

ANNUAL REPORT and ACCOUNTS 2004 - 2005

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European Union
Structural Funds



Northern Ireland
Tourist Board

Northern Ireland Tourist Board
Annual Report and Accounts
For the year 2004-2005

Laid before the Houses of Parliament by the Department of Enterprise, Trade and Investment in accordance with Paragraph 12(2) and (4) of the Schedule to the Northern Ireland Act 2000 and Paragraph 28 of the Schedule to the Northern Ireland Act 2000
(Prescribed Documents) Order 2004

11 July 2006

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under Part II Articles 8 and 9 of the Tourism (NI) Order 1992
by the Department of Enterprise, Trade and Investment

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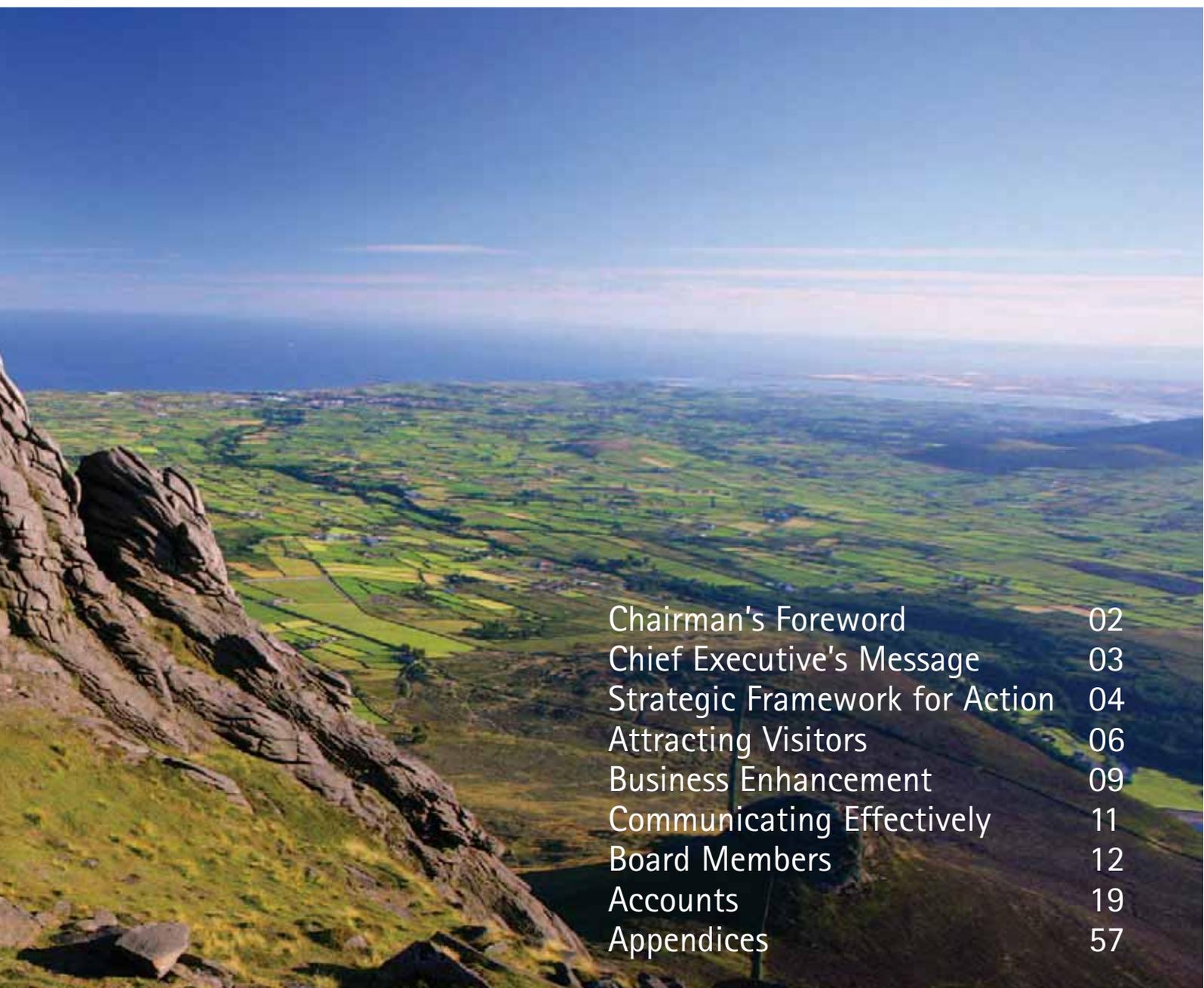
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Mountains of Mourne, County Down

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Chairman's Foreword



During this year tourism numbers and spend have continued to grow. It goes without saying that this has only been achieved through the efforts of many people including NITB and is but one step along the road of growing tourism as a key element of the Northern Ireland economy.

2004-05 was also the first year of Tourism in Northern Ireland – A Strategic Framework for Action 2004 – 2007. This is a very ambitious programme of work designed to provide a context for all our efforts. NITB has been working to engage and encourage our various partners in both the public and private sectors to play a full role in the delivery of the Framework and welcomes the support of the Minister and DETI through the Tourism Strategy Forum.

During the year the Board met eight times with an additional special meeting at Queen's Island to see the site of the Titanic Signature Project – at first hand. Three of the meetings were held in St. Anne's Court with the remainder held in Enniskillen, Ballymena, Belfast Castle, Kilkeel and at the International Airport.

I value these out of office visits as it gives the Board an opportunity to refresh its knowledge and meet the industry in an informal setting, but more importantly, it is an opportunity to exchange views first hand with those at the coal-face of delivering visitors.

As the year drew to a close we submitted our draft Corporate Plan 2005 – 2008 to public consultation. I would like to thank all who responded either by writing or attending a consultation session. We gave considerable thought to what was said to us and incorporated many of the views in the published version of the Corporate Plan.

The next three years are critical to the long-term development of the industry. They will see the delivery of the Strategic Framework, the Signature Projects taking shape on the ground, further delivery of the Winning Themes, along with skills development and the outcome of the Review of Public Administration.

I look forward with confidence that NITB and its tourism partners will address these challenges and grasp the opportunities they present.

A handwritten signature in black ink that reads "Tom McGrath". The signature is written in a cursive style with a large, prominent 'M'.

Tom McGrath
Northern Ireland Tourist Board Chairman

Chief Executive's Message



2004 has been a busy year for tourism in Northern Ireland generally and for the Northern Ireland Tourist Board in particular.

As the lead body for tourism in Northern Ireland, NITB produced "Tourism in Northern Ireland - A Strategic Framework for Action, 2004 - 2007" following extensive consultation with the industry. The Framework concentrates on identifying the most effective response to the challenge of attracting visitors, increasing the competitiveness of tourism businesses and stimulating effective communication between all our industry partners.

During the year much work has been done to put the foundations in place and we have seen significant progress in a number of areas. In terms of the tourism infrastructure there has been a significant increase in air access - both national and international - and good progress on the development of the five Signature Projects. As a result our industry is growing increasingly confident.

Some two million visitors came to Northern Ireland in 2004, generating £325m. We are confident that through the work of the Framework these figures can continue to grow.

We are dependent on a wide number of partners to implement the Framework and wish to thank the many organisations and individuals who have supported us over the past year, particularly those involved in the five Action Programme Implementation Groups who have been so generous in giving up their time to help ensure effective delivery.

With such advances in recent years, our new Corporate Plan for 2005-2008 aims to ensure long-term growth for the Northern Ireland tourism industry.

Key challenges remain - continuing to develop a positive image for Northern Ireland, developing unique reasons to visit, increasing inbound business on our access routes and valuing our environment as a key tourism asset. Increasingly, we must develop a strong competitive advantage through our people in terms of their skills, experience and service. All this activity is focused firmly on improving the visitor experience. Of one thing we can be sure - the competition will not stand still.

A handwritten signature in black ink that reads "Alan Clarke". The signature is written in a cursive style.

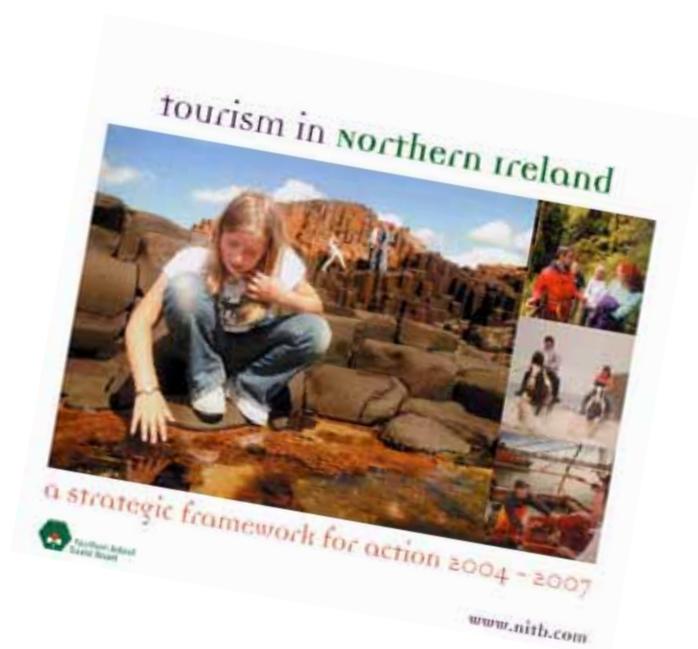
Alan Clarke, CE, Northern Ireland Tourist Board

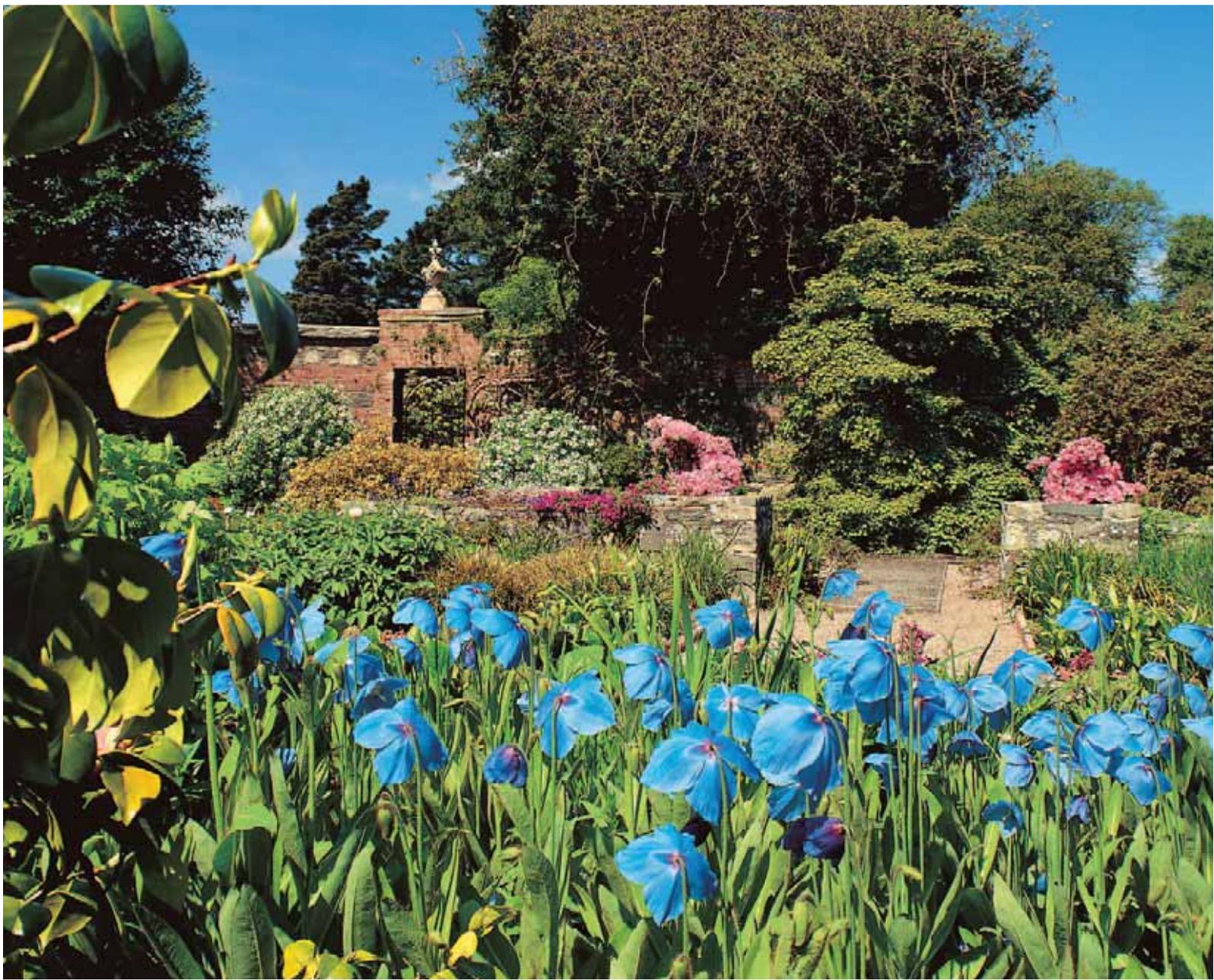
Strategic Framework for Action

In April 2004 NITB launched *Tourism in Northern Ireland: A Strategic Framework for Action 2004 – 2007* following a period of public consultation. Developed by NITB in partnership with key stakeholders, the Framework charts the future direction for tourism in Northern Ireland and has been very well received by the tourism industry and beyond.

This, together with new tourism structures, including Invest NI and Tourism Ireland, has redefined the role and remit of NITB as the strategic leader for tourism in Northern Ireland.

During the year NITB was restructured internally to ensure the delivery of the Framework, whilst five Action Programme Implementation Steering Groups were established to monitor the implementation of the Framework.





Rowallane Gardens, County Down

ATTRACTING VISITORS

Visitor numbers

The Northern Ireland tourist industry earned £406m in 2004 (£396m in 2003), of which £325 came from staying visitors in Northern Ireland and £81m from domestic holiday spending.

Visitor tourism to Northern Ireland reached 1.985 million in 2004 showing a 5% increase over the previous year. Visitor numbers from all our main markets increased: Great Britain (+2%); Republic of Ireland (+6%); Europe (+3%); North America (+16%); Australia/New Zealand (+8%) and elsewhere (+29%). Holiday/leisure/recreation visitors accounted for 19% (405,000) of all visitors.

Research

NITB continued to carry out its Tourism Barometer, a survey of some 400 tourism establishments in Northern Ireland. Now in its second year, it is designed to provide an insight into the performance of the industry and to allow members to gauge their performance against 2003. Prospects for the year ahead are also examined.

Working with Tourism Ireland and VisitBritain has been productive. Work carried out under Project Britain will provide direction for both NITB and the private sector to better maximise the potential of this crucial market. Also during the year the review of UK tourism statistics was completed, and agreement reached on a revamp of the UK Tourism Survey.

Market intelligence

Much work took place to identify 'best prospect' international segments for Northern Ireland. Comprehensive marketing plans were also produced in conjunction with Tourism Ireland, whilst monthly market intelligence guides were circulated to the industry highlighting prospects from key markets.

Taking care of our visitors

Our consumer website www.discovernorthernireland.com was relaunched with a simplified content and layout. The new Northern Ireland accommodation reservations system, launched in 2003 has been further developed. While there was much focus on improving internet information, there were also improvements in our core literature and the production of new language brochures for new international air routes. We also established a permanent Tourist Information facility at Belfast International Airport to ensure that our visitors could access information and advice on arrival.

New direct air routes have been secured through significant private investment and support from the Air Route Development Fund for Northern Ireland. In 2004, the number of international scheduled routes increased from a single service from Amsterdam to direct links from Paris, Barcelona, Geneva, Berlin, Rome, and New York. In addition, access from Great Britain has never been better, with flights from most

regional airports and excellent ferry services. Competitive, convenient and direct air and sea access is essential for tourism success, so our focus will be on increasing the proportion of incoming visitors and long-term sustainability of these services.



'Thanksgiving Beacon' by Andy Scott, Queen's Bridge, Belfast

BUSINESS ENHANCEMENT

Signature Projects

In the Strategic Framework for Action we identified five Signature Projects with the potential to deliver world-class excellence, drawing visitors from Northern Ireland and beyond. Considerable progress was made in putting the foundations of the five projects in place, in terms of engagement with tourism industry partners and confidence building.

Giant's Causeway/Antrim and Causeway Coast Area

The international competition for the design of the new facilities was launched in March 2005. The anticipated opening of the visitor centre is April 2009.

Progress has also been made on implementing the Causeway Coast and Glens Tourism Masterplan. The development of a tourist trail is nearing completion, with funding secured and a branding and signage strategy to be implemented over the summer of 2005. Stakeholders have also been informed of developments through a Masterplan Forum which took place in March 2005.

Titanic (Maritime) Belfast

The vision for the project is to develop a 'must-see' visitor attraction within the Titanic Quarter on the slip-way where the Titanic was built. NITB and Belfast City Council prepared a vision for the project,

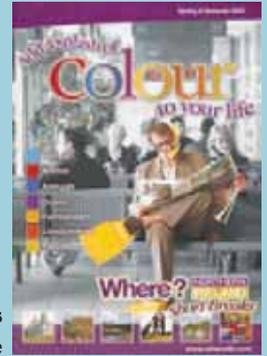
which is now complete and is currently undergoing economic appraisal. The vision has been welcomed by local stakeholders and the estimated cost of building the attraction is around £70 million.

Walled City of Derry

The Walled City of Derry project aims to create international stand-out. A Public Realm Plan has been produced with a clear vision to maximise on the tourism potential of the area. Currently proposals are under way to enhance Londonderry's attractiveness to visitors through a comprehensive visitor management and servicing programme and to put in place high quality interpretation at visitor attractions, museums and galleries.

Christian Heritage / St Patrick

During the first year of the Framework, a draft action plan on the ongoing development of the Christian Heritage/St Patrick project was presented to local stakeholders. This included a proposed St Patrick's Trail linking Armagh and Downpatrick through a fully signed route incorporating interpretation of the St Patrick Story, and integrating other elements of the tourism industry - local hospitality, culture and entertainment - to provide a memorable experience for visitors. To coincide with St Patrick's Day we launched our Christian Heritage / St Patrick Action Programme in Armagh.



**Short Breaks
Campaign Brochure**

The International Fund for Ireland (IFI) has committed £250k to kick-start the implementation of the Action Plan and NITB has also part matched the funding to create a Project Officer post.

Mournes National Park Area

A working party of key stakeholders has been established to make recommendations on the potential of a National Park in the Mournes, and to prepare businesses for National Park designation. During the year NITB worked with local stakeholders to demonstrate the economic opportunity for tourism of a National Park; to carry out benchmarking with similar areas in Great Britain and Europe; and to undertake product development initiatives such as activity tourism and gateway development for Northern Ireland.

Winning Themes

Short Breaks

There was an increased focus on short breaks by NITB, Regional Tourism Organisations, Tourism Ireland and the industry, including region-to region campaigns in GB. In the Republic of Ireland a new "Gateway" advertising campaign had a positive impact promoting Northern Ireland as a short break destination.

The Add a Splash of Colour campaign continued to show an improved return on investment in the local market. Research into the short breaks market

identified where the business was currently coming from in terms of geographic distribution and visitor type, thus ensuring a more targeted campaign.

Excellent Events

Northern Ireland has seen significant growth in the area of events and this year saw a number of high profile major events. These play a key role in developing regional tourism, generating economic and social benefits as well as showcasing a destination, bringing it alive to local and international spectators and to TV audiences around the world. NITB also developed an Action Plan for Excellent Events, and a joint application with Northern Ireland Events Company for events support was introduced to streamline assistance to event organisers.

Business Tourism

Business tourism has been recognised as a key driver for the Northern Ireland tourism economy and NITB's Business Tourism Strategy was completed during the year to be launched later in 2005. The creation of the Conference Support Fund, supported by IFI, is a key factor in making Belfast and Northern Ireland a competitive conference, meeting and exhibition destination. A total of 11 conferences came to Northern Ireland generating £5.5m for the economy.

Activity Tourism

NITB completed an Action Plan for Activity Tourism which has been put out to consultation with key stakeholders. The year also saw the opening of Northern Ireland's first Countryside Recreation Information Centre at Barnett's Demesne in Belfast, and the launch of a family canoe trail in Fermanagh.

Culture & Heritage Tourism

An invitation was secured for Northern Ireland to participate in the prestigious annual Smithsonian Folklife Festival in Washington DC in the summer of 2007. Closer to home, a steering group was established to maximise potential from CS Lewis in light of the launch of the Chronicles of Narnia film. Work has also begun on running a Be a Tourist at Home pilot to boost the profile of the domestic tourism market in late summer.

'Meet the Buyer' Workshop

For the first time in a number of years, the "Meet the Buyer" tourism workshop was held outside Belfast, at the Millennium Forum in Londonderry. We welcomed 115 tour operators from 16 international markets, setting up some 5,000 sales appointments with 97 members of the local tourism industry. Operators attending came from Australia, Britain, Belgium, Canada, France, Germany, Italy, Japan, Netherlands, South Africa, Spain, Sweden, USA, and the Republic of Ireland. The business meetings in Derry were followed by an evening of entertainment at the Ulster American Folk Park, providing local and international operators an opportunity to continue to build the relationships established earlier in the day.



COMMUNICATING EFFECTIVELY

nitb.com

The re-development and modification of www.nitb.com has enabled better communication with the industry while the Tourism Barometer is a good indication of how the industry is performing and allows members to gauge their performance.

Industry Communication

Three issues of 'The View', NITB's industry newsletter, were published during the year. This is a quarterly magazine designed as a proactive communications tool to inform the industry of developments in tourism and to stimulate discussion.

PR Activity

During the course of the year NITB achieved in excess of 400 media 'hits' through proactive PR activity including press releases, media interviews and photo opportunities. In addition to this we also responded to many media queries both national and international, resulting in a further 800 NITB related stories being covered. Numerous pieces of editorial were produced including articles for local business publications and The House of Commons magazine.

Northern Ireland Tourism Awards

The month of May saw one of the highlights of the tourism calendar with the 26th annual Northern Ireland Tourism Awards sponsored by bmi.

Some 400 members of the tourism industry attended the ceremony when the industry's endeavours were recognised and rewarded. From Hotel of the Year to Flavour of Northern Ireland, the awards spanned all facets of product and service provision that cater to visitors' needs and expectations. From major visitor attractions to country cottages; owners, managers and staff involved in all kinds of tourism provision attended the event to receive awards and to applaud the efforts of others.

Destination PR

Positive international media coverage of Northern Ireland continued throughout the year, with over 230 journalists hosted by NITB, resulting in coverage with an estimated advertising equivalent value of some £8 million.

Organisational Capability

To align the Business Units with the delivery of the Framework NITB carried out an internal restructuring exercise. A major recruitment campaign was also completed during the year which has resulted in the appointment of 34 new staff to resource the revised units across the Belfast and Dublin offices.

The Human Resource Strategy was implemented, setting out the people management and learning policy to support the delivery of our Operating Plan and linked to the achievement of Unit objectives.

BOARD MEMBERS as at 31 March 2005



Tom McGrath, OBE

Appointed in April 1998, Tom McGrath assumed the chairmanship in January 2003. A chartered insurance broker, he is the Northern Ireland Regional Director of Marsh UK Ltd risk management and insurance brokers. His other appointments include membership of the Board of Tourism Ireland and the Board of Trustees of the Arthritis Research Campaign.



Irene Adair, MBE

Appointed in February 2000, Irene Adair is the owner of Wyncrest Bed & Breakfast in Kilkeel. She is a Director of the Kilkeel Development Association, Mourne Heritage Trust and a Member of the Mourne National Park Working Party.



Jim Speers, MBE

Appointed to the NITB Board in September 2000, Jim Speers is a member of Armagh City and District Council. He is also Chairman of the Northern Ireland Housing Council.



Andrea Hayes

Andrea Hayes joined the NITB Board in January 2003 and is the General Manager of Market Development for Flybe, with responsibility for Northern Ireland, North West England and Scotland. She is also a member of the Council of the Northern Ireland Chamber of Commerce and a member of the CBI's Economic Affairs Committee.



Lyn Fawcett

Lyn Fawcett joined the NITB Board in February 2003 and is Senior Lecturer in Hospitality and Tourism Management at the University of Ulster's School of Hotel, Leisure and Tourism. Mr Fawcett has also worked with Grand Metropolitan Hotels, the Hotel Lismara and the Northern Counties Hotel, Portrush.



John McGrillen

John McGrillen joined the NITB Board in January 2003 and has been Chief Executive of Down District Council since 1999. He previously worked as Chief Executive of NI-CO, with the Industrial Development Board and Shorts Missile Systems.



Mandy Martin

Mandy Martin joined the NITB Board in January 2003 and is a director of the Park Avenue Hotel in Belfast. She is also a Board member of the East Belfast Partnership and has previously served on the Board of Belfast Visitor and Convention Bureau (BVCB).



John Mooney

John Mooney joined the NITB Board in January 2003 and is Sales and Marketing Director of the Mooney Hotel Group. He is a member of the Northern Ireland Hotels Federation and district governor of the Lion Clubs of Ireland.



Cushendall, County Antrim

NORTHERN IRELAND TOURIST BOARD
FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005



STATUTORY BACKGROUND

The Northern Ireland Tourist Board (NITB) was set up in 1948 and operates under the Tourism (Northern Ireland) Order 1992. The Board's principal functions are to encourage tourism, to encourage the provision and improvement of tourist facilities and amenities, and the certification of tourism accommodation.

FORMAT OF ACCOUNTS

These accounts have been prepared in a form directed by the Department of Enterprise, Trade and Investment with the consent of the Department of Finance and Personnel in accordance with Article 8 of the Tourism (Northern Ireland) Order 1992. Group Accounts have been prepared to consolidate the activities of the Northern Ireland Tourist Board and its wholly owned subsidiary company, Rural Cottage Holidays Limited. A copy of the Accounts Direction appears on page 56.

AUDITOR

The Accounts are audited by the Comptroller and Auditor General in accordance with Article 8 (2) of the Tourism (Northern Ireland) Order 1992 and NITB's wholly owned subsidiary company, Rural Cottage Holidays Ltd is audited by Ernst & Young.

RESULTS

The deficit of the NITB Group for the year was £344,623 (2003/04 deficit of £189,070). £260,141 was transferred from reserves (2004: £61,975

transferred from reserves). The results are set out in detail on page 25.

FIXED ASSETS

Details in the movement in fixed assets are set out in note 7 to the accounts. A Revaluation of the premises in North Street was undertaken to 31 March 2005 and this has been reflected in the Financial Accounts.

RESEARCH AND DEVELOPMENT

The NITB does not engage in research and development activities.

FUTURE DEVELOPMENTS

The key objectives of the NITB are published in its Corporate Plan 2002-2005. The three key objectives are, 'Attracting the Visitor to Northern Ireland', 'Enhancing the Business of Tourism in Northern Ireland' and 'Communicating Effectively with our Tourism Partners'. The plan contains the Board's targets over the period; these include growth in visitor numbers and spend. In October 2003 NITB also launched its Strategic Framework for Action 2004-07.

PROMPT PAYMENT POLICY

The NITB is committed to the prompt payment of bills for goods and services received in accordance with the Government's Better Payments Practice Payment Code.

Unless otherwise stated in the contract, payment is due within thirty days of the receipt of the goods, or services, or presentation of a valid invoice or similar demand, whichever is later. Regular reviews conducted to measure how promptly the Northern Ireland Tourist Board paid its bills found that 92% (2004: 92%) of bills were paid within this standard.

BOARD MEMBERSHIP

Current

Mr T McGrath OBE, Chairman
Mrs Irene Adair MBE
Councillor Jim Speers MBE
Ms A Hayes
Mr J Mooney
Mrs M Martin
Mr L Fawcett
Mr J McGrillen

STATEMENT OF BOARD MEMBER'S RESPONSIBILITIES

The Board is responsible for the efficient, effective and economic implementation of the statutory functions set out in the Tourism (NI) Order 1992 and to act in a way that promotes high standards of public finance, including the promotion of regularity, propriety and value for money.

The Board is a source of advice to the Minister on major issues of strategy and policy in respect of tourism and its views will be sought before proposals on such issues are put to the Minister.

The Board is responsible to the Minister, through DETI, to provide effective leadership, define and develop strategic direction and for the achievement of its objectives and performance targets.

The Board considers the three year Corporate Plan and Annual Operating Plan, and the performance targets contained in them, before submission to the Minister. It monitors performance against objectives and targets.

The Board acts as the main channel of communication with the tourist industry in Northern Ireland to ensure the continuing relevance of NITB's strategy and policies to the needs of the industry.

The Board establishes such committees as it considers appropriate to assist it in discharging its duties from amongst its members.

AUDIT COMMITTEE

The Audit Committee of the Board met on 4 occasions during the year. The Audit Committee membership is: Mr J McGrillen (Chairman), Mr L Fawcett, Mr J Mooney and Mrs M Martin.

REGISTER OF INTERESTS OF BOARD MEMBERS

Board Members are required to register all interests, direct or indirect, which members of the public might reasonably think could influence their judgement. The register of interests is available for public inspection by visiting NITB's website – www.nitb.com.

DISABLED PERSONS

The Board's policy on recruitment is based on the ability of a candidate to perform the job. Full and fair consideration is given to applications for employment from persons with disability where they have the appropriate skills and abilities to perform the job. If disablement occurs during employment, the Board makes every effort to ensure the availability of adequate retraining, or if applicable, helps source alternative employment.

CHARITABLE DONATIONS

During the year NITB made no charitable donations (2004: Nil).

HOSPITALITY

During the year NITB had expenditure relating to Hospitality of £6,318 (2004: £8,483).

EMPLOYEE INVOLVEMENT

NITB implements its business strategy through its staff. In achieving business objectives the involvement of staff in planning and the decision making process is key. Staff involvement is maximised through the combined use of, for example, project implementation, staff briefings and regular joint staff/union consultative meetings. NIPSA is NITB's recognised trade union.

KEY FINANCIAL TARGETS

The Department of Enterprise, Trade and Investment does not consider it appropriate to set financial targets for the NITB.

REVIEW OF ACTIVITIES

A full review of the NITB's activities is given in the Annual Report.



ALAN CLARKE
Chief Executive

STATEMENT OF THE BOARD'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under Article 8 of the Tourism (Northern Ireland) Order 1992, the Board is required to prepare a statement of accounts for each financial year in the form directed by the Department of Enterprise, Trade and Investment with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and show a true and fair view of the state of affairs of the Northern Ireland Tourist Board and of the group at the year end, and of the income and expenditure, total recognised gains and losses and cash flows of the group for the financial year.

In preparing the accounts the Board is required to:

- Observe the accounts direction issued by the Department of Enterprise, Trade and Investment 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 have been followed, and disclose and explain any material departures in the financial statements;

- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Board will continue in operation.

The Accounting Officer for the Department of Enterprise, Trade and Investment has designated the Chief Executive of the Northern Ireland Tourist Board as the Accounting Officer for the Board. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by the Department of Finance and Personnel.

Northern Ireland Tourist Board

St Anne's Court

59 North Street

Belfast BT1 1NB

By order of the Board



Alan Clarke

Chief Executive

STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Northern Ireland Tourist Board policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern Ireland Tourist Board for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel guidance.

In 2004/05 we further developed appropriate procedures to ensure that we can identify the organisation's objectives and risks and to determine a control strategy for each of the significant risks. Risk ownership is allocated to the appropriate staff and the organisation sets out its attitude to risk in relation to the achievement of its objectives.

More specifically the Northern Ireland Tourist Board (NITB) has:

- developed a Risk Management policy document which was approved by NITB's Audit Committee in 2003/04;
- set up a system of key performance and risk indicators and developed a Business Risk register operational from 1 April 2004 and updated in May 2005;
- updated on a quarterly basis the Financial Procedures Manual issued in March 2004 to all NITB managers;
- delivered Financial Procedures and Accountability training for relevant staff over the 2004/05 period.

The Board has ensured that procedures are in place to verify that aspects of risk management and internal control are regularly reviewed and reported on. As well as regular reports to the Board, risk management and internal control are regularly reviewed by the Audit Committee. Risk management is progressively being incorporated fully into the corporate planning and decision making processes of the organisation. The Board receives periodic reports concerning internal control. The appropriate steps will be taken to manage risks in significant areas of responsibility and monitor progress on key projects.

Following the identification of the key objectives and risks, further work will be done to bring about more consistency in the way in which the organisation treats risks.

In addition to the actions mentioned above, the organisation plans to continue to regularly review and update the record of risks facing the organisation in 2005/06.

NITB has appointed Internal Audit Service (IAS) of the Department of Enterprise, Trade and Investment to undertake to standards defined in the Government Internal Audit Manual, regular internal reviews and assessment on our systems, processes and procedures. The work of IAS is informed by an analysis of the risk to which the NITB is exposed, and annual internal audit plans are based on this analysis. The analysis of

risk and the internal audit plans are endorsed by the NITB Audit Committee and approved by me. Annually, the IAS provides me with a report on their activity. The report includes their independent opinion on the adequacy and effectiveness of the NITB's system of internal financial control.

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

In its Annual Assurance Report 2004/05 IAS concluded that the findings of the majority of audits conducted were generally positive. The key issue arising during 2004/05 related to general non-compliance with EC Regulatory requirements. In the light of this management at NITB worked with DETI European Programmes to define the specific issues and agree actions and remedial work required. Significant progress has been made to undertake the

necessary actions and IAS confirmed this in a follow up review completed in August 2005.

Further progress was made in 2004/05 in each of the areas identified and resources continue to be allocated to ensure that implementation dates are achieved. A comprehensive programme of work has been developed to confirm NITB's compliance with key financial procedure requirements. On an ongoing basis key issues arising out of the action plan are being integrated into NITB's business planning and risk management processes. This will ensure that the ongoing control mechanisms are kept under regular review and that necessary additional/corrective actions are identified at an early stage.

The items which have been identified through the development and subsequent implementation of the action plan are assisting NITB to put in place robust internal control mechanisms.



ALAN CLARKE
Chief Executive
Northern Ireland Tourist Board (NITB)

Northern Ireland Tourist Board (NITB) The Certificate of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the financial statements on pages 25 to 55 under the Tourism (Northern Ireland) Order 1992. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 30 to 32.

Respective responsibilities of the Board, the Chief Executive and Auditor

As described on page 19 the Board and Chief Executive are responsible for the preparation of the financial statements in accordance with the Tourism (Northern Ireland) Order 1992 and Department of Enterprise, Trade and Investment directions made thereunder and for ensuring the regularity of financial transactions. The Board and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Tourism (Northern Ireland) Order 1992 and Department of Enterprise, Trade and Investment directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the NITB has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 20 and 22 reflects the NITB's compliance with the Department of Finance and Personnel's guidance on the 'Statement on Internal Control'. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's

Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of NITB's corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the NITB's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Northern Ireland Tourist Board as at 31 March 2005 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Tourism (Northern Ireland) Order 1992 and directions made thereunder by the Department of Enterprise, Trade and Investment; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



J M DOWDALL
NORTHERN IRELAND AUDIT OFFICE

17 May 2006
Comptroller and Auditor General
106 University Street
BELFAST
BT7 1EU

Group Income and Expenditure Account for the year ended 31 March 2005

	Notes	2005 £	2004 £
INCOME			
Grant from the Department of Enterprise, Trade and Investment Vote B	2	9,939,158	9,691,503
Other Operating Income	3	490,035	477,938
Capital Funding Account	16	296,670	230,363
Deferred Income Account	12	33,474	33,474
Sale of Investment – AITH Limited		82,992	-
Investment Income		3,750	24,900
Tourism Ireland Ltd – Request for Resources A		10,653,742	9,942,702
Total Income		21,499,821	20,400,881
EXPENDITURE			
Staff Costs	4	3,442,325	3,222,224
Other Operating Charges	5	7,420,874	7,173,367
Deficit on Revaluation		162,163	-
Selective Financial Assistance – Grants	6	19,059	129,662
Sale Proceeds of Investment Surrenderable to DETI		82,992	-
Investment Income Surrenderable to Invest NI		3,750	24,900
Notional Costs	1.11	84,482	127,095
Tourism Ireland Ltd – Request for Resources A		10,653,742	9,942,702
Total Expenditure		21,869,387	20,619,950
Surplus/(Deficit) of Income over Expenditure		(369,566)	(219,069)
Interest Receivable		49,626	31,404
Surplus for the year before tax		(319,940)	(187,665)
Corporation Tax		(24,683)	(1,405)
Surplus/(Deficit) for the year		(344,623)	(189,070)
Credit in respect of notional costs		84,482	127,095
Amount transferred (from)/to Reserves		(260,141)	(61,975)

(Notes 1 to 20 form part of these Accounts.)

Group Balance Sheet at 31 March 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Intangible Assets	7	32,268	17,197
Tangible Assets	7	1,377,946	1,530,047
Investments	8	-	1,130,027
		<u>1,410,214</u>	<u>2,677,271</u>
CURRENT ASSETS			
Stocks		2,022	6,692
Debtors	9	167,167	320,153
Cash at bank and in hand	18	<u>521,077</u>	<u>372,660</u>
		690,266	699,505
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	10	<u>654,364</u>	<u>534,784</u>
NET CURRENT ASSETS		<u>35,902</u>	<u>164,720</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,446,116</u>	<u>2,841,991</u>
Creditors: Amounts falling due after one year			
Provision for liabilities and charges	11	787,637	845,842
Deferred Income	12	<u>320,616</u>	<u>354,090</u>
		<u>337,863</u>	<u>1,642,059</u>
Financed by:			
NITB	15	(945,036)	(674,582)
RCH	15	<u>(176,255)</u>	<u>(211,206)</u>
		(1,121,291)	(885,788)
Revaluation Reserve	19	716	232,554
Share Capital RCH	16	200,000	200,000
Capital Funding Account	16	<u>1,258,438</u>	<u>2,095,293</u>
		<u>337,863</u>	<u>1,642,059</u>

(Notes 1 to 20 form part of these Accounts.)



Chairman



Chief Executive

NITB Balance Sheet at 31 March 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Intangible Assets	7	32,268	17,197
Tangible Assets	7	1,062,003	1,180,629
Investments	8	-	1,130,027
		<u>1,094,271</u>	<u>2,327,853</u>
CURRENT ASSETS			
Stocks		2,022	6,692
Debtors	9	152,014	300,287
Cash at bank and in hand		465,495	320,208
		<u>619,531</u>	<u>627,187</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	10	<u>612,047</u>	<u>455,933</u>
NET CURRENT ASSETS		<u>7,484</u>	<u>171,254</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,101,755	2,499,107
Creditors: Amounts falling due after one year			
Provision for liabilities and charges	11	<u>787,637</u>	<u>845,842</u>
		<u>314,118</u>	<u>1,653,265</u>
Financed by:			
NITB	15	(945,036)	(674,582)
Revaluation Reserve	19	716	232,554
Capital Funding Account	16	<u>1,258,438</u>	<u>2,095,293</u>
		<u>314,118</u>	<u>1,653,265</u>



Chairman



Chief Executive

(Notes 1 to 20 form part of these Accounts.)

Group Cash Flow Statement for the year ended 31 March 2005

	Notes	2005 £	2004 £
Net cash inflow from Operating Activities	17	123,474	68,015
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Bank interest received		49,626	31,404
TAXATION			
Tax paid		(24,683)	(1,405)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payment to acquire Assets		(589,842)	(296,028)
FINANCING			
Government Grant to acquire Assets		<u>589,842</u>	<u>288,608</u>
Increase/(Decrease) IN CASH		148,417	90,594
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/ (Decrease) in cash during the year		148,417	90,594
Net cash at 1 April 2004		<u>372,660</u>	<u>282,066</u>
Net cash at 31 March 2005	18	<u><u>521,077</u></u>	<u><u>372,660</u></u>

Statement of Total Recognised Gains and Losses

	Group		NITB	
	2005 £	2004 £	2005 £	2004 £
Surplus/ (Deficit) for the year	(344,623)	(189,070)	(379,574)	(176,588)
Surplus/ (Deficit) arising on revaluation of Fixed Assets	(369,362)	42,571	(369,362)	42,571
	<u>(713,985)</u>	<u>(146,499)</u>	<u>(748,936)</u>	<u>(134,017)</u>

(Notes 1 to 20 form part of these Accounts.)

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2005

1. ACCOUNTING POLICIES

Basis of Preparation

The Accounts have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets, in a form in accordance with Article 8 of the Tourism (Northern Ireland) Order 1992.

Basis of Consolidation

The Group Accounts consolidate the accounts of Northern Ireland Tourist Board and its subsidiary undertaking, Rural Cottage Holidays Limited.

The principal accounting policies that have been adopted within the convention are set out below:

1.1 Income from activities

Income from activities represents the invoiced amount of goods sold or services provided (net of VAT) and includes fees collected from statutory inspection activities, and income attributable to the promotion and letting of self-catering accommodation within Northern Ireland.

Certain types of income, mainly dividend income, cannot be retained and must be surrendered to DETI. The amount owed to DETI is shown as a creditor and a charge is made to the Income and Expenditure account to reflect the income which the Northern Ireland Tourist Board (NITB) cannot retain. The debt to the

sponsor department is settled once the NITB has received money from the client companies. The amount owed to DETI (and the associated charge in the Income and Expenditure account) is adjusted to take account of movements in the bad debts provision relating to this income.

1.2 Stocks

Stocks are stated at the lower of cost or net realisable value. Costs incurred in producing publications and promotional items for which no selling price is charged are written off to the Income and Expenditure Account as incurred.

1.3 Fixed Assets and Depreciation

- (i) Fixed asset additions are fully funded by the Department of Enterprise, Trade and Investment.
- (ii) Leasehold improvements have been valued on net current replacement cost, all other assets are stated at historic cost. A revaluation of the premises in North Street was undertaken to 31 March 2005 and this has been included in the Financial Accounts. This was carried out by Valuation and Lands Agency, an executive agency within the Department of Finance and Personnel.
- (iii) Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Furniture and Equipment	10 years
Motor Vehicles	4 years
Leasehold Fixtures and Fittings	Over the lease term
Computer Equipment	3 Years
Computer Software	Over the period of the licence

A full year of depreciation is provided on assets in the year of their purchase.

Paintings not previously included in Fixed Assets have recently been listed (12 of) and valued at £188,200. These have not been included in Fixed Assets as ownership is currently being confirmed.

1.4 Leased Assets

Operating lease payments are charged to expenditure on a straight-line basis over the term of the lease.

1.5 Investments

Since 1993 NITB held shares in 3 companies (Manor House Country Hotel Limited, Country Inns Ulster Limited and Roe Park Holdings Limited) as part of a financial package under the Tourism Development Scheme (TDS) agreed at that time. As a result of The Industrial Development Act (Northern Ireland) 2002 these investments were transferred to Invest NI during the year.

The minority shareholding in All Ireland Tourism Holdings Limited was disposed of during the year. As a result of this NITB was able to launch the new TIDINET system.

1.6 Pension Costs

The cost of contributions to the employees' pension fund is charged to the Income and Expenditure Account in the year in which they are made. The capital cost of new compensatory added year's benefits payable to early retirees is charged to the Income and Expenditure Account and credited to the Pension Benefits provision in the Balance Sheet. Monthly pension payments made in respect of compensatory added years benefits are charged to the Pension Benefits provision in the Balance Sheet.

1.7 Foreign Currencies

Assets and liabilities denominated in foreign currencies have been translated into sterling values at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to the Income and Expenditure Account.

1.8 Government Grants

Grant of a revenue nature is credited to the Income and Expenditure Account in the year to which it relates. Grant appropriated for capital

purposes is credited to a Capital Funding Account and released to the Income and Expenditure Account over the expected useful lives of the relevant assets.

1.9 Irrecoverable Value Added Tax

The Board is subject to a very limited recovery of VAT on inputs calculated in accordance with a formula agreed with HM Revenue and Customs. Expenditure is charged in the accounts inclusive of VAT. The VAT recoverable is credited to other operating charges. NITB is currently reviewing the treatment of VAT with HM Revenue and Customs.

1.10 Selective Financial Assistance Scheme

Under the Scheme, the Board is able to provide selective financial assistance in the form of grants, loans or investments in tourism-related projects. Grants paid and payable on expenditure incurred in the year by grant recipients is charged to the Income and Expenditure account under the heading Selective Financial Assistance - Grants. The charge to the Income and Expenditure account of providing for expenditure incurred by grant recipients but not paid by the NITB amounted to £15,556 (2004: £21,907) - this amount is included within Creditors falling due within one year. Income received from DETI in relation to grants paid in the year is credited to the Income and

Expenditure account under the heading Grant from the Department of Enterprise, Trade and Investment (DETI Request for Resources A). Reserve Fund income receivable in relation to grants payable is credited to the Income and Expenditure account and included within Debtors.

1.11 Notional Costs

These accounts were prepared in accordance with the DFP "Executive NDPB's Annual Report and Accounts" paper issued in December 2000. In order to disclose the full cost of activities, notional costs for cost of capital and the provision of the services received from Internal Audit Services of the DETI and Central Procurement Directorate of DFP are included. As NITB had average net assets in the year 2004/05, the cost of capital is a debit in the accounts. The 2004/05 debit of £34,649 (2003/04 debit of £56,792) was calculated on 3.5% of the average capital employed during the year.

The notional cost of internal audit services for 2004/05 was £34,820 (2003/04 - £70,303) and Central Procurement Directorate for 2004/05 was £15,013.

2. GRANT FROM THE DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

	2005 £	2004 £
Revenue Expenditure	9,939,158	9,691,503
Tourism Ireland Limited	10,653,742	9,942,702
Capital Expenditure	<u>589,842</u>	<u>288,609</u>
Investments	<u>21,182,742</u>	<u>19,922,814</u>

During the year, NITB received grants from DETI, on behalf of Tourism Ireland Limited, amounting to £10.65m. These amounts were remitted to Tourism Ireland Limited before the year end.

2. (a) European Regional Development Funds

In addition to the activities reported in these accounts, during the year NITB was responsible for the administration of grant aid falling under certain measures of the European Regional Development Fund (ERDF) and the International Fund for Ireland (IFI). The extent of this administration did not extend to the physical control and disbursement of the funds, which role was reserved to DETI. The funding from these measures is made available in agreed "budgets" for drawdown over fixed terms normally in excess of one year.

During the year 2004/05, the NITB approved the following grant claims for payment by DETI:

	£
PEACE II Programme – Measure 4.2a (Marketing the region as a tourist destination)	1,588,552
PEACE II Programme – Measure 4.2b (Enhancing the region as a tourist destination)	66,550
International Fund for Ireland	39,025
Chancellor's Challenge Fund	28,775

3. INCOME FROM ACTIVITIES AND OTHER OPERATING INCOME

Income is attributable to the following activities:

	2005 £	2004 £
Statutory Certification Fees	153,887	162,804
Sale of literature and transparencies	7,135	6,139
Promotions and exhibitions	64,216	703
RCH Ltd Bookings	219,859	219,528
Gulliver subscriptions	2,758	-
Miscellaneous	15,004	3,152
Conference Income	-	49,057
Canteen Income	27,176	21,130
PEACE II Income	-	15,426
	<u>490,035</u>	<u>477,939</u>

4. STAFF & PENSION COSTS

	2005	2004
	£	£
(a) Salaries	3,141,538	2,912,741
Social Security Costs	209,131	173,099
Pension Contributions: NILGOSC Scheme	<u>88,482</u>	<u>75,750</u>
Increase in Provision re Pension Contributions for early retirees	<u>3,174</u>	<u>60,634</u>
Staff Costs charged to Expenditure	<u><u>3,442,325</u></u>	<u><u>3,222,224</u></u>
(b) Pension benefits paid relating to early retirees during the year	64,840	62,968

	Age	Salary including performance pay from 1 April 04 to March 05 £	Real increase in pension at age 65 £	Accrued pension at 65 31 March 04 £
(c) Members of the Board				
Tom McGrath OBE	60	20,860	N/A	N/A
Irene Adair MBE	55	4,540	N/A	N/A
John Mooney	45	4,540	N/A	N/A
Andrea Hayes	40	4,540	N/A	N/A
Mandy Martin	41	4,540	N/A	N/A
Lyn Fawcett	53	4,540	N/A	N/A
John McGrillen	43	4,540	N/A	N/A
Councillor Jim Speers MBE	58	4,540	N/A	N/A

(d) Executive Directors:

Alan Clarke – Chief Executive	Consent for Disclosure withheld
Jim Perry (to 31 October 2004)	Consent for Disclosure withheld
Sue Ward	Consent for Disclosure withheld
Philip Pentland	Consent for Disclosure withheld
Jean Stratton	Consent for Disclosure withheld
Kathryn Thomson (from 10 January 2005)	Consent for Disclosure withheld

(e) Average weekly number of employees (full time equivalent)	2005	2004
	No	No
Marketing & Communications	69	57
Investment	18	18
Finance & Personnel	<u>16</u>	<u>17</u>
Corporate Policy	<u>19</u>	<u>17</u>
	122	109

(f) Number of employees (full time equivalent) at 31 March 2005	2005	2004
	132	112

5. OTHER OPERATING CHARGES

	2005 £	2004 £
Premises costs	543,574	545,998
Travel, Subsistence & Hospitality		
- Board Members	19,845	34,431
- Other Employees	148,449	133,358
Depreciation	354,781	282,240
Printing and Stationery	75,961	66,636
Professional Fees	110,133	244,509
Auditors Remuneration – Audit	28,673	31,500
Catering and General Office Expenses	326,655	312,933
Staff Development (Training and Recruitment)	164,629	75,928
Events	61,957	106,176
Publications	331,531	361,559
Press and Public Relations	135,933	91,049
Hospitality	6,318	8,483
Marketing, Advertising and Promotions	4,609,949	4,273,162
Information Services	281,187	401,816
Cottage Costs (Rural Cottage Holidays Limited)	78,427	67,233
Commission (Rural Cottage Holidays Limited)	142,872	136,356
	<u>7,420,874</u>	<u>7,173,367</u>

6. SELECTIVE FINANCIAL ASSISTANCE

	2005 £	2004 £
Tourism Development Scheme Grant	19,059	129,662

7. INTANGIBLE FIXED ASSETS	2005	2004
	£	£
Software Licences – Cost at 31 March 04	144,548	110,154
Acquisitions	54,499	34,394
Transfers	(5,117)	-
Write Off	<u>(84,974)</u>	<u>-</u>
Cost at 31 March	108,956	144,548
Software Licences – Depreciation at 31 March 04	127,351	98,233
Software Licences – Depreciation	39,428	29,118
Transfers	(5,117)	-
Write Off	<u>(84,974)</u>	<u>-</u>
Depreciation at 31 March 05	76,688	127,351
NBV at 31 March 05	32,268	17,197

7 (a) TANGIBLE FIXED ASSETS
(1) Group

	Leasehold Improvements £	Furniture & Equipment £	Motor Vehicles £	Computers £	Total £
AT VALUATION					
At start of year – valuation	2,306,216	967,572	12,835	992,647	4,279,270
Additions	353,204	152,968	-	29,171	535,343
Disposals	-	(819,692)	-	(641,770)	(1,461,462)
Transfers	-	2,301	-	2,816	5,117
Indexation	146,787	-	-	-	146,787
Revaluation adjustment	<u>(1,428,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,428,692)</u>
At end of year	<u>1,377,515</u>	<u>303,149</u>	<u>12,835</u>	<u>382,864</u>	<u>2,076,363</u>
DEPRECIATION					
At start of year – valuation	994,889	891,154	6,418	856,763	2,749,224
Provision for year	136,820	77,766	3,209	97,559	315,354
Disposals	-	(819,692)	-	(639,043)	(1,458,735)
Transfers	-	2,301	-	2,816	5,117
Indexation	66,726	-	-	-	66,726
Revaluation adjustment	<u>(979,269)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(979,269)</u>
At end of year	<u>219,166</u>	<u>151,529</u>	<u>9,627</u>	<u>318,095</u>	<u>698,417</u>
Group Balance Sheet at 31.3.05	<u>1,158,349</u>	<u>151,620</u>	<u>3,208</u>	<u>64,769</u>	<u>1,377,946</u>
Group Balance Sheet at 31.3.04	<u>1,311,327</u>	<u>76,418</u>	<u>6,417</u>	<u>135,884</u>	<u>1,530,046</u>

DEPRECIATION CHARGE

£

Normal provision for year – Tangible	290,716
Normal provision for year – Intangible	39,428
Depreciation adjustment	24,638
Depreciation charge for year	<u>354,782</u>

7. TANGIBLE FIXED ASSETS (2) NITB

	Leasehold Improvements £	Furniture & Equipment £	Motor Vehicles £	Computers £	Total £
AT VALUATION					
At start of year - valuation	1,788,138	882,300	12,835	955,093	3,638,366
Additions	353,204	152,968	-	29,171	535,343
Disposals	-	(819,692)	-	(641,770)	(1,461,462)
Transfers	-	2,301	-	2,816	5,117
Indexation	146,787	-	-	-	146,787
Revaluation adjustment	<u>(1,428,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,428,692)</u>
At end of year	<u>859,437</u>	<u>217,877</u>	<u>12,835</u>	<u>345,310</u>	<u>1,435,459</u>
DEPRECIATION					
At start of year - valuation	805,389	826,720	6,418	819,210	2,457,737
Provision for year	111,873	69,239	3,209	97,559	281,880
Disposals	-	(819,692)	-	(639,043)	(1,458,735)
Transfers	-	2,301	-	2,816	5,117
Indexation	66,726	-	-	-	66,726
Revaluation adjustment	<u>(979,269)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(979,269)</u>
At end of year	<u>4,719</u>	<u>78,568</u>	<u>9,627</u>	<u>280,542</u>	<u>373,456</u>
NITB Balance Sheet value at 31.3.05	<u>854,718</u>	<u>139,309</u>	<u>3,208</u>	<u>64,768</u>	<u>1,062,003</u>
NITB Balance Sheet at 31.3.04	<u>982,749</u>	<u>55,580</u>	<u>6,417</u>	<u>135,883</u>	<u>1,180,629</u>

DEPRECIATION CHARGE

	£
Normal provision for year – Tangible	257,242
Normal provision for year – Intangible	39,428
Depreciation adjustment	24,638
Depreciation charge for year	<u>321,308</u>

8. INVESTMENTS

(1) Group

	2005 £	2004 £
Fixed Asset Investments (Unlisted)	<u>1,130,027</u>	<u>1,130,027</u>
At 1 April 2004	<u>1,130,027</u>	<u>1,130,027</u>
Transferred to Invest NI	1,130,000	-
Sale of AITH Limited Shares	<u>27</u>	<u>-</u>
At 31 March 2005	<u>0</u>	<u>1,130,027</u>

8. (2) The Group disposed of the following shares during the financial year to 31 March 2005

(a) Since 1993 Northern Ireland Tourist Board has held the following shares as part of a financial package under the Tourism Development Scheme (TDS) agreed at that time.

Manor House Country Hotel Limited	£330k - £1 Redeemable Cumulative Preference Shares
Country Inns Ulster Limited	£250k - £1 "A" Cumulative Redeemable Preference Shares
Roe Park Holdings Limited	£550k - £1 "A" Cumulative Redeemable Preference Shares

The Industrial Development Act (Northern Ireland) 2002 provides [Schedule 2 paragraph 4 (1)] that "all property, rights and liabilities to which the Northern Ireland Tourist Board is entitled or subject immediately before the appointed day and which were held, acquired or incurred for or in connection with the exercise of the functions mentioned in Section 3 (4) (a) (in this paragraph and paragraph 5 referred to as "the relevant functions"), shall on that day be transferred to, and by virtue of this sub paragraph vest in Invest NI".

The functions referred to in Section 3 (4) (a) relate to the provision of financial assistance under Article 11 of the Tourism (Northern Ireland) Order 1992 for the purposes of providing or improving tourist accommodation.

As a result of this legislation the transfer of these Investments to Invest NI took place during the year.

(b) During the year it was agreed with Fáilte Ireland that the respective shareholdings in All Ireland Tourism Holdings Limited would be sold to FEXCO. The proceeds of the sale were surrenderable back to DETI.

9. DEBTORS

	Group		NITB	
	2005	2004	2005	2004
	£	£	£	£
Due from subsidiary undertaking	-	-	-	-
Trade Debtors	44,948	98,149	29,795	78,283
Less: provision for doubtful debts	<u>(21,334)</u>	<u>(22,583)</u>	<u>(21,334)</u>	<u>(22,583)</u>
	23,614	75,566	8,461	55,700
QA Debtors	9,583	-	9,583	-
Investment Income Receivable	-	65,850	-	65,850
Prepayments	60,937	98,468	60,937	98,468
Other debtors	67,559	74,795	67,559	74,795
Tourism Ireland Recharge A/C	<u>5,474</u>	<u>5,474</u>	<u>5,474</u>	<u>5,474</u>
	<u>167,167</u>	<u>320,153</u>	<u>152,014</u>	<u>300,287</u>

10. CREDITORS

Amounts falling due within one year.

	Group		NITB	
	2005	2004	2005	2004
	£	£	£	£
Corporation Tax	24,683	618	24,683	618
Trade creditors	122,685	53,011	99,028	21,533
Other creditors	219,152	126,656	218,603	126,107
Other taxes and social security costs	10,919	18,162	9,926	17,401
Investment income surrenderable to DETI	-	65,850	-	65,850
TDS W-I-P & Retentions	15,556	21,907	15,556	21,907
Accruals: Other	261,369	248,580	244,251	202,517
	<u>654,364</u>	<u>534,784</u>	<u>612,047</u>	<u>455,933</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES
Compensatory Pension Benefits

	Group		NITB	
	2005 £	2004 £	2005 £	2004 £
Provision at beginning of year	845,842	848,176	845,842	848,176
Additional benefits awarded	-	-	-	-
RPI increase	3,174	60,634	3,174	60,634
Benefits paid during the year	(64,840)	(62,968)	(64,840)	(62,968)
Provision at end of year	<u>784,176</u>	<u>845,842</u>	<u>784,176</u>	<u>845,842</u>
Creditor falling due after 1 year	3,461	-	3,461	-
Total	<u>787,637</u>	<u>845,842</u>	<u>787,637</u>	<u>845,842</u>

12. DEFERRED INCOME CAPITAL
Rural Cottage Holidays Limited

Group	2005 £	2004 £
At start of year	354,090	387,564
Grants received in year	-	-
Owners' capital contributions	-	-
Grant released on depreciation	(33,474)	(33,474)
Grant on accelerated depreciation	-	-
Balance at end of year	<u>320,616</u>	<u>354,090</u>

13. PENSION COMMITMENTS

Northern Ireland Tourist Board participates in the Northern Ireland Local Government Officer's Superannuation Committee Scheme (The NILGOSC scheme) for the majority of its employees. The NILGOSC scheme is a "multi employer", defined benefit scheme, which provides members of participating employers with the benefits related to pay and services at rates that are defined under statutory regulations. To finance these benefits, assets are accumulated in the scheme and are held separately from the assets of the employers. The scheme is funded by employers participating in the NILGOSC scheme who pay contributions at rates determined by an independent professionally qualified actuary on the basis of regular valuations using the projected unit method. The results of the most recent valuations, which were conducted as at 31 March 2004, are as follows:

	£m
Actuarial Value of Assets	2,152
Actuarial Value of Liabilities	<u>(2,544)</u>
Deficit	<u><u>(392)</u></u>

Level of funding being the actuarial value of assets expressed as a percentage of benefits accruing to members, deferred pensioners and members based on past service, and after allowing for future salary increase

85%

The past service funding level of the Fund has declined since the previous valuation due to the following:-

- (a) the poor return on Fund Assets over the previous valuation relative to the rate required to keep pace with the liabilities;
- (b) the increases in pensionable pay for employees which were higher than anticipated in the valuation;
- (c) lower employer contributions than required to meet the cost of accrual of benefits.

It has been calculated that the combined employers' long term future contribution rate to be 13.1% of pensionable pay. As a result of this new rates will be introduced for employers as follows:

Current rate 2004/05	4.60%
2005/06	8.50%
2006/07	11.00%
2007/08	13.00%

Further increases would be expected in 2008/09, 2009/10 and 2010/11.

The total contributions payable to the NILGOSC scheme by the Northern Ireland Tourist Board for 2004/05 were £87,228 (2003/04 £75,750).

14. COMMITMENTS AND CONTINGENCIES

14. (1) At March 2005 the Board had financial commitments as follows:

Annual commitments under non-cancellable operating leases expiring:

	Buildings	Other	Total
	£	£	£
Expiry within one year	-	1,129	1,129
Expiry within two to five years	61,297	3,289	64,586
Expiry within six to ten years	-	-	-
Expiry within eleven to fifteen years	305,500	-	305,500
	<u>366,797</u>	<u>4,418</u>	<u>371,215</u>

14. (2) Capital Commitments

Capital Commitments existed of £265,537 at 31 March 2005 due to refurbishment work to be done on 1st floor, NITB, Belfast. (2004: £28,130).

14. (3) Other Commitments

	Group		NITB	
	2005 £	2004 £	2005 £	2004 £
Commitments under Tourism Development Scheme	<u>101,776</u>	<u>25,637</u>	<u>101,776</u>	<u>25,637</u>

14. (4) Contingent Liabilities

During the year NITB identified a potential VAT liability dating back a number of years. Professional advice was sought and a case submitted to the HM Revenue & Customs for VAT exemption which would negate any liability. The HM Revenue and Customs have visited and reviewed records and we await their conclusion. No provision has been made in the accounts in respect of any potential liability.

15. RECONCILIATION OF MOVEMENTS IN THE DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT FUND AND IN RESERVES

15. (1) Group

	NITB £	RCH £	Total £
At 1 April 2004	(674,582)	(211,206)	(885,788)
Add: (Deficit)/Surplus of income over expenditure for year	(295,092)	34,951	(260,141)
Realised gains transferred from Revaluation Reserve	<u>24,638</u>	<u>-</u>	<u>24,638</u>
At 31 March 2005	<u>(945,036)</u>	<u>(176,255)</u>	<u>(1,121,291)</u>

15. (2) NITB

	2005 £	2004 £
At April 2004	(674,582)	(643,492)
Add: (Deficit) of income over expenditure for year	(295,092)	(49,493)
Realised gains transferred from Revaluation Reserve	<u>24,638</u>	<u>18,404</u>
At 31 March 2005	<u>(945,036)</u>	<u>(674,582)</u>

16. CAPITAL FUNDING ACCOUNT

16. (1) Group

	Fixed Assets £	Investment & Loans £	Total £
Balance at 1 April 2004	965,266	-	965,266
Balance at 1 April 2004 – Investments	-	1,130,027	1,130,027
Balance at 1 April 2004 – Share Capital RCH	-	200,000	200,000
DETI Grant appropriated	589,842	-	589,842
	<u>1,555,108</u>	<u>1,330,027</u>	<u>2,885,135</u>
Gain on Disposal of fixed assets	-	-	-
Transfer to income and expenditure account	(296,670)	-	(296,670)
Transfer to Invest NI	-	(1,130,000)	(1,130,000)
Sale of Investment AITH Limited	-	(27)	(27)
	<u>(296,670)</u>	<u>(1,130,027)</u>	<u>(1,458,438)</u>
Balance at 31 March 2005	<u>1,258,438</u>	<u>200,000</u>	<u>1,458,438</u>

16. (2) NITB

	Fixed Assets £	Investment & Loans £	Total £
Balance at 1 April 2004	965,266	1,130,027	2,095,293
DETI Grant appropriated	589,842	-	589,842
	<u>1,555,108</u>	<u>1,130,027</u>	<u>2,685,135</u>
Gain on Disposal of fixed assets	-	-	-
Transfer to income and expenditure account	(296,670)	-	(296,670)
Depn/Write back of Investments	-	-	-
Transfer to Invest NI	-	(1,130,000)	(1,130,000)
Sale of Investment AITH Limited	-	(27)	(27)
	<u>(296,670)</u>	<u>(1,130,027)</u>	<u>(1,426,697)</u>
Balance at 31 March 2005	<u>1,258,438</u>	<u>0</u>	<u>1,258,438</u>

17. RECONCILIATION OF OPERATING (DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005	2004
	£	£
Operating (Deficit)/Surplus	(369,566)	(219,069)
Charge in respect of notional costs	84,482	127,095
Net depreciation charge	354,782	282,240
Released from deferred income account	(33,474)	(33,474)
Released from capital funding account	(296,670)	(230,362)
Compensatory Pension Benefits R.P.I. Increase	3,174	60,634
Compensatory Pension Benefits Paid	(64,840)	(62,968)
Revaluation Reserve Deficit to I+E	162,163	-
Decrease in stocks	4,675	(4,658)
Decrease in debtors	152,980	416,196
Increase in creditors	119,580	(267,619)
Over 1 Year Creditor	3,461	-
Disposed Fixed Asset	<u>2,727</u>	<u>-</u>
	<u>123,474</u>	<u>68,015</u>
Bank Interest Received	49,626	31,404
Tax Paid	(24,683)	(1,405)
Payments to acquire Fixed Assets	(589,242)	(296,028)
Governments Grants received	589,242	288,608
Transfer of functions to Invest NI	<u>-</u>	<u>-</u>
	<u>148,417</u>	<u>90,594</u>

18. CHANGES IN CASH DURING THE YEAR

	2005 £	Change in year £	2004 £	Change in year £	2003 £
Cash at bank and in hand	<u>521,077</u>	<u>148,417</u>	<u>372,660</u>	<u>90,594</u>	<u>282,066</u>

19. REVALUATION RESERVE

	Group		NITB	
	2005 £	2004 £	2005 £	2004 £
At 1 April 2004	232,553	208,386	232,553	208,386
Surplus arising in year	80,061	42,571	80,061	42,571
Realised gains released to DETI Fund:- MHCA				
Depreciation Adjustment	(24,638)	(18,404)	(24,638)	(18,404)
Revaluation Adjustment	(287,260)	-	(287,260)	-
At 31 March 2005	<u><u>716</u></u>	<u><u>232,553</u></u>	<u><u>716</u></u>	<u><u>232,553</u></u>

20. RELATED PARTY TRANSACTIONS

The Northern Ireland Tourist Board (NITB) is a Non-Departmental Public Body (NDPB) sponsored by the Department of Enterprise, Trade and Investment (DETI). DETI is regarded as a related party. During the year NITB had various material transactions with DETI and other entities for which the Department is regarded as the parent Department.

NITB works with many public and private sector organisations including companies in which Board Members of NITB have a beneficial interest. Transactions during the year with such companies, which were conducted at arms length and were subject to normal project and programme rules and tendering procedures, where appropriate, are listed below:

Tom McGrath	Chairman	Board Member of Tourism Ireland Limited. Grant of £10,653,742 paid through NITB from DETI (£9,942,702 in 2003/04)
Mandy Martin	Board Member	Director of Belfast Visitor Convention Bureau – support of £92,510 paid (£10,728 in 2003/04)
Irene Adair	Board Member	Member of Board of Trustees of Mourne Heritage Trust – support of £38,389 paid (£12,315 in 2003/04)
John Mooney	Board Member	Director Dunadry Hotel and Country Club – services of £3,515 paid (£1,576 in 2003/04) Director Wellington Park Hotel – services of £3,100 paid (£7,706 in 2003/04) Member of Northern Ireland Hotels Federation – support of £4,230 (£2,817 in 2003/04) Director of Tourism Training Trust – services of £35,006 paid (£32,107 in 2003/04)
John McGrillen	Board Member	Member of Board of Trustees of Mourne Heritage Trust – support of £38,389 paid (£12,315 in 2003/04) Chief Executive of Down District Council – support of £35,625 (£1,002 in 2003/04)

Members of the Board are required to register any interests, including interests of family members and any other persons who would be able to influence their judgement as members of NITB. The Register of Members' interests may be inspected by members of the public by arrangement at Northern Ireland Tourist Board, St Anne's Court, 59 North Street, Belfast, BT1 1NB.

NORTHERN IRELAND TOURIST BOARD

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT, WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE AND PERSONNEL, IN ACCORDANCE WITH ARTICLE 8 OF THE TOURISM (NI) ORDER 1992

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement Northern Ireland Tourist Board shall prepare accounts for the financial year ended 31 March 2004 and subsequent financial years in accordance with:

- a. Non-Departmental Public Bodies Annual Reports and Accounts Guidance;
- b. other guidance which the Department of Finance and Personnel may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other specific disclosures required by the Department;

except where agreed otherwise with the Department of Finance and Personnel, in which case the exception shall be described in the notes to the accounts.

In addition to the foregoing NITB shall disclose expenditure on hospitality in a note to its accounts.

Signed by the authority of the Department of Enterprise, Trade and Investment

A handwritten signature in black ink, appearing to be 'A. J. M.', written in a cursive style.

Dated 23 April 2003

APPENDICES



Springhill House, County Tyrone

COMPARATIVE ANALYSIS OF PERFORMANCE

Table 1 presents data on trips, nights and expenditure in Northern Ireland by visitors from England, Scotland and Wales. Tourism by Northern Ireland residents within Northern Ireland is not included. Comparative figures for UK tourism in England, Scotland and Wales are currently unavailable for 2004.

	2001	2002	2003*	2004	% Average Annual Change 2001-2004
Trips (thousands)	1,053	1,160	1,379	1,408	+10.4
Nights (millions)	5.2	5.3	6.0	5.9	+4.5
Expenditure (£ millions)	189	184	216	231	+7.2

Tables 2 and 3 present data on overseas tourism (including the Republic of Ireland to the four UK destinations).

	2001	2002	2003	2004	% Average Annual Change 2001-2004
Northern Ireland	623	581	634*	685	+3.4
England	19,320	20,540	21,130	23,630	+7.0
Scotland	1,590	1,580	1,570	1,880	+6.2
Wales	920	860	890	1,010	+3.5

	2001	2002	2003	2004	% Average Annual Change 2001-2004
Northern Ireland	93	90	81*	94	+0.9
England	9,922	10,313	10,417	11,343	+4.6
Scotland	757	806	837	994	+9.7
Wales	248	252	269	311	+8.0

*2003 Northern Ireland figures have been revised to reflect comparable changes to NITB and Fáilte Ireland surveys. Due to changes in methodologies 2003 and 2004 Northern Ireland data are not directly comparable with data pre 2003.

Table 4 presents data on average annual hotel room occupancy within the four UK destinations.

Destination	2000	2001	2002	2003	2004
Northern Ireland	53	53	53	57	61
England	63	63	62	63	64
Scotland	57	58	60	61	60
Wales	52	54	55	56	57

Source: UK Occupancy Survey for Serviced Accommodation

Table 5 presents a broad classification of jobs in tourism and leisure. Recognising that many of these jobs are sustained by local demands from Northern Ireland residents, NITB conducts research in conjunction with the Northern Ireland Economic Research Centre to calculate employment which depends upon expenditure by tourists in Northern Ireland.

Data presented are for June of a particular year.

Destination	2000	2001	2002	2003	2004
Northern Ireland (% of employees)	46,210 (7.2)	47,410 (7.3)	49,250 (7.4)	49,110 (7.3)	50,240 (7.4)
Great Britain (% of employees)	1,971,100 (7.9)	1,991,200 (7.9)	2,047,200 (8.1)	2,110,600 (8.3)	2,051,830 (8.0)

Sources: NI Quarterly Employment Survey, Department of Enterprise, Trade and Investment (ONS)

GRANTS PAID DURING THE 2004/05 FINANCIAL YEAR

Tourism Development Scheme

An Creggan Visitor Centre	7,093.37
TOTAL	7,093.37

International Fund for Ireland

Derry Cruise Initiative Tour Guides	1,007.72
Weaving Shed, Coalisland	2,310.00
North Fermanagh/South Donegal Promotion	15,392.47
South Armagh Tourism Initiative	7,000.00
Developing Audiences Conference	13,314.95
TOTAL	39,025.14

Chancellor's Challenge Fund

Mourne Heritage Trust (Mourne AONB)	28,775.13
TOTAL	28,775.13

Events Support

6th Annual Blues on the Bay Festival	1,026.06
Cathedral Quarter Arts Festival	4,500.00
Shell Foyle Cup	3,116.25
World Ploughing Championships	3,000.00
Supercross 2004	10,000.00
TOTAL	21,642.31

Peace II – Marketing the Region as a Tourism Destination

NI Self Catering Holidays Association	10,250.52
Sperrins Tourism Ltd	8,788.75
Fermanagh Lakeland Tourism	60,199.95
Belfast Visitor and Convention Bureau – general marketing	860,592.11
Belfast Visitor and Convention Bureau – city breaks campaign	231,174.49
Causeway Coast & Antrim Glens Ltd	95,477.33
Kingdoms of Down Ltd	209,917.48
Derry Visitor & Convention Bureau	75,195.66
Youth Hostel Association of NI	12,742.05
Foyle Marine Tourism	20,178.65
Iron Donkey Bicycle Touring Ltd	4,035.50

TOTAL **1,588,552.49**

Peace II – Enhancing the Region as a Tourism Destination

Countryside Access & Activities Network Information Centre	51,840.92
Causeway Quest Creative Tourism	14,709.16

TOTAL **66,550.08**



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