



THE BRITISH TOURIST AUTHORITY

TRADING AS

VISITBRITAIN

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2009

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

Ordered by the House of Commons to be printed 16th July 2009

**HC 807
SG2009/127**

VISITBRITAIN

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2009

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

Ordered by the House of Commons to be printed 16th July 2009

© Crown Copyright 2009

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

For any other use of this material please write to Office of Public Sector information, Information Policy team, Kew, Richmond, Surrey TW9 4DU or email: licensing@opsi.gov.uk.

ISBN: 9780102960020

Annual Report and Accounts for the year ended 31st March 2009

Operating and Financial Review

1. INTRODUCTION

VisitBritain is a Non-Departmental Public Body (NDPB), funded by the Department for Culture, Media and Sport (DCMS).

VisitBritain's mission is to build the value of tourism to Britain by generating additional revenue throughout Britain and throughout the year by creating world-class brands and marketing campaigns. VisitBritain also builds partnerships with, and provides insights to, other strategic national and regional partners that have a stake in the British visitor economy.

2. VISITENGLAND

In the year under review, in addition to its role of promoting Britain overseas, VisitBritain also undertook the domestic, and limited overseas, marketing of England. In carrying out its England remit, VisitBritain was advised by the Board of VisitEngland, an unfunded advisory NDPB.

Following the decision to cut VisitBritain's funding by over 20% in real terms for the years 2008/09 to 2010/11, the then Secretary of State for Culture, Media and Sport asked VisitBritain to carry out a wide-ranging review: The British Tourism Framework Review. It became clear that VisitEngland should be put into a position where it could operate independently from VisitBritain. To achieve this, VisitBritain worked with VisitEngland to establish an 'arms-length' relationship to the extent possible within the existing statutory and funding framework. Thus, from 1st April 2009, although the VisitEngland Executive Team remains a part of VisitBritain for funding and governance purposes, it will have its own Chief Executive who reports directly to the Chairman of the VisitEngland Board and, in legal terms, will be styled the British Tourist Authority Trading as VisitEngland. Accountability to the Board and Chief Executive of VisitBritain will be exercised primarily by putting a Funding Agreement in place between VisitBritain and VisitEngland and a Memorandum of Understanding is being developed to record the detailed corporate governance arrangements.

3. CONSUMER AND STAKEHOLDER FACING FUNCTIONS

The functions, duties and powers of VisitBritain are set out in the Development of Tourism Act 1969. The Act defines VisitBritain's functions as:

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

VisitBritain also has a duty to:

- Advise ministers and public bodies on tourism matters in Britain.

4. GOVERNMENT OBJECTIVES AND PRIORITIES

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

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

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

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

VisitBritain has taken these strategic aims forward by further using new technology, by building on VisitBritain's already strong position in e-marketing and by making best use of its network of overseas offices.

In addition, VisitBritain worked towards:

- Building the long-term brand positions of British and English tourism
- Improving the quality of the industry's product and providing attractive routes to market for our private sector stakeholders
- Improving engagement with stakeholders in the private and public sectors, through the Partners for England initiative and other activities
- Using available funding to help make the most of the opportunity of the London 2012 Olympic Games and Paralympic Games for the tourism industries, including a programme of work around the Beijing handover in August 2008.

To measure success against achieving these objectives and priorities, VisitBritain and DCMS agreed to a new set Funding Agreement targets specifically for 2008/09, while the British Tourism Framework Review was being carried-out. Results against these targets are outlined on page 13 & 14.

5. ACCOUNTS DIRECTIONS

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

6. ORGANISATIONAL STRUCTURE

Corporate Governance

The VisitBritain Board is responsible for ensuring that VisitBritain operates within the terms of the Development of Tourism Act 1969 and complies with statutory and administrative requirements for the use of public funds. The Board is also responsible for establishing the organisation's overall strategic direction within the policy and framework agreed with DCMS and, subsequently, for overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets.

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

Two sub-committees report to the Board, the Audit Committee, whose members are identified below and the Remuneration Committee whose report is on pages 15 to 19.

The VisitEngland 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 there are four observers who attend the meetings by invitation.

VisitBritain Board Members	Appointed	Appointment Expires
Christopher Rodrigues, CBE, Chairman **1	1 st January 2007	31 st December 2010
Penelope, Viscountess Cobham, Deputy Chairman * ** 2	7 th April 2003	31 st March 2013 ¹
Janis Kong, OBE	13 th February 2006	12 th February 2010
Peter Lederer, CBE **	2 nd April 2001	31 st March 2010
Sir Moir Lockhead, OBE	11 th July 2005	10 th July 2009
Kumar Muthalagappan, OBE *	1 st March 2002	28 th February 2010
Alan Parker, CBE **	1 st April 2003	31 st March 2010
Hugh Taylor, OBE	1 st April 2003	31 st March 2009
Ieuan Evans, MBE	31 st March 2007	15 th May 2009

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

² Penelope, Viscountess Cobham resigned on 31st March 2009 from the VisitBritain Board to take up her appointment as Chairman, VisitEngland – whereupon she became an ex-officio member of the Board. This has left a vacancy for a Secretary of State appointed member.

VisitBritain Board Observers	Position, Organisation
Tamara Ingram	Chairman, Visit London
Clive Gordon	Board Member, Northern Ireland Tourist Board, from 20 th March 2009
Juliet Williams, CBE	Chairman, South West Regional Development Agency, to 30 th June 2009
Tom McGrath, OBE	Chairman, Northern Ireland Tourist Board, to 31 st December 2008
Richard Lambert	Director General, CBI, resigned 5 th February 2009

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

VisitEngland Board Observers	Position, Organisation
Suzanne Bond	Director, South West Regional Development Agency
Steve Brown	Chairman, Partners for England
Sally Chatterjee	Interim Chief Executive, Visit London
Sandie Dawe, MBE	Chief Executive, VisitBritain
James Bidwell	Chief Executive, Visit London, resigned 31 st December 2008
Bob Cotton	Chief Executive, British Hospitality Association, to 31 st May 2009
Ros Pritchard, OBE	Director General, British Holiday and Home Parks Association, to 31 st May 2009
Sue Wilkinson	Director, National Trust, to 31 st May 2009

* Members of VisitBritain's Audit Committee

** Members of VisitBritain's Remuneration Committee

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

<http://www.visitbritain.com/corporate/corporategovernance>

VisitBritain Directors	Position	Appointed
Sandie Dawe, MBE	Interim Deputy Chief Executive and Accounting Officer ¹	January 2009
David Parkhill	Director, Business Services	January 2009
Michael Bedingfield	Director, Marketing ²	June 2003
Kenny Boyle	Director, Commercial and Marketing Services	March 2003
Keith Beecham	Director, Overseas Network	January 2009
Patricia Yates	Director, Strategy and Insights	November 2008
Tom Wright, CBE	Chief Executive and Accounting Officer	June 2002, left 31 st December 2008
David Philip	Director, Corporate Services	June 2001, left 31 st December 2008
Julian Avis	Director, People and Performance	July 2003, left 3 rd March 2009

¹ Sandie Dawe, MBE was appointed as Interim Deputy Chief Executive and Accounting Officer on 5th January 2009. Her position of Chief Executive was then confirmed on 11th May 2009. Previous to these positions, she held the position of Director, Strategy and Communications

² Michael Bedingfield left his position as Director, Marketing on 10th July 2009.

Directors' biographies can be found on the VisitBritain website at:

<http://www.visitbritain.com/corporate/aboutvisitBritain/visitBritainpeople/VisitBritainpeople.aspx>

7. STAFF

Employment

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

Internal Communications

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

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

Pay

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

Sickness Absence

The average sickness absence per full time employee in 2008/09 was 2.7 days compared to 3.3 days in 2007/08.

Culture

VisitBritain operates a high achievement, high support culture which is underpinned by six organisational competencies. All recruitment, development and reward strategies are based on the practical application of these competencies. Performance of VisitBritain staff is recognised as a vital part of our future success and team development and training events continue to be undertaken to reinforce the desired culture.

An annual 360-degree feedback system continues to guide all managers and directors and a shortened version (180-degree) has been developed for staff at all other levels.

Due to the recent restructure of VisitBritain, People and Performance is reviewing and developing the competencies and values to reflect VisitBritain's vision for the future. We anticipate implementing these changes during the 2009/10 financial year.

Training and Development

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

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

An Executive Development Programme has been put in place to develop and enhance leadership skills to meet the future needs of VisitBritain.

Equal Opportunities and Disability

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

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

Investor in People

VisitBritain is recognised as an Investor in People. This well recognised standard is due to be reassessed in August 2009 and we will be working towards maintaining its Investor in People status.

8. RESULTS FOR THE YEAR AND OTHER FINANCIAL INFORMATION

Financial Policy

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

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

Although the results of the British Tourism Framework Review were not published until January 2009, VisitBritain commenced implementing a reorganisation of its British and overseas operations, informed by the industry consultation and the emerging outcomes. The costs of the reorganisation for 2008/09 are shown separately as an exceptional item in the income and expenditure account.

In December 2009, the lease of VisitBritain's head office in Hammersmith expires and the organisation is moving to a Crown Property in Victoria with the right to occupy the premises for nine years under a Memorandum of Terms of Occupation signed between DCMS and the Department for International Development.

Income

To assist with the costs of VisitBritain's restructure, DCMS provided VisitBritain with an additional £2m in funding (see note 2).

Up until 2007/08, DCMS allocated specific grant-in-aid for Britain International, England Domestic and England International marketing. From 2008/09 onwards, the Department no longer specified how VisitBritain's grant should be allocated. These amounts are taken directly to reserves and do not appear in the income and expenditure account.

Group income from non-government funded activities increased in 2008/09, the most significant elements of which are:

- Commercial income from activities increased due to the continuing growth of the online and off-line retail activities worldwide
- Following a strategic decision to reduce potential trading risks, VisitBritain changed its publishing model from an in-house activity to an out-sourced royalty based model, with a resulting reduction in publishing income
- Commercial exhibition income has reduced

- Income generated from Quality in Tourism from administering the Quality Assessment Schemes rose due to increase in membership
- Marketing income decreased
- Trade fair income increased.

Other Operating Income

The overall increase in other operating income was mainly due to service fees from National Tourist Boards and other grants.

Expenditure

In 2008/09 VisitBritain incurred an exceptional reorganisation charge, the majority of which is related to employee costs, which is shown separately in the income and expenditure accounts. The other main operating cost increases were:

- The impact of the reducing value of Sterling resulted in currency translation losses
- Provisions for relocation of the Hammersmith and Brussels offices at the end of the lease terms in 2009/10
- Marketing expenditure decreased in the year as activity was planned to help manage exceptional costs in respect of reorganisation. VisitBritain launched major campaigns promoting Britain as a value destination at the start of the 2009/10 financial year.
- Publishing costs caused by the outsourcing strategy
- Commercial and quality costs increased respectively in line with income.

Pension Schemes

Under FRS17, the valuation of the main pension scheme, the British Tourist Boards Pension Scheme, showed a surplus of £4.6m as at 31st March 2009 compared to £30.8m last year. This result is not consolidated into the accounts as the scheme is a multi-employer scheme and VisitBritain is unable to identify its share of the surplus. However, if it was allocated on the basis of information held at member level to allocate individual liabilities, the estimated share for VisitBritain is a surplus of £2.66m compared to £10.67m last year. The main reason for this deterioration is the impact of adverse investment conditions on the Scheme – the overall return on assets was approximately negative 19% over the year compared to expected positive returns of around 7%. Also, there was a significant investment loss over the year reflecting the heavy market falls. The resulting investment loss of around £48m has been partially offset by the reduction in liabilities of £20m when we allow for changes in market yields over the year and their impact on the assumptions.

The employers' contribution rate will continue to be 10% in 2009/10. VisitBritain also has an additional pension liability of £292k for pension payments to ex-chairmen which are unfunded and are included on the balance sheet.

The US pension scheme valuation reported a reduced surplus of £422k (2007/08 £1.11m). The reported surplus in 2007/08 was capped by the actuary at £460k representing the amount equivalent to the present value of future benefits expected to accrue to active members according to FRS17. The 2008/09 surplus has not been capped and the full surplus in the plan is recognised. The main reason for this reduction is a result of significant losses in the market value of assets. The employers' contribution rate will continue to be nil in 2009/10.

Fixed Assets

In accordance with Treasury guidelines, fixed assets have to be reappraised at their value to the business, using current replacement cost, by adjusting historic cost to current value using price indices. A net adjustment of (£32k) has been recognised in these accounts by increasing the value of fixed assets and a corresponding increase to the revaluation reserve.

There were total additions of £576k to tangible fixed assets, of which £300k was funded from grant-in-aid specifically designated for capital expenditure by DCMS and the remaining amount funded by non-government funding. The main elements of this spend were additions to leasehold improvements of £139k for the refurbishment of the Britain and London Visitor Centre and overseas offices in New York and Sydney. There were also additions to technology hardware of £431k.

Working Capital

VisitBritain's strategy is to continue to operate within its grant-in-aid allocation whilst taking into account the increasing amount of non-government funding being generated. As outlined above under "Financial Policy", the result of the Comprehensive Spending Review was a reduction of the grant-in-aid for the years 2008/09 to 2010/11. Accordingly, VisitBritain's plans and operations have been drawn-up on the basis of the reduced grant-in-aid but also taking into account the outcome of the British Tourism Framework Review. The exceptional reorganisation costs of £3.71m incurred in 2008/09 reflect the necessity to review our structures.

The stock value increase is mainly due to the increase in the commercial activities in relation to the opening of a number of additional online shops (see note 17). The higher year end cash/bank balance is also due to increased foreign currency receipts from commercial activities, mainly the online shops (see note 18).

Treasury Management

In order to finance its overseas offices, VisitBritain has a requirement to purchase approximately £15m per annum of foreign currency; the biggest amounts being in US Dollars and Euros.

VisitBritain has a Treasury Policy in place, which has been agreed, by the VisitBritain Board and Audit Committee. The latter receives reports at each meeting on currency purchases and the outstanding position at that time. To manage the risk of currency fluctuation, the policy sets out that foreign currency requirements sufficient to meet the fixed costs of overseas operations are purchased at the start of the financial year - at which time the budgets and currency book-keeping rates are established. The balance is purchased during the financial year to allow for changes required between currencies and depending on activity and foreign currency income generated during the year.

The increase in interest received (see note 10) is as a result of increasing receipts of funds from the online shops which were placed on overnight deposit.

Creditor Payments Policy

VisitBritain is a signatory to the Confederation of British Industry code of practice on supplier payment and is committed to the payment of its suppliers to agreed terms or within 30 days. From 1st November 1998 the organisation has incorporated into this policy the regulations contained in the Late Payment of Commercial Debts (Interest) Act 1998. There were no claims for interest payment under the terms of this Act in this financial year. During 2008/09 - 81% (2007/08 - 77%) of suppliers' invoices not in dispute were paid within 30 days of receipt.

9. PERSONAL DATA MANAGEMENT

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

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

The disclosure required is in three areas:

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

In 2008/09, VisitBritain has had no incidents covered by the first two paragraphs above and is not aware of any incidents in previous years which would result in security breaches. During the course of 2008/09 VisitBritain, in conjunction with its internal auditors, reviewed its existing Data Protection policies, procedures and recording to ensure they reflect the latest Cabinet Office guidance.

10. AUDITORS

The audit of VisitBritain's Statement of Accounts by the National Audit Office (NAO) enables the Comptroller and Auditor General to fulfil his statutory duty under the Development of Tourism Act 1969, to lay before Parliament certified copies of the annual accounts and his report. DeloitteTouche Tohmatsu in Stockholm audited the Swedish subsidiary, British Travel Centre AB in Stockholm (see note 16).

The fees paid to the NAO and Deloitte for the audit services amount to £55k and £6k respectively. The NAO fee of £55k comprises £50k for the annual audit, £4k for International Financial Reporting Standards audit and £1k for the London Development Agency Grant audit work. There are no other services provided by the NAO or Deloitte.

As Accounting Officer I confirm that:

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

11. DEVELOPMENTS DURING THE YEAR

Strategic Development for Britain

DCMS's Public Service Agreement target and Departmental Strategic Objectives are the foundation of VisitBritain's annual Funding Agreement with the Department. In 2008/09, VisitBritain and DCMS devised a new set of Funding Agreement targets that recognised the reduced level of funding that would be available to VisitBritain over the current funding cycle. Rather than putting a normal three-year agreement in place, a one-year set of targets was agreed to, to allow VisitBritain to carry-out the British Tourism Framework Review and embed its recommendations. This will allow VisitBritain and DCMS to agree to the remaining two years of funding targets once a new strategy has been formulated, so that the targets are as relevant as possible.

British Tourism Framework Review

Following the announcement of VisitBritain's funding settlement for the years 2008/09 – 2010/11, the then Secretary of State for Culture, Media and Sport James Purnell asked VisitBritain to lead the strategic review of tourism support to establish how the organisation could best deliver against four core objectives, working with other publicly funded agencies, industry and within the context of its funding settlement with DCMS.

These core objectives were:

- Marketing England at home and overseas
- Marketing Britain overseas
- Supporting the development of national tourism policies and the resolution of key national tourism issues
- Securing the tourism benefits of the London 2012 Olympic and Paralympic Games.

As well as considering how VisitBritain could deliver these four core objectives, the British Tourism Framework Review also identified opportunities for further private sector funding and commercial revenue generation to help fund overseas tourism marketing in general and the exploitation of the London 2012 Olympic and Paralympic Games.

A comprehensive, inclusive and objective report, *Achieving the Full Potential of the Visitor Economy* was delivered in January 2009, which proposed a ten-point agenda for stakeholders to follow. These points are:

1. Consolidate Britain's position in traditional, international markets and invest in emerging markets building on VisitBritain's Overseas Network
2. Create timely, relevant product development and marketing initiatives that are actively supported by the industry and increase the value of inbound tourism spend
3. Further develop UK-wide tourism internet platforms and shared new media strategies which support the industry and national tourist boards
4. Create a new English tourism lead body with responsibility for developing an English tourism strategy
5. Engage all the stakeholders in the ongoing development of national tourism policy and the nation in support for the tourism industry
6. Create a cross-Whitehall and cross-ministerial group to be advised by a newly created government sponsored Tourism Advisory Council, drawing together senior practitioners from industry and the public sector to engage with the government departments whose policies impact on tourism
7. Ensure that the visitor economy is considered in the development of public policy
8. Redefine the role of VisitBritain and agree new ways for it to work with its stakeholders and develop metrics to demonstrate its performance and value
9. Secure agreement on future public and private sector funding and the resources needed to deliver the 2012 Games' tourism legacy
10. Create inspiring new marketing campaigns, based on a value message, and press Government for creative policy responses which would support the industry through the credit crunch and recession.

Funding and Organisational Changes

As a result of the Framework Review, VisitBritain's overseas network has been re-positioned as a shared service for industry and strategic partners. A timely value campaign is currently running both domestically and overseas to encourage visitors to explore Britain, while a review of content, channels, user-generated content and shared platform opportunities is underway. VisitBritain has also resumed its policy remit which was removed from the British Tourist Authority by DCMS when VisitBritain was created in 2003. This unit will engage in national and industry policy and development and delivery to support the growth of the visitor economy. As at 1st April 2009, VisitEngland has financial separation from VisitBritain and Penelope, Viscountess Cobham has been appointed as the new Chairman with James Berresford as her Chief Executive.

VisitBritain's Overseas Network

Over recent years, VisitBritain's Overseas Network has been recognising the need to market the distinct brands of its strategic partners - VisitEngland, VisitScotland, Visit Wales and Visit London, rather than just the Britain brand. This direction of this approach was confirmed in the outcomes of the British Tourism Framework Review. In practice, this means that recently entered markets and/or markets that do not understand the constituent parts of the country will continue to have a Britain brand focus.

Markets more familiar with the London, Wales, Scotland and England brands will be marketed to directly by those tourist boards. However, all of VisitBritain's overseas offices will continue to deliver intelligence and insights, Press and PR activity, trade connections and public diplomacy on behalf of industry, strategic partners and VisitBritain.

In practice this means:

- Short Haul Devolved markets (Belgium, France, Germany, Italy, Netherlands, Spain): VisitBritain maintains a reduced market presence as there is no locally-led, consumer marketing of Britain. Instead strategic partner brands (London, Scotland, Wales, England and its regions) lead marketing and maintain their own local-language websites. Britain will only be marketed as part of a global campaign led by VisitBritain's London HQ.
- Long Haul Devolved markets (Australia, Canada, New Zealand, USA): strategic partners may undertake their own solo brand campaigns as well as joint marketing with VisitBritain. VisitBritain offices facilitate centrally-initiated brand partnerships, bespoke campaigns for strategic partners, and locally-initiated Britain brand marketing.
- Short Haul Britain Led markets (Austria, Czech-Republic, Denmark, Finland, Greece, Hungary, Norway, Poland, Portugal, Russia, Sweden and Switzerland): VisitBritain continues to be the lead tourism marketing agency for Britain, conducting a full programme of consumer marketing as well as travel trade and media communications. Additional activity undertaken by the strategic partner brands of Britain may be coordinated by VisitBritain.
- Long Haul Britain Led markets (Brazil, China, India, Japan, Malaysia, Mexico, Singapore, South Africa, South Korea, Thailand, UAE): VisitBritain leads work to build the Britain brand, educating consumers about the constituent nations and regions. Of particular value are VisitBritain's on-territory insights and marketing execution capabilities in these countries. VisitBritain continues to be the lead tourism marketing agency for Britain, conducting a full programme of consumer marketing as well as travel trade and media communications.

Britain Marketing

Work began in early 2009 to develop and refresh the VisitBritain brand, reflecting both the outcomes of the British Tourism Framework Review, the restructured organisation and its evolving consumer perspectives of Britain. This new brand will be rolled-out in 2009-2010. VisitBritain has also started developing the next generation of its digital platforms, with a planned launch date of April 2010 for the fifth version of www.visitbritain.com.

Building on previous non-tourism marketing partnerships, 2008/09 saw the roll-out of new partnerships with Barclays English Premier League, the latest James Bond film *Quantum of Solace* and Ben Sherman fashion. These involved on-territory promotions, with high-profile branding opportunities for Britain and distribution to a global audience. Global PR highlights included Liverpool 08, which generated more than £100m worth of international coverage and partnership work with VisitScotland's Homecoming campaign.

The first Best of Britain and Ireland Travel Trade Forum and Consumer Show was delivered in March 2009 with a new location in London, which was attended by the trade, media and public. The new aspects of the show are a solid basis on which to move forward, at a new London location of Olympia, in March 2010.

In the build up to the London 2012 Olympic and Paralympic Games, and to secure Britain's credentials as a leading events destination, VisitBritain re-launched eventBritain. Through this, VisitBritain aims becomes the partner of choice for event planners, British bidding partners and venues, to provide focused support so as to identify, win and market the maximum number of events for Britain. Bids supported in 2008/09 included the International Lions Convention 2012, the International Nursing Research Congress 2013 and the International Rugby Board World Cup 2015.

VisitBritain and Visit London also worked together to develop an *Events 2012 and Beyond* working group to meet the needs of supplying relevant information to the events industry surrounding the London 2012 Olympic and Paralympic Games. This culminated in a successful conference in February 2009 with developments planned for each year up to and beyond 2012. In addition, VisitBritain and Visit London instituted a Fair Pricing and Practice Charter to be promulgated in the years leading up to the Games.

London 2012 Olympic and Paralympic Games

VisitBritain has continued to refine its strategy to maximise the benefits for the whole British visitor economy for the London 2012 Olympic and Paralympic Games. Building on the experience from the Beijing Games in 2008, valuable connections with the Olympic community were made and we developed shared activity plans with key stakeholders and public diplomacy partners. Central to VisitBritain's delivery plan is engagement with Games media and sponsors, and to connect British tourism businesses with the business opportunities arising from the Games.

Strategic Development for England

The VisitEngland Board, lead by Hugh Taylor, OBE, continued to advise the England Marketing Division on their delivery strategy while supporting the Executive in the establishment of the new strategic body for England as recommended in the British Tourism Framework Review. Work also began on developing a strategy to drive England's visitor economy. The pan-industry Partners for England Forum also met four times during the year to assist with this work and to address issues affecting businesses and visitors.

During the final quarter of the year, the VisitEngland team took shape under the three key areas of *Strategy and Engagement*, *Marketing* and *Industry Services*. VisitEngland exhibited at the Best of Britain and Ireland show by holding presentations, being involved with debates and by championing the very successful programme offered at the sustainability fringe event.

Marketing England

The England Marketing Division continued its award-winning work with a range of cross-media campaigns designed to encourage the domestic market to enjoy England, including a return to television advertising. The campaigns provided a range of on and off-line partnership opportunities designed to provide platforms for regional, destination and private sector promotions. England's rich comedy heritage was the theme for the *Comedy England* campaign whilst the *Monster Family Fun* campaign built on the success of previous family activity based summer-time promotions. The team coordinated the first ever pan-Britain domestic marketing campaign, a partnership with Walkers crisps, *Brit Trips*, which created a huge distribution opportunity for private sector operators and a wealth of consumer information for the National Tourist Boards.

Internationally, England was active in France, Germany, Ireland and the Netherlands working with industry on promotions designed to encourage targeted markets to visit England for short breaks and touring. Non-tourism opportunities, such as the launch of the latest James Bond movie were used as PR vehicles to promote luxurious England.

In response to the economic downturn the England team have worked with Visit London to monitor consumer trends and to develop strategies for sustaining interest in holidaying in England. A *Good Value* campaign was also launched and will continue to run through the summer months.

Industry Services for England

The Enjoy England Awards for Excellence, which were held in the 2008 European Capital of Culture, Liverpool, began with a high profile event to celebrate the best of England's tourism product providers. These awards provided an exceptional platform to build awareness of the quality offer in England and to challenge perceptions of holidaying at home. Participation in the wide range of quality assurance schemes offered by VisitEngland has seen sustained growth during 2008/09.

Commercial Activity

During 2008/09, VisitBritain substantially increased its e-commerce turnover – up some 45% to £3.7m. In addition, e-commerce platforms now support the websites of many major operators, such as Eurostar, Virgin Atlantic and P&O Ferries. This has increased consumer reach to these valuable services whilst simultaneously benefiting product suppliers through increased sales and distribution partnerships.

Alongside this, the National Tourism Open Platform, which now provides information on 42,000 Quality Assessed accommodation properties, 12,000 attractions and 7000 events has continued its development. Research overseen by BDO Stoy Hayward has shown that the platform has already generated some £6m of indirect bookings for the industry per month. This performance will be enhanced in 2009/10 with the roll-out of our distribution strategy which will provide further distribution solutions for partners in both the public and private sectors.

To progress the shift to the next generation of online platforms, VisitBritain tendered a contract according to European Union rules for the next generation of websites using web 2.0 technology. VisitBritain has selected Sapient, which is ranked first in the New Media Age list of Top 100 Interactive Agencies 2008, as the best-fit supplier for VisitBritain's requirements. This project will commence in 2009/10.

Offline, the strategy of outsourcing publishing activities under licence, in response to the challenges of the last Comprehensive Spending Review, has made good progress. Accommodation guides have been licensed to the specialist publisher, Heritage House Group. The *Britain On View* photographic library has been outsourced to a multi-national image library, Photo library, while retaining free services for partners and the travel trade. VisitBritain has re-launched *Britain* magazine under licence to the Chelsea Magazine Company and has launched a new product, *Britain Planner*, to complement the very successful *London Planner*.

Policy

The 2007/08 Funding Agreement between DCMS and VisitBritain tasked VisitBritain with the, "development and maintenance of national tourism policy statements", which was reaffirmed in the British Tourism Framework Review in the Ten-Point Strategy. The

Review recommended that VisitBritain and VisitEngland reinstitute the insight-led policy competence and capacity to complement the policy formulation work of the private sector.

VisitBritain's policy strategy concentrates on a restricted prospectus of key areas, rather than attempting to assert a more generalised and unfocused agenda. The three key initial priority areas proposed are *welcome*, *sustainability* and *visas*. Other key areas which VisitBritain will focus on in the future are national infrastructure and business taxation.

Sustainability, Social & Community Issues

Furthering work that was started in the last financial year, VisitBritain has continued to work around the principle of "promoting sustainable businesses and encouraging responsible visitors". In the main this has focused around industry engagement with an aim to move the topic of sustainability from a niche activity to the main stream.

Work in this area has included the following:

- Piloting an entry level programme called Green Start, which aims to educate SME's about sustainability and engage them into taking action. Run over the summer and evaluated during the winter months, VisitEngland will now take this forward with a view to rolling it out for a wider audience later in 2009/10.
- Hosting a dedicated area at the Best of Britain and Ireland Show on sustainable tourism, which aimed to further discussion on the topic and to stimulate action from delegates to do more.
- Launching a publication called "9 reasons to be green" to showcase best practice in the English industry and inspire others to join in and benefit from adopting sustainable tourism principles.

VisitBritain has also run a National Accessible Scheme (NAS) since the mid 1990's, which was reviewed in 2005. The NAS is one of the most widely accepted ways of improving the accessibility of visitor accommodation and aims to rate accommodation based on the level of accessible provision. The scheme covers mobility, hearing and visual impairment. During the year, VisitEngland refreshed its the entry-level mobility standard of the National Accessible Scheme. The standard, called 'One step ahead', helps visitor accommodation meet the needs of older and less mobile guests.

Risks and Uncertainties

The Board has a risk management policy and process which identifies the key risks it faces in trying to achieve its objectives. These are reviewed each quarter in line with the business planning process. There are a number of external risks including major disasters and the rise of terrorist activity for which the Board has mitigating action plans.

Steps have been taken to address the key operational risks including:

- The failure of both partnerships working and industry engagement
- The separation of VisitEngland from VisitBritain failing to meet stakeholder expectations
- The failure to deliver business benefits to quality scheme participants
- The office relocation causing significant business interruption
- A lack of sufficient income from partnership funding and commercial activity.

2009/10 Priorities

The following priorities have emerged from VisitBritain's 2009/10 business planning:

- Take advantage of the value of sterling relative to major inbound market currencies to promote Britain as a value destination
- Develop the next generation of our main web portals VisitBritain.com, EnjoyEngland.com and VisitEngland.com providing consumers with web 2.0 functionality with increased emphasis on user generated content
- Deliver campaigns to support the visitor economy by encouraging the British to holiday in Britain
- Manage our Overseas Network to deliver activity on behalf of our strategic partners, the travel industry and VisitBritain
- Through our Overseas Network deliver insights, maintain connections with trade, Press and PR and public diplomacy communities
- Develop and communicate research and market intelligence to inform VisitBritain's marketing strategy and stakeholders marketing decisions
- Working with industry, nations, regions and government to develop statistics that demonstrate the value of the visitor economy
- Deliver a global media tour of key international journalists visiting the UK to support the value for Britain message
- Review and develop proposals for optimal delivery of a technology platform that consolidates strategic and regional partner requirements for the collection and distribution of tourist information
- To continue to grow commercial activity that provides increasing benefits to consumers and reach to tourism product suppliers and distribution partners
- Relocate VisitBritain's head office from commercial premises in Hammersmith to share Crown Estate property at 1 Palace Street.

12. Outcomes against DCMS Funding Agreement Targets 2008/09

TARGETS: GROWING THE VISITOR ECONOMY	RESULTS
Incremental Spend and Return on Investment: Britain International at least £995 m ROI of at least 30:1	Data for incremental spend and return on investment is not available when the Annual Report and Accounts is published. VisitBritain has agreed with DCMS that it can report these results separately in the Autumn. Advertising Press / PR activity results will also be reported in the Autumn.
Incremental Spend and Return on Investment: England International and Domestic £200m ROI of 30:1	
Advertising and Press/PR Activity Generate advertising equivalent value of: Britain £819m and England £20m	
Visits to VisitBritain's family of websites 19m visits	VisitBritain received 26.5m visits to its family of websites
Increase the Number of Accommodation Providers in Quality assessment scheme to 65% of qualifying businesses	54% of accommodation providers in England are members of accommodation quality assessment schemes. <ul style="list-style-type: none"> ▪ 62% of non-serviced accommodation (Self Catering and Parks) ▪ 50% of serviced accommodation (Hotels and Bed & Breakfasts) VisitBritain is addressing several issues in order to meet its future targets to grow its quality assessment schemes including recognising local and company specific assessment schemes which meet minimum standards.

Updated Outcomes against DCMS Funding Agreement Targets 2007/08

TARGETS: GROWING THE VISITOR ECONOMY	RESULTS
Incremental Spend and Return on Investment: Britain International at least £1,065 m ROI of at least 30:1	Britain International: £1,239m ROI: 35:1
Incremental Spend and Return on Investment: England International £30 m ROI of 30:1	England International: £47m ROI: 47:1
Regional Spread: Achieve a regional spread of at least 53%	48%
Seasonal Spread: Achieve a seasonal spread of at least 34%	31%
Incremental Spend for inbound visitors to Scotland and Wales	In 2006/07, questions on visits to Wales and Scotland were included on all consumer questionnaires to create a picture of incremental spend in these countries. However, sample sizes of visitors have continued to be, in most cases, less than 100 for each inbound country and so too low from which to draw any strong conclusions.
Customer Service Standards: Overseas offices and the Britain and London Visitor Centre achieve a customer standard score of 990 out of 1,200	VisitBritain achieved a contact standard score of 1,070
Investment in VisitBritain's Activities £23.5 m, including £5m from the private sector	VisitBritain generated non-government income of 22.649m

	in the year ended 31 March 2008 (for detailed analysis, see notes 3 & 4 of the accounts). This included £6.7 received from the private sector.
Growth in the Visits to the VisitBritain Family of Websites to 18m	VisitBritain websites received a total of 14m visits and Enjoy England sites had 6.4m – a total of 20.4m
Growth of the International Database to 7m	Over 7.87 million high quality entries are now held in VisitBritain's database

TARGETS: IMPROVING BRITAIN'S IMAGE ABROAD	
Improve Perceptions of Britain's Image Abroad 4.0 out of 5.0	The qualitative score was 4.53 out of 5

TARGETS: IMPROVING ACCESS FOR THE BRITISH CITIZEN TO A BETTER VISITOR PRODUCT	
Incremental Spend and Return on Investment: England Domestic £174.2m ROI of 13:1	England Domestic: £285m ROI: 21:1
Increase the Number of Accommodation Providers in the Quality scheme to 60%	50% of accommodation providers in England are members of VisitEngland's accommodation quality assessment schemes. VisitEngland is addressing several issues in order to meet its future targets to grow its quality assessment schemes, which include: <ul style="list-style-type: none"> • Cost issues -some SMEs still believe assessment is too costly • Other providers claim they get business from the "internet" and that star rating schemes are irrelevant • Not all destinations/RDPs operate assessed only schemes • In some places, such as London and Birmingham, operators already enjoy high occupancy and again find quality assessment to be irrelevant • Other operators cite a perceived lack of promotion/customer awareness of quality schemes.
Growth in EnglandNet Providers to 30,250	43,163 providers are on the EnglandNet database
Providers Bookable Online to 12,000	15,593 of these providers can have their products booked online
Partners Signed Up for Polling to 33%	59% of our partners are signed-up for polling

Sandie Dawe, MBE
Chief Executive
VisitBritain
6th July 2009

VisitBritain

Annual Report and Accounts for the year ended 31st March 2009

Remuneration Report

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

INTRODUCTION

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

Purpose of Remuneration Committee

- The Board approves the VisitBritain Business Plan which includes Key Performance Indicators and these form the Chief Executive's objectives for that year. On an annual basis her performance against those objectives is assessed and used to inform the Remuneration Committee who decide the level of pay increase and bonus she should get;
- To assist and advise the Chief Executive in assessing the performance of the Directors each year in order to determine their pay increases and bonuses; and
- To consider any matter relating to employees' conditions of service, remuneration and related matters as the Chief Executive or Board may refer to it.

Membership

The Committee consists of four members of the VisitBritain Board, including the Chairman of VisitBritain, who are appointed by the Board.

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

The Chief Executive and Director of People and Performance attend meetings as required and the Secretary to the Board is the Secretary to the Committee. From 3rd March 2009, following restructuring of the responsibilities, the remit of the Director of People and Performance will fall under the new role of the Director of Business Services, who will attend Committee meetings with the Chief Executive as required.

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

The members of the Remuneration Committee are:

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

Secretary: Ros Carey

Remuneration Policy for Executives

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

Performance Assessment and Payment

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

These objectives are then monitored and measured (using SMART criteria) over the year and a final performance rating is agreed ranging from 1 – 6.

1. Falls well below performance expectations
2. Not meeting performance expectations
3. Meets most performance expectations but needs further development
4. An effective performance and clearly meets expectations
5. A very effective performance and regularly exceeds expectations
6. An outstanding performance and exceeds expectations in all areas

The Chief Executive, Directors and other Executives are rewarded purely on the basis of performance. There are no automatic annual increments. Reward has two elements: a variable salary increase (assuming effective performance at least) and a performance bonus if performance is very effective.

Service Contracts

Contracts are open-ended rolling contracts; notice period is six months for the Chief Executive and three months for Directors. Termination payments are limited to the notice period unless redundancy is applied in which case a formula is used to calculate the amount of compensation which roughly equates to six months lump sum compensation plus one month's pay for each complete year of service.

Remuneration of Boards and Senior Executives

VisitBritain Board members' remuneration:

	Remuneration 2008/09	Remuneration 2007/08
	£	£
Christopher Rodrigues, CBE (Chairman – Appointed 1 st January 2007)	49,090	48,209
Penelope, Viscountess Cobham (Deputy Chairman)	22,560	21,900
Ieuan Evans, MBE (Appointed 31 st March 2007)	Nil	Nil
Janis Kong, OBE	9,435	9,160
Peter Lederer, CBE	Nil	Nil
Sir Moir Lockhead, OBE	9,435	9,160
Kumar Muthalagappan, OBE	9,435	9,160
Alan Parker, CBE	9,435	9,160
Hugh Taylor, OBE	Nil	Nil
	<hr/>	<hr/>
	109,390	106,749
Pensions to former Chairmen	23,679	22,889
	<hr/>	<hr/>
Total remuneration	133,069	129,638

The Chairman's pension benefits, which are un-funded, are provided through a modification of the British Tourist Boards' Pension Scheme and are paid directly from VisitBritain's own fund.

VisitEngland Board members' remuneration:

	Remuneration 2008/09	Remuneration 2007/08
	£	£
Hugh Taylor, OBE (Chairman)	22,560	21,900
Suzanne Bond	9,435	9,160
Sir Brian Briscoe (Appointed 22 nd April 2007)	9,435	8,615
Nick Cust, OBE	9,435	9,160
John Govett	9,435	9,160
Rob Rees, MBE (Appointed 3 rd May 2007)	9,435	8,297
Christopher Webster (Appointed 3 rd May 2007)	9,435	8,297
	<hr/>	<hr/>
Total remuneration	79,170	74,589

Executives' remuneration

The salary and pension entitlements of the Executives of VisitBritain are set out in the tables on pages 18 to 19. "Salary" includes gross salary, performance pay and bonuses and any other allowances to the extent that these are subject to UK taxation. These senior members of VisitBritain do not receive overtime or reserved rights to London weighting.

The pension benefits for the Executives are as for other UK employees, provided through the British Tourist Boards' Pension Scheme (see note 23 to the accounts).

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

Sandie Dawe, MBE
Chief Executive
VisitBritain

6th July 2009

2008/09

Name	Age as 31.03.2009	Salary including performance pay ¹	Employer pension contributions ²	Real increase in pension at 60 (£'000)	Total accrued pension at 31.03.2009 (£'000)	Cash equivalent transfer value as at 31.03.2008 (£'000)	Cash equivalent transfer value as at 31.03.2009 (£'000)	Real increase cash equivalent transfer value (£'000)
Tom Wright, CBE (left 31 st Dec 2008) (Chief Executive)	47	165,307 ³	8,820	1.9	12.9	113	111	(1.6)
Sandie Dawe, MBE ⁴ (appointed Deputy CEO 5 th Jan 2009 and CEO 1 th May 2009)	53	117,425	9,602	8.0	47.1	513	608	95.9
Julian Aviss (left on 3 rd March 2009) (Director, People and Performance)	61	109,846	8,964	n/a	n/a	n/a	n/a	n/a
Michael Bedingfield ⁵ (appointed 2 nd June 2003) (Director, Britain Marketing)	47	104,690	9,590	4.0	12.0	85	124	39.5
Kenny Boyle (appointed 17 th March 2003) (Director, Distribution Services)	43	105,161	9,589	2.0	10.5	76	89.9	13.9
Keith Beecham (appointed 13 th Jan 2009) (Director, Overseas Network)	54	75,227	6,815	30.3	30.3	332	395	63
Patricia Yates (appointed 3 rd Nov 2008) (Director, Strategy and Insights)	52	72,197	5,630	4.6	4.6	35	59	24
David Philip (resigned 31 st Dec 2008) (Director, Corporate Services)	60	89,457	7,432	n/a	n/a	n/a	n/a	n/a
David Parkhill (appointed 5 th January 2009) (Director, Business Services)	55	26,250	2,625	0.30	0.30	0	3.1	3.1

¹ Includes performance bonuses for all the Directors.

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

³ Includes performance bonus of £33,578.

⁴ Sandie Dawe was appointed as Interim Deputy Chief Executive and Accounting Officer on 5th January 2009. Her position of Chief Executive and Accounting Officer was then confirmed on 11th May 2009.

⁵ Michael Bedingfield left his position as Director of Marketing on 10th July 2009.

2007/08

Name	Age as at 31.03.2008	Salary including performance pay ¹	Employer pension contributions ²	Real increase in pension at 60 (£'000)	Total accrued pension at 60 as at 31.03.2008 (£'000)	Cash equivalent transfer value as at 31.03.2007 (£'000)	Cash equivalent transfer value as at 31.03.2008 ³ (£'000)	Real increase cash equivalent transfer value (£'000)
Tom Wright, CBE (appointed 1 st June 2002) (Chief Executive)	46	183,000 ⁴	33,368 ⁵	1.9	10.9	117	113	(4)
Julian Aviss (appointed 1 st July 2003) (Director, People and Performance)	60	101,698	9,163	3.2	23.9	423	439	16
Michael Bedingfield (appointed 2 nd June 2003) (Director, Marketing)	46	101,394	9,288	1.9	8.0	80	85	5
Kenny Boyle (appointed 17 th March 2003) (Director, Commercial and Marketing Services)	42	101,386	9,287	1.9	8.4	74	76	2
Sandie Dawe, MBE (appointed 1996) (Director, Strategy and Communications)	52	101,523	9,299	2.9	39.1	590	513	(77)
David Philip (appointed 1 st January 2002) (Director, Corporate Services)	59	104,766	9,597	2.0	10.9	178	181	3

¹ Includes performance bonuses for all the Directors.

² Following the advice of the actuaries of the Pension Scheme, employer contributions were increased to 10% from 4.8% with effect from 1st April 2007.

³ A cash equivalent transfer value (CETV) is a lump sum value in today's terms of the rights accrued within a member's pension scheme. It assumes the member is leaving service and makes a pension transfer of the pension fund to an alternative pension arrangement. Historically the CETV was computed by reference to factors calculated by the Government Actuary's Department (GAD), the main components of which are mortality rate and market conditions in relation to the rate used to discount the future liability but from 1st January 2008 those factors are not linked to the GAD but specific to the scheme itself. Therefore, the CETV as at 31st March 2008 is lower compared to the previous years.

⁴ Includes performance bonus of £20,000.

⁵ Includes additional contribution of £22,088 to a Self Invested Personal Pension Plan (SIPP).

VisitBritain

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009

STATEMENT OF VISITBRITAIN'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

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

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

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

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

Sandie Dawe, MBE
Chief Executive
VisitBritain

6th July 2009

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009

CORPORATE GOVERNANCE:

STATEMENT ON INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Following the resignation of VisitBritain Chief Executive Tom Wright, CBE on the 5th January 2009 the Accounting Officer for the Department for Culture, Media and Sport (DCMS) designated me, in my role as Deputy Chief Executive of VisitBritain, as the Accounting Officer for VisitBritain. In May 2009 I was appointed as Chief Executive of VisitBritain and continue to be the designated Accounting Officer for VisitBritain.

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

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

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

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

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

The system of internal control has been in place in VisitBritain for the year ended 31st March 2009 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

3. CAPACITY TO HANDLE RISK

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

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

The risk management process is led by the Secretary to the Board with input from a Risk Advisory Group as appropriate.

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

4. THE RISK AND CONTROL ENVIRONMENT

Control Environment

VisitBritain's strategy is to recognise that good risk management can add value to its work by increasing the likelihood that it will achieve its objectives and targets and by enabling it to take action to reduce the impact if something goes wrong. It also enables it to exploit opportunities in a managed way. It should help in using resources more effectively and lead to better decision making and management of its business.

Risk Management Framework

We have identified four levels at which risk needs to be managed and controlled in VisitBritain.

- **Strategic/Corporate**
This is the level at which we manage risks that threaten our ability to meet our strategic goals and targets, including Funding Agreement targets. It is the responsibility of the Board supported by the Executive, Audit Committee and the Risk Advisory Group to manage and control risk at this level.
- **Directorate**
At this level we manage risks that threaten the ability of the Divisions to deliver their strategies and business plans and to meet their divisional targets.
- **Support/Crosscutting risks**
At this level we manage the risks which are identified by one division but which are 'owned' by another.
- **One-off projects and campaigns**
At this level we manage the risks that threaten our ability to deliver significant projects and campaigns which need to be dealt with in more detail than is possible at the strategic, departmental and support levels.

In addition, VisitBritain has continued to develop and test its business continuity planning for a range of crises. In 2008/9 VisitBritain completed a revised business continuity plan. VisitBritain will continue to develop its planning alongside risk management strategies and crisis communications management. Crisis testing exercises will be held regularly, based on a range of scenarios that could have a serious impact on the organisation.

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

Building the resilience of Britain's tourism industry to crises such as acts of terrorism or diseases such as foot and mouth and avian influenza is a key priority. VisitBritain chairs the Tourism Industry Emergency Response (TIER) Group, which ensures a coordinated response to a crisis and has worked very effectively for crisis events such as the bombings on 7th July, 2005.

5. REVIEW OF EFFECTIVENESS

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

Oversight and Monitoring

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

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

- Ensuring that VisitBritain fulfils its role under the Development of Tourism Act, 1969 and meets the aims and objectives established by the Secretary of State for Culture, Media and Sport as set out in the Funding Agreement
- Ensuring it takes account of any guidance received from DCMS in reaching its decisions; and complies with statutory and administrative requirements for the use of public funds
- Ensuring that high standards of corporate governance are observed at all times within the organisation, including for data security.

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

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

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

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

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

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

In 2008/9 this work covered:

- A review to provide assurance that appropriate procedures exist, and are in operation, to cover aspects of human resources, including control over overseas offices
- Visits to overseas offices to test systems and self assessment framework
- A review of the adequacy and effectiveness of data security processes and controls
- A review to provide assurance that there is an appropriate risk management framework in place to provide effective management of VisitBritain risks
- An annual review of the core financial systems
- A full review of commercial revenue receipts from our worldwide trading.

At the Audit Committee in June 2009 I received the Annual Internal Audit Report for 2008/09. Without giving specific assurance on the effectiveness of the whole system of internal controls within VisitBritain it states that from their involvement as internal auditors the control environment appears to be well supported by various embedded mechanisms and working practices.

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

Future Developments

In the year 2009/10 VisitBritain will be strengthening its internal controls by the following work in addition to the annual review of core financial systems:

- Review overseas offices centralised control processes to seek assurances as to the operation of controls
- Follow up the 2008/09 work on human resource procedures
- Review of the operation of commercial and trading activities including Britain on View
- Update the review of risk management processes
- An annual review of core financial system
- High level review of office move project management methodology.

6. SIGNIFICANT INTERNAL CONTROL PROBLEMS

I am able to confirm that there have been no significant internal control problems in VisitBritain for the year ended 31st March 2009 and up to the date of this report.

Sandie Dawe, MBE
Chief Executive
VisitBritain

6th July 2009

VISITBRITAIN

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009

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 VisitBritain for the year ended 31st March 2009 under the Development of Tourism Act 1969. These comprise the Group and Parent Income and Expenditure Account, the Group and Parent Balance Sheet, the Group Cash Flow Statement, the Group Total Recognised Gains and Losses 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 VisitBritain, the Chief Executive and Auditor

VisitBritain and the Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Development of Tourism Act 1969 and directions made thereunder by the Secretary of State for Culture, Media and Sport, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of VisitBritain's and the Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Development of Tourism Act 1969 and directions made thereunder by the Secretary of State for Culture, Media and Sport. I report to you whether, in my opinion, the information, which comprises the Operating and Financial Review, included in the Annual Report is consistent with the financial statements. I also report 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. In addition, I report to you if VisitBritain has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects VisitBritain's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of VisitBritain's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This comprises the 2009/10 priorities, Outcomes against DCMS Funding Agreement Targets and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by VisitBritain and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the VisitBritain'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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- The financial statements give a true and fair view, in accordance with the Development of Tourism Act 1969 and directions made thereunder by the Secretary of State for Culture, Media and Sport, of the state of VisitBritain's affairs as at 31st March 2009 and of its deficit, recognised gain and losses and cash flows for the year then ended;
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Development of Tourism Act 1969 and directions made thereunder by the Secretary of State for Culture, Media and Sport; and
- The information given within the Annual Report, which comprises the Operating and Financial Review, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

Amyas CE Morse
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

13th July 2009

VISITBRITAIN

Group income and expenditure account

For the year ended 31st March 2009

	NOTES	2008/09	2007/08
		£'000	£'000
<u>Gross Income</u>			
Income from activities	3	22,090	21,287
		<u>22,090</u>	<u>21,287</u>
Other operating income	4	1,799	1,362
		<u>1,799</u>	<u>1,362</u>
Group total income		<u>23,889</u>	<u>22,649</u>
<u>Expenditure</u>			
Staff costs	9	16,057	17,526
Depreciation	14	849	734
Other operating charges	6	53,430	52,087
Grant paid to Regional Tourist Boards	8	146	158
		<u>146</u>	<u>158</u>
Gross expenditure		<u>70,482</u>	<u>70,505</u>
Net expenditure before exceptional items		(46,593)	(47,856)
Exceptional re-organisation costs	12	(3,710)	(2,850)
		<u>(3,710)</u>	<u>(2,850)</u>
Net expenditure after exceptional items, before interest & taxes		(50,303)	(50,706)
Interest received and other finance income	10	365	458
Notional costs	11	(128)	(117)
		<u>(128)</u>	<u>(117)</u>
Group net expenditure on ordinary activities		<u>(50,066)</u>	<u>(50,365)</u>
Reverse notional costs	11	128	117
		<u>128</u>	<u>117</u>
Group net expenditure for the financial year	24	<u>(49,938)</u>	<u>(50,248)</u>

The notes on page 33 to 56 form part of the financial statements

VISITBRITAIN

Group balance sheet

As at 31st March 2009

	NOTES	2009	2008
		(£'000)	(£'000)
<u>Fixed Assets</u>			
Tangible assets	14	1,791	1,929
		1,791	1,929
<u>Current Assets</u>			
Stocks	17	1,921	1,501
Debtors	19	7,968	7,377
Cash at bank and in hand	18	1,089	1,029
		10,978	9,907
Creditors: amounts falling due within one year	20	(9,208)	(8,372)
Net current assets		1,770	1,535
Net assets before pension assets and liabilities		3,561	3,464
Pension assets - USA scheme	23	422	460
Pension liabilities - UK unfunded scheme	23	(292)	(302)
Net assets after pension assets and liabilities		3,691	3,622
<u>Financed by:-</u>			
Income and expenditure reserve	24	3,543	3,380
Pension (liability) reserve	25	(499)	(471)
Revaluation reserve	26	647	713
		3,691	3,622

The notes on page 33 to 56 form part of the financial statements

Sandie Dawe MBE
Chief Executive
VisitBritain

6th July 2009

VISITBRITAIN
Income and expenditure account
For the year ended 31st March 2009

	NOTES	2008/09	2007/08
		£'000	£'000
<u>Gross Income</u>			
Income from activities	3	21,423	20,473
		21,423	20,473
Other operating income	4	1,903	1,426
Total income		23,326	21,899
<u>Expenditure</u>			
Staff costs	9	16,057	17,526
Depreciation	14	849	734
Other operating charges	6	52,882	51,344
Grant paid to Regional Tourist Boards	8	146	158
Gross expenditure		69,934	69,762
Net expenditure before exceptional items		(46,608)	(47,863)
Exceptional re-organisation costs	12	(3,710)	(2,850)
Net expenditure after exceptional items, before interest & taxes		(50,318)	(50,713)
Interest received and other finance income	10	365	458
Notional costs	11	(127)	(117)
Net expenditure on ordinary activities		(50,080)	(50,372)
Reverse notional costs	11	127	117
VisitBritain net expenditure for the financial year	24 & 7	(49,953)	(50,255)

The notes on page 33 to 56 form part of the financial statements

VISITBRITAIN
Balance sheet
As at 31st March 2009

	NOTES	2009	2008
		(£'000)	(£'000)
<u>Fixed Assets</u>			
Investment in subsidiaries	16	8	8
Tangible assets	14	1,791	1,929
		<u>1,799</u>	<u>1,937</u>
<u>Current Assets</u>			
Stocks	17	1,843	1,435
Debtors	19	8,103	7,424
Cash at bank and in hand	18	934	963
		<u>10,880</u>	<u>9,822</u>
Creditors: amounts falling due within one year	20	<u>(9,150)</u>	<u>(8,312)</u>
Net current assets		<u>1,730</u>	<u>1,510</u>
Net assets before pension assets and liabilities		<u>3,529</u>	<u>3,447</u>
Pension assets - USA scheme	23	422	460
Pension liabilities - UK unfunded scheme	23	<u>(292)</u>	<u>(302)</u>
Net assets after pension assets and liabilities		<u>3,659</u>	<u>3,605</u>
<u>Financed by:-</u>			
Income and expenditure reserve	24	3,511	3,363
Pension (liability) reserve	25	(499)	(471)
Revaluation reserve	26	647	713
		<u>3,659</u>	<u>3,605</u>

The notes on page 33 to 56 form part of the financial statements

Sandie Dawe MBE
Chief Executive
VisitBritain

6th July 2009

VISITBRITAIN

Group cash flow statement

For the year ended 31st March 2009

	NOTES	2008/09		2007/08	
		(£'000)	(£'000)	(£'000)	(£'000)
Net cash (outflow) from operating activities			(49,562)		(50,304)
Return on investment and servicing of finance	10		289		354
Taxation	13		-		-
Capital Expenditure:-					
Purchase of tangible fixed assets	14	(576)		(466)	
Disposal of tangible fixed assets	14	<u>9</u>		<u>53</u>	
			(567)		(413)
Grant-in-aid financing	2		<u>49,900</u>		<u>50,650</u>
Increase in cash	18		<u>60</u>		<u>287</u>
Reconciliation of operating (deficit) before tax to net cash inflow from operating activities					
Note (i) Operating deficit before interest and taxation			(50,303)		(50,706)
Depreciation charges	14		849		734
(Profit)/loss on the disposal of fixed assets	6		(9)		17
US pension scheme recoverable (gain)/ current service cost	9/23		76		(122)
(Increase) in stocks	17		(420)		(596)
(increase)/Decrease in debtors	19		(787)		1,956
Decrease/(Increase) in accrued income	19		196		(61)
Increase/(Decrease) in provisions	20/21		954		(17)
(Decrease) in creditors	20		<u>(118)</u>		<u>(1,509)</u>
Net cash (outflow) from operating activities			<u>(49,562)</u>		<u>(50,304)</u>
Note (ii) analysis of financing					
Grant-in-aid received from DCMS	2		49,900		50,650
Applied towards the purchase of fixed assets	2		<u>(300)</u>		<u>(300)</u>
Total Grant-in-aid applied towards revenue expenditure	2		<u>49,600</u>		<u>50,350</u>

The notes on page 33 to 56 form part of the financial statements

VISITBRITAIN

Group statement of total recognised gains and losses

For the year ended 31st March 2009

	NOTES	2008/09	2007/08
		(£'000)	(£'000)
Operating (deficit)/surplus for the year	24	(38)	402
Decrease in UK pension liability on the unfunded scheme	23	10	26
Actuarial (loss)/gain on assets and liabilities of USA pension scheme	23	(155)	63
Exchange rate gain/(loss) on USA pension scheme	23	117	(14)
Revaluation gain of leasehold improvements under modified historical cost accounting	26	<u>135</u>	<u>78</u>
Total recognised gains relating to the year		<u>69</u>	<u>555</u>

The notes on page 33 to 56 form part of the financial statements.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2009

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention modified by the inclusion of certain assets at valuation, as stated below, and in accordance with the UK General Accepted Accounting Practice (GAAP), the Companies Act 1985 and in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury.

International Financial Reporting Standard (IFRS)

Up to and including 2008/09 these accounts have been prepared using UK GAAP and Government FReM. From 2009/10 this will change and the accounts will be prepared using IFRS and the comparatives will be restated in accordance with the timetable set by HM Treasury.

Basis of Consolidation

The VisitBritain group financial statements for 2008/09 consolidate the financial statements of the parent (VisitBritain) and its wholly owned subsidiary undertaking, British Travel Centre AB (Sweden), its accounts being made up to 31st March. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by VisitBritain. The overseas subsidiary undertaking results were consolidated into the group accounts using the average rate of exchange for income and expenditure accounts and closing rate for the balance sheet as per SSAP 20 "Foreign currency translation".

Revenue

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

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

Commission costs are recognised at the same time as the revenue to which they relate and are charged to cost of sales.

Other revenue is recognised at the time the service is provided or goods are sold.

Leased Assets

The accounting policy for leased assets complies with SSAP 21 "Accounting for leases and hire purchase contracts".

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

Leases where a significant portion of the risks and rewards are held by the lessor are classified as "operating leases". All leases are regarded as operating leases and rentals are charged to the income and expenditure account on a straight-line basis over the period of the lease. If sale and leaseback transactions result in an operating lease, any profit or loss is recognised in the income and expenditure statement immediately.

Tangible Fixed Assets

Tangible fixed assets are held at cost in accordance with FRS 15 "Tangible Fixed Assets", and are subject to revaluation under Modified Historic Cost Accounting (MHCA) when material. During the year all classes of assets were re-valued in accordance with MHCA and only the revaluation of leasehold improvements was material and recognised in the accounts (see notes 14 & 26). The carrying value of tangible assets was also reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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

Depreciation

Depreciation is provided on all fixed assets, other than freehold land, and calculated to write off the cost or valuation on a straight-line basis as follows:

Freehold buildings (after valuation)	- the remaining useful economic life
Improvement to leasehold land and buildings	- the lease term
Motor vehicles	- four years
Fixtures, fittings and equipment	- six years
Computer equipment	- three years

Depreciation is charged for a full year in the year of purchase and no charge is made in the year of disposal.

Stock and Work in Progress

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

Cash

Cash includes cash in hand and deposits repayable on demand with any qualifying financial institution.

Foreign Currency Transactions

Foreign currency balances are translated into sterling at the rates ruling at the balance sheet date in accordance with SSAP 20 "Foreign currency translation". Transactions in foreign currencies are recorded at standard rates of exchange using forward rates, established once at the beginning of the year. It is the organisation's policy to enter into forward foreign currency contracts in order to reduce the risk to VisitBritain of meeting its foreign currency obligations. Where a difference between the forward contract and the rate in force on the day of the transaction arises it is included in the income and expenditure account.

Exchange differences arising on the translation of net assets of overseas subsidiary undertakings are taken to reserves. The income and expenditure of such undertakings are translated into sterling at average rates of exchange during the year. All other profits or losses arising on translation are dealt with through the income and expenditure account.

Recoverable Grants/loans

Grants and loans made under Section 4 (for tourism projects) and Part II (the "Hotel Development Incentive Scheme") of the Development of Tourism Act 1969 were funded separately by H.M. Government, although assistance is no longer available under this scheme.

Pension costs

Contributions are made to the British Tourist Boards' Staff Pensions and Life Assurance Scheme (see note 23) in accordance with the advice of independent actuaries and are charged to the income and expenditure account in the year to which they relate. Overseas pension schemes are treated similarly.

Provisions

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

Derivatives and Financial Instruments

The disclosure of financial instruments complies with FRS 29 "Financial Instruments- Disclosure" in so far as it applies to VisitBritain (see note 29). Short-term debtors and creditors are held at fair value and have therefore been excluded from the financial instrument disclosures other than in note 29 referring to currency exposure.

Notional Costs

The notional cost of capital is calculated at 3.5% (2007/08 3.5%) of the average capital employed in the year including pension assets & liabilities (see note 11) per the Government Financial Reporting Manual (FRm). HM Treasury reviews this rate every three years in their spending review.

Value Added Tax (VAT)

UK VAT - VisitBritain is subject to partial restriction on the deductibility of VAT on inputs calculated in accordance with a formula agreed with HM Revenue and Customs (HMRC). The amount of irrecoverable VAT is charged to the income and expenditure account in the year to which it relates.

Overseas VAT - In countries where VisitBritain is not registered for VAT and does not recover VAT the costs of activities are charged gross, inclusive of VAT, to the income and expenditure account. In countries where VisitBritain recovers VAT, either fully or partially, the treatment of irrecoverable VAT is the same as for UK VAT.

Tangible fixed assets – Tangible fixed assets are shown at cost, net of VAT, in the balance sheet and the irrecoverable element is charged to the income and expenditure account.

2. GRANTS

The figure for core government grant-in-aid of £49.9m less the £0.3m capital grant-in-aid (2007/08 £50.650m less capital £0.3m) is reconcilable to the expenditure on the Department for Culture, Media and Sport resource account RfR1.

Other grants received included £298k (2007/08 £378k) from The London Development Agency (LDA) who continued their work with our Britain and London Visitor Centre.

There was additional grant in 2008/09 of £173k from the Regional Development Agency (RDA) as part funding of the three year research project which is ETIP (European Tourism Intelligence Partnership). The £173k represents their share of the project costs for 2008/09. The remaining £30k of ETIP costs for that year was met by VisitBritain.

VisitBritain has also received in 2008/09 £96k (2007/08 £87k) from the UK Trade & Industry for part funding partners attending trade shows overseas to promote UK tourism. If the trade show is a key event VisitBritain is also entitled to receive a refund for part of its costs. Therefore, the total repayment of this grant to tourism partners was £56k (see note 8) and the remaining £40k was spent by VisitBritain.

3. 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.

Income is attributable to the following activities:	2008/09 (£'000)	2007/08 (£'000)
Partnership marketing, media & publicity income	6,326	6,503
Income from exhibitions, fairs & workshops	2,440	1,984
Income from commercial activities	7,036	7,051
Quality scheme income	5,348	4,721
Distribution income	273	214
	<hr/>	<hr/>
VisitBritain income from activities	21,423	20,473
Income from activities of subsidiaries	902	926
Less intra-group transactions	<u>(235)</u>	<u>(112)</u>
Group income from activities	<u>22,090</u>	<u>21,287</u>

4. OTHER OPERATING INCOME

	2008/09 (£'000)	2007/08 (£'000)
Service income*	607	358
Office rental income	616	596
Other grants	651	465
Other income	<u>29</u>	<u>7</u>
VisitBritain other operating income	1,903	1,426
Other operating income from activities of subsidiaries	21	28
Less intra-group transactions	<u>(125)</u>	<u>(92)</u>
Group other operating income	<u>1,799</u>	<u>1,362</u>

*Service income in 2008/09 includes £246k (2007/08 - £143k) of fees charged, in the agency model markets, for services provided to VisitScotland, Visit Wales and Visit London.

VisitBritain sub-leases properties in London and also received rental income from Visit London and VisitWales in Canada and the USA. The accounting policy is to accrue the rental income systematically over the course of the year. For the year ended 31st March 2009, the total rental income was £616k (2007/08 £596k). This level of rental income is expected to remain consistent throughout the next financial year.

5. OPERATING SURPLUS/ (DEFICIT)

	2008/09 (£'000)	2007/08 (£'000)
Group operating (deficit) for the financial year (see note 24)	<u>(49,938)</u>	<u>(50,248)</u>
This is stated after charging or crediting:		
VisitBritain Board Members' remuneration	109	107
VisitEngland Board Members' remuneration	79	75
Auditors' remuneration (UK)*	55	52
Auditors' remuneration (overseas)	6	4
Operating lease rentals (see note 15)	2,948	3,182
Travel, subsistence and hospitality:		
Chairman and Board Members (VisitBritain)	17	39
Chairman and Board Members (VisitEngland)	18	19
Employees	<u>1,703</u>	<u>1,633</u>

*This comprises National Audit Office fee for their annual year end audit (£50k), IFRS audit (£4k) & London Development Agency grant audit (£1k)

6. OTHER OPERATING CHARGES

	2008/09		2007/08	
	(£'000)	(£'000)	(£'000)	(£'000)
Partnership marketing, media & publicity		25,487		26,209
Publishing		880		1,373
Commercial cost of sales & overhead cost		7,459		6,575
Quality scheme		5,458		4,808
Distribution costs		1,146		1,665
Research and evaluation		1,802		1,974
Property and support costs - overseas		3,622		4,092
Property and support costs - UK		3,847		3,439
(Profit)/loss on sale of fixed assets		(9)		17
VisitEngland Board Secretariat operation		16		18
Irrecoverable VAT (UK and overseas)		1,559		1,811
Prior year creditors provision written off		(400)		(326)
Foreign exchange loss/(gain)		891		(311)
Provision for relocation		964		-
Stock write off		<u>160</u>		<u>-</u>
VisitBritain other operating charges		52,882		51,344
Expenditure of subsidiaries				
Cost of goods sold		764		837
Other operating charges		<u>144</u>		<u>110</u>
		908		947
Less:				
Intra-group transactions		<u>(360)</u>		<u>(204)</u>
Group other operating charges		<u>53,430</u>		<u>52,087</u>

7. OVERSEAS AND DOMESTIC ACTIVITIES

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

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

2008-09

	Britain International (£'000)	England Domestic (£'000)	England International (£'000)	Total (£'000)
Staff costs (see note 9)	13,043	2,915	99	16,057
Exceptional re-organisation staff costs (see note 12)	2,802	619	0	3,421
Exceptional re-organisation other costs (see note 12)	237	53	0	290
Direct marketing costs	19,726	11,835	2,436	33,997
Other marketing costs	5,777	1,111	0	6,888
Operational costs	10,792	2,143	57	12,992
Gross expenditure per the income and expenditure account	52,377	18,676	2,592	73,645
less:-				
London Development Agency Grant (see note 2)	0	298	0	298
UKTI Grants (note 2)	96	0	0	96
Other Grant (note 2)	0	257	0	257
Non Government Funding (NGF) (see note 3, 4 & 10)	14,470	7,400	1,095	22,965
Net Expenditure per the income and expenditure account	37,811	10,721	1,497	50,029

2007-08

	Britain International (£'000)	England Domestic (£'000)	England International (£'000)	Total (£'000)
Staff costs (see note 9)	13,354	4,028	144	17,526
Exceptional re-organisation staff costs (see note 12)	2,154	545	-	2,699
Exceptional re-organisation other costs (see note 12)	151	-	-	151
Direct marketing costs	16,510	12,776	2,090	31,376
Other marketing costs	5,788	3,630	0	9,418
Operational costs	9,700	1,726	16	11,442
Gross expenditure per the income and expenditure account	47,657	22,705	2,250	72,612
less:-				
London Development Agency Grant (see note 2)	-	378	-	378
UKTI Grants (note 2)	87	-	-	87
Non Government Funding (NGF) (see note 3, 4 & 10)	13,513	7,594	785	21,892
Net Expenditure per the income and expenditure account	34,057	14,733	1,465	50,255

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. Up to 2007/08 England Net platform was targeted at providing data on England properties and attractions. During 2008/09 the platform was re designated the National Tourism Open Platform (NTO) and contains data from Scotland and Wales. As such the entire cost of this activity is now allocated to "Britain International" whereas on previous years it was included under "England Domestic"
4. It is not possible to split capital expenditure between domestic and international activity as the fixed assets are shared between all areas of VisitBritain
5. Expenditure relates to VisitBritain and excludes subsidiaries' results
6. The total expenditure of £73.645m (£72.612m - 2007/08) represents the following items in the Income and Expenditure account:

	2008/09 (£'000)	2007/08 (£'000)
Staff costs (see note 9)	16,057	17,526
Exceptional re-organisation staff costs (see note 12)	3,421	2,699
Exceptional re-organisation other costs (see note 12)	290	151
Other operating charges (see note 6)	52,882	51,344
Depreciation (see note 14)	849	734
Grant paid to Regional Tourist Boards (see note 8)	146	158
Gross expenditure per the Income and Expenditure Account	<u>73,645</u>	<u>72,612</u>

The following table reports total expenditure for the VisitEngland Board:-

	2008/09 (£)	2007/08 (£)
Board Members' remuneration	79,170	74,589
Employers NI & other taxes	8,795	8,681
Travel & subsistence and secretariat	<u>17,829</u>	<u>18,982</u>
Total expenditure	<u>105,794</u>	<u>102,252</u>

8. GRANTS PAID

	2008/09 (£'000)	2007/08 (£'000)
General grants relating to Regional Tourism entities	56	68
East of England Tourist Board	10	10
Visit Heart of England	10	10
Visit London	10	10
Northumbria Tourist Board (One North East)	10	10
North West Tourist Board	10	10
Tourism South East	10	10
South West Tourism	10	10
East Midlands Development Agency	10	10
Yorkshire Tourist Board	<u>10</u>	<u>10</u>
Total grant expenditure to regional and other tourism bodies	<u>146</u>	<u>158</u>

9. STAFF COSTS

	2008/09 (£'000)	2007/08 (£'000)
Wages and salaries	12,436	13,630
Agency staff and students	659	741
Payment to contractors	463	465
Expatriate taxable benefits	269	350
Expatriate local taxes	(15)	100
Social security costs	1,350	1,472
Normal redundancy costs	0	50
Pension costs - normal contributions	803	818
Pension costs - redundancy pension enhancement costs	0	0
Special pension costs	16	22
(Gain) due to increase in the recoverable surplus from US pension scheme	-	(166)
Amount charged to I&E as current service costs of US pension scheme	<u>76</u>	<u>44</u>
VisitBritain total staff costs	16,057	17,526
Staff costs of subsidiaries	<u>-</u>	<u>-</u>
Group staff costs before exceptional re-organisation staff costs	<u>16,057</u>	<u>17,526</u>

The average number of employees during the year is made up as follows:	2008/09	2007/08
	No.	No.
Marketing	313	342
Overseas support (marketing & administration)	19	21
Administration (CEO, people & performance and corporate services)	<u>43</u>	<u>40</u>
	<u>375</u>	<u>403</u>

VisitBritain uses temporary agency and contractor staff to fill short-term posts to deliver its objectives. The number of staff employed would be equivalent of 30 full time VisitBritain staff (2007/08 - 36)

10. INTEREST RECEIVED AND OTHER FINANCE INCOME

	2008/09 (£'000)	2007/08 (£'000)
Interest received on bank balances placed on overnight deposit	289	354
Finance income USA pension scheme (see note 23)	<u>76</u>	<u>104</u>
	<u>365</u>	<u>458</u>

11. NOTIONAL COSTS

	2008/09 (£'000)	2007/08 (£'000)
Notional costs consist of:		
Group cost of capital	128	117
VisitBritain parent cost of capital	127	117

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

12. EXCEPTIONAL REORGANISATION COSTS

	2008/09 (£'000)	2007/08 (£'000)
Staff redundancy costs ¹	3,002	2,348
Staff pension enhancement costs	394	274
Staff moving & recruitment costs	133	110
Office closure costs	29	58
Legal & professional fees	<u>152</u>	<u>60</u>
	<u>3,710</u>	<u>2,850</u>

¹included in the 2007-08 figure is £85,769 of normal pension contribution for staff who were made redundant during the financial year but the pension contribution was continued until the end of the fiscal year.

13. CORPORATION TAX

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

VisitBritain is assessed for CT in Germany, Sweden, Australia, Hong Kong and the Netherlands and in all of these countries there is no CT liability due to loss relief claim.

14. TANGIBLE FIXED ASSETS

Tangible Fixed Assets are stated at their value to the business by reference to current costs where appropriate, as set out below -:

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

From 2004/05 onwards these classes of assets were subject to modified historic cost accounting using appropriate indices and only the indexation of leasehold improvements was considered to be material and adjusted accordingly (see notes 1 & 26). All improvements to leasehold property are considered to be short-term leases that expire within 50 years

2008/09

	Land & buildings Leasehold improvements (£'000)	Motor vehicles (£'000)	IT equipment (£'000)	Fixtures fittings & equipments (£'000)	Total (£'000)
Cost or valuation at 1st April 2008	5,433	41	435	265	6,174
Revaluation (MHCA)	457	-	-	-	457
Additions at cost	139	-	431	6	576
Disposals	(92)	0	(21)	(22)	(135)
Cost or valuation at 31st March 2009	<u>5,937</u>	<u>41</u>	<u>845</u>	<u>249</u>	<u>7,072</u>
Cumulative depreciation at 1st April 2008	3,820	40	212	173	4,245
Revaluation (MHCA)*	488	-	-	-	488
Charge for the year*	359	0	282	41	682
Disposals	(92)	0	(21)	(21)	(134)
Cumulative depreciation at 31st March 2009	<u>4,575</u>	<u>40</u>	<u>473</u>	<u>193</u>	<u>5,281</u>
Net book value at 1st April 2008 - Group	<u>1,613</u>	<u>1</u>	<u>223</u>	<u>92</u>	<u>1,929</u>
Net book value at 31st March 2009	1,362	1	372	56	1,791
Less Subsidiaries	-	-	-	-	-
VisitBritain					
Net book value at 31st March 2009	<u>1,362</u>	<u>1</u>	<u>372</u>	<u>56</u>	<u>1,791</u>

*The revaluation (MHCA) figure includes £167k of MHCA related additional depreciation which is charged to the income and expenditure account as part of the current year depreciation and then credited to the income and expenditure reserve by transferring from the revaluation reserve. Therefore, the total depreciation charge was £849k.

2007/08

	Land & buildings		Motor vehicles	IT** equipment	Fixtures** fittings & equipments	Total
	Freehold	Leasehold improvements				
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Cost or valuation at 1st April 2007	37	5,206	56	352	326	5,977
Revaluation (MHCA)	-	208	-	-	-	208
Additions at cost	-	196	-	255	15	466
Disposals	(37)	(177)	(15)	(172)	(76)	(477)
Cost or valuation at 31st March 2008	0	5,433	41	435	265	6,174
Cumulative depreciation at 1st April 2007	4	3,329	51	239	164	3,787
Revaluation (MHCA)*	-	280	-	-	-	280
Charge for the year*	-	388	4	145	47	584
Disposals	(4)	(177)	(15)	(172)	(38)	(406)
Cumulative depreciation at 31st March 2008	0	3,820	40	212	173	4,245
Net book value at 1st April 2007 - Group	33	1,877	5	113	162	2,190
Net book value at 31st March 2008	(0)	1,613	1	223	92	1,929
Less Subsidiaries	-	-	-	-	-	-
VisitBritain						
Net book value at 31st March 2008	(0)	1,613	1	223	92	1,929

*The revaluation (MHCA) figure includes £150k of MHCA related additional depreciation which is charged to the income and expenditure account as part of the current year depreciation and then credited to the income and expenditure reserve by transferring from the revaluation reserve. Therefore, the total depreciation charge was £734k.

**These figures were restated as a result of reclassification of IT equipment to F&F which resulted in an adjustment of £15k for cost/valuation opening balance and £5k for cumulative depreciation

15. OPERATING LEASE COMMITMENTS

At 31st March 2009 VisitBritain had annual commitments under non-cancellable operating leases as set out below:

	2008/09		2007/08	
	Land and buildings	Others	Land and buildings	Others
	(£'000)	(£'000)	(£'000)	(£'000)
Operating leases which expire:				
Within one year	1,033	96	137	66
In the second to fifth years inclusive	1,543	54	2,297	152
Over five years	261	-	258	-
	<u>2,837</u>	<u>150</u>	<u>2,692</u>	<u>218</u>

Income and Expenditure Disclosure

	2008/09		2007/08	
	Others (buildings)	Hire plant & machinery	Others (buildings)	Hire plant & machinery
	(£'000)	(£'000)	(£'000)	(£'000)
The amounts charged as operating leases during the year were as follows:-	<u>2,831</u>	<u>117</u>	<u>3,032</u>	<u>150</u>

16. INVESTMENT – SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

	2008/09 (£'000)	2007/08 (£'000)
Investments:		
Investment in subsidiaries	8	8

Subsidiary undertakings – VisitBritain retained during the year, its 100% holding in its subsidiary undertaking, British Travel Centre AB (Sweden). The objective of this subsidiary is to undertake trading activities of a commercial nature.

17. STOCKS

The replacement cost of stock would not be materially different from that shown below.

	2008/09 (£'000)	2007/08 (£'000)
Finished goods & goods for resale (VisitBritain)	1,843	1,241
Work in progress (VisitBritain)	<u>0</u>	<u>194</u>
Total stocks (VisitBritain)	1,843	1,435
Finished goods (subsidiaries)	<u>78</u>	<u>66</u>
Group stocks	<u>1,921</u>	<u>1,501</u>

18. CASH AT BANK AND IN HAND

	2008/09 (£'000)	2007/08 (£'000)	CHANGE IN YEAR (£'000)
Cash at bank and in hand: VisitBritain	934	963	(29)
Cash at bank and in hand: Subsidiaries	<u>155</u>	<u>66</u>	<u>89</u>
Cash at bank and in hand: Group	<u>1,089</u>	<u>1,029</u>	<u>60</u>

19. DEBTORS – AMOUNTS RECEIVABLE WITHIN ONE YEAR

	2008/09		2007/08	
	(£'000)	(£'000)	(£'000)	(£'000)
Trade debtors	3,222		3,765	
Less provision for bad debt and doubtful debts	<u>(190)</u>		<u>(160)</u>	
		3,032		3,605
VAT debtors		1,923		1,426
Other debtors		551		534
Prepayments		2,428		1,493
Accrued income		160		356
HM Government - Section 4 grants recoverable		12		28
Less provisions for irrecoverable section 4 grants		<u>(3)</u>		<u>(18)</u>
Total VisitBritain debtors		8,103		7,424
<u>Subsidiaries</u>				
Trade debtors	17		21	
Other debtors	<u>2</u>		<u>3</u>	
		19		24
Less intra-group transactions		<u>(154)</u>		<u>(71)</u>
Group debtors		<u>7,968</u>		<u>7,377</u>

20. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008/09		2007/08	
	(£'000)	(£'000)	(£'000)	(£'000)
Trade creditors		3,948		2,684
Other taxes and social security		121		71
Other creditors		8		42
Deferred income		2,541		3,782
Accruals		1,368		1,521
Provision for relocation (see note 21c)		964		0
Provision for mobile tax creditors (see note 21b)		37		101
Provision for UK VAT creditors (see note 21a)		154		100
HM Government - Section 4 grants payable		12		29
Less provision for irrecoverable section 4 grants		<u>(3)</u>		<u>(18)</u>
Total VisitBritain creditors		9,150		8,312
<u>Subsidiaries</u>				
Trade creditors	209		127	
Other creditors	(2)		1	
Accruals	<u>5</u>		<u>3</u>	
		212		131
Less intra-group transactions		<u>(154)</u>		<u>(71)</u>
Group creditors		<u>9,208</u>		<u>8,372</u>

21. TAX & OTHER PROVISIONS

	2008/09 (£'000)	2007/08 (£'000)
a) VAT obligation		
Provision for UK VAT at 1 st April	100	100
Net increase in UK VAT provision	<u>54</u>	<u>-</u>
Provision carried forward at 31 st March (see note 20)	<u>154</u>	<u>100</u>
	2008/09 (£'000)	2007/08 (£'000)
b) Mobile tax obligation		
Provision for mobile tax at 1 st April	101	118
Net (reduction) in mobile tax provision worldwide	<u>(64)</u>	<u>(17)</u>
Provision carried forward at 31 st March (see note 22)	<u>37</u>	<u>101</u>
	2008/09 (£'000)	2007/08 (£'000)
c) Provision for office relocation costs *		
Opening provision at 1 st April	-	-
Increase/(decrease) in provision	<u>964</u>	<u>-</u>
Provision carried forward at 31 st March (see note 22)	<u>964</u>	<u>-</u>

*During the 2009/10 financial year the leases of the offices in Hammersmith and Brussels expire and VB has to vacate the buildings. For this purpose VisitBritain has made a provision for relocation costs.

22. OTHER COMMITMENTS

Following the introduction of the Board Treasury Policy in 2002/03, which incorporates purchasing forward currency contracts and the handling of the overnight cash investments, VisitBritain has purchased forward foreign currency contracts. At 31st March 2009 VisitBritain was committed to purchasing £8.415m of foreign currency. (At the previous year-end VisitBritain was committed to purchases of £6.955m). The increase in 2008/09 is mainly a reflection of weakness in sterling against major foreign currencies and increased purchase of foreign currencies contracts by 31st March 2009.

VisitBritain has employees who operate overseas for specific contracted periods on expatriate terms. VisitBritain operates a tax equalisation scheme to ensure that their earnings are taxed in a similar way to UK employees. VisitBritain is then responsible for paying any local income tax raised on taxable earnings of that expatriate in the country in which they are operating. Since 2003/04 the liabilities are estimated and disclosed separately based on the previous year earnings and tax payments. An estimated provision of £37k (2007/08 £101k) was included within creditors as mobile tax provision in the accounts (see note 21b). The decrease in 2008/09 is due to the reduction in the number of mobile managers and they have been replaced with locally engaged management staff.

23. PENSION COSTS

VisitBritain operates two funded defined benefit schemes, in the United Kingdom and the USA, and defined contribution schemes in other parts of the world.

The total pensions cost of the group included within staff and exceptional costs (see note 9 and 12) was £1,200k (2007/08 £1,200k), of which £775k (2007/08 - £815k) is normal contribution related to the group's main defined benefit pension scheme, the British Tourist Boards' Pension Scheme (BTBPS). A further special contribution of £394k (2007/08 - £274k) has been paid to the BTBPS as pension enhancement for staff who took early retirement as part of VisitBritain's restructuring programme.

The slight decrease in normal contribution in the year ended 31st March 2009 was mainly attributable to the reduction of head count. There was also an exceptional pension contribution of £77k (2007/08 - £86k) (see note 12) relating to staff who were made redundant during the year but the pension contribution continued to be paid until the end of the financial year.

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

		2008/09 (£'000)	2007/08 (£'000)
Normal contribution ¹	(see notes 9 &12)	879	904
Pension enhancement exceptional contributions	(see notes 9 &12)	394	274
Special contributions ²	(see note 9)	<u>16</u>	<u>22</u>
		<u>1,289</u>	<u>1,200</u>

¹ Normal contribution for 2008/09 includes £76,511 (2007/08 - £85,769) of exceptional pension contribution for staff who were being made redundant during the financial year but the pension contribution was continued until the end of the fiscal year.

² The special pension contribution is a supplementary pension scheme payment for Tom Wright that was made to a Self Investment Pension Plan (SIPP).

FRS 17 – Retirement benefit

The pension report is prepared according to the requirements of FRS 17 which is adopted in full for the financial year ended 31st March 2009, as it was for the previous year.

UK Pension Scheme – Defined benefit scheme

The UK is a participant in the British Tourist Boards' Pension Scheme (BTBPS) providing pension benefits and life assurance for all permanent staff, based upon final pensionable pay. The assets in the UK are held by the Pension Scheme under a cash accumulation contract with the Prudential Assurance Company Limited.

The 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 but the contribution rate is set at a common level and does not reflect the liability profile of the individual participating employer. Therefore, each employer is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. As a consequence VisitBritain could not disclose the result of the scheme on the income and expenditure account or the balance sheet. The following available information is disclosed as a note to the accounts as per the FRS17 requirement.

The valuation of the scheme was carried out using membership data from the last full valuation of the scheme at 1st April 2006, carried out by a qualified actuary from Xafinity Consulting (formerly known as Hazel Carr), updated to 31st March 2009. The result for the whole scheme is available and the scheme shows an overall surplus of £4.6m for the current year, compared to £30.8m in 2007/08 before allowance of any related deferred tax. The main reason for this deterioration is the impact of adverse investment conditions on the scheme – the overall return on assets was approximately negative 19% over the year compared to expected positive returns of around 7%. Also, there was a significant investment loss over the year reflecting the heavy market falls. The resulting investment loss of around £48m has been partially offset by the reduction in liabilities of £20m when we allow for changes in market yields over the year and their impact on the assumptions.

VisitBritain's notional share of the scheme's surplus has been identified as £2.66m (2007/08 £10.67m) using information held at member level to allocate individual liabilities. In the previous years the method used for the split was current total pensionable salaries.

During the year ended 31st March 2009 the basic contributions of employees were 5% of pensionable salaries, with VisitBritain contributing a further 10%. Following the advice of the schemes' actuaries, VisitBritain's contribution has been increased to 10% of pensionable salaries since 2007/08 from 4.8% in the previous years. This level of contribution will continue for the foreseeable future.

VisitBritain also has additional unfunded liabilities for pension payments to six former chairmen. This pension scheme is an unfunded defined benefit scheme and paid direct from VisitBritain's own fund. Full provision for these liabilities is made in the accounts.

The FRS17 valuation as at 31st March was carried out by the actuary using membership data from the last full valuation of the scheme as at 1st April 2007, updated for materially significant changes that occurred up to 31st March 2009. The major assumptions used by the actuary were:

Assumptions	31 st March 2009	31 st March 2008
Discount rate	6.70%	6.9%
Inflation assumption	2.65%	3.6%
Salary increases	2.65%	3.6%
Increases to pension payment in line with R.P.I.*	2.65%	3.6%

*Most pension benefits under the scheme are increased in line with inflation.

The present value of the scheme liabilities for former chairmen at 31st March 2009 was £292k (2007/08 £302k), which is disclosed on the primary accounts per FRS 17 full disclosure requirements.

Therefore the overall position of the UK scheme is:

	31 st March 2009	31 st March 2008
	(£'000)	(£'000)
Share of main scheme surplus	2,659	10,668
Unfunded pension in payment liability (6 former Chairmen)	(292)	(302)
Overall surplus	<u>2,367</u>	<u>10,366</u>

USA Pension Scheme – Defined Benefit Scheme

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

All the requirements of FRS17 will apply to the USA scheme as adapted in full and the following disclosures are stated in addition to the figures disclosed in the primary accounts.

The local actuary from Mercer USA valued the scheme assets & liabilities as at 31st March 2009. Although the plan is still in a surplus, the amount of surplus has reduced from last year and could now be recovered in full by reduced contributions in the future. Therefore, the surplus cap no longer applies, and the full surplus in the plan has been recognised as an asset on the balance sheet. The full plan surplus as at 31st March 2009 is £422k (compared to £1.11m in 2007/08 which was capped by the actuary to £460k, the amount equivalent to the present value of future benefits expected to accrue to active members according to FRS17.)

A full actuarial valuation was carried out as at 1st January 2008 and the results of that valuation have been projected to 31st March 2009 by a qualified independent actuary.

New Disclosure Format

The disclosures included below reflect changes to FRS17 which come into force for the current accounting period. The revised disclosures, which are provided in the same format as required under international accounting standards, are set out in the following way:-

The amounts recognised in the balance sheet are as follows

	year ending 31/03/2009 (£'000)	year ending 31/03/2008 (£'000)
Present value of funded obligations	1,440	1,039
Fair value of plan assets	<u>(1,862)</u>	<u>(2,153)</u>
(Surplus)/deficit for funded plans	(422)	(1,114)
Present value of unfunded obligations	-	-
Effect of surplus cap (par 41 limit)	-	<u>654</u>
Gross liability/(asset)	(422)	(460)
Unrecognised past service (cost)/benefit	-	-
Related deferred tax liability/(asset)	-	-
Net (asset)/liability	<u>(422)</u>	<u>(460)</u>

Amounts in the balance sheet

	year ending 31/03/2009 (£'000)	year ending 31/03/2008 (£'000)
Liabilities	-	-
Assets	<u>(422)</u>	<u>(460)</u>
Net (asset)/ liability	<u>(422)</u>	<u>(460)</u>

Analysis of amounts recognised in STRGL:

Actuarial (gains)/losses immediately recognised	809	172
Effect of surplus cap (par 41 limit)	(654)	(236)
Exchange rate (gain)/loss	<u>(117)</u>	<u>14</u>
Total pension cost recognised in the STRGL	<u>38</u>	<u>(50)</u>

Amounts recognised in profit & loss statement

	31/03/2009 (£'000)	31/03/2008 (£'000)
Current service cost	76	44
Interest on obligation	73	70
Expected return on plan assets	(149)	(175)
(Gain) due to increase in the recoverable surplus from an increase in active membership	-	(165)
Past service cost	-	-
(Gain)/loss due to settlements	-	-
(Gain)/loss due to curtailments	-	-
Total pension cost recognised in the profit & loss account	<u>-</u>	<u>(226)</u>

Principal actuarial assumptions

Weighted-average assumptions to determine benefit obligations

	31/03/2009	31/03/2008
Discount rate	7.30%	6.70%
Rate of compensation increase	3.50%	3.50%
Rate of price inflation	2.50%	2.50%
Rate of pension increases	2.50%	2.50%

Weighted-average assumptions to determine net pension cost

Discount rate	6.70%	5.90%
Expected long-term rate of return on plan assets	7.16%	7.27%
Rate of compensation increase	3.50%	3.50%
Rate of price inflation	2.50%	2.50%
Rate of pension increases	2.50%	2.50%

Weighted average life expectancy on post-retirement mortality table used to determine benefit obligations for:

Member age 65 (current life expectancy)	-	-
Member age 40 (life expectancy at age 65)	-	-

Plan Assets

The asset allocation at the year-end were as follows:

Asset Category	31-Mar-09		31-Mar-08	
	Percentage of Plan Assets	Expected Return on Plan Assets	Percentage of Plan Assets	Expected Return on Plan Assets
Equity Securities	62.40%	8.37%	68.77%	8.23%
Bond Securities	36.20%	4.63%	29.69%	4.86%
Real Estate	0.00%	0.00%	0.00%	0.00%
Other	1.40%	3.49%	1.55%	3.59%
Total	<u>100.00%</u>	<u>6.95%</u>	<u>100.00%</u>	<u>7.16%</u>

The Scheme has no investments in VisitBritain or in property occupied by VisitBritain

Changes in the present value of the defined benefit obligation

	31/03/2009 (£'000)	31/03/2008 (£'000)
Opening defined benefit obligations	1,039	1,110
Current service cost	76	44
Interest cost	73	70
Plan participants' contributions	-	-
Amendments	-	-
Actuarial (gain)/losses	(30)	(122)
Benefits paid from plan/company	(113)	(61)
Expenses paid	(5)	-
Taxes paid	-	-
Premiums paid	-	-
Net transfer in/(out) (including the effect of any business combinations)	-	-
Plan curtailments	-	-
Plan settlements	-	-
Exchange rate changes	400	(2)
Closing defined benefit obligation	<u>1,440</u>	<u>1,039</u>

Changes in the fair value of plan assets

	31/03/2009 (£'000)	31/03/2008 (£'000)
Opening fair value of plan assets	2,153	2,337
Expected return	149	175
Actuarial gain/(losses)	(839)	(295)
Employer contributions	-	-
Member contributions	-	-
Benefits paid from plan	(113)	(60)
Expenses paid	(5)	-
Taxes paid	-	-
Premiums paid	-	-
Plan settlements	-	-
Business combinations/divestitures	-	-
Exchange rate changes	517	(4)
Fair value of plan assets at end of year	<u>1,862</u>	<u>2,153</u>

History of experience gains and losses

	31/03/2009	31/03/2008	31/03/2007	31/03/2006	31/03/2005
Defined benefit obligation	1,440	1,039	1,110	1,364	1,171
Fair value of plan assets	<u>(1,862)</u>	<u>(2,153)</u>	<u>(2,337)</u>	<u>(2,533)</u>	<u>(2,084)</u>
Deficit / (Surplus)	<u>(422)</u>	<u>(1,114)</u>	<u>(1,227)</u>	<u>(1,169)</u>	<u>(913)</u>

Difference between the expected and actual return on plan assets:

a. Amount	839	295	295		
b. Percentage of plan assets	62%	13%	(4%)	(5%)	(4%)

Experience (gain)/ loss on plan liabilities

a. Amount	52	19	(160)	128	0
b. Percentage of present value of plan liabilities	5%	2%	(14%)	9%	0%

The scheme is contributory and VisitBritain's contribution in the year was £NIL (2007/08 £NIL). The plan has regular actuarial reviews to determine the contribution required and the funding allows, in advance, for pension increases in line with those granted to US Federal employees. The employers' contribution rate will continue to be nil in 2009/10. The assets of the fund are invested with the Diversified Investment Advisors.

Defined Contribution Schemes

Other schemes in place during the year to 31 March 2009 are in Netherlands, Germany, Belgium, Denmark, Norway, Poland, Brazil, Sweden, Australia, Canada and Korea. 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 £105k (2006/07 £89k) and are included within the total pension cost for the year.

24. INCOME AND EXPENDITURE RESERVE

	VisitBritain		Group	
	2008/09 (£'000)	2007/08 (£'000)	2008/09 (£'000)	2007/08 (£'000)
Net expenditure in the current year	(49,953)	(50,255)	(49,938)	(50,248)
GIA received (note 2)	49,900	50,650	49,900	50,650
	(53)	395	(38)	402
MHCA depreciation charge - movement to reserve	167	150	167	150
Prior year adjustment (see note 26)	34		34	
Opening reserve at 1 st April	3,363	2,818	3,380	2,828
Reserve at 31st March	3,511	3,363	3,543	3,380

25. PENSION RESERVE

	VisitBritain		Group	
	2008/09 (£'000)	2007/08 (£'000)	2008/09 (£'000)	2007/08 (£'000)
Opening pension reserve*	(471)	(546)	(471)	(546)
Decrease/(increase) in UK pension liability on the unfunded scheme	10	26	10	26
Actuarial gain/(loss) on US pension scheme recognised in the STRGL (see note 23)	(155)	63	(155)	63
Exchange rate (loss)/gain on US pension scheme (see note 23)	117	(14)	117	(14)
Closing pension reserve per the balance sheet*	(499)	(471)	(499)	(471)

NB *before adjustment for deferred tax (nil)

26. REVALUATION RESERVE

	2008/09 (£'000)	2007/08 (£'000)
At 1 st April	713	785
Revaluation gain - leasehold improvements (see note 14) ¹	135	78
MHCA depreciation charge - credited to income & expenditure reserve ¹	(167)	(150)
Freehold property revaluation adjustment - credited to income & expenditure reserve ²	<u>(34)</u>	<u>-</u>
At 31 st March	<u>647</u>	<u>713</u>

¹During the year all classes of assets were revalued according to MHCA using appropriate indices per the Government Financial Reporting Manual (FReM). The revaluation resulted in a material increase to the leasehold improvements but not on any other class of assets.

²This is a transfer of revaluation reserve relating to the freehold property in Argentina which was disposed of in 2007/08.

27. DISCLOSURES ON INTRA-GOVERNMENT BALANCES

In compliance with the Government FReM, material intra-government balances as at 31st March 2009 are disclosed below.

	Debtors balance as at 31/03/2009	Creditors balance as at 31/03/2009
Balances with other central government bodies (including pension and other central government funds)	1,230	52
Balances with local authorities	33	-

28. DISCLOSURE ON RELATED PARTY TRANSACTIONS

In compliance with the FReM and FRS8 "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:-

- Intra-department transactions - VisitBritain is a Non-Departmental Public Body (NDPB) of the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. During the year, VisitBritain had no transactions with 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.
- Transactions with government bodies and other companies where Board Members, directors and senior staff have an interest are shown on the tables below:-

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

Details of material trading with companies where Board Members have an interest

BOARD MEMBER	COMPANY NAME	ROLE	NATURE OF SUPPLY	SALES TO (£'000)	DEBTOR BALANCE (£'000)	PURCHASES FROM (£'000)	CREDITOR BALANCE (£'000)
Ieuan Evans	Visit Wales	Chairman	Marketing Promotions	1,492	88	-	-
Peter Lederer	VisitScotland	Chairman	Marketing Promotions	308	85	71	5
Tom McGrath	Tourism Ireland	Chairman	Marketing Promotions	302	29	-	-
Tamara Ingram	Visit London	Chairman	Marketing Promotions	898	436	261	1

Details of material trading with companies where Directors and Heads of Departments have an interest

VISITBRITAIN REPRESENTATIVES	COMPANY NAME	ROLE	NATURE OF SUPPLY	SALES TO (£'000)	END OF YEAR DEBTOR BALANCE (£'000)	PURCHASES FROM (£'000)	END OF YEAR CREDITOR BALANCE (£'000)
Tom Wright, CBE	Visit London	Director	Marketing promotions	898	436	261	1
Michael Bedingfield	Englands North Country	Chairman	Marketing Promotions	474	80	30	-
Bernard Donoghue	Marketing Manchester	Director	Marketing promotions	267	77	80	1
Jenny McGee	One North East Tourism Advisory Board	Observer	Marketing Promotions	384	4	-	-
Rupert Peters	Yorkshire Tourist Board	Member	Marketing promotions	718	237	11	-
David Philip	Tourism South East	Director	Marketing Promotions	306	58	1	-
Seren Welch	Merseyside Partnership	Board Member	Marketing Promotions	113	21	-	-

29. FINANCIAL INSTRUMENTS

FRS 25 (Financial Instruments: Disclosure and Presentation), FRS 26 (Financial Instruments: Measurement, Recognition and De-recognition) and FRS 29 (Financial Instruments: Disclosures) require entities to provide disclosures which allow users of the accounts to evaluate the significance of financial instruments for the entities' financial position and performance and the nature and extent of risks arising from financial instruments during the period. The majority of VisitBritain's financial instruments relate to forward contracts to purchase foreign currency and to contracts to purchase non-financial items in line with VisitBritain's expected purchase and usage requirements.

Liquidity Risk

Approximately 67.4% (2007-08- 69%) of VisitBritain's income is provided by grant-in-aid from DCMS. As a result VisitBritain is not exposed to significant liquidity risk.

Interest Rate Risk

VisitBritain has financial assets, excluding fixed assets not held under financial leases (£10.98m) and financial liabilities (£9.21m), and 90% of the financial assets and 100% of the financial liabilities carry nil or fixed rates of interest, thus VisitBritain is not exposed to significant risk. Bank balances are placed on overnight deposit at current bank deposit rates (see note 10).

Credit Risk

VisitBritain has limited exposure to credit risk to the extent of non-performance by its counterparties in respect of financial assets receivable. However, VisitBritain has policies and procedures in place to ensure credit risk is limited by placing credit limits on customers. VisitBritain has written off £97k of bad debt over the last 3 years on trading exceeding £66m and has a further provision for bad debt of £190k (see note 19).

Foreign Currency Risk

VisitBritain operates in over 35 countries and carries out transactions in UK sterling, US dollars, Euros and many other foreign currencies.

In accordance with Board policy, VisitBritain manages its exposure to foreign currency risk by purchasing forward currency contracts and keeping operational funding in local currency bank accounts to the minimum business needs.

At 31st March 2009 there were commitments to purchase currency to a total sterling value of £8.415m (2007/08 £6.955m) (see note 22). These included forward major currency contracts of EUR3m, USD3m, CAD1.5m and SGD1.2m. Overall there was no material difference between the total value of these currency contracts at spot rates on the balance sheet date, and at the contracted forward purchase rates. The reduction in the purchase value of forward contracts reflects the increase in cash receipts in foreign currency from the e-commerce activities worldwide.

30. CONTINGENT LIABILITIES

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

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

If the FTA were successful in maintaining the assessment before the Courts it would result in a charge to the Income and Expenditure Account of 729k.

31. EVENTS AFTER THE BALANCE SHEET DATE

Other than as disclosed in the Annual Report there were no reportable post balance sheet events between the balance sheet date and 6th July 2009. The financial statements do not reflect events after this date. The Annual Report & Accounts was authorised for issue by the Chief Executive on 13th July 2009.



Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, Telephone Fax & E-Mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/ General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: bookshop@parliament.uk

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other Accredited Agents

Customers can also order publications from

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-296002-0

