19 assumptions and methodology, form the basis of this disclosure.

BTA also has additional pension liability of £294,000 (2013/14: £290,000) for pension payments to ex-chairmen which are unfunded and are included within the retirement benefit liabilities in the Statement of Financial Position.

**UK BTBP Scheme**

The UK scheme is a multi-employer defined benefit scheme including other Tourist Boards where the employers' contributions are affected by a surplus or deficit in the scheme. The employer is required to pay the contributions which when added to the members' contributions, will be sufficient on an actuarial set of assumptions to provide the benefits that accrue each year. This rate has been determined by the scheme actuary as part of the triennial actuarial valuation of the scheme, and is set out in a schedule of contributions agreed between the trustees and the employers. In addition, each employer is required to pay its share of the shortfall in assets compared to the liabilities attributable to its current or former staff. These liabilities are also assessed by the scheme actuary as part of the triennial actuarial valuation. In the event of the insolvency of any one employer, the scheme is segregated such that the insolvent employer's liabilities are kept separate, and therefore each employer is not responsible for the other employers' obligations. The assets notionally attributable to each employer are recorded, so that in the event of the wind up of the scheme, the deficit attributable to each employer becomes a debt on that employer and would be certified as such by the scheme actuary. The same approach to asset and debt allocation applies in the event of an entity's withdrawal from the plan. In accordance with IAS 19, BTA's share of the assets and liabilities has been identified and is reflected in the accounts.

**25 Retirement Benefits (Continued)**

BTA (along with the other participant employers) sponsors the British Tourist Boards' Staff Pension 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 of 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 through a number of internal control 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 an annual amount 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 to be carried out as at 31 March 2015, which will be used as the basis for the disclosures in the 2015/16 accounts.

BTA's share of the deficit in the UK scheme at the measurement date under the assumptions used is £26.166 million (2013/14: £19.090 million). The increase in the defined benefit obligation is primarily due to changes in economic conditions over the year resulting in changes to the assumptions used to value the scheme assets and liabilities, in particular the discount rate and inflation rate assumptions. This resulted in an actuarial re-measurement loss of £7.135 million (2013/14: loss of £2.753 million) being recognised in the year. Actual return on assets amounted to £19.190 million (2013/14: £5.513 million) compared to an expected return of £5.646 million (2013/14: £5.433 million), while interest on the defined benefit obligation component amounted to £6.43 million (2013/14 - £6.111 million), resulting in a net interest cost recognised in the Net expenditure for the year of £784,000 (2013/14 - £678,000).

**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:

25 Retirement Benefits (Continued)

- 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 £76,000 (2013/14: £385,000). 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.

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

	UK scheme	2015 Overseas (US) scheme	Total	UK scheme	2014 Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reconciliation to Statement of Financial Position</b>						
Fair value of plan assets	144,129	2,867	146,996	127,302	2,492	129,794
Present value of funded obligations	(170,295)	(2,791)	(173,086)	(146,392)	(2,107)	(148,499)
Total of funded schemes	(26,166)	76	(26,090)	(19,090)	385	(18,705)
Present value of unfunded obligations	(294)	-	(294)	(290)	-	(290)
Net assets/ (liabilities)	(26,460)	76	(26,384)	(19,380)	385	(18,995)

**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:

	UK scheme	2015 Overseas (US) scheme	Total	UK scheme	2014 Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At the beginning of the year	127,302	2,492	129,794	124,818	2,385	127,203
Interest income	5,646	105	5,751	5,433	89	5,522
Administrative expenses paid	(322)	(6)	(328)	(357)	(23)	(380)
Re-measurements:						
Return on plan assets (excluding interest)	13,544	35	13,579	80	339	419
Exchange gain/(loss)	-	308	308	-	(232)	(232)
Contributions by participants	324	-	324	303	-	303
Contributions by BTA	2,750	-	2,750	1,721	-	1,721
Benefits paid	(5,115)	(67)	(5,182)	(4,696)	(66)	(4,762)
At end of year	144,129	2,867	146,996	127,302	2,492	129,794

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

25 Retirement Benefits (Continued)

Composition of plan assets	2015			2014		
	UK scheme	Overseas (US) scheme	Total	UK scheme	Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Equity - Unquoted						
Bonds	81,835	2,866	84,701	17,396	28	17,424
Gilts	18,871	-	18,871	12,708	-	12,708
Liability Driven Investment funds	6,945	-	8,856	-	-	-
Property	8,856	-	12,699	10,840	-	10,840
Annuities	12,699	-	14,228	14,101	-	14,101
Cash in bank	14,228	1	696	237	42	279
	144,129	2,867	146,996	127,302	2,492	129,794

All of the investments are in pooled funds which have an active market, with the exception of the secured pensions which have been bought out with an insurance company.

**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:

	2015			2014		
	UK scheme	Overseas (US) scheme	Total	UK scheme	Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At the beginning of the year	(146,392)	(2,107)	(148,499)	(140,325)	(2,199)	(142,524)
Interest cost	(6,430)	(88)	(6,518)	(6,111)	(82)	(6,193)
Current service cost	(1,585)	(65)	(1,650)	(1,516)	(64)	(1,580)
Re-measurements						
Actuarial (loss)/gain from changes in demographic assumptions	-	(239)	(239)	-	(20)	(20)
Actuarial (loss)/gain from changes in financial assumptions	(21,053)	(101)	(21,154)	(2,993)	45	(2,948)
Actuarial (loss)/gain from experience adjustments	374	31	405	160	(56)	104
Exchange gain/(loss)	-	(289)	(289)	-	203	203
Contributions by plan participants	(324)	-	(324)	(303)	-	(303)
Benefits paid	5,115	67	5,182	4,696	66	4,762
At end of year	(170,295)	(2,791)	(173,086)	(146,392)	(2,107)	(148,499)

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

**Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015**

**25 Retirement Benefits** *(Continued)*

The weighted average duration of the UK and US schemes are 19.5 and 13.85 years respectively (2013/14:18.5 and 11.96 years).

The significant actuarial assumptions were as follows:

Principal actuarial assumptions	2014/15		2013/14	
	UK Scheme	Overseas (US) scheme	UK Scheme	Overseas (US) scheme
Discount rate on defined benefit obligation	3.25%	3.60%	4.45%	4.20%
Salary growth rate	3.10%	2.75%	3.35%	3.00%
Inflation / Pension growth rate (RPI)	3.10%	2.25%	3.35%	2.50%
Inflation / Pension growth rate (CPI)	2.35%	2.25%	2.85%	2.50%

Life expectancy on UK scheme mortality assumptions:

Retiring at the end of the reporting period:

- Male	23.2	23.1
- Female	24.8	24.7

Retiring 25 years after the reporting period:

- Male	25.7	25.6
- Female	26.2	26.1

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

Actuarial assumption	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
<b>UK Scheme</b>			
<b>2014/2015</b>			
Discount rate	0.50%	£14.5 million decrease	£16.8 million increase
RPI Inflation rate	0.50%	£19.7 million increase	£17.1 million decrease
Mortality rate	1 Year	£5.2 million increase	£5.3 million decrease
<b>2013/14</b>			
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	£4.8 million increase	£4.4 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.



**25 Retirement Benefits** *(Continued)*

**Defined Contribution Schemes**

Other schemes in place during the year to 31 March 2015 are in Germany, Belgium, India, 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 £77,000 (2013/14: £70,000) 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:

	2015 £'000	2014 £'000
Cash available on demand	1,010	1,032
	<u>1,010</u>	<u>1,032</u>

**27 Leases & other Commitments**

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

	Land & Buildings 2015 £'000	Other 2015 £'000	Land & Buildings 2014 £'000	Other 2014 £'000
Not later than one year	1,704	4	1,709	5
Later than one year and not later than five years	701	-	701	-
Later than five years	723	-	898	-
	<u>3,128</u>	<u>4</u>	<u>3,308</u>	<u>5</u>

**Sub-lease income**

	Land & Buildings 2015 £'000	Land & Buildings 2014 £'000
Not later than one year	175	175
Later than one year and not later than five years	700	700
Later than five years	723	898
	<u>1,598</u>	<u>1,773</u>

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

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

**28 Disclosure on Intra-Government Balances**

	Trade and other Receivables		Trade and other Payables	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Balances with other central government bodies (including pension and other government funds)	1,837	1,241	100	28
Balances with local authorities	33	148	172	53
Balances outside of government	5,507	7,186	9,396	10,794
<b>Total</b>	<b>7,377</b>	<b>8,575</b>	<b>9,668</b>	<b>10,875</b>

**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 £100,000) with government bodies and other entities where BTA and ETB Board Members, directors and senior staff have an interest are as follows.

Company name	Representatives	Role	Nature of supply	Sales to £'000	Debtor balance £'000	Purchases from £'000	Creditor balance £'000
<b>2014/15</b>							
VisitScotland	Michael Cantlay	Chairman	Marketing promotions	224	18	39	-
UKInbound	Keith Beecham	Director	Marketing promotions	-	-	105	-
London & Partners	Kevin Murphy	Director	Marketing promotions	962	224	41	9
Visit Wales	Dan Clayton Jones	Chairman, Tourism Panel for Visit Wales	Marketing promotions	544	103	4	-
NewcastleGateshead Initiative	Sarah Stewart	Chief Executive	Marketing promotions	147	-	26	-

British Tourist Authority trading as VisitBritain and VisitEngland

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2015

29 Related Party Transactions (Continued)

Company name	Representatives	Role	Nature of supply	Sales to £'000	Debtor balance £'000	Purchases from £'000	Creditor balance £'000
<b>2013/14</b>							
VisitScotland	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
Visit Wales	Dan Clayton Jones	Chairman, Tourism Panel for Visit Wales	Marketing promotions	362	106	2	-
NewcastleGateshead Initiative	Sarah Stewart	Chief Executive	Marketing promotions	189	-	-	-

30 Events after the Statement of Financial Position date

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

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





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